

TOWN OF EAST FISHKILL  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2018

TOWN OF EAST FISHKILL

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DECEMBER 31, 2018

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TOWN OF EAST FISHKILL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR YEAR ENDED DECEMBER 31, 2018

**1. Overview of the Financial Statements**

These audited financial statements consist of five parts. Management's Discussion and Analysis (this section), the Independent Auditors Report on our Financial Statements, Government-Wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements.

Government-Wide Financial Statements provide both long-term and short-term information about the Town's overall financial status. They report information about the Town as a whole using accounting methods similar to private sector companies.

Fund Financial Statements focus on the individual parts of Town government, reporting the Town's operations in more detail than the Government –Wide Financial Statements. They focus on the most significant or "major" funds – not the Town as a whole. See Note 1 in the Notes to the Financial Statements for information regarding individual types of funds.

Notes to the Financial Statements provide further explanation and support for the information contained in the Financial Statements.

**2. Financial Analysis of the Town as a Whole**

	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b>Assets</b>			
Non-Capital	\$ 7,963,129	\$ 7,680,264	\$ 282,865
Capital	26,429,692	26,256,376	173,316
Deferred Outflows	<u>1,074,986</u>	<u>3,139,585</u>	<u>(2,064,599)</u>
<b>Total Assets</b>	<u>35,467,807</u>	<u>37,076,225</u>	<u>(1,608,418)</u>
<b>Liabilities</b>			
Current	6,673,227	5,786,239	886,988
Non-Current	75,407,667	58,916,320	16,491,347
Deferred Revenues	<u>6,824,871</u>	<u>29,596</u>	<u>6,795,275</u>
<b>Total Liabilities</b>	<u>88,905,765</u>	<u>64,732,155</u>	<u>24,173,610</u>
<b>Net Assets</b>			
Capital	(1,006,109)	(700,844)	(305,265)
Restricted	-	-	-
Unrestricted	<u>(52,431,849)</u>	<u>(26,955,086)</u>	<u>(25,476,763)</u>
<b>Total Net Position</b>	<u>\$ (53,437,958)</u>	<u>\$ (27,655,930)</u>	<u>\$ (25,782,028)</u>

TOWN OF EAST FISHKILL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>	<u>Change</u>
<b>Revenues</b>			
<b>Program</b>			
Fines, Fees, Charges	\$ 4,434,590	\$ 3,952,306	\$ 482,284
Operating Grants	-	27,240	(27,240)
Capital Grants	-	-	-
<b>General</b>			
Property Taxes	14,129,324	13,756,399	372,925
Other Taxes	2,489,334	2,261,432	227,902
State Aid	1,748,001	1,585,240	162,761
Other Revenues	<u>781,920</u>	<u>925,657</u>	<u>(143,737)</u>
<b>Total Revenues</b>	<u>23,583,169</u>	<u>22,508,274</u>	<u>1,074,895</u>
<b>Expenses</b>			
General Gov't Support	3,679,583	3,918,486	(238,903)
Public Safety	8,019,103	9,098,399	(1,079,296)
Transportation	7,256,631	6,911,582	345,049
Culture & Recreation	2,078,440	2,571,021	(492,581)
Home & Community Services	2,890,922	3,538,715	(647,793)
Other	<u>1,241,926</u>	<u>1,575,699</u>	<u>(333,773)</u>
<b>Total Expenses</b>	<u>25,166,605</u>	<u>27,613,902</u>	<u>(2,447,297)</u>
<b>Change in Net Position</b>	<u>\$ (1,583,436)</u>	<u>\$ (5,105,628)</u>	<u>\$ 3,522,192</u>

**Governmental Funds:**

**General Fund -**

For the purpose of this analysis, the General Fund has been separated from the Trust and Agency accounts and therefore will not agree to the totals under the General Fund in the Fund Financial Statements.

