AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK

Basic Financial Statements, Required Supplementary Information, Supplementary Information and Federal Awards Information for the Year Ended June 30, 2018 and Independent Auditors' Reports

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Drescher & Malecki LLP
3083 William Street, Suite 5
Buffalo, New York 14227
Telephone: 716.565.2299
Fax: 716.565.2201

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Education
Amherst Central School District, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amherst Central School District, New York (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2018 the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards 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 September 18, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District's internal control over financial reporting and compliance.

Drescher & Malecki LLP

September 18, 2018

As management of the Amherst Central School District, New York, (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. This document should be read in conjunction with the additional information that we have furnished in the District's financial statements, which follow this narrative. For comparative purposes, certain data from the prior year has been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $29,575,082 (*net position*). Net position consists of $17,165,205 net investment in capital assets, $3,682,493 restricted for specific purposes, and unrestricted net position of $8,727,384.

- The District's net position increased by $150,434 during the year ended June 30, 2018.

- At the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of $6,542,390, an increase of $1,948,590 in comparison with the prior year's fund balance of $4,593,800. The increase was due primarily to the issuance of debt of $3,635,000 within the Capital Projects Fund.

- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was $2,175,036, or approximately 3.8 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the District's discretion and constitutes approximately 31.4 percent of the General Fund's total fund balance of $6,929,671 at June 30, 2018.

- The District's total bonded indebtedness increased by $1,230,000 as a result of the $3,635,000 issuance of serial bonds, offset by scheduled principal payments of $2,405,000. Additionally, the District had $2,000,000 of bond anticipation notes outstanding at June 30, 2018, as compared to $4,350,000 in the prior year.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the District'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 for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District 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 District include general support, instruction, pupil transportation, school food service, and interest and other fiscal charges. The District does not engage in any business-type activities.

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

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, 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 District can be divided into two categories: governmental funds and fiduciary funds.

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

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

The District maintains five individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances (deficit) for the General Fund, Special Aid Fund, School Lunch Fund, Capital Projects Fund and Debt Service Fund, all of which are considered to be major.

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

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

The fiduciary fund financial statements can be found on pages 18-19 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-44 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain r*equired supplementary information* concerning the District's net pension liability/(asset), the changes in the District's total other postemployment benefits (OPEB) obligation, and the District's budgetary comparison for the General Fund. Required Supplementary Information and the related notes to the required supplementary information can be found on pages 45-52 of this report.

Other supplementary information is presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 53-55 of this report.

The Federal Awards Information section presents the District's Schedule of Expenditures of Federal Awards. This section can be found on pages 56-64 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $29,575,082 at June 30, 2018, as compared to $29,424,648 at the close of the fiscal year ended June 30, 2017, as restated.

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

Table 1—Condensed Statements of Net Position

	June 30,	
	2018	2017 (as restated)
Current assets	$ 13,982,133	$ 14,111,642
Noncurrent assets	53,126,027	52,831,500
Total assets	67,108,160	66,943,142
Deferred outflows of resources	16,384,130	16,401,611
Current liabilities	7,080,558	9,606,436
Noncurrent liabilities	41,556,570	43,273,117
Total liabilities	48,637,128	52,879,553
Deferred inflows of resources	5,280,080	1,040,552
Net position:		
Net investment in capital assets	17,165,205	16,732,231
Restricted	3,682,493	3,797,738
Unrestricted	8,727,384	8,894,679
Total net position	$ 29,575,082	$ 29,424,648

The largest portion of the District's net position, $17,165,205, reflects its investment in capital assets (e.g. land, construction in progress, buildings and equipment), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide a variety of services to students. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources 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 District's net position, $3,682,493 represents resources that are subject to external restrictions on how they may be used. Any remaining portion of the District's net position represents resources that are unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors. The final portion of the District's net position is considered unrestricted net position, $8,727,384, which represents resources that may be used to meet the District's ongoing operations.

Table 2, as presented below, shows the changes in net position for the years ended June 30, 2018 and June 30, 2017:

Table 2—Condensed Statements of Changes in Net Position

	Year Ended June 30,	
	2018	2017
Program revenues:		
Charges for services	$ 1,609,294	$ 1,396,628
Operating grants and contributions	4,945,062	5,241,899
General revenues	53,711,523	53,077,858
Total revenues	60,265,879	59,716,385
Program expenses	60,115,445	58,765,487
Change in net position	150,434	950,898
Net position—beginning	34,023,349	33,072,451
Restatement	(4,598,701)	-
Net position—ending	$ 29,575,082	$ 34,023,349

Overall revenues increased 0.9 percent from the prior year, primarily due to an increase in taxes. Total expenses increased 2.3 percent from the year ended June 30, 2017, which is primarily attributed to an increase in allocable employee benefits, related to health insurance and the New York State Teacher's Retirement System (the "TRS"), and increased instructional costs.

A summary of sources of revenues for the years ended June 30, 2018 and June 30, 2017 is presented in Table 3 on the following page.

Table 3—Summary of Sources of Revenues

	Year Ended June 30,		Increase/(Decrease)	
	2018	2017	Dollars	Percent
Charges for services	$ 1,609,294	$ 1,396,628	$ 212,666	15.2
Operating grants and contributions	4,945,062	5,241,899	(296,837)	(5.7)
Taxes	38,666,208	37,700,551	965,657	2.6
Use of money and property	56,697	51,452	5,245	10.2
Other items	364,899	442,790	(77,891)	(17.6)
State sources-unrestricted	14,623,719	14,883,065	(259,346)	(1.7)
Total revenues	$ 60,265,879	$ 59,716,385	$ 549,494	0.9

The most significant sources of revenues for the year ended June 30, 2018 were taxes of $38,666,208, or 64.2 percent of total revenues, and unrestricted State sources of $14,623,719, or 24.3 percent of total revenues. Similarly, for the year ended June 30, 2017, the largest sources of revenues were taxes of $37,700,551, or 63.1 percent of total revenues, and unrestricted State sources of $14,883,065, or 24.9 percent of total revenues.

A summary of program expenses for the years ended June 30, 2018 and June 30, 2017 is presented below in Table 4:

Table 4—Summary of Program Expenses

	Year Ended June 30,		Increase/(Decrease)	
	2018	2017	Dollars	Percent
General support	$ 7,009,911	$ 7,038,999	$ (29,088)	(0.4)
Instruction	46,527,740	45,449,041	1,078,699	2.4
Pupil transportation	4,663,320	4,462,534	200,786	4.5
School food service	942,643	958,395	(15,752)	(1.6)
Interest and other fiscal charges	971,831	856,518	115,313	13.5
Total program expenses	$ 60,115,445	$ 58,765,487	$ 1,349,958	2.3

The most significant expense items for the year ended June 30, 2018 were instruction of $46,527,740, or 77.4 percent of total expenses, general support of $7,009,911, or 11.7 percent of total expenses, and pupil transportation of $4,663,320, or 7.8 percent of total expenses. Similarly, for the year ended June 30, 2017, the most significant expense items were instruction of $45,449,041, or 77.3 percent of total expenses, general support of $7,038,999, or 12.0 percent of total expenses, and pupil transportation of $4,462,534, or 7.6 percent of total expenses.

Financial Analysis of Governmental Funds

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

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

group or individual that has been delegated authority to assign resources for use for particular purposes by the Board of Education.

At June 30, 2018, the District's governmental funds reported a combined ending fund balance of $6,542,390, an increase of $1,948,590 from the prior year's fund balance of $4,593,800. Excluding the Capital Projects Fund fund balance deficit of $939,633, the District's governmental funds combined ending fund balances totaled $7,482,023. Approximately 29.1 percent of this amount, $2,175,036, constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is either *nonspendable, restricted,* or *assigned* to indicate that it is 1) not in spendable form, $54,093, 2) restricted for particular purposes, $3,933,274, or 3) assigned for particular purposes, $1,319,620.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was $2,175,036, while the total fund balance decreased to $6,929,671. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 3.8 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 12.3 percent of that same amount.

The total fund balance of the District's General Fund decreased by $280,813 during the current fiscal year. During the annual budget process, the District anticipated utilizing $1,182,983 of fund balance ($929,881 appropriated during the budget process and a $253,102 carryover of prior year encumbrances). As a result of spending less than anticipated, the District's fund balance ended $902,170 higher than anticipated.

Special Aid Fund expenditures for the year ended June 30, 2018 amounted to $2,259,905, which was slightly lower than the prior year. These expenditures were supported by $2,175,885 revenues and a transfer in from the General Fund of $84,020.

The School Lunch Fund total fund balance is $301,571 as of June 30, 2018, of which $54,093 represents inventory and is considered nonspendable. The fund balance of the District's School Lunch Fund increased by $38,080 during the current fiscal year.

