

Greenville Fire District, New York

Financial Statements
and Supplementary Information

December 31, 2017

Greenville Fire District, New York

Financial Statements and Supplementary Information

December 31, 2017

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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, 2017, 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, 2017, 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 3 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. 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". Our opinion is not modified with respect to this matter.

Other Matters

Report on 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.

Report on Supplementary and Other Information

Our audit for the year ended December 31, 2017 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, 2017 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, 2017 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, 2017.

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, 2016 (not presented herein), and have issued our report thereon dated June 30, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended December 31, 2016 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 2016 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2016 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, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP
Harrison, New York
May 21, 2018

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**Greenville Fire District, New York
Management's Discussion and Analysis (MD&A)
December 31, 2017**

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, 2017. 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 2017

- 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 2017 by \$2,477,595. Of this amount, the unrestricted net position is a deficit of (\$5,401,700).
- As of the close of the current fiscal year, the District's Governmental Funds reported an ending fund balance of \$3,143,635, a decrease of \$1,323,828 from fiscal year 2016. Of this amount, the unassigned fund balance is \$700,941.
- A tax anticipation note in the amount of \$1,400,000 was issued and retired in fiscal 2017.

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 outflow 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 \$2,477,595 for fiscal year 2017, a net decrease of \$1,885,020 from 2016.

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

	2017	2016
Current assets	\$ 3,230,406	\$ 4,566,981
Capital assets, net	<u>2,821,600</u>	<u>1,966,281</u>
Total Assets	<u>6,052,006</u>	<u>6,533,262</u>
Deferred outflows of resources	<u>2,993,205</u>	<u>4,558,311</u>
Current liabilities	101,702	113,484
Long-term liabilities	<u>10,951,405</u>	<u>10,991,340</u>
Total Liabilities	<u>11,053,107</u>	<u>11,104,824</u>
Deferred inflows of resources	<u>469,699</u>	<u>579,324</u>
Net position		
Net investment in capital assets	1,844,739	1,940,842
Restricted	1,079,366	1,349,842
Unrestricted	<u>(5,401,700)</u>	<u>(3,883,259)</u>
Total Net Position	<u>\$ (2,477,595)</u>	<u>\$ (592,575)</u>

The largest component of the District's net position is net investment in capital assets of \$1,844,739, 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 \$895,319 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.

	<u>2017</u>	<u>2016</u>
Program Revenues		
Charges for services	\$ 10,174	\$ 84,150
Operating grants and contributions	53,535	19,139
General Revenues		
Real Property Taxes	8,855,428	8,685,314
Miscellaneous	<u>3,703</u>	<u>68,851</u>
Total Revenues	<u>8,922,840</u>	<u>8,857,454</u>
Program Expenses		
General Government Support	341,700	92,014
Public Safety	9,919,572	9,177,554
Interest	<u>52,021</u>	<u>51,790</u>
Total Expenses	<u>10,313,293</u>	<u>9,321,358</u>
Change in Net Position	<u>(1,390,453)</u>	<u>(463,904)</u>
Net Position - Beginning, as reported	(592,575)	(513,075)
Cumulative effect of change in accounting principle	<u>(494,567)</u>	<u>384,404</u>
Net Position, as restated	<u>(1,087,142)</u>	<u>(128,671)</u>
Net Position - Ending	<u><u>\$ (2,477,595)</u></u>	<u><u>\$ (592,575)</u></u>

During 2017, there was an increase in revenues from Real Property Taxes of \$170,114 as a result of an increased tax levy. The increase in Program Expenses of \$991,935 can be mainly attributed to the increase in depreciation related to the replacement and renovation of district assets, personnel costs, and increased insurance premiums.

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 \$3,143,635, a decrease of \$1,323,828 from 2016. Of the total combined fund balance, \$700,941 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 and retirement contributions. Committed fund balance is for tax stabilization. Assigned fund balance represents amounts appropriated for use in the subsequent year's budget and amounts assigned for tax certiorari expenditures.

The General Fund is the primary operating fund of the District. The fund balance of the General Fund was \$3,011,496 of which \$700,941 was unassigned.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2017, amounted to approximately \$2.82 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, 2017

	2017	2016
Land	\$ 100,000	\$ 100,000
Building and improvements	1,469,949	1,521,187
Machinery and equipment	1,251,651	345,094
Total	<u>\$ 2,821,600</u>	<u>\$ 1,966,281</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, 2017