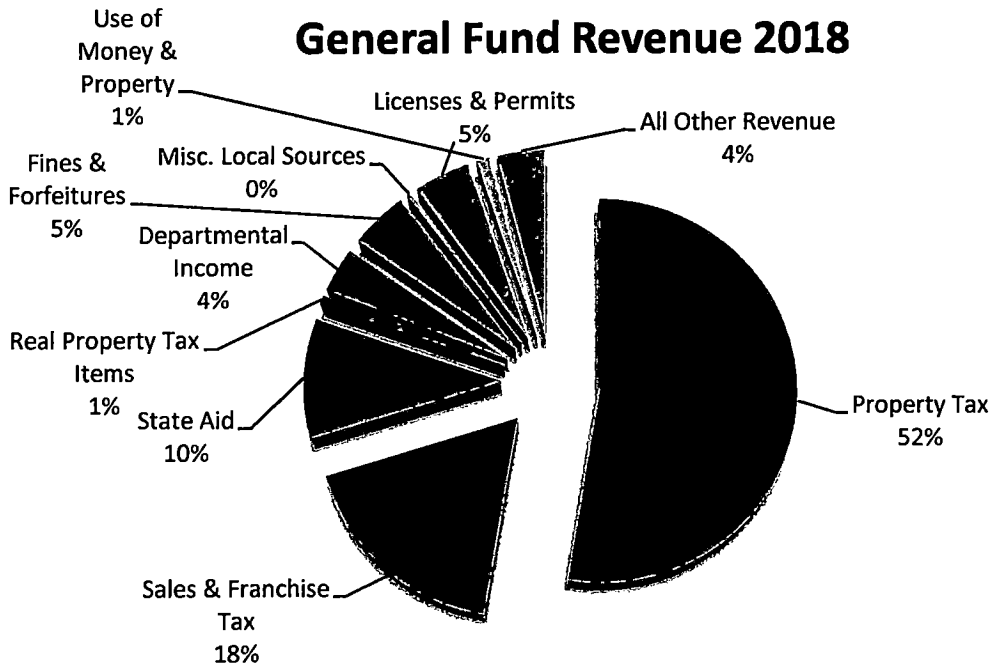
The majority of activity for the Town is located in the General Fund. Fund Equity for this fund increased by \$534,236 in 2018. Overall expenditures decreased by 8.86% and revenues increased by 4.78% as compared to 2017.

TOWN OF EAST FISHKILL  
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
 REQUIRED SUPPLEMENTAL INFORMATION  
 FOR YEAR ENDED DECEMBER 31, 2018

**General Fund (continued) -**

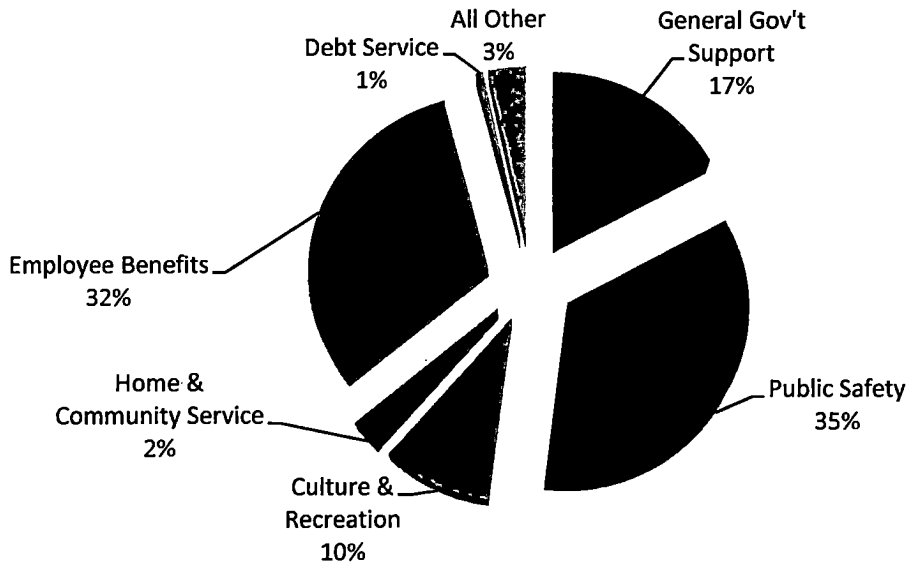
Major expenditures include payroll and payroll related items. These items comprise over 83% of total General Fund expenditures. The Town spent \$6.5 million on General Fund payroll, \$1.1 million on related retirement systems, \$2.3 million on health insurance, approximately \$450 thousand on payroll taxes and \$177 thousand on workers' compensation insurance. The majority of these expenditures are stipulated by union contracts. These figures are generally the same as in 2017.

