

**Greenville Fire District, New York**

Financial Statements  
and Supplementary Information

December 31, 2018



# Greenville Fire District, New York

Financial Statements and Supplementary Information

December 31, 2018

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## Greenville Fire District, New York

Financial Statements and Supplementary Information

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## **Independent Auditors' Report**

**Board of Fire Commissioners  
Greenville Fire District, New York**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Greenville Fire District, New York ("District") as of and for the year ended December 31, 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***

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

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 auditors' 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 and each major fund of the District, as of December 31, 2018, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

We draw attention to Note 2D and 3C in the notes to financial statements which disclose the effects of the District's adoption of the provisions of Governmental Accounting Standards Board 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 Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying 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.

### ***Supplementary and Other Information***

Our audit for the year ended December 31, 2018 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund financial statements and schedules for the year ended December 31, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 for the year ended December 31, 2018 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2018.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the District as of and for the year ended December 31, 2017 (not presented herein), and have issued our report thereon dated May 21, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities and each major fund. The combining and individual fund financial statements and schedules for the year ended December 31, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2017 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2017.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2019 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

**Harrison, New York**

June 21, 2019

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## **Greenville Fire District, New York**

### **Management's Discussion and Analysis (MD&A) December 31, 2018**

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#### **Introduction**

This discussion and analysis of Greenville Fire District, New York's ("District") financial statements provides an overview of the financial activities of the District, for the year ended December 31, 2018. Please read it in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section.

#### **Financial Highlights for Fiscal Year 2018**

- On the government-wide financial statements, the liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of fiscal year 2018 by \$17,040,409. Of this amount, the unrestricted net position is a deficit of (\$20,290,154).
- As of the close of the current fiscal year, the District's Governmental Funds reported an ending fund balance of \$3,311,660, an increase of \$168,025 from fiscal year 2017. Of this amount, the unassigned fund balance is \$740,115.
- For the year ended December 31, 2018, the District implemented the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("OPEB"). This statement addresses accounting and financial reporting for OPEB by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. This statement supersedes the provisions of GASB Statement No. 45, "*Accounting and Financial Reporting By Employers for Postemployment Benefits Other Than Pensions*". The primary distinction between the two standards is that since no mechanism exists under current New York State law for New York municipalities and school districts to pre-fund these obligations in an irrevocable trust, entities must now report their *total* OPEB liability as opposed to the *net* OPEB liability that has been reported under the prior standard. As a result, the net position for governmental activities on the government-wide financial statements reflects a change in accounting principle adjustment of \$(15,521,956) to the opening net position originally reported as of January 1, 2018 of \$(2,477,595), thereby restating the opening net position to \$(17,999,551).
- A tax anticipation note in the amount of \$1,700,000 was issued and retired in fiscal 2018.

#### **Overview of the Financial Statements**

This MD&A serves as an introduction to the basic financial statements and provides analysis and overview of the District's financial activities. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes other supplementary information as listed in the table of contents.

## **Government-Wide Financial Statements**

The *government-wide financial statements* are presented in a manner similar to private-sector business financial statements. The statements are prepared using the accrual basis of accounting. The government-wide financial statements include two statements: Statement of Net Position and Statement of Activities.

The *Statement of Net Position* presents the District's total assets, deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator as to whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing the change in the District's net position during the most recent fiscal year. All revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as earned but unused vacation leave. The focus of this statement is on the net cost of providing various services to the citizens of the District.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues ("*governmental activities*"). The governmental activities of the District include general government support, public safety and interest.

## ***Fund Financial Statements***

A fund is an accounting entity with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures, as appropriate. Government resources are allocated to and accounted for in an individual fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements.

Governmental Funds: The services provided by the District are financed and accounted for through governmental funds. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. This information is useful in determining the District's financing requirements for the subsequent fiscal period. Governmental funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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. From this comparison, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance, provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains two individual governmental funds: the General Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the

governmental fund statement of revenues, expenditures and changes in fund balances for all funds. Both funds are considered to be major funds.

The District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the respective budget.

The financial statements for the governmental funds can be found in the basic financial statements section of this report.

#### *Notes to the Financial Statements*

The notes to the financial statements 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 following the basic financial statements section of this report.

#### *Other Information*

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the District's service awards program, other post employment benefit obligations and net pension obligations. Individual fund financial statements and schedules are also presented as supplemental information.

### **Government-Wide Financial Analysis**

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.

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$17,040,813 for fiscal year 2018, a net decrease of \$2,477,595 from 2017.

The following table reflects the condensed Statement of Net Position as of December 31:

	2018	2017
Current assets	\$ 3,439,495	\$ 3,230,406
Capital assets, net	2,654,346	2,821,600
Total Assets	<u>6,093,841</u>	<u>6,052,006</u>
Deferred outflows of resources	<u>3,508,839</u>	<u>2,993,205</u>
Current liabilities	141,863	101,702
Long-term liabilities	24,026,587	10,951,405
Total Liabilities	<u>24,168,450</u>	<u>11,053,107</u>
Deferred inflows of resources	<u>2,475,043</u>	<u>469,699</u>
Net position		
Net investment in capital assets	1,608,346	1,844,739
Restricted	1,393,948	1,079,366
Unrestricted	<u>(20,043,107)</u>	<u>(5,401,700)</u>
Total Net Position	<u>\$ (17,040,813)</u>	<u>\$ (2,477,595)</u>

The largest component of the District's net position is net investment in capital assets of \$1,608,346 which reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its citizens and consequently, these assets are not available for future spending.

The restricted net position of \$1,393,948 represents resources that are subject to external restrictions on their use. The restrictions are for apparatus, repairs and future contributions to the State Retirement Systems and debt service.

	2018	2017
Program Revenues		
Charges for services	\$ -	\$ 10,174
Operating grants and contributions	34,850	53,535
General Revenues		
Real Property Taxes	9,296,853	8,855,428
Sale of property and compensation for loss	72,254	-
Miscellaneous	94,255	3,703
Total Revenues	<u>9,498,212</u>	<u>8,922,840</u>
Program Expenses		
General Government Support	195,980	341,700
Public Safety	8,293,282	9,919,572
Interest	50,212	52,021
Total Expenses	<u>8,539,474</u>	<u>10,313,293</u>
Change in Net Position	<u>958,738</u>	<u>(1,390,453)</u>
Net Position - Beginning, as reported	(2,477,595)	(592,575)
Cumulative effect of change in accounting principle	<u>(15,521,956)</u>	<u>(494,567)</u>
Net Position, as restated	<u>(17,999,551)</u>	<u>(1,087,142)</u>
Net Position - Ending	<u>\$ (17,040,813)</u>	<u>\$ (2,477,595)</u>

During 2018, there was an increase in revenues from Real Property Taxes of \$441,425 as a result of an increased tax levy. The decrease in Program Expenses of \$1,773,819 can be mainly attributed to a decrease in OPEB expense.