Due to expansive capital outlay, supported primarily by both short-term and long-term debt, which continued during the year ended June 30, 2018, the Capital Projects Fund reported a fund balance deficit of $939,633, as compared to a fund balance deficit of $3,361,811 at the close of the previous year. The change in fund balance deficit from the prior year was primarily due to the $3,635,000 issuance of serial bonds. The remaining deficit is anticipated to be remedied with a supplemental conversion of the outstanding short-term debt to long-term debt.

General Fund Budgetary Highlights

The District's General Fund budget contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the District has appropriately assigned an equal amount of fund balance at year-end for this purpose. Additionally, there was a $45,817 increase in budgeted revenues and appropriations between the original and final amended budget for the recognition of donations. These amendments were approved by the Board of Education.

A summary of revisions from adopted budget to final budget is presented below in Table 5:

Table 5—General Fund Budget

Adopted budget, 2017-2018	$ 57,303,979
Add: Prior year's encumbrances	253,102
Original budget, 2017-2018	57,557,081
Budget revisions: Gifts and donations	45,817
Final budget, 2017-2018	$ 57,602,898

More detailed information regarding the District's General Fund budget is presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—General Fund within the Required Supplementary Information section of this report.

Capital Asset and Debt Administration

Capital assets—The District's investment in capital assets for its governmental activities as of June 30, 2018, amounted to $52,030,590 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, and equipment. All depreciable capital assets were depreciated from acquisition date to the end of the current year, as outlined in the District's capital asset policy.

Capital assets, net of depreciation for the governmental activities at June 30, 2018 and June 30, 2017 are presented below in Table 6:

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

	June 30,	
	2018	2017
Land	$ 358,500	$ 358,500
Construction in progress	2,290,837	315,510
Buildings	48,097,911	50,841,483
Equipment	1,283,342	1,316,007
Total	$ 52,030,590	$ 52,831,500

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

Long-term liabilities—At June 30, 2018, the District had total long-term liabilities outstanding of $41,556,570, as compared to $43,273,117 in the prior year, as restated. Of the long-term liabilities outstanding at June 30, 2018, $30,830,000 represents serial bonds issued by the District.

A summary of the District's long-term liabilities at June 30, 2018 and June 30, 2017 is presented below in Table 7:

Table 7—Summary of Long-Term Liabilities

	June 30,	
	2018	2017 (as restated)
Serial bonds	$ 30,830,000	$ 29,600,000
Premiums on serial bonds	3,166,893	2,897,157
Installment purchase contract	533,271	671,143
Compensated absences	2,438,300	2,623,827
OPEB obligation	4,002,420	4,282,462
Net pension liability	585,686	3,198,528
Total	$ 41,556,570	$ 43,273,117

Additional information on the District's long-term liabilities can be found in Note 11 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate, not seasonally adjusted, for the region at June 30, 2018 was 4.4 percent. This compares to New York State's average unemployment rate of 4.5 percent. These factors are considered in preparing the District's budget.

During the current fiscal year, the District appropriated $980,000 of the General Fund's unassigned fund balance for spending in the District's adopted 2018-2019 fiscal year budget. The 2018-2019 adopted budget appropriations total of $58,552,000 is an increase of approximately 2.2 percent as compared to $57,303,979 in the 2017-2018 adopted budget. The District's total tax levy in 2018-2019 is $35,808,996, which is an approximate increase of 2.5 percent as compared to $34,921,929 levied during the 2017-2018 year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Laura Bosinski, School Business Administrator, 55 Kings Highway, Amherst, NY 14226.

BASIC FINANCIAL STATEMENTS

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AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Net Position
June 30, 2018

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 3,493,073
Restricted cash and cash equivalents	5,430,381
Receivables	247,766
Intergovernmental receivables	4,756,820
Inventories	54,093
Noncurrent net pension asset	1,095,437
Capital assets not being depreciated	2,649,337
Capital assets, net of accumulated depreciation	49,381,253
Total assets	67,108,160
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pensions	16,317,807
Deferred outflows—relating to OPEB	66,323
Total deferred outflows of resources	16,384,130
LIABILITIES	
Accounts payable	1,584,633
Accrued liabilities	720,538
Intergovernmental payables	54,435
Due to retirement systems	2,605,000
Unearned revenue	83,047
Retainage payable	32,905
Bond anticipation notes payable	2,000,000
Noncurrent liabilities:	
Due within one year	3,597,966
Due within more than one year	37,958,604
Total liabilities	48,637,128
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to OPEB	261,745
Deferred inflows—relating to pensions	5,018,335
Total deferred inflows of resources	5,280,080
NET POSITION	
Net investment in capital assets	17,165,205
Restricted for:	
Employee benefits	1,487,834
Retirement contribution	1,224,337
Tax certiorari	519,654
Unemployment insurance	450,668
Unrestricted	8,727,384
Total net position	$ 29,575,082

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

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
Governmental activities:				
General support	$ 7,009,911	$ -	$ -	$ (7,009,911)
Instruction	46,527,740	1,164,357	4,271,108	(41,092,275)
Pupil transportation	4,663,320	-	-	(4,663,320)
School food service	942,643	444,937	673,954	176,248
Interest and other fiscal charges	971,831	-	-	(971,831)
Total primary government	$ 60,115,445	$ 1,609,294	$ 4,945,062	(53,561,089)
General revenues:				
Real property taxes and other tax items				35,220,190
Non-property tax items				3,446,018
Use of money and property				56,697
Sale of property and compensation for loss				24,339
Miscellaneous				340,560
State sources—unrestricted				14,623,719
Total general revenues				53,711,523
Change in net position				150,434
Net position—beginning, as restated				29,424,648
Net position—ending				$ 29,575,082

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

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Balance Sheet—Governmental Funds
June 30, 2018

	General	Special Revenue: Special Aid	Special Revenue: School Lunch	Capital Projects	Debt Service	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 3,347,023	$ -	$ 146,050	$ -	$ -	$ 3,493,073
Restricted cash and cash equivalents	3,729,156	62	36,384	1,415,226	249,553	5,430,381
Receivables	245,847	-	1,919	-	-	247,766
Due from other funds	785,178	-	-	-	1,228	786,406
Intergovernmental receivables	3,063,205	806,558	105,148	208,026	-	4,182,937
Inventories	-	-	54,093	-	-	54,093
Total assets	$ 11,170,409	$ 806,620	$ 343,594	$ 1,623,252	$ 250,781	$ 14,194,656
LIABILITIES						
Accounts payable	$ 997,500	$ 21,442	$ 4,034	$ 561,657	$ -	$ 1,584,633
Accrued liabilities	537,140	-	1,605	-	-	538,745
Due to other funds	-	785,178	-	1,228	-	786,406
Intergovernmental payables	54,435	-	-	-	-	54,435
Due to retirement systems	2,605,000	-	-	-	-	2,605,000
Unearned revenue	46,663	-	36,384	-	-	83,047
Bond anticipation notes payable	-	-	-	2,000,000	-	2,000,000
Total liabilities	4,240,738	806,620	42,023	2,562,885	-	7,652,266
FUND BALANCES (DEFICIT)						
Nonspendable	-	-	54,093	-	-	54,093
Restricted	3,682,493	-	-	-	250,781	3,933,274
Assigned	1,072,142	-	247,478	-	-	1,319,620
Unassigned	2,175,036	-	-	(939,633)	-	1,235,403
Total fund balances (deficit)	6,929,671	-	301,571	(939,633)	250,781	6,542,390
Total liabilities and fund balances (deficit)	$ 11,170,409	$ 806,620	$ 343,594	$ 1,623,252	$ 250,781	$ 14,194,656

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

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position
June 30, 2018

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

Total fund balances (deficit)—governmental funds (page 14)		$ 6,542,390
Net pension assets are not financial resources and, therefore, are not reported in the funds.		1,095,437
Other long-term receivables are not available to pay for current period expenditures and therefore, are not reported in the funds.		573,883
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $86,068,082 and the accumulated depreciation is $34,037,492.		52,030,590
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to employer contributions	$ 2,484,860	
Deferred outflows related to experience, investment earnings, and changes of assumptions	13,832,947	
Deferred inflows of resources related to pension plans	(5,018,335)	11,299,472
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to changes of assumptions	$ 66,323	
Deferred inflows of resources related to experience	(261,745)	(195,422)
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(32,905)
Net accrued interest expense for serial bonds and the installment purchase contract is not reported in the funds.		(181,793)
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	$ (30,830,000)	
Premiums on serial bonds	(3,166,893)	
Installment purchase contract	(533,271)	
Compensated absences	(2,438,300)	
Other postemployment benefits obligation	(4,002,420)	
Net pension liability	(585,686)	(41,556,570)
Net position of governmental activities		$ 29,575,082