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 2,372,975
Investments	435,218
Prepaid expenses	422,213
Capital assets	
Not being depreciated	100,000
Being depreciated, net	<u>2,721,600</u>
Total Assets	<u>6,052,006</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,993,205</u>
LIABILITIES	
Accounts payable and accrued liabilities	86,771
Accrued interest payable	14,931
Non-current liabilities	
Due within one year	126,000
Due in more than one year	<u>10,825,405</u>
Total Liabilities	<u>11,053,107</u>
DEFERRED INFLOWS OF RESOURCES	<u>469,699</u>
NET POSITION	
Net Investment in capital assets	1,844,739
Restricted for	
Apparatus	574,135
Repairs	41,763
Retirement	275,529
Debt service	3,892
Tax stabilization	184,047
Unrestricted	<u>(5,401,700)</u>
Total Net Position	<u>\$ (2,477,595)</u>

Greenville Fire District, New York

Statement of Activities

Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities				
General government support	\$ 341,700	\$ -	\$ -	\$ (341,700)
Public safety	9,919,572	10,174	53,535	(9,855,863)
Interest	52,021	-	-	(52,021)
Total Governmental Activities	<u>\$ 10,313,293</u>	<u>\$ 10,174</u>	<u>\$ 53,535</u>	<u>(10,249,584)</u>
General Revenues				
Real property taxes				8,855,428
Miscellaneous				<u>3,703</u>
Total General Revenues				<u>8,859,131</u>
Change in Net Position				(1,390,453)
Net Position - Beginning, as restated				<u>(1,087,142)</u>
Net Position - Ending				<u>\$ (2,477,595)</u>

Greenville Fire District, New York

Balance Sheet

Governmental Funds

December 31, 2017

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and equivalents	\$ 2,240,836	\$ 132,139	\$ 2,372,975
Investments, at fair value	435,218	-	435,218
Prepaid expenditures	422,213	-	422,213
Total Assets	<u>\$ 3,098,267</u>	<u>\$ 132,139</u>	<u>\$ 3,230,406</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable and accrued liabilities	<u>\$ 86,771</u>	<u>\$ -</u>	<u>\$ 86,771</u>
Fund Balance			
Nonspendable	422,213	-	422,213
Restricted	1,696,842	132,139	1,828,981
Assigned	191,500	-	191,500
Unassigned	700,941	-	700,941
Total Fund Balance	<u>3,011,496</u>	<u>132,139</u>	<u>3,143,635</u>
	<u>\$ 3,098,267</u>	<u>\$ 132,139</u>	<u>\$ 3,230,406</u>

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Greenville Fire District, New York

Reconciliation of the Governmental Funds
Balance Sheet to the Government-Wide
Statement of Net Position

Year Ended December 31, 2017

Fund Balances - Total Governmental Funds	\$ 3,143,635
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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	<u>2,821,600</u>
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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)	<u>2,523,506</u>
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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	(14,931)
Bonds payable	(1,605,000)
Compensated absences	(359,142)
Net pension liability	(2,624,877)
Total pension liability	(550,352)
Other post employment benefit obligations payable	<u>(5,812,034)</u>

Net Position of Governmental Activities	<u><u>\$ (2,477,595)</u></u>
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Greenville Fire District, New York**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended December 31, 2017**

	General	Capital Projects	Total Governmental Funds
REVENUES			
Real property taxes	\$ 8,855,428	\$ -	\$ 8,855,428
Use of money and property	52,660	875	53,535
Sale of property and compensation for loss	10,174	-	10,174
Miscellaneous	3,703	-	3,703
Total Revenues	8,921,965	875	8,922,840
EXPENDITURES			
General government support	341,700	-	341,700
Public safety	5,688,332	-	5,688,332
Employee benefits	2,962,560	-	2,962,560
Debt service			
Principal	90,000	-	90,000
Interest	51,056	-	51,056
Capital outlay	-	1,113,020	1,113,020
Total Expenditures	9,133,648	1,113,020	10,246,668
Excess (Deficiency) of Revenues Over Expenditures	(211,683)	(1,112,145)	(1,323,828)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	94,706	94,706
Transfers out	(94,706)	-	(94,706)
Total Other Financing Sources (Uses)	(94,706)	94,706	-
Net Change in Fund Balance	(306,389)	(1,017,439)	(1,323,828)
FUND BALANCE			
Beginning of Year	3,317,885	1,149,578	4,467,463
End of Year	\$ 3,011,496	\$ 132,139	\$ 3,143,635

See notes to financial statements

Greenville Fire District, New York

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended December 31, 2017

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

Net Change in Fund Balance - Total Governmental Funds	<u>\$ (1,323,828)</u>
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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	1,142,860
Depreciation expense	<u>(287,541)</u>
	<u>855,319</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>
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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	(965)
Compensated absences	(397)
Net pension liability	(406,353)
Total pension liability	(21,701)
Other post employment benefit obligations	<u>(582,528)</u>
	<u>(1,011,944)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (1,390,453)</u></u>
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Greenville Fire District, New York**Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund**

Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 8,855,428	\$ 8,855,428	\$ 8,855,428	\$ -
Use of money and property	10,100	10,100	52,660	42,560
Sale of property and compensation for loss	-	-	10,174	10,174
Miscellaneous	60,000	60,000	3,703	(56,297)
Total Revenues	8,925,528	8,925,528	8,921,965	(3,563)
EXPENDITURES				
General government support	120,700	426,857	341,700	85,157
Public safety	5,717,959	5,834,272	5,688,332	145,940
Employee benefits	3,131,000	3,072,997	2,962,560	110,437
Debt service				
Principal	90,000	90,000	90,000	-
Interest	57,369	51,056	51,056	-
Total Expenditures	9,117,028	9,475,182	9,133,648	341,534
Excess (Deficiency) of Revenues Over Expenditures	(191,500)	(549,654)	(211,683)	337,971
OTHER FINANCING USES				
Transfers Out	-	(94,706)	(94,706)	-
Net Change in Fund Balance	(191,500)	(644,360)	(306,389)	337,971
FUND BALANCE				
Beginning of Year	191,500	644,360	3,317,885	2,673,525
End of Year	\$ -	\$ -	\$ 3,011,496	\$ 3,011,496

Greenville Fire District, New York

Notes to Financial Statements
December 31, 2017

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/net position, revenues and expenditures/expenses. 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 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 used for revenue recognition for most other governmental fund revenues. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. 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 - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

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 - Other than investments for the 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, 2017.

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 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.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the District. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

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

Greenville Fire District, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

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 inventoriable items are recorded as expenditures at the time of purchase and year-end balances are not material.

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.

The District reports deferred outflows of resources and deferred inflows of resources in relation to its pension obligations as follows:

Greenville Fire District, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
New York State and Local Employees' Retirement System	\$ 54,768	\$ 3,620
New York State and Local Police and Fire Retirement System	2,904,353	466,079
Length of Service Awards Program	<u>34,084</u>	<u>-</u>
	<u>\$ 2,993,205</u>	<u>\$ 469,699</u>

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

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. 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 expensed 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 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 Award 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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, debt service and for 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:

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 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 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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 May 21, 2018.

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 21st 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.

Greenville Fire District, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

- No sooner than the 20th 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 3rd 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.
- 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 4th, the board shall adopt the District's annual budget.
- On or before November 7th, 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.
- 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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

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.

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 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 2017 computation indicates that the District has not exceeded the statutory limitation.

D. Cumulative Effect of Change in Accounting Principle

The District, for the year ended December 31, 2017, implemented the requirements 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. As a result of adopting this standard, a cumulative effect for the change in accounting principle of \$494,567 was recorded in the Governmental Activities.

Greenville Fire District, New York

Notes to Financial Statements (Continued)
 December 31, 2017

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

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

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital assets, not being depreciated				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Capital assets, being depreciated				
Buildings and improvements	\$ 3,162,818	\$ 25,352	\$ -	\$ 3,188,170
Machinery and equipment	1,742,268	1,117,508	5,800	2,853,976
Total Capital Assets, being depreciated	4,905,086	1,142,860	5,800	6,042,146
Less Accumulated Depreciation for				
Buildings and improvements	1,641,631	76,590	-	1,718,221
Machinery and equipment	1,397,174	210,951	5,800	1,602,325
Total Accumulated Depreciation	3,038,805	287,541	5,800	3,320,546
Total Capital Assets, being depreciated, net	\$ 1,866,281	\$ 855,319	\$ -	\$ 2,721,600
Capital Assets, net	\$ 1,966,281	\$ 855,319	\$ -	\$ 2,821,600

Depreciation expense of \$287,541 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, 2016	New Issues	Redemptions	Balance December 31, 2017
Tax Anticipation Note	\$ -	\$ 1,400,000	\$ 1,400,000	\$ -

The \$1,400,000 tax anticipation note was issued on February 21, 2017 and matured on May 10, 2017 with interest at 1.2%. Interest expenditures of \$3,687 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 YorkNotes to Financial Statements (Continued)
December 31, 2017**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, 2017:

	Balance as reported January 1, 2017	Cumulative Effect of Change in Accounting Principle	Balance January 1, 2017	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2017	Due Within One Year
Bonds payable							
Capital	\$ 1,172,000	\$ -	\$ 1,172,000	\$ -	\$ 63,000	\$ 1,109,000	\$ 63,000
Judgments and claims	523,000	-	523,000	-	27,000	496,000	27,000
	<u>1,695,000</u>	<u>-</u>	<u>1,695,000</u>	<u>-</u>	<u>90,000</u>	<u>1,605,000</u>	<u>90,000</u>
Compensated Absences	358,745	-	358,745	36,397	36,000	359,142	36,000
Net pension liability	3,708,089	-	3,708,089	-	1,083,212	2,624,877	-
Total pension liability	-	507,751	507,751	55,785	13,184	550,352	-
Other Post Employment Benefit Obligations Payable	5,229,506	-	5,229,506	1,078,930	496,402	5,812,034	-
	<u>\$ 10,991,340</u>	<u>\$ 507,751</u>	<u>\$ 11,499,091</u>	<u>\$ 1,171,112</u>	<u>\$ 1,718,798</u>	<u>\$ 10,951,405</u>	<u>\$ 126,000</u>