### Financial Analysis of the Government's 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 spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,311,660, an increase of \$168,025 from 2017. Of the total combined fund balance, \$740,115 constitutes the unassigned fund balance. The remainder of the fund balance is either nonspendable, restricted, committed or assigned. Nonspendable fund balance represents prepaid expenditures. Restricted fund balance is for apparatus, repairs, employee benefit, retirement contributions and tax stabilization. Assigned fund balance represents amounts appropriated for use in the subsequent year's budget.

The General Fund is the primary operating fund of the District. The fund balance of the General Fund was \$3,311,660 of which \$740,115 was unassigned.

### **Capital Assets**

The District's investment in capital assets for its governmental activities as of December 31, 2018, amounted to approximately \$2.65 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and machinery and equipment

#### **Capital Assets (Net of Accumulated Depreciation) December 31, 2018**

	2018	2017
Land	\$ 100,000	\$ 100,000
Building and improvements	1,481,863	1,469,949
Machinery and equipment	1,072,483	1,251,651
Total	<u>\$ 2,654,346</u>	<u>\$ 2,821,600</u>

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Lisa Dinon, Secretary/Treasurer, Greenville Fire District, 711 Central Park Avenue, Scarsdale, New York 10583.

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**Greenville Fire District, New York**Statement of Net Position  
December 31, 2018

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 2,574,596
Investments	462,265
Prepaid expenses	402,634
Capital assets	
Not being depreciated	100,000
Being depreciated, net	<u>2,554,346</u>
Total Assets	<u>6,093,841</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>3,508,839</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	127,835
Accrued interest payable	14,028
Non-current liabilities	
Due within one year	129,000
Due in more than one year	<u>23,897,587</u>
Total Liabilities	<u>24,168,450</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>2,475,043</u>
<b>NET POSITION</b>	
Net Investment in capital assets	1,608,346
Restricted for	
Apparatus	754,270
Repairs	141,988
Retirement	289,539
Tax stabilization	208,151
Unrestricted	<u>(20,043,107)</u>
Total Net Position	<u><u>\$ (17,040,813)</u></u>

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

**Greenville Fire District, New York**

## Statement of Activities

Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
		Operating Grants and Contributions	Governmental Activities
Governmental activities			
General government support	\$ 195,980	\$ -	\$ (195,980)
Public safety	8,293,282	34,850	(8,258,432)
Interest	50,212	-	(50,212)
Total Governmental Activities	<u>\$ 8,539,474</u>	<u>\$ 34,850</u>	<u>(8,504,624)</u>
General Revenues			
Real property taxes			9,296,853
Sale of property and compensation for loss			72,254
Miscellaneous			<u>94,255</u>
Total General Revenues			<u>9,463,362</u>
Change in Net Position			<u>958,738</u>
<b>NET POSITION</b>			
Net Position - Beginning, as reported			(2,477,595)
Cumulative Effect of Change in Accounting Principle			<u>(15,521,956)</u>
Net Position - Beginning, as restated			<u>(17,999,551)</u>
Net Position - Ending			<u>\$ (17,040,813)</u>

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



**Greenville Fire District, New York**

Balance Sheet

Governmental Funds

December 31, 2018

	General	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Cash and equivalents	\$ 2,574,596	\$ -	\$ 2,574,596
Investments	462,265	-	462,265
Prepaid expenditures	402,634	-	402,634
Total Assets	<u>\$ 3,439,495</u>	<u>\$ -</u>	<u>\$ 3,439,495</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts payable and accrued liabilities	<u>\$ 127,835</u>	<u>\$ -</u>	<u>\$ 127,835</u>
Fund Balance			
Nonspendable	402,634	-	402,634
Restricted	2,043,911	-	2,043,911
Assigned	125,000	-	125,000
Unassigned	740,115	-	740,115
Total Fund Balance	<u>3,311,660</u>	<u>-</u>	<u>3,311,660</u>
	<u>\$ 3,439,495</u>	<u>\$ -</u>	<u>\$ 3,439,495</u>

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

**Greenville Fire District, New York**

Reconciliation of the Governmental Funds

Balance Sheet to the Government-Wide

Statement of Net Position

Year Ended December 31, 2018

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Fund Balances - Total Governmental Funds	\$ 3,311,660
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Amounts reported for governmental activities in the statement of  
net position are different because

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,654,346
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Governmental funds do not report the effect of assets or liabilities related to net pension assets (liabilities) Deferred amounts on net pension assets (liabilities)	1,033,796
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Long-term liabilities that are not due and payable in the current period are not reported in the funds	
Accrued interest payable	(14,028)
Bonds payable	(1,515,000)
Compensated absences	(391,223)
Net pension liability	(1,291,411)
Total pension liability	(601,483)
Other post employment benefit obligations payable	(20,227,470)

Net Position of Governmental Activities	\$ (17,040,813)
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The notes to financial statements are an integral part of this statement.

**Greenville Fire District, New York**

## Statement of Revenues, Expenditures and Changes in Fund Balance

## Governmental Funds

Year Ended December 31, 2018

	General	Capital Projects	Total Governmental Funds
<b>REVENUES</b>			
Real property taxes	\$ 9,296,853	\$ -	\$ 9,296,853
Use of money and property	34,792	58	34,850
Sale of property and compensation for loss	72,254	-	72,254
Miscellaneous	94,255	-	94,255
Total Revenues	9,498,154	58	9,498,212
<b>EXPENDITURES</b>			
General government support	195,980	-	195,980
Public safety	5,780,466	-	5,780,466
Employee benefits	3,080,429	-	3,080,429
Debt service			
Principal	90,000	-	90,000
Interest	51,115	-	51,115
Capital outlay	-	132,197	132,197
Total Expenditures	9,197,990	132,197	9,330,187
Excess (Deficiency) of Revenues Over Expenditures	300,164	(132,139)	168,025
<b>FUND BALANCE</b>			
Beginning of Year	3,011,496	132,139	3,143,635
End of Year	\$ 3,311,660	\$ -	\$ 3,311,660

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

**Greenville Fire District, New York**Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balance of Governmental Funds  
to the Statement of ActivitiesYear Ended December 31, 2018

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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balance - Total Governmental Funds	<u>\$ 168,025</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures'	131,447
Depreciation expense	<u>(298,701)</u>
	<u>(167,254)</u>
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	
Principal paid on bonds	<u>90,000</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	903
Compensated absences	(32,081)
Net pension liability	(176,298)
Total pension liability	(31,077)
Other post employment benefit obligations	<u>1,106,520</u>
	<u>867,967</u>
Change in Net Position of Governmental Activities	<u><u>\$ 958,738</u></u>