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

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds
Year Ended June 30, 2018

		Special Revenue				Total
REVENUES	**General**	**Special Aid**	**School Lunch**	**Capital Projects**	**Debt Service**	**Governmental Funds**
Real property taxes and other tax items	$ 35,220,190	$ -	$ -	$ -	$ -	$ 35,220,190
Non-property tax items	3,446,018	-	-	-	-	3,446,018
Charges for services	1,164,357	-	-	-	-	1,164,357
Use of money and property	54,563	-	155	-	1,979	56,697
Sale of property and compensation for loss	24,339	-	-	-	-	24,339
Miscellaneous	327,753	-	1,245	11,562	-	340,560
State sources	15,471,337	885,614	23,645	108,026	-	16,488,622
Federal sources	565,696	1,290,271	650,309	-	-	2,506,276
Sales—food service	-	-	444,937	-	-	444,937
Total revenues	56,274,253	2,175,885	1,120,291	119,588	1,979	59,691,996
EXPENDITURES						
Current:						
General support	5,357,574	-	382,257	-	-	5,739,831
Instruction	31,286,904	2,137,512	-	-	-	33,424,416
Pupil transportation	3,454,421	122,393	-	-	-	3,576,814
Employee benefits	12,656,905	-	150,245	-	-	12,807,150
Debt service:						
Principal	2,542,872	-	-	-	-	2,542,872
Interest and other fiscal charges	1,172,370	-	-	-	41,762	1,214,132
Cost of sales (school lunch)	-	-	549,709	-	-	549,709
Capital outlay	-	-	-	2,035,848	-	2,035,848
Total expenditures	56,471,046	2,259,905	1,082,211	2,035,848	41,762	61,890,772
Excess (deficiency) of revenues over expenditures	(196,793)	(84,020)	38,080	(1,916,260)	(39,783)	(2,198,776)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	84,020	-	715,000	523,928	1,322,948
Transfers out	(84,020)	-	-	(523,928)	(715,000)	(1,322,948)
Proceeds from issuance of debt	-	-	-	3,635,000	-	3,635,000
Premium on obligations	-	-	-	512,366	-	512,366
Total other financing sources (uses)	(84,020)	84,020	-	4,338,438	(191,072)	4,147,366
Net change in fund balances (deficit)	(280,813)	-	38,080	2,422,178	(230,855)	1,948,590
Fund balances (deficit)—beginning	7,210,484	-	263,491	(3,361,811)	481,636	4,593,800
Fund balances (deficit)—ending	$ 6,929,671	$ -	$ 301,571	$ (939,633)	$ 250,781	$ 6,542,390

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

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities
Year Ended June 30, 2018

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

Net change in fund balances (deficit)—total governmental funds (page 16)		$ 1,948,590
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		573,883
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 depreciation expense exceeded capital outlays in the current period.		
Capital asset additions, net of transfers and retainages	$ 2,342,240	
Depreciation expense	(3,176,055)	(833,815)
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:		
Direct pension contributions	$ 2,484,860	
Cost of benefits earned net of employee contributions	(2,931,038)	(446,178)
Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amount are shown net of current year amortization.		
Deferred outflows–relating to OPEB	$ 66,323	
Deferred inflows–relating to OPEB	(261,745)	(195,422)
In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.		(329)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:		
Proceeds from serial bonds	$ (3,635,000)	
Repayment of serial bonds	2,405,000	
Premiums on serial bonds	(512,366)	
Amortization of bond premiums on serial bonds	242,630	
Payment of installment purchase contract	137,872	
Change in other postemployment benefits obligation	280,042	
Change in compensated absences	185,527	(896,295)
Change in net position of governmental activities		$ 150,434

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

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statements of Net Position—Fiduciary Funds
June 30, 2018

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Restricted cash and cash equivalents	$ 8,669	$ 521,718
Receivables	-	3,868
Total assets	8,669	$ 525,586
LIABILITIES		
Extraclassroom activity funds	-	$ 211,141
Other agency liabilities	-	314,445
Total liabilities	-	$ 525,586
NET POSITION		
Restricted for endowment scholarships	$ 8,669	

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

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Changes in Net Position—Fiduciary Funds
Year Ended June 30, 2018

	Private Purpose Trust Fund
ADDITIONS	
Interest earnings	$ 32
DEDUCTIONS	
Scholarships awarded	2,250
Total deductions	2,250
Change in net position	(2,218)
Net position—beginning	10,887
Net position—ending	$ 8,669

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Government-wide Financial Statements

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

Reporting Entity

The District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the District is to provide education for pupils. Support services such as transportation of pupils, food service, administration, finance, and plant maintenance are also included.

The financial reporting entity includes all funds, functions and organizations over which the District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Extraclassroom Activity Funds—The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in an agency fund.

Joint Venture—The District is a participating school district in the Erie No. 1 Board of Cooperative Educational Services ("BOCES"). Formed under Section 1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by

which the District can terminate its status as a component of BOCES. All BOCES property is held by the BOCES Board as a corporation under Section 1950(6) of Education Law.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of General Municipal Law.

The BOCES budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES. As of June 30, 2018, there was no debt issued by the District on behalf of BOCES.

During the fiscal year ended June 30, 2018, the District was billed $3,276,300 for BOCES administrative and program costs and recognized $1,676,894 in revenue as a refund from prior years' expenditures paid to BOCES. Audited financial statements are available from the Erie No. 1 BOCES administrative offices.

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 fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

Basis of Presentation – Fund Financial Statements

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

The District reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the District and includes all operations not required to be recorded in other funds. The principal sources of revenue for the General Fund are real property taxes and state sources.

- *Special Aid Fund*—The Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with federal and state grants.

- *School Lunch Fund*—The School Lunch Fund is used to account for transactions of the District's food service operations.

- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

- *Debt Service Fund*—The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for payment of principal and interest on long-term debt obligations of governmental funds.

Additionally, the District reports the following fund type:

Fiduciary Funds—These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. The fiduciary funds of the District include a *Private Purpose Trust Fund* and an *Agency Fund*.

- *Private Purpose Trust Fund*—The Private Purpose Trust Fund is used to account for assets held by the District for scholarships.

- *Agency Fund*—The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations, various student groups and clubs and/or other governmental units. Included within the Agency Fund are the extraclassroom activity funds of the District, which represent funds of the students of the District. The Board of Education exercises general oversight of these funds.

During the course of operations the District 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 the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the 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 revenue 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 generally 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 District considers most revenues to be available if they are collected within 60 days of

the end of the current fiscal period and certain grant revenues to be available if they are expected to be collected within 120 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, claims and judgments, and pensions are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, non-property taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and amount is received during the period of availability (within 60 days of year-end). All other revenue items are considered to be measureable and available only when cash is received by the District.

The Private Purpose Trust Fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus, but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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

Cash, Cash Equivalents and Investments—The District's cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. New York State law governs the District's investment policies. Permissible investments include obligations of the United States Treasury, U.S. government agencies, repurchase agreements and obligations of New York State or its localities. The District had no investments at June 30, 2018; however, when the District does have investments they are recorded at fair value.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent unspent debt proceeds, unspent amounts in the Special Aid Fund and amounts to support unearned revenues, restricted fund balances and amounts held on behalf of others.

Inventories—Inventories of food and/or supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Capital Assets—Capital assets, which include land, construction in progress, land improvements, buildings and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than an established threshold for the type of asset and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at estimated fair market value of the item at the date of its donation. Major outlays for capital assets and improvements are capitalized as projects are completed.

Land and construction in progress are not depreciated. Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

	Capitalization Threshold	Useful Life (Years)
Buildings	$ 1,000	20-50
Equipment	1,000	5-30

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

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2018, the District has two items that qualify for reporting in this category. The first item is related to pensions, reported in the government-wide financial statements. This represents the effect of the net change in the District's proportion of the collective net pension liability, the difference during the measurement period between the District's contributions, its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date. The last item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the District's proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At June 30, 2018, the District reports two deferred inflows of resources on the government-wide financial statements related to pensions and OPEB, respectively. The first item represents the effect of the net change in the District's proportion of the collective net pension liability and the difference during the measurement periods between the District's contributions, and its proportionate share of total contributions to the pension systems not included in pension expense. The second item represents the effects of the change in the District's proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability.

Net Position Flow Assumptions—Sometimes the District 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 District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions—Sometimes the District 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 District'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 District 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 District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District 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 District for specific purposes, but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the School Business Administrator to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

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

Property Taxes—Real property taxes are levied annually as of July 1st by the Board of Education and attached as an enforceable lien. Uncollected real property taxes are subsequently enforced by the County of Erie. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the District no later than April 1st.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At June 30, 2018, the District reported $46,663 and $36,384 of unearned revenues in the General Fund and School Lunch Fund, respectively. The District received tuition payments, and monies for the purchase of school lunches in advance but has not performed the services and therefore recognizes a liability.

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

Pensions—The District is mandated by New York State law to participate in the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about

the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

Other Postemployment Benefits—In addition to providing pension benefits, the District provides health insurance coverage for certain retired employees, as disclosed in Note 8.