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, 2017 are comprised of the following individual issue:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2017
Various purposes	2015	\$ 1,785,000	September, 2035	2.000-3.375 %	<u>\$ 1,605,000</u>

\$47,369 of interest expenditures was recorded in the fund financial statements and \$48,334 was recorded in the government-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2017 including interest payments of \$439,651 are as follows:

Greenville Fire District, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 90,000	\$ 44,669	\$ 134,669
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
2023-2027	460,000	144,919	604,919
2028-2032	445,000	80,756	525,756
2033-2035	250,000	16,731	266,731
	<u>\$ 1,605,000</u>	<u>\$ 439,651</u>	<u>\$ 2,044,651</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

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 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, 2017

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 2017 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	4 A145	15.8%
PFRS	1 384E5	29.5
	2 384E5	24.8
	5 384E	23.7
	6 384E	15.1

At December 31, 2017, the District reported a liability of \$17,954 for its proportionate share of the net pension liability of ERS and a liability of \$2,606,923 for its proportionate share of the net pension liability of PFRS. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by 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. At December 31, 2017, the District's proportion was .0001911% a decrease of .0000218% for ERS and .1257772% an increase of .0010689% for PFRS.

For the year ended December 31, 2017, the District recognized pension expense in the government-wide financial statements of \$19,490 for ERS and \$1,520,994 for PFRS. Pension expenditures of \$22,115 for ERS and \$1,112,016 for PFRS were recorded in the fund financial statements and were charged to General fund.

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to ERS and PFRS from the following sources:

	<u>ERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 450	\$ 2,726	\$ 341,983	\$ 450,419
Changes of assumptions	6,134	-	1,284,321	-
Net difference between projected and actual earnings on pension plan investments	3,586	-	389,340	-
Changes in proportion and differences between District contributions and proportionate share of contributions	27,882	894	25,292	15,660
District contributions subsequent to the measurement date	16,716	-	863,417	-
	<u>\$ 54,768</u>	<u>\$ 3,620</u>	<u>\$ 2,904,353</u>	<u>\$ 466,079</u>

Greenville Fire District, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

\$16,716 and \$863,417 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, 2018. 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:

<u>Year Ended March 31,</u>	<u>ERS</u>	<u>PFRS</u>
2018	\$ 12,604	\$ 520,199
2019	12,604	520,199
2020	9,001	491,141
2021	223	(22,007)
2022	-	65,325

The total pension liability for the March 31, 2017 measurement date was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liabilities to March 31, 2017. Significant actuarial assumptions used in the April 1, 2016 valuation were as follows:

Inflation	2.5%
Salary scale	3.8% in ERS, 4.5% in PFRS indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.3% annually

Annuitant mortality rates are based on the April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 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.

Greenville Fire District, New York

Notes to Financial Statements (Continued)
 December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

<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	7.75
Real Estate	10	5.80
Absolute Return Strategies	2	4.00
Opportunistic Portfolio	3	5.89
Real Assets	3	5.54
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.50
	<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:

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
District's proportionate share of the ERS net pension liability (asset)	<u>\$ 57,341</u>	<u>\$ 17,954</u>	<u>\$ (15,348)</u>
District's proportionate share of the PFRS net pension liability (asset)	<u>\$ 7,390,476</u>	<u>\$ 2,606,923</u>	<u>\$ (1,405,307)</u>

Greenville Fire District, New York

Notes to Financial Statements (Continued) December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The components of the collective net pension liability as of the March 31, 2017 measurement date were as follows:

	(In Thousands)		
	ERS	PFRS	Total
Total pension liability	\$ 177,400,586	\$ 31,670,483	\$ 209,071,069
Fiduciary net position	168,004,363	29,597,831	197,602,194
Employers' net pension liability	\$ 9,396,223	\$ 2,072,652	\$ 11,468,875
Fiduciary net position as a percentage of total pension liability	94.7%	93.5%	94.5%

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, 2017 represent the employer contribution for the period of April 1, 2017 through December 31, 2017 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, 2017 were \$16,716 and \$863,417, 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 Award Program

The District's financial statements are for the year ended December 31, 2017. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on February 28, 2017, which is the most recent plan year for which complete information is available.

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.