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

**Greenville Fire District, New York**Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - General Fund

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Real property taxes	\$ 9,296,853	\$ 9,296,853	\$ 9,296,853	\$ -
Use of money and property	10,100	10,100	34,792	24,692
Sale of property and compensation for loss	-	-	72,254	72,254
Miscellaneous	60,000	104,181	94,255	(9,926)
Total Revenues	9,366,953	9,411,134	9,498,154	87,020
<b>EXPENDITURES</b>				
General government support	321,374	398,586	195,980	202,606
Public safety	5,845,710	5,978,445	5,780,466	197,979
Employee benefits	3,246,700	3,111,700	3,080,429	31,271
Debt service				
Principal	90,000	90,000	90,000	-
Interest	54,669	51,115	51,115	-
Total Expenditures	9,558,453	9,629,846	9,197,990	431,856
Excess (Deficiency) of Revenues Over Expenditures	(191,500)	(218,712)	300,164	518,876
<b>FUND BALANCE</b>				
Beginning of Year	191,500	218,712	3,011,496	2,792,784
End of Year	\$ -	\$ -	\$ 3,311,660	\$ 3,311,660

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

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## **Greenville Fire District, New York**

Notes to Financial Statements  
December 31, 2018

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### **Note 1 - Summary of Significant Accounting Policies**

Greenville Fire District, New York ("District") operates in accordance with various applicable laws of the State of New York. The Board of Fire Commissioners is the body responsible for the overall operation of the District. The members of the Board are elected by the taxpayers of the District. The primary function of the District is to provide fire protection, emergency medical and rescue services to residents of the District.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the District's more significant accounting policies:

#### **A. Financial Reporting Entity**

The financial reporting entity consists of the primary government which is the District, organizations for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

#### **B. Government-Wide Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the District as a whole. The effect of interfund activity has been removed from these statements.

The Statement of Net Position presents the financial position of the District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The District does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Fund Financial Statements**

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The District's resources are reflected in the fund financial statements in two generic fund types within one broad fund category, in accordance with generally accepted accounting principles as follows:

Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the District's major governmental funds:

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

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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 (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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



**Note 1 - Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. 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, net pension liability, total pension liability and other post employment benefit obligations 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.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances**

**Cash and Equivalents, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The District's deposits and investment policies are governed by State statutes. The District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The 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. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

**Investments (Except Length of Service Award Program)** - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The District follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Investments of the Length of Service Award program are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the District. Investments consist of insurance contracts backed by an insurance company with a credit rating of Aa2. The investments are priced using level one inputs.

**Risk Disclosure**

**Interest Rate Risk** - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the District does not invest in any long-term investment obligations.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the District's name. The District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2018.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

**Concentration of Credit Risk** - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The District's investment policy limits the amount on deposit at each of its banking institutions.

**Taxes Receivable** - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town of Greenburgh, New York ("Town") collects the District's taxes which are due April 1st and payable without penalty by April 30th. The Town remits the entire levy to the District in accordance with a mutually agreed upon payment schedule.

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of employee retirement, workers' compensation insurance and other costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Inventory** - There are no inventory values presented in the balance sheet of the District. Purchases of inventorable items are recorded as expenditures at the time of purchase and year-end balances are not material.

## Greenville Fire District, New York

Notes to Financial Statements (Continued)  
December 31, 2018

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### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Capital Assets** - Capital assets, which include property, plant and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land is not depreciated. Property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	20-40
Machinery and equipment	3-10

The costs associated with the acquisition or construction of capital assets are shown as expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

**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 represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows and inflows of resources have been reported on the government-wide Statement of Net Position for the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
New York State and Local Employees' Retirement System	\$ 64,726	\$ 22,230
New York State and Local Police and Fire Retirement System	3,384,196	2,447,034
Length of Service Awards Program	59,917	5,779
	<u>\$ 3,508,839</u>	<u>\$ 2,475,043</u>

These amounts are detailed in the discussion of the District's pension plans in Note 3.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Long-Term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, during the current period. The face amount of the 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

**Compensated Absences** - Vested or accumulated vacation leave of governmental funds that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the respective fund that will pay it. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

**Net Pension Liability** - The net pension liability represents the District's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*".

**Total Pension Liability** - The total pension liability represents the District's liability for its Length of Service Awards program ("LOSAP"). The financial reporting of this amount is presented in accordance with the provisions of GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*" that establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68.

**Net Position** - Net Position represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net Position on the Statement of Net Position includes, net investment in capital assets, restricted for apparatus, repairs, retirement and tax stabilization. The balance is classified as unrestricted.

**Fund Balance** - Generally, fund balance represents the difference between current assets and deferred outflows of resources, liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The District's Board of Fire Commissioners is the highest level of decision making authority for the District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the District removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the District's board.

Assigned fund balance represents amounts constrained either by policy of the District Board of Fire Commissioners for amounts assigned for balancing the subsequent years' budget or delegated to the District's Treasurer for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily in that additional action does not normally need to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities, and deferred inflows of resources together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets, and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted 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. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use fund balance in the following order: committed, assigned, and unassigned.

**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities. The District has not implemented an encumbrance system.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**G. Use of 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 assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 21, 2019.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

The District follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- The District budget shall be in the form described in Section 107 of the Town Law and shall be adopted in the manner provided in Section 181 of the Town Law.
- On or before the 21<sup>st</sup> day prior to the budget hearing, the Board of Fire Commissioners must adopt the proposed budget, file a copy with the District's Secretary and post the budget on the District's website, if they maintain one.
- No sooner than the 20<sup>th</sup> day prior to the budget hearing, the District must post a notice of the budget hearing for 15 days on the District's website, if they maintain one, and sign board and provide a copy of the notice of the budget hearing to the Town Clerk of the town in which the District is located and in which the District contracts.
- On or before 15 days prior to the budget hearing, the District must publish a notice of the budget hearing in its official newspaper, post a published notice on the District's website, if they maintain one, and provide a copy of the proposed budget for public inspection to the Town Clerk of the town in which the District is located.
- On the 3<sup>rd</sup> Tuesday in October, the Board of Fire Commissioners shall hold a public hearing to discuss the contents of the proposed budget. The hearing shall be conducted and scheduled in a manner that maximizes participation. At such hearing, any person may be heard in favor of or against the proposed budget as compiled, or for or against any item or items therein contained.

## **Greenville Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2018

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### **Note 2 - Stewardship, Compliance and Accountability (Continued)**

- After the public hearing, the Board of Fire Commissioners may adopt changes, alterations and revisions to the proposed budget, except that the Board of Fire Commissioners shall not add or increase an appropriation to a capital reserve fund not contained in the proposed budget.
- On or before November 4<sup>th</sup>, the board shall adopt the District's annual budget.
- On or before November 7<sup>th</sup>, the District's secretary shall deliver two certified copies of the District's annual budget to the Town Clerk of the town in which the District is located.
- Formal budgetary integration is employed during the year as a management control device for the General Fund.
- The District's General Fund budget is legally adopted annually on a basis consistent with generally accepted accounting principles.
- The Board of Fire Commissioners has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Fire Commissioners. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board of Fire Commissioners.
- General Fund appropriations lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year.

Budgeted amounts are as originally adopted, or as amended by the Board of Fire Commissioners.

#### **B. Property Tax Limitation**

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law applies to all local governments.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a District in a particular year. The original legislation that established the Tax levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the District to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The District is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the District, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the District. The District Board of Fire Commissioners may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the District first enacts, by a vote of at least sixty percent of the total voting power of the District, a local law to override such limit for such coming fiscal year.