The following charts describe significant categories of General Fund revenues and expenditures.



TOWN OF EAST FISHKILL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR YEAR ENDED DECEMBER 31, 2018

### General Fund Expenditures 2018



#### Highway Fund -

The Highway Fund ended 2018 with a fund balance of \$13,275 an increase of \$3,840 from 2017.

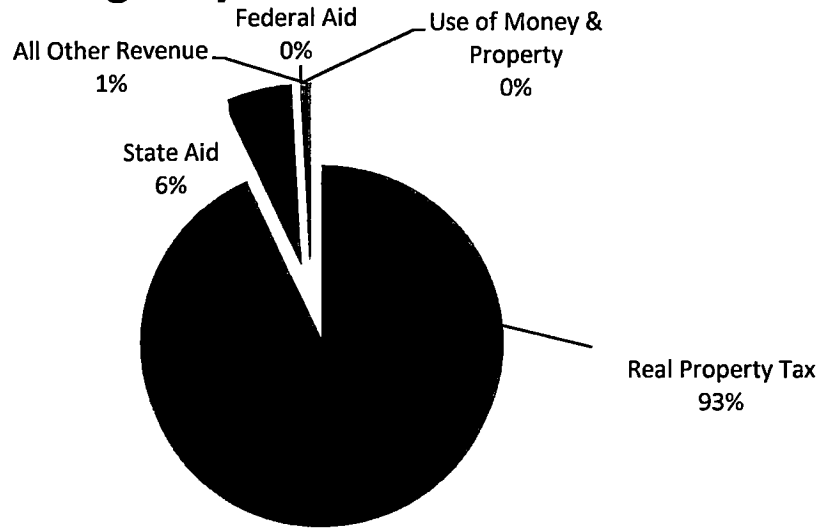
Highway Fund payroll and payroll related expenditures comprise 25% of total Highway Fund expenditures and are mostly stipulated by union contract. Total street maintenance costs increased about 181 thousand to approximately \$2.0 million in 2018.

Snow removal expenditures increased significantly to just over \$459 thousand in 2018 due to much milder winter than the previous three years.

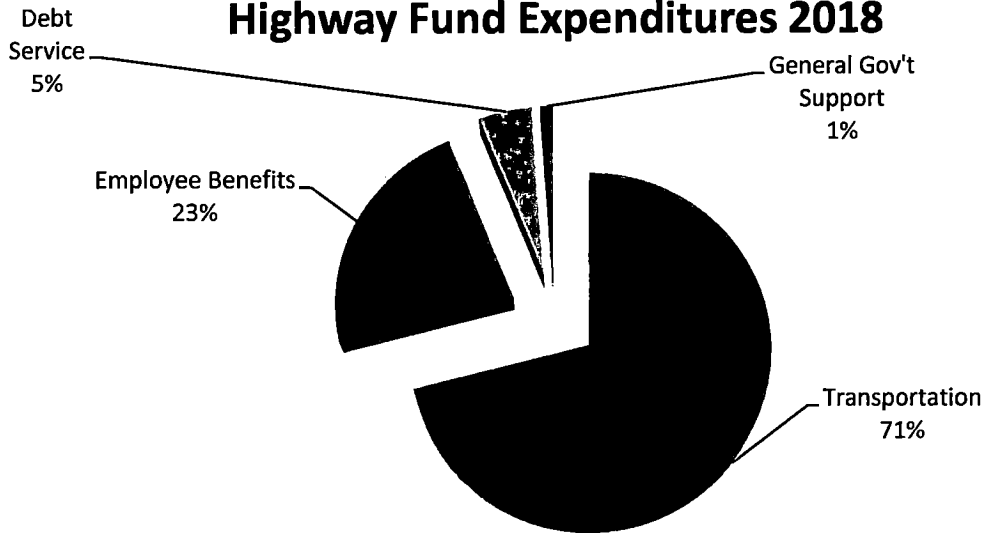
The following charts describe the significant categories of Highway Fund revenues and expenditures.