Note 3 - Detailed Notes on All Funds (Continued)

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 with one year of Plan participation. 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 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	24
Inactive participants entitled to but not yet receiving benefit payments	18
Active participants	<u>37</u>
Total	<u><u>79</u></u>

Greenville Fire District, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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, 2017 measurement date was determined using an actuarial valuation as of March 1, 2016.

Actuarial Assumptions. The total pension liability in the February 28, 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 GAR 94

Discount Rate. The discount rate used to measure the total pension liability was 3.78%, 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 as investments and as a component of Restricted Fund Balance.

Changes in the Total Pension Liability

Balance as of 3/1/16 measurement date	\$ 507,751
Service cost	24,382
Interest	19,046
Changes in assumptions or other inputs	12,357
Benefit payments	<u>(13,184)</u>
Balance as of 2/28/17 measurement date	<u>\$ 550,352</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, 2017 measurement date, calculated using the discount rate of 3.78 percent, as well as what the District's total pension liability would

Greenville Fire District, New York

Notes to Financial Statements (Continued)
 December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

be if it were calculated using a discount rate that is 1-percentage point lower (2.78 percent) or 1-percentage point higher (4.78 percent) than the current rate:

	1% Decrease (2.78%)	Current Assumption (3.78%)	1% Increase (4.78%)
Total Pension Liability	<u>\$ 588,939</u>	<u>\$ 550,352</u>	<u>\$ 510,910</u>

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

For the year ended December 31, 2017, the District recognized pension expense of \$45,653. At December 31, 2017, 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
Changes of assumptions or other inputs	\$ 10,812	\$ -
Benefit payments & administrative expenses subsequent to the measurement date	<u>23,272</u>	<u>-</u>
	<u>\$ 34,084</u>	<u>\$ -</u>

For the year ended December 31, 2017, the District reported \$23,272 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, 2018.

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

Year Ended December 31,	
2018	\$ 1,545
2019	1,545
2020	1,545
2021	1,545
2022	1,545
Thereafter	3,087

Note 3 - Detailed Notes on All Funds (Continued)

Other Postemployment Benefit Obligations

In addition to providing pension benefits, the District provides certain health care benefits for retired employees through a single employer defined benefit 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. Substantially all of the District's employees may become eligible for those benefits if they reach normal retirement age while working for the District. The cost of retiree health care benefits is recognized as an expenditure as claims are paid in the fund financial statements.

The District's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost is determined, which is used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The District is required to accrue on the government-wide financial statements the amounts necessary to finance the Plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Medical and</u> <u>Prescription drug</u>
2018	5.6%
2019	5.6%
2020	5.5%
2021	5.5%
2022+	4.7%

Greenville Fire District, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The amortization basis is the level percent of payroll amortization method with an open amortization approach with 22 years remaining in the amortization period. The actuarial assumptions included a 3.0% investment rate of return, a 3.0% inflation rate and a 3.0% annual payroll growth rate. The District currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the entry age normal method.

The number of participants as of December 31, 2017 was as follows:

Active Employees	31
Retired Employees	<u>32</u>
Total	<u>63</u>
Amortization Component:	
Actuarial Accrued Liability as of December 31, 2017	\$ 20,487,680
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 20,487,680</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 4,927,259</u>
UAAL as a Percentage of Covered Payroll	<u>4</u>
Annual Required Contribution	\$ 1,096,357
Interest on Net OPEB Obligation	156,890
Adjustment to Annual Required Contribution	<u>(174,317)</u>
Annual OPEB Cost	1,078,930
Contributions Made	<u>(496,402)</u>
Increase in Net OPEB Obligation	582,528
Net OPEB Obligation - Beginning of Year	<u>5,229,506</u>
Net OPEB Obligation - End of Year	<u>\$ 5,812,034</u>

Greenville Fire District, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years is as follows:

<u>Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 1,078,930	46%	\$ 5,812,034
2016	1,048,909	40%	5,229,506
2015	1,019,889	38%	4,656,143

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, exclusive of unexpended bond proceeds and unrestricted interest earnings.

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 Debt Service - the component of net position that reports the difference between certain assets and liabilities with constraints placed on their use by Local Finance Law of the State of New York.