**C. Expenditure Limitation**

The District, pursuant to Section 176 (18) of Town Law, is subject to an expenditure limitation. The limitation is calculated on a formula which includes the full value of taxable real estate and certain statutory exclusions. The 2018 computation indicates that the District has not exceeded the statutory limitation.

**D. Cumulative Effect of Change in Accounting Principle**

For the year ended December 31, 2018, the District implemented GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB")*. This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governments by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. As a result of adopting these standards, the government-wide financial statements reflect a cumulative effect for the change in accounting principle of \$(14,675,646).



**Greenville Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2018

**Note 3 - Detailed Notes on All Funds****A. Capital Assets**

Changes in the District's capital assets for are as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital assets, not being depreciated -				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,188,170	\$ 96,429	\$ -	\$ 3,284,599
Machinery and equipment	2,853,976	35,018	-	2,888,994
Total Capital Assets, being depreciated	6,042,146	131,447	-	6,173,593
Less Accumulated Depreciation for:				
Buildings and improvements	1,718,221	84,515	-	1,802,736
Machinery and equipment	1,602,325	214,186	-	1,816,511
Total Accumulated Depreciation	3,320,546	298,701	-	3,619,247
Total Capital Assets, being depreciated, net	\$ 2,721,600	\$ (167,254)	\$ -	\$ 2,554,346
Capital Assets, net	\$ 2,821,600	\$ (167,254)	\$ -	\$ 2,654,346

Depreciation expense of \$298,701 was charged to the District's function of public safety.

**B. Short-Term Non-Capital Borrowings**

The schedule below details the changes in short-term non-capital borrowings.

	Balance December 31, 2017	New Issues	Redemptions	Balance December 31, 2018
Tax Anticipation Note	\$ -	\$ 1,700,000	\$ 1,700,000	\$ -

The \$1,700,000 tax anticipation note was issued on February 13, 2018 and matured on May 14, 2018 with interest at 1.5%. Interest expenditures of \$6,446 were recorded in the fund financial statements in the General Fund and in the government-wide financial statements for governmental activities.

# Greenville Fire District, New York

Notes to Financial Statements (Continued)  
December 31, 2018

## **Note 3 - Detailed Notes on All Funds** (Continued)

### **C. Long-Term Liabilities**

The following table summarizes changes in the District's long-term indebtedness for the year ended December 31, 2018:

	Balance January 1, 2018	Cumulative Effect of Change in Accounting Principle*	Balance January 1, 2018	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2018	Due Within One Year
Bonds payable							
Capital	\$ 1,109,000	\$ -	\$ 1,109,000	\$ -	\$ 63,000	\$ 1,046,000	\$ 63,000
Judgments and claims	496,000	-	496,000	-	27,000	469,000	27,000
	<u>1,605,000</u>	<u>-</u>	<u>1,605,000</u>	<u>-</u>	<u>90,000</u>	<u>1,515,000</u>	<u>90,000</u>
Compensated Absences	359,142	-	359,142	68,081	36,000	391,223	39,000
Net pension liability	2,624,877	-	2,624,877	-	1,333,466	1,291,411	-
Total pension liability	550,352	-	550,352	81,458	30,327	601,483	-
Other Post Employment Benefit Obligations Payable	5,812,034	15,521,956	21,333,990	(613,425)	493,095	20,227,470	-
	<u>\$ 10,951,405</u>	<u>\$ 15,521,956</u>	<u>\$ 26,473,361</u>	<u>\$ (463,886)</u>	<u>\$ 1,982,888</u>	<u>\$ 24,026,587</u>	<u>\$ 129,000</u>

\*See Note 2D.

Each governmental fund liability for bonds, compensated absences, net pension liability, total pension liability and other post employment benefit obligations are liquidated by the General Fund.

### **Bonds Payable**

Bonds payable at December 31, 2018 are comprised of the following individual issue:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2018
Various purposes	2015	\$ 1,605,000	September, 2035	2.000-3.375 %	<u>\$ 1,515,000</u>

\$44,669 of interest expenditures was recorded in the fund financial statements and \$43,766 was recorded in the government-wide financial statements.

## Greenville Fire District, New York

Notes to Financial Statements (Continued)  
December 31, 2018

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### **Note 3 - Detailed Notes on All Funds** (Continued)

#### **Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding as of December 31, 2018 including interest payments of \$394,981 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 90,000	\$ 41,969	\$ 131,969
2020	90,000	39,269	129,269
2021	90,000	36,569	126,569
2022	90,000	34,769	124,769
2023	90,000	32,969	122,969
2024-2028	465,000	133,731	598,731
2029-2033	430,000	67,206	497,206
2034-2035	170,000	8,499	178,499
	<u>\$ 1,515,000</u>	<u>\$ 394,981</u>	<u>\$ 1,909,981</u>

The above general obligation bonds are direct obligations of the District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the District.

#### **Pension Plans**

##### *New York State and Local Retirement System*

The District participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/publications/index.php](http://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.

**Greenville Fire District, New York**

Notes to Financial Statements (Continued)  
 December 31, 2018

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**Note 3 - Detailed Notes on All Funds (Continued)**

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2018 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	4 A145	15.8%
PFRS	1 384E5	30.1
	2 384E5	25.3
	5 384E	24.2
	6 384E	15.4

At December 31, 2018, the District reported the following for its proportionate share of the net pension liability for ERS and PFRS:

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2018	March 31, 2018
Net Pension liability	\$ 6,824	\$ 1,284,587
District's proportion of the net pension liability	0.0002114%	0.1270916%
Change in proportionate share since the prior measurement date	0.0000203%	0.0013144%

The net pension liability was measured as of March 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended December 31, 2018, the District recognized pension expense in the government-wide financial statements of \$20,470 for ERS and \$1,243,491 for PFRS. Pension expenditures of \$22,949 for ERS and \$1,080,407 for PFRS were recorded in the fund financial statements and were charged to General fund.

# Greenville Fire District, New York

Notes to Financial Statements (Continued)  
December 31, 2018

## **Note 3 - Detailed Notes on All Funds** (Continued)

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to ERS and PFRS from the following sources:

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,434	\$ 2,011	\$ 528,723	\$ 341,344
Changes of assumptions	4,525	-	973,307	-
Net difference between projected and actual earnings on pension plan investments	9,911	19,564	1,039,723	2,093,945
Changes in proportion and differences between District contributions and proportionate share of contributions	30,479	655	42,021	11,745
District contributions subsequent to the measurement date	17,377	-	800,422	-
	<u>\$ 64,726</u>	<u>\$ 22,230</u>	<u>\$ 3,384,196</u>	<u>\$ 2,447,034</u>

\$17,377 and \$800,422 reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan year ended March 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended March 31,	ERS	PFRS
2019	\$ 13,681	\$ 279,413
2020	10,042	250,051
2021	680	(268,409)
2022	716	(180,201)
2023	-	55,886
Thereafter	-	-

The total pension liability for the ERS and PFRS measurement date was determined by using an actuarial valuation date as noted below, with update procedures used to roll forward the total pension liabilities to that measurement date. Significant actuarial assumptions used in the valuation were as follows:

	ERS	PFRS
Measurement date	March 31, 2018	March 31, 2018
Actuarial valuation date	April 1, 2017	April 1, 2017
Investment rate of return	7.0% *	7.0% *
Salary scale	3.8%	4.5%
Inflation rate	2.5%	2.5%
Cost of living adjustments	1.3%	1.3%

\*Compounded annually, net of pension plan investment expenses, including inflation.