TOWN OF EAST FISHKILL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR YEAR ENDED DECEMBER 31, 2018

**Highway Fund Revenues 2018**



**Highway Fund Expenditures 2018**





TOWN OF EAST FISHKILL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR YEAR ENDED DECEMBER 31, 2018

**Water Fund -**

The Town operated ten water districts during 2018 which had a current operating surplus of \$104,696. Water rates have been increased to ensure revenues are sufficient to support annual operating expenditures. An Enterprise Water Fund was established to provide water to various Town run districts as well as outside commercial water systems and large commercial end users.

**Budgetary Highlights -**

The Town Budget is adopted in November for the following year and is modified throughout the year as necessary. The Town has a purchasing policy and a purchasing agent who enforces the Town policy.

**3. Activities Regarding Capital Projects, Long Term and Short Term Debt -**

**Long Term Debt -**

The Town's most recent Moody's rating was A1. Obligations with the A rating are judged to be of upper-medium-grade and are subject to low credit risk.

Total Serial Bonds payable at the end of 2018 were \$23,234,800. The significant majority of this balance relates to Special District Capital Projects described above.

The amounts recorded for Compensated Absences, Landfill Remediation, and Other Post-Employment Benefits are \$52,172,867.

**Short Term Debt -**

The Town currently has one Bond Anticipation Note outstanding in the Capital Fund in the amount of \$1.4 million.

**4. Maintaining the Condition of the Town's Infrastructure**

The Town of East Fishkill maintains over 204 miles of roads. All new roads are required to meet certain standards prior to being accepted as Town roads. The Town standard includes a twelve inch sub-base consisting of bank run gravel and item four; four inches of compact binder and one and one half inches of compacted topcoat.

The Town has a fifteen year road resurfacing program. Regular road assessments are conducted. These assessments are compared to the road resurfacing program for annual paving priority. The Town needs to resurface ten to fourteen miles of roads annually to meet the fifteen year plan. That goal was not met in 2018, but efforts are being made to increase the Highway paving budget so that targeted paving mileage can routinely be achieved including a referendum on the

TOWN OF EAST FISHKILL  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR YEAR ENDED DECEMBER 31, 2018

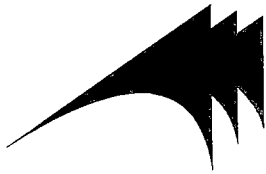
November 2019 ballot requesting a \$1.3million paving increase to be funded by property taxes. The Town is committed to a strong road resurfacing and maintenance program.

**5. Currently Known Facts Bearing on the Future**

In 2013 the Town Supervisor directed staff (Town Attorney, Town Engineer, and Town Planner) to work on laws that would encourage and support the redevelopment of the 600 + acres of the IBM East Complex and the former IBM West Complex located just off of Interstate Route 84. In October of 2014 the Town Board adopted Local Law 4 to provide for an Economic Redevelopment Special Permit. In discussions with IBM, a conceptual agreement for the Town to connect to the IBM Wastewater Treatment Plant to provide sewer service for that area was reached. In October of that year, the Hopewell Sportsdome received final approval to construct the largest air-supported structure for indoor sports activities on the East Coast. This project is located on 22 acres of the former IBM West Complex and construction is ongoing.