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, 2017

Note 3 - Detailed Notes on All Funds (Continued)

E. Fund Balances

	2017			2016		
	General Fund	Capital Projects Fund	Total	General Fund	Capital Projects Fund	Total
Nonspendable						
Prepaid expenditures	\$ 422,213	\$ -	\$ 422,213	\$ 395,187	\$ -	\$ 395,187
Restricted						
Apparatus	574,135	-	574,135	575,587	-	575,587
Repairs	41,763	-	41,763	41,632	-	41,632
Employee benefit accrued liability	186,150	-	186,150	185,242	-	185,242
Retirement contributions	275,529	-	275,529	323,300	-	323,300
Debt service	-	3,892	3,892	664	3,017	3,681
Tax stabilization	184,047	-	184,047	208,460	-	208,460
Pension benefits	435,218	-	435,218	405,642	-	405,642
Capital projects	-	128,247	128,247	-	1,146,561	1,146,561
	<u>1,696,842</u>	<u>132,139</u>	<u>1,828,981</u>	<u>1,740,527</u>	<u>1,149,578</u>	<u>2,890,105</u>
Assigned						
Tax certiorari	-	-	-	196,096	-	196,096
For subsequent year's expenditures	191,500	-	191,500	191,500	-	191,500
	<u>191,500</u>	<u>-</u>	<u>191,500</u>	<u>387,596</u>	<u>-</u>	<u>387,596</u>
Unassigned	<u>700,941</u>	<u>-</u>	<u>700,941</u>	<u>794,575</u>	<u>-</u>	<u>794,575</u>
Total Fund Balance	<u>\$ 3,011,496</u>	<u>\$ 132,139</u>	<u>\$ 3,143,635</u>	<u>\$ 3,317,885</u>	<u>\$ 1,149,578</u>	<u>\$ 4,467,463</u>

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 net position 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.

Assigned for Tax Certiorari- the component of fund balance that reports the amounts set aside for future tax certiorari cases.

Subsequent year's expenditures represent amounts that at December 31, 2017 the District Board has assigned to be appropriated for the ensuing year's budget.

Greenville Fire District, New York

Notes to Financial Statements (Concluded)
December 31, 2017

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, 2018 issued a tax anticipation note in the amount of \$1,700,000, which will be paid on May 14, 2018 bearing interest at 1.5%.

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Greenville Fire District, New York

Required Supplementary Information

December 31, 2017

Greenville Fire District, New YorkSchedule of Funding Progress
Other Post Employment Benefits
Last Three Fiscal Years

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
December 31, 2017	\$ -	\$ 20,487,680	\$ 20,487,680	- %	\$ 4,927,259	415.80 %
December 31, 2016	-	20,487,680	20,487,680	-	4,731,835	432.98
December 31, 2015	-	20,487,680	20,487,680	-	4,900,374	418.08

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

	2017
Total Pension Liability	
Service Cost	\$ 24,382
Interest	19,046
Changes of assumptions or other inputs	12,357
Benefit payments	(13,184)
Net Change in total pension liability	42,601
Total pension liability – beginning	507,751
 Total pension liability – ending	 \$ 550,352
 Covered payroll	 N/A
Total pension liability as a percentage of covered payroll	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: Eliminated pre-retirement mortality. Changed post-retirement mortality from UP84-5 to GAR94

Benefit changes: Insurance eliminated

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, 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)

	2017	2016 (2)	2015
District's proportion of the net pension liability (asset)	<u>0.0001911%</u>	<u>0.0002129%</u>	<u>0.0002243%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 133,238</u>	<u>\$ 34,163</u>	<u>\$ 7,579</u>
District's covered-employee payroll	<u>\$ 137,852</u>	<u>\$ 137,074</u>	<u>\$ 133,238</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<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>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>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 22,477	\$ 21,597	\$ 27,333
Contributions in relation to the contractually required contribution	<u>(22,477)</u>	<u>(21,597)</u>	<u>(27,333)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 156,995</u>	<u>\$ 138,331</u>	<u>\$ 137,552</u>
Contributions as a percentage of covered-employee payroll	<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 Standard:
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)

	2017	2016 (2)	2015
District's proportion of the net pension liability (asset)	<u>0.1257772%</u>	<u>0.1240861%</u>	<u>0.1230172%</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 2,606,923</u>	<u>\$ 3,673,926</u>	<u>\$ 338,617</u>
District's covered-employee payroll	<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>59.80%</u>	<u>89.19%</u>	<u>7.90%</u>
Plan fiduciary net position as a percentage of the total pension liability	<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>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,129,451	\$ 1,057,166	\$ 1,142,288
Contributions in relation to the contractually required contribution	<u>(1,129,451)</u>	<u>(1,057,166)</u>	<u>(1,142,288)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 4,751,633</u>	<u>\$ 4,541,148</u>	<u>\$ 4,367,644</u>
Contributions as a percentage of covered-employee payroll	<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

Combining and Individual Fund Financial Statements and Schedules

December 31, 2017 and 2016

Greenville Fire District, New York

General Fund

Combining Balance Sheet - Sub-Funds

December 31, 2016

(with comparative actuals for the year ended December 31, 2016)