## Greenville Fire District, New York

Notes to Financial Statements (Continued)  
December 31, 2018

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### **Note 3 - Detailed Notes on All Funds** (Continued)

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.50
Real Estate	10	5.55
Absolute Return Strategies	2	3.75
Opportunistic Portfolio	3	5.68
Real Assets	3	5.29
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.25
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, 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 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

## Greenville Fire District, New York

Notes to Financial Statements (Continued)  
December 31, 2018

### **Note 3 - Detailed Notes on All Funds** (Continued)

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
District's proportionate share of the ERS net pension liability (asset)	\$ 51,631	\$ 6,824	\$ (31,081)
District's proportionate share of the PFRS net pension liability (asset)	\$ 6,292,255	\$ 1,284,587	\$ (2,915,672)

The components of the collective net pension liability as of the March 31, 2018 measurement date were as follows:

	(In Thousands)		
	ERS	PFRS	Total
Total pension liability	\$ 183,400,590	\$ 32,914,423	\$ 216,315,013
Fiduciary net position	180,173,145	31,903,666	212,076,811
Employers' net pension liability	\$ 3,227,445	\$ 1,010,757	\$ 4,238,202
Fiduciary net position as a percentage of total pension liability	98.24%	96.93%	98.04%

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of December 31, 2018 represent the employer contribution for the period of April 1, 2018 through December 31, 2018 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the nine months ended December 31, 2018 were \$17,377 and \$800,422, respectively.

#### *Voluntary Defined Contribution Plan*

The District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

#### **Length of Service Awards Program**

The District's financial statements are for the year ended December 31, 2018. However, the information contained in this note is based on information for the Length of Service Award Program for the plan year ending on February 28, 2018, which is the most recent plan year for which complete information is available.

**Note 3 - Detailed Notes on All Funds** (Continued)

*Plan Description*

The District established a defined benefit Service Awards Program (referred to as a “LOSAP” – length of service awards program – qualifying under Section 457(e)(11) of the Internal Revenue Code) effective March 1, 1991 for the active volunteer firefighter members of the District. This is a single employer defined benefit plan. The program was established pursuant to Article 11-A of General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The District is the sponsor of the program.

Under the program, participating volunteers begin to be paid a service award upon attainment of the program “entitlement age”. The amount of the service award paid to a volunteer is based upon the number of years of service credit the volunteer earned under the program for performing active volunteer firefighter activities.

*Participation, Vesting and Service Credit*

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program’s entitlement age. The program’s entitlement age is age 65 and completion of one year of service. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the District.

*Benefits*

A participant’s benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person’s total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty years. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

*Fiduciary Investment and Control*

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

The governing board of the sponsor has retained and designated VFIS to assist in the administration of the program. The designated program administrator’s functions include installation assistance in the following areas: specimen adoption agreement, specimen master plan, insurance applications, participant enrollment forms, explanation of benefits and benefit certificates provided at enrollment and every three years thereafter. In addition, VFIS provides the following administrative assistance: reminder letter to the District with census for current anniversary date, participant’s benefit calculation at the time of termination or retirement for



## Greenville Fire District, New York

Notes to Financial Statements (Continued)  
December 31, 2018

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### **Note 3 - Detailed Notes on All Funds** (Continued)

verification by the District, schedule of benefits and costs, valuation and recommended deposit, summary of required contribution and actuarial review and recommended benefit enhancement.

Disbursements of program assets for the payment of benefits or administrative expenses must be approved.

Inactive participants currently receiving benefit payments	1
Inactive participants entitled to but not yet receiving benefit payments	3
Active participants	<u>13</u>
Total	<u>17</u>

#### *Contributions*

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

#### *Measurement of Total Pension Liability*

The total pension liability at the February 28, 2018 measurement date was determined using an actuarial valuation as of March 1, 2017.

*Actuarial Assumptions.* The total pension liability in the March 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method: Entry Age Normal

Inflation: 2.25%

Salary Scale: None assumed

Mortality – No pre-retirement mortality, post retirement RP 2000 projected to 2030

*Discount Rate.* The discount rate used to measure the total pension liability was 3.72%, which is based on the 20-year AA general obligation bond rate as of the measurement date.

*Trust Assets.* Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the District. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73. The trust assets are recorded in the General fund - Length of Service Awards Program Sub-Fund as investments and as a component of Restricted Fund Balance.

**Greenville Fire District, New York**

Notes to Financial Statements (Continued)  
 December 31, 2018

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**Note 3 - Detailed Notes on All Funds (Continued)***Changes in the Total Pension Liability*

Balance as of 3/1/17 measurement date	\$ 550,352
Service cost	22,331
Interest	19,960
Differences between expected and actual experience	(6,605)
Changes in assumptions or other inputs	45,772
Benefit payments	<u>(30,327)</u>
Balance as of 2/28/18 measurement date	<u>\$ 601,483</u>

*Sensitivity of the Total Pension Liability to Changes in the Discount Rate.* The following presents the total pension liability of the District as of the February 28, 2018 measurement date, calculated using the discount rate of 3.72%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.72%) or 1-percentage point higher (4.72%) than the current rate:

	1% Decrease (2.72%)	Current Assumption (3.72%)	1% Increase (4.72%)
Total Pension Liability	<u>\$ 645,139</u>	<u>\$ 601,483</u>	<u>\$ 556,861</u>

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended December 31, 2018, the District recognized pension expense of \$48,732. At December 31, 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
Differences between expected and actual experience	\$ -	\$ 5,779
Changes of assumptions or other inputs	49,317	-
Benefit payments and administrative expenses subsequent to the measurement date	<u>10,600</u>	<u>-</u>
	<u>\$ 59,917</u>	<u>\$ 5,779</u>

For the year ended December 31, 2018, the District reported \$10,600 as deferred outflows of resources related to pensions resulting from District transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the plan year ended February 28, 2019.

## Greenville Fire District, New York

Notes to Financial Statements (Continued)  
December 31, 2018

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### **Note 3 - Detailed Notes on All Funds** (Continued)

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

<u>Year Ended</u> <u>December 31,</u>	
2019	\$ 6,441
2020	6,441
2021	6,441
2022	6,441
2023	6,441
Thereafter	11,333

### **Other Post Employment Benefit Obligations ("OPEB")**

In addition to providing pension benefits, the District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the District may vary according to length of service. The cost of providing post employment health care benefits is shared between the District and the retired employee as noted below. Substantially all of the District's employees may become eligible for those benefits if they reach normal retirement age while working for the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At December 31, 2018, the following employees were covered by the benefit terms:

Active Employees	30
Retired Employees	<u>31</u>
Total	<u>61</u>

The District's total OPEB liability of \$20,277,470 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

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

Salary increases	2.4%
Discount rate	3.71%
Healthcare cost trend rates	Medical 4.6 – 4.8%
	Pharmacy 4.7 – 7.6%
Retirees' share of benefit-related costs	0%

The discount rate was based on the 20-year AA general obligation bond rate as of the measurement date.