Other

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

Adoption of New Accounting Pronouncements— During the year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, No. 81, *Irrevocable Split-Interest Agreements*, No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*, No. 85, *Omnibus 2017*, and No. 86, *Certain Debt Extinguishment Issues*. GASB Statement No. 75 improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). GASB Statement No. 81 improves accounting for financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for the situation in which a government is a beneficiary. GASB Statement No. 82 addresses the issues raised during implementation of Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Other than the matter discussed in Note 2, GASB Statements No. 75, 81, 82, 85, and 86 did not have a material impact on the District's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The District has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 83, *Certain Asset Retirement Obligations*, and No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Payments*, effective for the year ending June 30, 2019; No. 84, *Fiduciary Activities* and No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61,* effective for the year ending June 30, 2020; No. 87, *Leases*, and No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending June 30, 2021. The District is, therefore, unable to disclose the impact that adopting GASB Statements No. 83, 84, 87, 88, 89 and 90 will have on its financial position and results of operations when such statements are adopted.

Deficit Fund Balance—The Capital Projects Fund has a deficit fund balance at June 30, 2018 totaling $939,633. The primary reason for the deficit in this case is that the District issued bond anticipation notes ("BANs"), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a fund liability in the Capital Projects Fund balance sheet (rather than another financing source on the statement of revenues, expenditures, and changes in fund balances). When the cash from

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

2. RESTATEMENT OF NET POSITION

During the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of GASB Statement No. 75 requires the District's net OPEB liability (asset) 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, OPEB liability (asset) was restated from $(316,239) to $4,282,462 at June 30, 2017. Net position of governmental activities at June 30, 2017 has been restated as follows:

Net position—June 30, 2017, as previously stated	$34,023,349
GASB Statement No. 75 implementation:	
OPEB liability	(4,598,701)
Net position—June 30, 2017, as restated	$29,424,648

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. Cash and cash equivalents reported by the District at June 30, 2018, are as follows:

	Governmental Funds	Fiduciary Funds	Total
Deposits	$ 8,923,454	$530,387	$9,453,841
Total	$ 8,923,454	$530,387	$9,453,841

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2018 as follows:

	Bank Balance	Carrying Amount
FDIC insured	$ 888,093	$ 888,093
Uninsured:		
Collateral held by pledging bank's agent in the District's name	9,280,360	8,565,748
Total	$10,168,453	$9,453,841

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the District'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. At June 30, 2018, the District's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the District's name.

Restricted Cash and Cash Equivalents—The District reports unspent proceeds of debt, and amounts to support unearned revenue, restricted fund balances and amounts held on behalf of others as restricted cash and cash equivalents. At June 30, 2018, the District reported $5,430,381 of restricted cash within its governmental funds and $521,718 within the Agency Fund.

Investments—The District had no investments at June 30, 2018.

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

4. RECEIVABLES

Major revenues accrued by the District at June 30, 2018 consisted of the following:

Receivables—Primarily represents amounts due for refunds, rental payments for usage of District buildings and food services provided. The District reported amounts of $245,847 and $1,919 in the General Fund and School Lunch Fund, respectively.

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State and other local governments. Intergovernmental receivables at June 30, 2018 are presented below:

General Fund:		
New York State aid	$ 602,972	
BOCES aid	995,800	
Erie County sales tax	1,179,303	
Buffalo Public School District	21,688	
Williamsville Central School District	154,177	
Other public school districts	58,364	
Miscellanous	50,901	$3,063,205
Special Aid Fund:		
New York State aid		806,558
School Lunch Fund:		
New York State - breakfast/lunch program		105,148
Capital Projects Fund:		
New York State aid		208,026
Total governmental funds		$4,182,937

5. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2018 was as follows:

	Balance 7/1/2017	Increases	Decreases	Balance 6/30/2018
Capital assets, not being depreciated:				
Land	$ 358,500	$ -	$ -	$ 358,500
Construction in progress	315,510	2,068,753	93,426	2,290,837
Total capital assets, not being depreciated	674,010	2,068,753	93,426	2,649,337
Capital assets, being depreciated:				
Buildings	79,290,944	165,003	-	79,455,947
Equipment	3,729,487	234,815	1,504	3,962,798
Total capital assets, being depreciated	83,020,431	399,818	1,504	83,418,745
Less accumulated depreciation for:				
Buildings	28,449,461	2,908,575	-	31,358,036
Equipment	2,413,480	267,480	1,504	2,679,456
Total accumulated depreciation	30,862,941	3,176,055	1,504	34,037,492
Total capital assets, being depreciated, net	52,157,490	(2,776,237)	-	49,381,253
Governmental activities capital assets, net	$ 52,831,500	$ (707,484)	$ 93,426	$ 52,030,590

Depreciation expense was charged to the functions and programs of governmental activities as follows:

Governmental activities:	
General support	$ 69,482
Instruction	3,095,896
School lunch	10,677
Total governmental activities	$ 3,176,055

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2018 were as follows:

	General Fund	School Lunch Fund	Total Governmental Funds
Salary and other employee benefits	$ 25,253	$ 1,605	$ 26,858
Health care claims	511,887	-	511,887
Total accrued liabilities	$ 537,140	$ 1,605	$ 538,745

7. PENSION OBLIGATIONS

The District participates in the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System ("ERS") (the "Systems"). These cost-sharing multiple-employer public employee retirement systems compute contribution requirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

Plan Descriptions and Benefits Provided

Teachers' Retirement System—The District participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS is governed by a 10 member Board of Trustees. TRS benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on TRS's website at www.nystrs.org.

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

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Pension Liability/(Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—The net pension liability/(asset) was measured as of June 30, 2017 for TRS and March 31, 2018 for ERS. The total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by actuarial valuations as of June 30, 2016 and April 1, 2017, respectively, with update procedures used to roll forward the total pension liability/(asset) to the measurement dates. The District's proportion of the net pension liability/(asset) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2017	March 31, 2018
Net pension liability/(asset)	$ (1,095,437)	$ 585,686
District's portion of the Plan's total net pension liability/(asset)	0.1441180%	0.0181471%

For the year ended June 30, 2018, the District recognized pension expense of $2,752,214 and $782,090 for the TRS and ERS, respectively. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experiences	$ 901,276	$ 208,895	$ 427,098	$ 172,623
Changes of assumptions	11,146,286	388,358	-	-
Net difference between projected and actual earnings on pension plan investments	-	850,663	2,580,071	1,679,124
Changes in proportion and differences between the District's contributions and proportionate share of contributions	125,237	212,232	146,772	12,647
District contributions subsequent to the measurement date	2,284,860	200,000	-	-
Total	$ 14,457,659	$ 1,860,148	$ 3,153,941	$ 1,864,394

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2019	$ 251,652	$ 199,403
2020	2,947,121	154,832
2021	2,108,482	(385,907)
2022	522,043	(172,574)
2023	2,102,342	-
Thereafter	1,087,218	-

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

	TRS	ERS
Measurement date	June 30, 2017	March 31, 2018
Actuarial valuation date	June 30, 2016	April 1, 2017
Interest rate	7.25%	7.00%
Salary scale	1.90%-4.72%	3.80%
Decrement tables	July 1, 2009-June 30, 2014	April 1, 2010-March 31, 2015
Inflation rate	2.5%	2.5%

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP2014, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions used in the April 1, 2018 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 the 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:

	TRS	ERS	TRS	ERS
	Target allocation		Long-Term Expected Real Rate of Return	
Measurement date			June 30, 2017	March 31, 2018
Asset class:				
Domestic equities	35.0 %	36.0 %	5.9 %	4.6 %
International equities	18.0	14.0	7.4	6.4
Private equity	8.0	10.0	9.0	7.5
Real estate	11.0	10.0	4.3	5.6
Absolute return strategies	0.0	2.0	0.0	3.8
Domestic fixed income securities	16.0	0.0	1.6	0.0
Global fixed income securities	2.0	0.0	1.3	0.0
High-yield fixed income securities	1.0	0.0	3.9	0.0
Opportunistic portfolio	0.0	3.0	0.0	5.7
Real assets	0.0	3.0	0.0	5.3
Bonds and mortgages	8.0	17.0	2.8	1.3
Short-term	1.0	1.0	0.6	0.0
Inflation-indexed bonds	0.0	4.0	0.0	1.3
Total	100.0 %	100.0 %		

Discount Rate— The discount rate used to calculate the total pension liability was 7.25% for TRS and 7.0% for ERS. 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/(Asset) to the Discount Rate Assumption—The chart below presents the District's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.25% for TRS and 7.0% for ERS, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.25% for TRS and 6.0% for ERS) or one percentage-point higher (8.25% for TRS and 8.0% for ERS) than the current assumption.