		Fire Service	Totals	
	General	Awards Program	2017	2016
ASSETS				
Cash and cash equivalents	\$ 2,240,836	\$ -	\$ 2,240,836	\$ 2,614,568
Investments	-	435,218	435,218	405,642
Accounts receivable	-	-	-	2,006
Prepaid expenditures	422,213	-	422,213	395,187
Total Assets	<u>\$ 2,663,049</u>	<u>\$ 435,218</u>	<u>\$ 3,098,267</u>	<u>\$ 3,417,403</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	<u>\$ 86,771</u>	<u>\$ -</u>	<u>\$ 86,771</u>	<u>\$ 99,518</u>
Fund Balance				
Nonspendable	422,213	-	422,213	395,187
Restricted	1,261,624	435,218	1,696,842	1,740,527
Assigned	191,500	-	191,500	387,596
Unassigned	700,941	-	700,941	794,575
Total Fund Balance	<u>2,576,278</u>	<u>435,218</u>	<u>3,011,496</u>	<u>3,317,885</u>
Total Liabilities and Fund Balance	<u>\$ 2,663,049</u>	<u>\$ 435,218</u>	<u>\$ 3,098,267</u>	<u>\$ 3,417,403</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, 2017

(with comparative actuals for the year ended December 31, 2016)

		Fire Service Awards Program		Totals	
	General		Eliminations	2017	2016
REVENUES					
Real property taxes	\$ 8,855,428	\$ -	\$ -	\$ 8,855,428	\$ 8,685,314
Departmental income	-	24,659	(24,659)	-	-
Use of money and property	17,415	35,245	-	52,660	16,706
Sale of property and compensation for loss	10,174	-	-	10,174	84,150
Miscellaneous	3,703	-	-	3,703	68,851
Total Revenues	8,886,720	59,904	(24,659)	8,921,965	8,855,021
EXPENDITURES					
General government support	341,700	-	-	341,700	92,014
Public safety	5,682,663	30,328	(24,659)	5,688,332	5,288,860
Employee benefits	2,962,560	-	-	2,962,560	2,795,685
Debt service					
Principal	90,000	-	-	90,000	90,000
Interest	51,056	-	-	51,056	50,071
Total Expenditures	9,127,979	30,328	(24,659)	9,133,648	8,316,630
Excess (Deficiency) of Revenues Over Expenditures	(241,259)	29,576	-	(211,683)	538,391
OTHER FINANCING USES					
Transfers out	(94,706)	-	-	(94,706)	-
Net change in Fund Balance	(335,965)	29,576	-	(306,389)	538,391
FUND BALANCE					
Beginning of Year, as reported	2,912,243	405,642	-	3,317,885	2,395,090
Cumulative Effect of Change in Accounting Principle	-	-	-	-	384,404
Beginning of Year, as restated	2,912,243	405,642	-	3,317,885	2,779,494
End of Year	\$ 2,576,278	\$ 435,218	\$ -	\$ 3,011,496	\$ 3,317,885

See independent auditors' report

Greenville Fire District, New York

General Fund

Comparative Balance Sheets - Sub-Fund

December 31,

	2017	2016
ASSETS		
Cash and equivalents	\$ 2,240,836	\$ 2,614,568
Accounts receivable	-	2,006
Prepaid expenditures	422,213	395,187
Total Assets	<u>\$ 2,663,049</u>	<u>\$ 3,011,761</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable and accrued liabilities	<u>\$ 86,771</u>	<u>\$ 99,518</u>
Fund Balance		
Nonspendable	422,213	395,187
Restricted	1,261,624	1,334,885
Assigned	191,500	387,596
Unassigned	<u>700,941</u>	<u>794,575</u>
Total Fund Balance	<u>2,576,278</u>	<u>2,912,243</u>
Total Liabilities and Fund Balance	<u>\$ 2,663,049</u>	<u>\$ 3,011,761</u>