# Greenville Fire District, New York

Notes to Financial Statements (Continued)  
December 31, 2018

## Note 3 - Detailed Notes on All Funds (Continued)

Mortality rates were based on RP2000 Mortality Table for males and females projected 18 years.

Turnover assumptions were derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

The District's change in the total OPEB liability for the year ended December 31, 2018 is as follows:

Total OPEB Liability - Beginning of Year	\$ 21,333,990
Service cost	1,078,930
Interest	733,777
Changes of benefit terms	-
Differences between expected and actual experience	(1,328,960)
Changes in assumptions or other inputs	(1,097,172)
Benefit payments	<u>(493,095)</u>
Total OPEB Liability - End of Year	<u>\$ 20,227,470</u>

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.71%) or 1 percentage point higher (4.71%) than the current discount rate:

	1% Decrease (2.71%)	Current Assumption (3.71%)	1% Increase (4.71%)
Total OPEB Liability	<u>\$ 23,149,460</u>	<u>\$ 20,227,470</u>	<u>\$ 17,837,780</u>

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 17,751,860</u>	<u>\$ 20,227,470</u>	<u>\$ 23,251,170</u>

For the year ended December 31, 2018, the District recognized OPEB expense of \$613,429 in the government-wide financial statements. The District has opted to use the Alternative Measurement Method and therefore all changes in the Total OPEB Liability are recognized in pension expense immediately.

**Greenville Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2018

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**Note 3 - Detailed Notes on All Funds** (Continued)

**D. Net Position**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted for Apparatus* - the component of net position that reports the amounts restricted for the financing of all or part of the cost of acquisition of a type of capital equipment.

*Restricted for Repairs* - the component of net position that reports the amounts restricted for the financing of all or part of the cost of repairs to District property.

*Restricted for Retirement* - the component of net position that reports the amounts restricted for the payment of future retirement contributions.

*Restricted for Tax Stabilization* - the component of net position that reports the amounts restricted to offset future tax increases.

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

**Greenville Fire District, New York**

Notes to Financial Statements (Continued)

December 31, 2018

**Note 3 - Detailed Notes on All Funds** (Continued)

**E. Fund Balances**

	2018			2017		
	General Fund	Capital Projects Fund	Total	General Fund	Capital Projects Fund	Total
Nonspendable						
Prepaid expenditures	\$ 402,634	\$ -	\$ 402,634	\$ 422,213	\$ -	\$ 422,213
Restricted						
Apparatus	754,270	-	754,270	574,135	-	574,135
Repairs	141,988	-	141,988	41,763	-	41,763
Employee benefit accrued liability	187,698	-	187,698	186,150	-	186,150
Retirement contributions	289,539	-	289,539	275,529	-	275,529
Debt service	-	-	-	-	3,892	3,892
Tax stabilization	208,151	-	208,151	184,047	-	184,047
Pension benefits	462,265	-	462,265	435,218	-	435,218
Capital projects	-	-	-	-	128,247	128,247
	<u>2,043,911</u>	<u>-</u>	<u>2,043,911</u>	<u>1,696,842</u>	<u>132,139</u>	<u>1,828,981</u>
Assigned -						
For subsequent year's expenditures	125,000	-	125,000	191,500	-	191,500
Unassigned	740,115	-	740,115	700,941	-	700,941
Total Fund Balance	<u>\$ 3,311,660</u>	<u>\$ -</u>	<u>\$ 3,311,660</u>	<u>\$ 3,011,496</u>	<u>\$ 132,139</u>	<u>\$ 3,143,635</u>

## **Greenville Fire District, New York**

Notes to Financial Statements (Concluded)  
December 31, 2018

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### **Note 3 - Detailed Notes on All Funds** (Continued)

Certain elements of fund balance are described above. These additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below:

**Restricted for Pension Benefits** - The component of fund balance that has been set aside to be used for LOSAP pension benefits in accordance with Article 11-A of the General Municipal Law of the State of New York.

**Prepaid Expenditures** has been established to account for payments made in advance. The amount has been classified as nonspendable to indicate that these funds are not "available" for appropriation or expenditure even though they are a component of current assets.

**Employee benefit accrued liability** - the component of fund balance that has been restricted pursuant to General Municipal Law to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Subsequent year's expenditures represent amounts that at December 31, 2018 the District Board of Fire Commissioners has assigned to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned.

### **Note 4 - Summary Disclosure of Significant Contingencies**

#### ***Litigation***

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District, if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of the possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year in which the payment is made.

#### ***Risk Management***

The District purchases various conventional insurance policies to reduce its exposure to loss. The general liability policy provides for coverage up to \$1 million per occurrence and \$3 million in the aggregate. In addition, the District maintains an umbrella policy with policy limits of \$20 million. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. The District purchases conventional workers' compensation insurance with coverage at statutory levels. The District also purchases conventional health insurance coverage.

### **Note 5 - Subsequent Event**

The District, on February 13, 2019 issued a tax anticipation note in the amount of \$1,800,000, which will be paid on May 10, 2019 bearing interest at 2.48%.

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## Greenville Fire District, New York

### Required Supplementary Information

#### Length of Service Awards Program

#### Schedule of Changes in Total Pension Liability and Related Ratios

#### Last 10 Fiscal Years (1)

#### Schedule of Changes in the District's Total Pension Liability

	2018	2017
Total Pension Liability:		
Service Cost	\$ 22,331	\$ 24,382
Interest	19,960	19,046
Differences between expected and actual experience	(6,605)	-
Changes of assumptions or other inputs	45,772	12,357
Benefit payments	(30,327)	(13,184)
Net Change in total pension liability	51,131	42,601
Total Pension Liability – Beginning of Year	550,352	507,751
 Total Pension Liability – End of Year	 \$ 601,483	 \$ 550,352
 Covered payroll	 N/A	 N/A
Total pension liability as a percentage of covered payroll	0%	0%

(1) Data not available prior to fiscal year 2017 implementation of Governmental Accounting Standards Board No. 73.