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension liability/(asset)	$ 18,871,138	$ (1,095,437)	$ (17,816,453)

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability/(asset)	$ 4,431,461	$ 585,686	$ (2,667,685)

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

	(Dollar in Thousands)	
	TRS	ERS
Valuation date	June 30, 2016	April 1, 2017
Employers' total pension liability	$ 114,708,261	$ 183,400,590
Plan fiduciary net position	115,468,360	180,173,145
Employers' net pension liability	$ (760,099)	$ 3,227,445
System fiduciary net position as a percentage of total pension liability	100.7%	98.2%

Payables to the Pension Plan—For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to $2,405,000.

For ERS, employer contributions are paid annually based on the System's fiscal year which ends of March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer

contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to $200,000.

8. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

Plan Description—In addition to pension benefits, the District provides group health, vision, and dental insurance benefits to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. The estimated cost of such benefits totaled $198,750 for the year ended June 30, 2018.

Employees Covered by Benefit Terms—At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	49
Active employees	547
Total	596

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

Total OPEB Liability

The District's total OPEB liability of $4,002,420 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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

In the May 22, 2018 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 4.00% to 3.80% effective July 1, 2017, and 3.61% effective June 30, 2018. The salary scale changed from 3.0% to 3.31%. The 2015 New York State Teachers' Retirement System rates were used for mortality rates and retirement rates. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 6.20%, while the ultimate healthcare cost trend rate is 4.23%. Mortality rates were updated to rates based on the 2015 NYSTRS mortality rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 thru June 30, 2018.

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

	Total OPEB Liability
Balances at June 30, 2017:	$ 4,282,462
Changes for the year:	
Service cost	54,987
Interest	155,342
Changes of assumptions	81,747
Differences between expected and actual experience	(322,616)
Benefit payments	(249,502)
Net changes	(280,042)
Balances at June 30, 2018	$ 4,002,420

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

	1% Decrease (2.61%)	Current Discount Rate (3.61%)	1% Increase (4.61%)
Net OPEB liability	$ 4,469,111	$ 4,002,420	$ 3,617,522

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the net OPEB liability of a 1% change in the initial (6.20%) and ultimate (4.23%) healthcare cost trend rates:

	1% Decrease (5.20% / 3.23%)	Healthcare Cost Trend Rates (6.20% / 4.23%)	1% Decrease (7.20% / 5.23%)
Net OPEB liability	$ 3,571,596	$ 4,002,420	$ 4,545,974

Funding Policy—Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various contracts, which were ratified by the District's Board of Education. Upon retirement, the District generally pays a portion of the cost of the employee's current coverage at the time of retirement as outlined in the various contracts. The District recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The District's governmental activities contributed $249,502 for the fiscal year ended June 30, 2018.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The District reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability are required to be determined. The following table presents the Districts deferred outflows and inflows of resources at June 30, 2018:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 261,745
Changes of assumptions	66,323	-
Total	$ 66,323	$ 261,745

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

Year ending June 30,	
2019	$(45,447)
2020	(45,447)
2021	(45,447)
2022	(45,447)
2023	(13,634)

9. RISK MANAGEMENT

The District 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 District purchases commercial insurance to cover such potential risks. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past three fiscal years.

Medical Self-Insurance—During the year ended June 30, 2008, the District entered into an Administrative Services Agreement with Independent Health. As part of the agreement, Independent Health will prepare forms, provide access to Independent Health's Networks Providers and process claims for a fee per covered person per month. The responsibility of insuring claims however, lies with the District.

In order to insure against larger than expected health care losses associated with the self-insurance plan the District has entered into a Stop Loss Agreement with HM Life Insurance. This agreement includes a "specific deductible" for each covered person. This deductible per covered person is $170,000 per year. The District will be liable for unlimited claims over the course of each covered member's lifetime. In return the District pays HM Life Insurance a premium for the stop loss insurance, which was $37.50 per single employee per month and $97.67 per family per month during the year ended June 30, 2018. The plans coverage extends to both medical and prescription claims.

The District is liable for claims under $170,000 per person for each of the 109 covered single members at June 30, 2018, as well as up to $170,000 for each family member in the District's 315 family members covered under the plan at June 30, 2018. The District would also be liable for unlimited claims over the course of each covered member's lifetime. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonable estimated.

A summary of the District's current liability recorded in General Fund since July 1, 2015 follows:

June 30, Year Ended	Claims, Beginning of Year	Incurred	Paid	Claims, End of Year
2018	$ 422,964	$ 7,126,674	$ 7,037,751	$ 511,887
2017	323,368	6,194,340	6,094,744	422,964
2016	303,434	5,522,278	5,502,344	323,368

Based on an actuarial valuation, the District estimates its liability related to short-term claims incurred but not yet recorded to be $511,887, which is recorded as an accrued liability in the General Fund.

10. SHORT-TERM DEBT

Liabilities for bond anticipation notes ("BANs") are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The following is a summary of the District's short-term debt for the fiscal year ended June 30, 2018:

Description	Interest Rate	Maturity Date	Balance 7/1/2017	Issued	Redeemed	Balance 6/30/2018
Building improvements	2.00%	9/14/2017	$4,350,000	$ -	$4,350,000	$ -
Building improvements	2.25%	2/14/2019	-	2,000,000	-	2,000,000
Total			$4,350,000	$2,000,000	$4,350,000	$2,000,000

11. LONG-TERM LIABILITIES

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

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

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

A summary of changes in the District's long-term liabilities at June 30, 2018 follows:

	Balance 7/1/2017 (as restated)	Additions	Reductions	Balance 6/30/2018	Due Within One Year
Serial bonds	$ 29,600,000	$ 3,635,000	$ 2,405,000	$ 30,830,000	$ 2,600,000
Premium on serial bonds	2,897,157	512,366	242,630	3,166,893	248,404
Bonds payable	32,497,157	4,147,366	2,647,630	33,996,893	2,848,404
Installment purchase contract	671,143	-	137,872	533,271	144,076
Compensated absences	2,623,827	162,025	347,552	2,438,300	605,486
OPEB obligation	4,282,462	292,076	572,118	4,002,420	-
Net pension liability*	3,198,528	-	2,612,842	585,686	-
Total	$ 43,273,117	$ 4,601,467	$ 6,318,014	$ 41,556,570	$ 3,597,966

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

Serial Bonds—The District issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. Serial bonds have been issued for governmental activities. 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 16 years.

On September 13, 2017, the District issued $3,635,000 in serial bonds for the purpose of continuing funding the ongoing capital projects of the District. The serial bonds were issued at a premium of $512,366 and carry an interest ranging between 2.0% and 5.0%. Principal payments on the bonds begin September 1, 2018 and mature on September1, 2031.

Principal is paid annually, interest is paid semi-annually; these payments are recorded in the General Fund. A summary of additions and payments for the year ended June 30, 2018 is shown below:

Description	Original Issue	Interest Rate	Year of Issue/ Maturity	Balance 7/1/2017	Additions	Payments	Balance 6/30/2018
Construction	$ 2,928,000	3.60-3.75	2005/2021	$ 985,000	$ -	$ 235,000	$ 750,000
Construction	15,640,000	2.00-3.50	2012/2025	10,120,000	-	1,185,000	8,935,000
Construction	18,495,000	3.00-5.00	2017/2031	18,495,000	-	985,000	17,510,000
Construction	3,635,000	2.00-5.00	2018/2031	-	3,635,000	-	3,635,000
Total	$ 40,698,000			$ 29,600,000	$ 3,635,000	$ 2,405,000	$ 30,830,000

Premiums on Serial Bonds—Previously, the District issued serial bonds in the amounts of $15,640,000 and $18,495,000 and received bond premiums of $110,187 and $2,807,206, respectively. Further, as discussed above, the District issued $3,635,000 in serial bonds in the current year and received a premium of $512,366. The premiums are being amortized on a straight-line basis over the life of the bonds, which mature on August 1, 2024, June 15, 2031 and September 1, 2031, respectively. Total unamortized bond premiums at June 30, 2018 are $3,166,893.

Installment Purchase Contract—The District 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. During 2008, the District made its initial interest payment on the debt. The interest rate of the energy performance contract approximates 4.45%.

The table below summarizes requirements of the installment purchase debt:

Year Ending June 30,	Governmental Activities
2019	$ 166,222
2020	166,221
2021	166,222
2022	83,111
2023	-
Total minimum lease payments	581,776
Less: amount representing imputed interest costs	(48,505)
Present value of minimum lease payments	$ 533,271

Compensated Absences—As described in Note 1, the District provides for either cash or post-employment health benefits upon retirement. The payment in cash or health care benefits depends on individual options selected upon retirement in accordance with the union contract. The annual budgets of the operating funds provide for these benefits as they become due. The liability for compensated absences at June 30, 2018 amounts to $2,438,300, of which $605,486 has been included within the current portion of long-term debt. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

OPEB Obligation—As explained in Note 8, the District provides health insurance coverage for certain retirees. The District's annual other postemployment benefit ("OPEB") cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The estimated long-term OPEB obligation is estimated to be $4,002,420 as of June 30, 2018.