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,

	2017				2016			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Real property taxes	\$ 8,855,428	\$ 8,855,428	\$ 8,855,428	\$ -	\$ 8,685,314	\$ 8,685,314	\$ 8,685,314	\$ -
Use of money and property	10,100	10,100	17,415	7,315	10,100	10,100	4,874	(5,226)
Sale of property and compensation for loss	-	-	10,174	10,174	-	-	84,150	84,150
Miscellaneous	60,000	60,000	3,703	(56,297)	60,000	60,000	68,851	8,851
Total Revenues	8,925,528	8,925,528	8,886,720	(38,808)	8,755,414	8,755,414	8,843,189	87,775
EXPENDITURES								
General government support	120,700	426,857	341,700	85,157	95,700	219,571	92,014	127,557
Public safety	5,717,959	5,834,272	5,682,663	151,609	5,647,514	5,549,064	5,298,266	250,798
Employee benefits	3,131,000	3,072,997	2,962,560	110,437	2,938,900	2,947,579	2,795,685	151,894
Debt service								
Principal	90,000	90,000	90,000	-	90,000	90,000	90,000	-
Interest	57,369	51,056	51,056	-	58,300	50,571	50,071	500
Total Expenditures	9,117,028	9,475,182	9,127,979	347,203	8,830,414	8,856,785	8,326,036	530,749
Excess (Deficiency) of Revenues Over Expenditures	(191,500)	(549,654)	(241,259)	308,395	(75,000)	(101,371)	517,153	618,524
OTHER FINANCING USES								
Transfers out	-	(94,706)	(94,706)	-	-	-	-	-
Net Change in Fund Balance	(191,500)	(644,360)	(335,965)	308,395	(75,000)	(101,371)	517,153	618,524
FUND BALANCE								
Beginning of Year	191,500	644,360	2,912,243	2,267,883	75,000	101,371	2,395,090	2,293,719
End of Year	\$ -	\$ -	\$ 2,576,278	\$ 2,576,278	\$ -	\$ -	\$ 2,912,243	\$ 2,912,243

Greenville Fire District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended December 31, 2017

(with comparative actuals for the year ended December 31, 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
GENERAL GOVERNMENT SUPPORT					
Refunds of real property taxes	\$ 103,000	\$ 409,157	\$ 324,927	\$ 84,230	\$ 76,113
Metropolitan commuter transportation mobility tax	17,700	17,700	16,773	927	15,901
Total General Government Support	120,700	426,857	341,700	85,157	92,014
PUBLIC SAFETY					
Personal services	5,115,199	5,115,199	5,065,307	49,892	4,864,895
Professional services	60,000	80,000	62,424	17,576	26,308
Equipment	61,800	117,696	117,144	552	35,319
Uniforms	20,400	25,400	23,862	1,538	12,221
Buildings and grounds	51,600	51,600	36,626	14,974	31,146
Utilities	65,155	65,155	39,710	25,445	38,002
Repairs and maintenance	62,500	112,500	106,684	5,816	66,356
Fire alarms	1,250	1,250	901	349	900
Inspections and fire prevention	57,850	57,850	31,452	26,398	32,008
Miscellaneous and administrative	21,500	21,500	13,899	7,601	12,912
Insurance	45,000	48,262	46,794	1,468	40,339
Hydrant rental	155,705	137,860	137,860	-	137,860
Total Public Safety	5,717,959	5,834,272	5,682,663	151,609	5,298,266
EMPLOYEE BENEFITS					
State retirement	1,098,000	1,149,997	1,134,131	15,866	1,069,723
Workers' compensation benefits	293,500	293,500	278,816	14,684	258,394
Social security	312,500	312,500	304,993	7,507	285,039
Medical, surgical and hospital care	1,367,000	1,257,000	1,188,435	68,565	1,129,630
Other employee benefits	60,000	60,000	56,185	3,815	52,899
Total Employee Benefits	3,131,000	3,072,997	2,962,560	110,437	2,795,685
DEBT SERVICE					
Principal					
Serial bonds	90,000	90,000	90,000	-	90,000
Interest					
Serial bonds	47,369	47,369	47,369	-	46,835
Tax anticipation note	10,000	3,687	3,687	-	3,236
Total Debt Service	147,369	141,056	141,056	-	140,071
Total Expenditures	9,117,028	9,475,182	9,127,979	347,203	8,326,036
OTHER FINANCING USES					
Transfers out	-	94,706	94,706	-	-
Total Expenditures and Other Financing Uses	\$ 9,117,028	\$ 9,569,888	\$ 9,222,685	\$ 347,203	\$ 8,326,036

Greenville Fire District, New York

Capital Projects Fund

Comparative Balance Sheet

December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 132,139</u>	<u>\$ 1,149,578</u>
 FUND BALANCE		
Restricted	<u>\$ 132,139</u>	<u>\$ 1,149,578</u>

Greenville Fire District, New York

Capital Projects Fund

Comparative Schedules of Revenues, Expenditures and
Change in Fund Balance

Years Ended December 31,

	<u>2017</u>	<u>2016</u>
REVENUES		
Use of money and property	\$ 875	\$ 2,433
EXPENDITURES		
Capital outlay	<u>1,113,020</u>	<u>75,449</u>
Deficiency of Revenues Over Expenditures	(1,112,145)	(73,016)
OTHER FINANCING SOURCES		
Transfers In	<u>94,706</u>	<u>-</u>
Net Change in Fund Balance	(1,017,439)	(73,016)
FUND BALANCE		
Beginning of Year	<u>1,149,578</u>	<u>1,222,594</u>
End of Year	<u>\$ 132,139</u>	<u>\$ 1,149,578</u>

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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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 21, 2018.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP
Harrison, New York
May 21, 2018