### Notes to Required Supplementary Information

Changes of assumptions or other inputs: Discount rate, and post-retirement mortality changes from GAR94 to RP2000 projected to 2030

Benefit changes: None

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

## Greenville Fire District

### Required Supplementary Information - Schedule of Changes in the District's Total OPEB Liability and Related Ratios Last Ten Fiscal Years (1)

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	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 1,078,930
Interest	733,777
Changes of benefit terms	-
Differences between expected and actual experience	(1,328,960)
Changes of assumptions or other inputs	(1,097,172)
Benefit payments	<u>(493,095)</u>
Net Change in Total OPEB Liability	(1,106,520)
Total OPEB Liability – Beginning of Year	<u>21,333,990</u> (3)
Total OPEB Liability – End of Year	<u><u>\$ 20,227,470</u></u>
District's covered-employee payroll	<u><u>\$ 5,125,575</u></u>
Total OPEB liability as a percentage of covered-employee payroll	<u><u>394.64%</u></u>

#### Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*.

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

**Greenville Fire District, New York**

New York State and Local Employees' Retirement System  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 Last Ten Fiscal Years (1)

	2018	2017	2016 (2)	2015
District's proportion of the net pension liability	<u>0.0002114%</u>	<u>0.0001911%</u>	<u>0.0002129%</u>	<u>0.0002243%</u>
District's proportionate share of the net pension liability	<u>\$ 6,824</u>	<u>\$ 133,238</u>	<u>\$ 34,163</u>	<u>\$ 7,579</u>
District's covered payroll	<u>\$ 148,827</u>	<u>\$ 137,852</u>	<u>\$ 137,074</u>	<u>\$ 133,238</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>4.59%</u>	<u>96.65%</u>	<u>24.92%</u>	<u>5.69%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

**Greenville Fire District, New York**New York State and Local Employees' Retirement System  
Schedule of Contributions  
Last Ten Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 23,169	\$ 22,477	\$ 21,597	\$ 27,333
Contributions in relation to the contractually required contribution	<u>(23,169)</u>	<u>(22,477)</u>	<u>(21,597)</u>	<u>(27,333)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 150,879</u>	<u>\$ 156,995</u>	<u>\$ 138,331</u>	<u>\$ 137,552</u>
Contributions as a percentage of covered payroll	<u>15.36%</u>	<u>14.32%</u>	<u>15.61%</u>	<u>19.87%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**Greenville Fire District, New York**

New York State and Local Police and Fire Retirement System  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years (1)

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	2018	2017	2016 (2)	2015
District's proportion of the net pension liability	<u>0.1270916%</u>	<u>0.1257772%</u>	<u>0.1240861%</u>	<u>0.1230172%</u>
District's proportionate share of the net pension liability	<u>\$ 1,284,587</u>	<u>\$ 2,606,923</u>	<u>\$ 3,673,926</u>	<u>\$ 338,617</u>
District's covered payroll	<u>\$ 4,629,046</u>	<u>\$ 4,359,601</u>	<u>\$ 4,119,315</u>	<u>\$ 4,286,066</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>27.75%</u>	<u>59.80%</u>	<u>89.19%</u>	<u>7.90%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>96.93%</u>	<u>93.50%</u>	<u>90.20%</u>	<u>99.00%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

**Greenville Fire District, New York**New York State and Local Police and Fire Retirement System  
Schedule of Contributions  
Last Ten Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,067,229	\$ 1,129,451	\$ 1,057,166	\$ 1,142,288
Contributions in relation to the contractually required contribution	<u>(1,067,229)</u>	<u>(1,129,451)</u>	<u>(1,057,166)</u>	<u>(1,142,288)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 4,720,822</u>	<u>\$ 4,751,633</u>	<u>\$ 4,541,148</u>	<u>\$ 4,367,644</u>
Contributions as a percentage of covered-employee payroll	<u>22.61%</u>	<u>23.77%</u>	<u>23.28%</u>	<u>26.15%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**Greenville Fire District, New York**

General Fund

Combining Balance Sheet - Sub-Funds

December 31, 2018

(With Comparative Actuals for the Year Ended December 31, 2017)

		Length of Service Awards Program	Totals	
	General		2018	2017
<b>ASSETS</b>				
Cash and equivalents	\$ 2,574,596	\$ -	\$ 2,574,596	\$ 2,240,836
Investments	-	462,265	462,265	435,218
Prepaid expenditures	402,634	-	402,634	422,213
Total Assets	<u>\$ 2,977,230</u>	<u>\$ 462,265</u>	<u>\$ 3,439,495</u>	<u>\$ 3,098,267</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities				
Accounts payable and accrued liabilities	<u>\$ 127,835</u>	<u>\$ -</u>	<u>\$ 127,835</u>	<u>\$ 86,771</u>
Fund Balance				
Nonspendable	402,634	-	402,634	422,213
Restricted	1,581,646	462,265	2,043,911	1,696,842
Assigned	125,000	-	125,000	191,500
Unassigned	<u>740,115</u>	<u>-</u>	<u>740,115</u>	<u>700,941</u>
Total Fund Balance	<u>2,849,395</u>	<u>462,265</u>	<u>3,311,660</u>	<u>3,011,496</u>
Total Liabilities and Fund Balance	<u>\$ 2,977,230</u>	<u>\$ 462,265</u>	<u>\$ 3,439,495</u>	<u>\$ 3,098,267</u>

See independent auditors' report.

**Greenville Fire District, New York**

## General Fund

Combining Schedules of Revenues, Expenditures and Changes in Fund Balance - Sub-Funds

Year Ended December 31, 2018

(With Comparative Actuals for the Year Ended December 31, 2017)

	General	Length of Service Awards Program	Eliminations
<b>REVENUES</b>			
Real property taxes	\$ 9,296,853	\$ -	\$ -
Departmental income	-	24,774	(24,774)
Use of money and property	21,239	13,553	-
Sale of property and compensation for loss	72,254	-	-
Miscellaneous	94,255	-	-
Total Revenues	9,484,601	38,327	(24,774)
<b>EXPENDITURES</b>			
General government support	195,980	-	-
Public safety	5,793,960	11,280	(24,774)
Employee benefits	3,080,429	-	-
Debt service			
Principal	90,000	-	-
Interest	51,115	-	-
Total Expenditures	9,211,484	11,280	(24,774)
Excess (Deficiency) of Revenues Over Expenditures	273,117	27,047	-
<b>OTHER FINANCING USES</b>			
Transfers out	-	-	-
Net change in Fund Balance	273,117	27,047	-
<b>FUND BALANCE</b>			
Beginning of Year	2,576,278	435,218	-
End of Year	\$ 2,849,395	\$ 462,265	\$ -

See independent auditors' report.



Totals	
2018	2017
\$ 9,296,853	\$ 8,855,428
-	-
34,792	52,660
72,254	10,174
94,255	3,703
9,498,154	8,921,965
195,980	341,700
5,780,466	5,688,332
3,080,429	2,962,560
90,000	90,000
51,115	51,056
9,197,990	9,133,648
300,164	(211,683)
-	(94,706)
300,164	(306,389)
3,011,496	3,317,885
\$ 3,311,660	\$ 3,011,496

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**Greenville Fire District, New York**

General Fund

Comparative Balance Sheets - Sub-Fund

December 31,

	2018	2017
<b>ASSETS</b>		
Cash and equivalents	\$ 2,574,596	\$ 2,240,836
Prepaid expenditures	402,634	422,213
Total Assets	<u>\$ 2,977,230</u>	<u>\$ 2,663,049</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable and accrued liabilities	<u>\$ 127,835</u>	<u>\$ 86,771</u>
Fund Balance		
Nonspendable	402,634	422,213
Restricted	1,581,646	1,261,624
Assigned	125,000	191,500
Unassigned	<u>740,115</u>	<u>700,941</u>
Total Fund Balance	<u>2,849,395</u>	<u>2,576,278</u>
Total Liabilities and Fund Balance	<u>\$ 2,977,230</u>	<u>\$ 2,663,049</u>

See independent auditors' report.