Net Pension Liability—The District reported a liability, totaling $585,686, for its proportionate share of the net pension liability for the Employees' Retirement System. Refer to Note 7 for additional information related to the District's net pension liability.

The following is a maturity schedule of the District's indebtedness:

Year Ending June 30,	Serial Bonds	Premiums on Serial Bonds	Installment Purchase Contract	Compensated Absences	OPEB Obligation	Net Pension Liability	Total
2019	$ 2,600,000	$ 248,404	$ 144,076	$ 605,486	$ -	$ -	$ 3,597,966
2020	2,755,000	248,404	150,559	-	-	-	3,153,963
2021	2,860,000	248,404	157,333	-	-	-	3,265,737
2022	2,710,000	248,404	81,303	-	-	-	3,039,707
2023	2,815,000	248,404	-	-	-	-	3,063,404
2024-2028	11,045,000	1,216,591	-	-	-	-	12,261,591
2029-thereafter	6,045,000	708,282	-	1,832,814	4,002,420	585,686	13,174,202
Total	$ 30,830,000	$ 3,166,893	$ 533,271	$ 2,438,300	$ 4,002,420	$ 585,686	$ 41,556,570

Interest requirements on serial bonds payable are as follows:

Year Ending June 30,	Interest
2019	$ 1,264,735
2020	1,104,882
2021	994,094
2022	765,719
2023	667,322
2024-2028	1,918,100
2029-thereafter	302,850
Total	$ 7,017,702

12. 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 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.

- ***Restricted 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.

- ***Unrestricted Net Position***—This category represents net position of the District 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 District at June 30, 2018 includes:

- ***Inventories***—Represents the portion of fund balance, $54,093, composed of inventory. This balance is nonspendable within the School Lunch Fund as the inventory does not represent an available resource.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or by enabling legislation. Restricted fund balance maintained by the District at June 30, 2018 includes:

	General Fund	Debt Service Fund	Total
Employee benefits	$ 1,487,834	$ -	$ 1,487,834
Retirement contribution	1,224,337	-	1,224,337
Tax certiorari	519,654	-	519,654
Unemployment insurance	450,668	-	450,668
Debt service	-	250,781	250,781
Total	$ 3,682,493	$ 250,781	$ 3,933,274

- ***Restricted for Employee Benefits***—According to General Municipal Law Section 6-p, this restriction must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

- ***Restricted for Retirement Contribution***—According to General Municipal Law Section 6-r, this restriction must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

- ***Restricted for Tax Certiorari***—According to Education Law Section 3651.1-a, this restriction must be used to establish a reserve fund for tax certiorari and to expand from the fund without voter approval. The monies held in the restriction shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeds in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

- ***Restricted for Unemployment Insurance***—According to General Municipal Law Section 6-m, this restriction must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The restriction may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

- ***Restricted for Debt Service***—According to General Municipal Law Section 6-l, the mandatory reserve for debt service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvements.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority. As of June 30, 2018, the District has no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the District at June 30, 2018 and include:

	General Fund	School Lunch Fund	Total
Subsequent year's expenditures	$ 980,000	$ -	$ 980,000
Encumbrances	92,142	-	92,142
School lunch	-	247,478	247,478
Total	$ 1,072,142	$ 247,478	$ 1,319,620

- ***Assigned to Subsequent Year's Expenditures***—Representing available fund balance being appropriated to meet expenditure requirements in the 2018-19 fiscal year, $980,000, at June 30, 2018.

- ***Assigned to Encumbrances***—Represents amounts related to unperformed (executory) contracts for goods and services. The District has $92,142 of fund balance assigned to encumbrances at June 30, 2018.

- ***Assigned to School Lunch***—Representing remaining fund balance of $247,478 within the special revenue fund used to maintain school lunch operations.

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

13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of June 30, 2018 is as follows:

	Interfund	
Fund	Receivable	Payable
Governmental Funds:		
General Fund	$ 785,178	$ -
Special Aid Fund	-	785,178
Capital Projects Fund	-	1,228
Debt Service Fund	1,228	-
Total governmental funds	$ 786,406	$ 786,406

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

The District made the following transfers during the year ended June 30, 2018:

	Transfers Out			
Fund	General Fund	Capital Projects Fund	Debt Service Fund	Total
Transfers in:				
Special Aid Fund	$ 84,020	$ -	$ -	$ 84,020
Capital Projects Fund	-	-	715,000	715,000
Debt Service Fund	-	523,928	-	523,928
Total	$ 84,020	$ 523,928	$ 715,000	$ 1,322,948

Transfers are used primarily to finance certain special aid programs, to support capital project expenditures and for debt service activity.

14. AGENCY FUND

The Agency Fund exists for temporary deposit funds. The following is a summary of changes in assets and liabilities for the fiscal year ended June 30, 2018:

	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
ASSETS				
Restricted cash and cash equivalents	$ 461,729	$ 41,042,773	$ 40,982,784	$ 521,718
Other receivables	5,254	284,526	285,912	3,868
Total assets	$ 466,983	$ 41,327,299	$ 41,268,696	$ 525,586
LIABILITIES				
Extraclassroom activity funds	$ 206,086	$ 513,781	$ 508,726	$ 211,141
Other agency liabilities	260,897	48,690,428	48,636,880	314,445
Total liabilities	$ 466,983	$ 49,204,209	$ 49,145,606	$ 525,586

15. LABOR RELATIONS

District employees are represented by seven bargaining units, with the balance governed by Board of Education rules and regulations. Negotiated contracts are in place through June 30, 2018 for the Amherst Education Association, Amherst Paraprofessional Association and Amherst Office Personnel Association, through June 30, 2020 for the Amherst Service Staff Association, and June 30, 2021 for the Amherst Administration Association, Amherst Central School District Cook Managers Association and Amherst Central School District Lunch Employees Association the respectively.

16. COMMITMENTS

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

The District considers encumbrances to be significant for amounts that are encumbered in excess of $25,000. As of June 30, 2018, the District reported the following significant encumbrances within the General Fund. While the Capital Projects Fund reports a total fund balance deficit of $939,633, the significant encumbrances located below are considered to be commitments to as of June 30, 2018.

Description	Amount
General Fund:	
Transportation	$ 26,586
Capital Projects Fund:	
Financial Advisor Services	98,175
Legal Fees	127,500
Phase I HS Site Work	1,173,709
WBS Elevator	65,900
General Construction Cont.	43,530
Construction Management	1,760,540
Architectural Services	847,888

17. TAX ABATEMENTS

The District is subject to tax abatements granted by the Amherst Industrial Development Agency ("AIDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the AIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the District, the abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by AIDA, the District collected $278,598 during the 2017-2018 fiscal year in payments in lieu of taxes ("PILOT"), these collections were made in lieu of $381,517 in property taxes.

18. CONTINGENCIES

Litigation—Various legal actions are pending against the District. The outcome of these matters is not presently determinable, but in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the District.

Assessments—The Town of Amherst (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. Current assessment challenges within the Town that relate to the District request relief ranging from $1,000 to $2,250,000; however, the potential loss cannot be estimated. The review of the assessments potentially affects the District, however; management believes that the level of such potential loss, if any, would be immaterial and no provisions have been made within the financial statements.

Grants—In the normal course of operations, the District 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.

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

19. SUBSEQUENT EVENTS

On September 12, 2018, the District issued $1,250,000 in bond anticipation notes with an interest rate of 2.47 percent to provide monies for capital project financing. The bond anticipation notes mature on February 14, 2019.