**Greenville Fire District, New York**

General Fund

Comparative Schedules of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual - Sub-Fund

Year Ended December 31,

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 9,296,853	\$ 9,296,853	\$ 9,296,853	\$ -
Use of money and property	10,100	10,100	21,239	11,139
Sale of property and compensation for loss	-	-	72,254	72,254
Miscellaneous	60,000	104,181	94,255	(9,926)
<b>Total Revenues</b>	<b>9,366,953</b>	<b>9,411,134</b>	<b>9,484,601</b>	<b>73,467</b>
<b>EXPENDITURES</b>				
General government support	321,374	398,586	195,980	202,606
Public safety	5,845,710	5,978,445	5,793,960	184,485
Employee benefits	3,246,700	3,111,700	3,080,429	31,271
Debt service				
Principal	90,000	90,000	90,000	-
Interest	54,669	51,115	51,115	-
<b>Total Expenditures</b>	<b>9,558,453</b>	<b>9,629,846</b>	<b>9,211,484</b>	<b>418,362</b>
Excess (Deficiency) of Revenues Over Expenditures	(191,500)	(218,712)	273,117	491,829
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	-	-
<b>Net Change in Fund Balance</b>	<b>(191,500)</b>	<b>(218,712)</b>	<b>273,117</b>	<b>491,829</b>
<b>FUND BALANCE</b>				
Beginning of Year	191,500	218,712	2,576,278	2,357,566
End of Year	\$ -	\$ -	\$ 2,849,395	\$ 2,849,395

See independent auditors' report.

2017			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 8,855,428	\$ 8,855,428	\$ 8,855,428	\$ -
10,100	10,100	17,415	7,315
-	-	10,174	10,174
60,000	60,000	3,703	(56,297)
8,925,528	8,925,528	8,886,720	(38,808)
120,700	426,857	341,700	85,157
5,717,959	5,834,272	5,682,663	151,609
3,131,000	3,072,997	2,962,560	110,437
90,000	90,000	90,000	-
57,369	51,056	51,056	-
9,117,028	9,475,182	9,127,979	347,203
(191,500)	(549,654)	(241,259)	308,395
-	(94,706)	(94,706)	-
(191,500)	(644,360)	(335,965)	308,395
191,500	644,360	2,912,243	2,267,883
\$ -	\$ -	\$ 2,576,278	\$ 2,576,278

**Greenville Fire District, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended December 31, 2018

(With Comparative Actuals for the Year Ended December 31, 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
<b>GENERAL GOVERNMENT SUPPORT</b>					
Refunds of real property taxes	\$ 303,000	\$ 380,212	\$ 179,003	\$ 201,209	\$ 324,927
Metropolitan commuter transportation mobility tax	18,374	18,374	16,977	1,397	16,773
Total General Government Support	321,374	398,586	195,980	202,606	341,700
<b>PUBLIC SAFETY</b>					
Personal services	5,236,000	5,236,000	5,125,275	110,725	5,065,307
Professional services	60,000	131,399	128,821	2,578	62,424
Equipment	61,800	115,981	99,159	16,822	117,144
Uniforms	20,400	20,400	14,059	6,341	23,862
Buildings and grounds	51,600	96,600	73,369	23,231	36,626
Utilities	65,155	50,155	45,631	4,524	39,710
Repairs and maintenance	62,500	87,500	87,431	69	106,684
Fire alarms	1,250	1,250	970	280	901
Inspections and fire prevention	57,850	27,850	20,728	7,122	31,452
Miscellaneous and administrative	21,500	21,500	11,849	9,651	13,899
Insurance	51,950	51,950	48,808	3,142	46,794
Hydrant rental	155,705	137,860	137,860	-	137,860
Total Public Safety	5,845,710	5,978,445	5,793,960	184,485	5,682,663

**EMPLOYEE BENEFITS**

State retirement	1,098,000	1,098,000	1,103,356	(5,356)	1,134,131
Workers' compensation benefits	320,000	263,000	270,597	(7,597)	278,816
Social security	324,000	324,000	307,345	16,655	304,993
Medical, surgical and hospital care	1,440,000	1,362,000	1,334,911	27,089	1,188,435
Other employee benefits	64,700	64,700	64,220	480	56,185
	<u>3,246,700</u>	<u>3,111,700</u>	<u>3,080,429</u>	<u>31,271</u>	<u>2,962,560</u>

**DEBT SERVICE**

Principal					
Serial bonds	90,000	90,000	90,000	-	90,000
Interest					
Serial bonds	44,669	44,669	44,669	-	47,369
Tax anticipation note	10,000	6,446	6,446	-	3,687
	<u>144,669</u>	<u>141,115</u>	<u>141,115</u>	<u>-</u>	<u>141,056</u>

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Total Expenditures	9,558,453	9,629,846	9,211,484	418,362	9,127,979
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**OTHER FINANCING USES**

Transfers out					
Capital projects fund	-	-	-	-	94,706
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,706</u>
Total Expenditures and Other Financing Uses	<u>\$ 9,558,453</u>	<u>\$ 9,629,846</u>	<u>\$ 9,211,484</u>	<u>\$ 418,362</u>	<u>\$ 9,222,685</u>

See independent auditors' report.

**Greenville Fire District, New York**

Capital Projects Fund

Comparative Balance Sheet

December 31,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ -</u>	<u>\$ 132,139</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ -</u>	<u>\$ 132,139</u>

See independent auditors' report.



**Greenville Fire District, New York**

## Capital Projects Fund

Comparative Schedules of Revenues, Expenditures and  
Change in Fund Balance

Years Ended December 31,

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Use of money and property	\$ 58	\$ 875
<b>EXPENDITURES</b>		
Capital outlay	<u>132,197</u>	<u>1,113,020</u>
Deficiency of Revenues Over Expenditures	(132,139)	(1,112,145)
<b>OTHER FINANCING SOURCES</b>		
Transfers In	<u>-</u>	<u>94,706</u>
Net Change in Fund Balance	(132,139)	(1,017,439)
<b>FUND BALANCE</b>		
Beginning of Year	<u>132,139</u>	<u>1,149,578</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ 132,139</u></u>

See independent auditors' report.

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**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

**Independent Auditors' Report**

**Board of Fire Commissioners  
Greenville Fire 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 and each major fund of Greenville Fire District, New York ("District") as of and for the year ended December 31, 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 June 21, 2019.

**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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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.

*PKF O'Connor Davies, LLP*

Harrison, New York

June 21, 2019