Management has evaluated subsequent events through September 18, 2018, which is the date the financial statements are available for issuance, and have determined, except as disclosed above, there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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AMHERST CENTRL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability (Asset)—
Teachers' Retirement System
Last Five Fiscal Years*

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
District's proporiation of the net pension liability (asset)	0.144118%	0.145844%	0.143260%	0.144103%	0.139006%
District's proportionate share of the net pension liability (asset)	$ (1,095,437)	$ 1,562,049	$ (14,880,118)	$ (16,052,229)	$ (915,014)
District's covered employee payroll	23,060,841	22,759,583	21,821,400	21,286,327	20,363,490
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(4.75%)	6.86%	(68.19%)	(75.41%)	(4.49%)
Plan fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.48%	100.70%

*Information prior to the year ended June 30, 2014 is not available.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of District's Contributions—
Teachers' Retirement System
Last Five Fiscal Years*

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually required contribution	$ 2,284,860	$ 2,676,602	$ 2,984,186	$ 3,772,377	$ 3,459,028
Contribution in relation to the contractually required contribution	(2,284,860)	(2,676,602)	(2,984,186)	(3,772,377)	(3,459,028)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 23,567,618	$ 23,060,841	$ 22,759,583	$ 21,821,400	$ 21,286,327
Contributions as a percentage of covered-employee payroll	9.7%	11.6%	13.1%	17.3%	16.2%

*Information prior to the year ended June 30, 2014 is not available.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability—
Employees' Retirement System
Last Five Fiscal Years*

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Measurement date	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
District's proporiation of the net pension liability (asset)	0.0181471%	0.0174163%	0.0178998%	0.0179782%	0.0179782%
District's proportionate share of the net pension liability (asset)	$ 585,686	$ 1,636,479	$ 2,872,975	$ 607,347	$ 812,409
District's covered employee payroll	$ 5,238,494	$ 5,357,349	$ 5,163,069	$ 4,926,115	$ 4,807,850
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	11.2%	30.5%	55.6%	12.3%	16.9%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.9%	97.2%

*Information prior to the year ended June 30, 2014 is not available.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of District's Contributions—
Employees' Retirement System
Last Five Fiscal Years*

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Contractually required contribution	$ 803,085	$ 781,647	$ 897,880	$ 933,653	$ 993,614
Contribution in relation to the contractually required contribution	(803,085)	(781,647)	(897,880)	(933,653)	(993,614)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 5,265,801	$ 5,187,793	$ 5,255,343	$ 4,991,435	$ 4,866,993
Contributions as a percentage of covered-employee payroll	15.3%	15.1%	17.1%	18.7%	20.4%

*Information prior to the year ended June 30, 2014 is not available.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2018*

Total OPEB Liability	
Service cost	$ 54,987
Interest	155,342
Changes of assumptions	81,747
Differences between expected and actual experience	(322,616)
Benefit payments	(249,502)
Net changes in total OPEB liability	(280,042)
Total OPEB liability—beginning	4,282,462
Total OPEB liability—ending	$ 4,002,420
Covered-employee payroll	$ 28,563,440
District's net OPEB liability as a percentage of covered-employee payroll	14.0%

* Information prior to the year ended June 30, 2018 is not available.

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

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AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget (Non-GAAP Basis) and Actual—General Fund
Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Local sources:				
Real property taxes	$ 34,921,929	$ 30,287,911	$ 30,265,635	$ (22,276)
Real property tax items	285,291	4,919,309	4,954,555	35,246
Non-property tax items	3,512,653	3,512,653	3,446,018	(66,635)
Charges for services	1,069,170	1,069,170	1,164,357	95,187
Use of money and property	45,973	45,973	54,563	8,590
Sale of property and compensation for loss	-	-	24,339	24,339
Miscellaneous	812,336	858,403	327,753	(530,650)
State sources:				
Basic formula	13,756,967	9,530,343	9,531,960	1,617
Lottery	-	3,531,286	3,578,434	47,148
BOCES	831,295	1,513,318	1,513,325	7
Tuition aid	270,219	270,219	456,723	186,504
Textbooks	215,467	215,467	206,904	(8,563)
Computer software	126,892	126,892	124,842	(2,050)
Library loan program	25,906	25,906	25,487	(419)
Other	-	13,315	33,662	20,347
Federal sources:				
Medicaid assistance	400,000	400,000	565,696	165,696
Total revenues	56,274,098	56,320,165	56,274,253	(45,912)
OTHER FINANCING SOURCES				
Appropriated reserves	100,000	100,000	-	(100,000)
Total other financing sources	100,000	100,000	-	(100,000)
Total revenues and other financing sources	$ 56,374,098	$ 56,420,165	$ 56,274,253	$ (145,912)

(continued)

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget (Non-GAAP Basis) and Actual—General Fund
Year Ended June 30, 2018

(concluded)

	Budgeted Amounts				Variance with
	Original	Final	Actual	Encumbrances	Final Budget
EXPENDITURES					
Current:					
General support:					
Board of Education	$ 29,599	$ 29,699	$ 28,733	$ -	$ 966
Central administration	258,749	262,506	259,338	-	3,168
Finance	556,612	471,652	463,099	-	8,553
Staff	409,392	445,131	424,080	6,973	14,078
Central services	3,751,055	3,857,837	3,663,546	35,957	158,334
Special items	1,076,683	1,018,779	518,778	-	500,001
Instructional:					
Instruction, administration and improvement	2,589,407	2,391,284	2,361,526	2,827	26,931
Teaching—regular school	17,457,014	17,280,343	17,205,557	5,690	69,096
Programs for pupils with handicapping conditions	6,020,988	6,394,710	6,369,001	1,820	23,889
Occupational education	780,159	580,032	579,981	-	51
Teaching—special schools	241,828	261,900	259,939	-	1,961
Instructional media	1,396,683	1,473,517	1,435,685	8,205	29,627
Pupil services	2,955,090	3,089,639	3,075,215	2,110	12,314
Pupil transportation	3,471,916	3,485,835	3,454,421	26,586	4,828
Employee benefits	12,019,907	12,752,980	12,656,905	1,974	94,101
Debt service:					
Principal	3,525,130	2,542,874	2,542,872	-	2
Interest and other fiscal charges	916,869	1,172,372	1,172,370	-	2
Total expenditures/encumbrances	57,457,081	57,511,090	56,471,046	92,142	947,902
OTHER FINANCING USES					
Transfers out	100,000	91,808	84,020	-	7,788
Total expenditures/encumbrances and other financing uses	57,557,081	57,602,898	56,555,066	92,142	955,690
Net change in fund balance*	(1,182,983)	(1,182,733)	(280,813)		
Fund balance—beginning	7,210,484	7,210,484	7,210,484		
Fund balance—ending	$ 6,027,501	$ 6,027,751	$ 6,929,671		

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

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

1. OPEB LIABILITY

***Changes of Assumptions*—**Changes of assumptions reflect the effects of changes in the long-term bond rate, the mortality rate, and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date, which decreased from 3.80% to 3.61% at June 30, 2018. Mortality rates were updated to rates based on the 2015 NYSTRS mortality rates using Mortality Improvement Scale MP-2017 for retirees and surviving spouses. Finally, the healthcare cost trend rate increased from 5.3% at June 30, 2017 to 6.2% at June 30, 2018.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—An annual budget is adopted on a basis consistent with generally accepted accounting principles in the United States of America for the General Fund. The Capital Projects Fund is appropriated on a project-length basis. No formal annual budget is adopted for the Special Aid and School Lunch Funds. Appropriation limits, where applicable, for the Special Aid Fund are maintained based on individual grant revenues accepted by the Board of Education. The periods of such grants may vary from the District's fiscal year. A budget is maintained for the School Lunch Fund as a management tool for internal control purposes.

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

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

SUPPLEMENTARY INFORMATION

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit—General Fund
Year Ended June 30, 2018

Changes from Adopted Budget to Final Budget

Adopted budget, 2017-2018	$57,303,979
Add: Prior year's encumbrances	253,102
Original budget, 2017-2018	57,557,081
Budget revisions: Gifts and donations	45,817
Final budget, 2017-2018	$57,602,898

Section 1318 of Real Property Tax Law Limit Calculation

2018-2019 voter-approved expenditure budget	$ 58,552,000	
Maximum allowed (4% of 2018-2019 budget)		$ 2,342,080
General Fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	$ 1,072,142	
Unassigned fund balance	2,175,036	
Total unrestricted fund balance		3,247,178
Less:		
Appropriated fund balance	$ 980,000	
Encumbrances included in assigned fund balance	92,142	
Total adjustments		1,072,142
General Fund fund balance subject to Section 1318 of Real Property Tax Law		$ 2,175,036
Actual percentage		3.71%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", updated April 2011 (originally issued November 2010), the portion of General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance for subsequent year's budget, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Capital Project Expenditures
Year Ended June 30, 2018

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date: Prior Years	Expenditures to Date: Current Year	Expenditures to Date: Total	Unexpended Balance
2016 approved project:						
High School sitework project	$ 2,021,991	$ 2,564,659	$ 62,282	$ 762,049	$ 824,331	$ 1,740,328
High School phase 2	12,967,953	12,967,953	149,068	644,777	793,845	12,174,108
Middle School phase 2	4,111,110	4,111,110	32,481	210,278	242,759	3,868,351
Smallwood Elementary project	519,824	539,824	3,903	14,855	18,758	521,066
Windermere Elementary project	943,348	923,348	2,421	39,331	41,752	881,596
High School	9,003,073	8,460,405	57,459	264,427	321,886	8,138,519
Subtotal	29,567,299	29,567,299	307,614	1,935,717	2,243,331	27,323,968
Smallwood Elementary elevator project	100,000	100,000	7,895	85,531	93,426	6,574
Windermere Elementary elevator project	100,000	100,000	-	14,600	14,600	85,400
Subtotal	200,000	200,000	7,895	100,131	108,026	91,974
Totals	$ 29,767,299	$ 29,767,299	$ 315,509	$ 2,035,848	$ 2,351,357	$ 27,415,942

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
June 30, 2018

Capital assets, net of accumulated depreciation		$ 52,030,590
Add:		
Unspent debt proceeds		1,664,779
Deduct:		
Bond anticipation notes payable	$ (2,000,000)	
Serial bonds	(30,830,000)	
Premium on serial bonds	(3,166,893)	
Energy performance contract	(533,271)	(36,530,164)
Net investment in capital assets		$ 17,165,205

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FEDERAL AWARDS INFORMATION

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-Through Entity's Identifying Number (1c)	Passed Through to Sub-recipients	Federal Expenditures (1d)
U.S. DEPARTMENT OF AGRICULTURE				
Passed through New York State Department of Agriculture:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	$ -	$ 125,950
School Lunch Program	10.555	N/A	-	518,891
Summer Food Program for Children	10.559	N/A	-	5,468
Total Child Nutrition Cluster			-	650,309
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	650,309
U.S. DEPARTMENT OF EDUCATION				
Passed through New York State Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	0032-18-0197	-	745,292
Special Education - Preschool Grants	84.173	0033-18-0197	-	31,456
Total Special Education Cluster			-	776,748
Title I Grants to Local Educational Agencies	84.010	0021-18-0720	-	395,329
English Language Acquisition State Grants	84.365	0152-17-0720	-	15,965
English Language Acquisition State Grants	84.365	0293-18-0720	-	12,979
English Language Acquisition State Grants	84.365	0293-17-0720	-	7,853
Total English Language Acquisition State Grants			-	36,797
Improving Teacher Quality-State Grants	84.367	0147-18-0720	-	81,397
TOTAL U.S. DEPARTMENT OF EDUCATION			-	1,290,271
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			$ -	$ 1,940,580

The notes to the schedule of federal awards are an integral part of this schedule.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Amherst Central School District, New York (the "District") under programs of federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. The following notes were identified on the schedule:

(a) Includes all federal award programs of the Amherst Central School District.

(b) Source: Catalog of Federal Domestic Assistance.

(c) Pass-through entity identifying numbers are presented where available.

(d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.

(e) Total federal expenditures for the District's 2017-2018 fiscal year are reconciled to Federal sources as reported in the basic financial statements as follows:

Balance per schedule of expenditures of federal awards	$ 1,940,580
Medicaid reimbursement	565,696
Total Federal sources per financial statements	$ 2,506,276

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program". During the year ended June 30, 2018, the District used $84,001 worth of commodities.

Drescher & Malecki LLP
3083 William Street, Suite 5
Buffalo, New York 14227
Telephone: 716.565.2299
Fax: 716.565.2201

Certified Public Accountants

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

The Board of Education
Amherst Central School District, 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 Amherst Central School District, New York (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 18, 2018, which includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 75.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 a significant deficiency in compliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2018-001.

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.

Drescher & Malecki LLP

September 18, 2018

Drescher & Malecki LLP
3083 William Street, Suite 5
Buffalo, New York 14227
Telephone: 716.565.2299
Fax: 716.565.2201

Certified Public Accountants

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

The Board of Education
Amherst Central School District, New York:

Report on Compliance for Each Major Federal Program

We have audited the Amherst Central School District, New York's (the "District") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

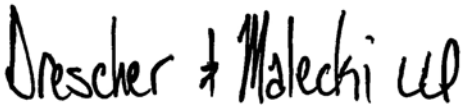
Report on Internal Control Over Compliance

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

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

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

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



September 18, 2018

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued: Unmodified*

* (which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No.75)

Internal control over financial reporting:

Material weakness(es) identified?	____ Yes	✓ No
Significant deficiency(ies) identified?	____ Yes	✓ None reported
Noncompliance material to the financial statements noted?	____ Yes	✓ No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?	____ Yes	✓ No
Significant deficiency(ies) identified?	____ Yes	✓ None reported

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

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

Identification of major federal programs:

CFDA Number	Name of Federal Program
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs? $ 750,000

Auditee qualified as low-risk auditee?	✓ Yes	____ No

Section II. FINANCIAL STATEMENT FINDINGS

We consider the following deficiency to be a significant deficiency in compliance.

Finding 2018-001—Extraclassroom Programs

Criteria—According to "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds—Finance Pamphlet 2", which is issued by the New York State Education Department to summarize the Regulations of the Commissioner of Education, the student extraclassroom activities may only be formed by students in districts with educational programs beyond the 6th grade. Additionally, these programs require maintenance of separate and individual account ledgers, which include the central treasurer of the District as well as the student activity treasurer, with all activities being run by the students of each school. Sales tax should be charged on those items that qualify as taxable goods per the "Sales Tax Guide". Further, deposits should be properly documented with signatures of both the factuly advisor and the student treasurer. Lastly, all defunct accounts, those that remain unused during the most recent two fiscal years, should be closed out with the funds transferred to the general student organization or student council.

Condition and Context—As noted in prior years, we observed that extraclassroom accounts are maintained on behalf of two elementary schools within the District. Additionally, we found that two high school programs did not maintain student treasurer ledgers, but instead were maintained directly by the central treasurer without student oversight. It was also observed that the high school and elementary schools had insufficient documentation that sales tax was charged and remitted on all taxable goods. While reviewing cash receipts, we noted that 11 out of 16 receipts for High School programs only contained one signature prior to deposits being submitted to the central treasurer.

Cause—The extraclassroom account procedures have not been adjusted for effectiveness and compliance with the State provided regulations; and extraclassroom accounts are maintained for elementary school programs.

Effect or Potential Effect—The District is not in compliance with New York State Education Department's "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds—Finance Pamphlet 2".

Recommendation—We recommend that the District consider closing out the extraclassroom accounts maintained on behalf of the elementary schools. Additionally, we recommend that extraclassroom accounts be maintained separately and individually; which would include ledger maintenance, monthly bank reconciliations, and expenditure approval and attached support by student activity treasurers, along with separate records maintained by the Central Treasurer. Sufficient supporting documentation of sales charged on all items that qualify as taxable goods should be maintained. Lastly, all monies counted for deposit should be signed or initialed by both the student treasurer and faculty advisor before being remitted to the central treasurer.

View of Responsible Officials and Corrective Action Plan—In addition to continued trainings to the faculty advisor and students treasurers, the District is taking steps to addressed various sections of the finding on an annual basis. During the fiscal year ending June 30, 2018, the District has already removed the activities maintained at the elementary school to be in compliance with that section of the guide.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

AMHERST CENTRAL SCHOOL DISTRICT, NEW YORK
Summary Schedule of Prior Audit Findings and Corrective Action Plan
Year Ended June 30, 2018
(Follow Up on June 30, 2017 Findings)

Finding 2017-001—Extraclassroom Programs

Criteria—According to "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds—Finance Pamphlet 2", which is issued by the New York State Education Department to summarize the Regulations of the Commissioner of Education, the student extraclassroom activities may only be formed by students in districts with educational programs beyond the 6th grade. Additionally, these programs require maintenance of separate and individual account ledgers, which include the central treasurer of the District as well as the student activity treasurer, with all activities being run by the students of each school. Sales tax should be charged on those items that qualify as taxable goods per the "Sales Tax Guide". Lastly, all defunct accounts, those that remain unused during the most recent two fiscal years, should be closed out with the funds transferred to the general student organization or student council.

Condition and Context—As noted in prior years, we observed that extraclassroom accounts are maintained on behalf of two elementary schools within the District. Additionally, we found that a middle school ledger is maintained by the central treasurer, and another is maintained by the faculty advisor, instead of the student activity treasurer. It was observed that the high school does not charge sales tax on all taxable goods. We also noted that there were outstanding balances in the accounts for High School Classes of 2016 and 2017. Finally, it was observed that the District maintained five defunct accounts that did not have activity during the most recent two fiscal years.

Cause—The extraclassroom account procedures have not been adjusted for effectiveness and compliance with the State provided regulations; and extraclassroom accounts are maintained for elementary school programs.

Effect or Potential Effect—The District is not in compliance with New York State Education Department's "The Safeguarding, Accounting, and Auditing of Extraclassroom Activity Funds—Finance Pamphlet 2".

Recommendation—We recommend that the District consider closing out the extraclassroom accounts maintained on behalf of the elementary schools. Additionally, we recommend that extraclassroom accounts be maintained separately and individually; which would include ledger maintenance, monthly bank reconciliations, and expenditure approval and attached support by student activity treasurers. Sales tax should be charged for all items that qualify as taxable goods. Finally, we recommend that the funds of classes that have graduated, as well as defunct accounts, be properly reallocated.

View of Responsible Officials and Corrective Action Plan—Management continues to update its semi-annual internal audit procedures. Further, management has researched and attended extraclassroom training, which was offered to the parties involved with the extraclassroom activities. Management believes that the training attendance will provide additional education surrounding proper extraclassroom activity treatment. The District is researching a means to maintain funding within the elementary schools for the current programs.

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

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