In 2015, Global Foundries purchased the 450 acre East Fishkill IBM Chip Manufacturing Facility. The Town Supervisor met with representatives from Global Foundries and discussed the potential of the site. After several meetings with Global Foundries and the Town, Global Foundries made an application for an eight – lot subdivision. In October of 2015, Global Foundries received Final Approval for their subdivision. Working with Global Foundries, they have agreed to turn over to the Town an internal road system to create public roadways inside the site and in 2017 agreed to allow the Town to discharge up to 200,000gpd of sewage to the Global Foundries wastewater treatment plant which will facilitate redevelopment of the site. The Town is also in negotiations with Dutchess County to provide up to 500,000gpd of water for further economic development of that area. It is anticipated that in the next few years these incentives will provide significant economic development on one of the least developed interchanges on Route 84.

In 2017, National Resources Inc. purchased 300 acres from Global Foundries with the purpose of redeveloping the property for industrial, commercial, and residential uses.



Sickler, Torchia  
Allen & Churchill, CPA's, PC  
*Your Partner When It Counts*

Robert J. Allen, CPA  
Victor V. Churchill, CPA  
Edward J. Gower II, CPA  
Joseph J. Montalto, CPA  
Craig R. Sickler, CPA  
Michael A. Torchia, Jr., CPA, CVA

INDEPENDENT AUDITOR'S REPORT

To the Town Board  
Town of East Fishkill, New York

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

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

4071 Route 9, Stop 1  
Hudson, NY 12534  
P: 518-828-4616  
F: 518-828-0235

2215 Route 9W, P.O. Box 757  
Lake Katrine, NY 12449  
P: 845-336-7183  
F: 845-336-7186

TOWN OF EAST FISHKILL  
INDEPENDENT AUDITOR'S REPORT  
(CONTINUED)

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**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and funding progress for other post-employment benefits, local government's proportionate share of net pension liability for New York State Employees' Retirement System, schedule of local government's contributions for the New York State Employees' Retirement System, schedule of local government's proportionate share of net pension liability for New York State Police & Fire Retirement System and schedule of local government's contributions for the New York State Police & Fire Retirement System on pages 1-7 and 62-70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of East Fishkill, New York's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the Table of Contents is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used in the preparation of 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 supplemental information listed in the Table of Contents fairly states in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2019, on our consideration of the Town of East Fishkill, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of East Fishkill, New York's internal control over financial reporting and compliance.

*Seubels, Larkin, Allen + Christy, CPAs, P.C.*

Hudson, New York  
July 29, 2019

TOWN OF EAST FISHKILL  
STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash:			
Unrestricted	\$ 3,432,561	\$ 336,850	\$ 3,769,411
Receivables:			
Charges for Services	853,860	-	853,860
State and Federal Aid	710,097	-	710,097
Due from Other Governments	1,634,203	-	1,634,203
Due from Fiduciary Funds	-	13,033	13,033
Due from Enterprise Fund	-	-	-
Other	32,675	-	32,675
Inventories	402,397	-	402,397
Deferred Expenditures	23,236	-	23,236
Escrow - HRA	-	-	-
Water Transmission Rights	524,217	-	524,217
Capital Assets, Net	23,622,921	-	23,622,921
Construction Work In Progress	234,961	2,571,810	2,806,771
	<u>31,471,128</u>	<u>2,921,693</u>	<u>34,392,821</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow - Interest	83,135	-	83,135
Deferred Outflow - Pension	-	-	-
Deferred Outflows - Contributions Post Measurement	991,851	-	991,851
Total Deferred Outflows of Resources	<u>1,074,986</u>	<u>-</u>	<u>1,074,986</u>
	<u>32,546,114</u>	<u>2,921,693</u>	<u>35,467,807</u>
<b>LIABILITIES</b>			
Payables:			
Accounts Payable	\$ 944,780	\$ 459,802	\$ 1,404,582
Accrued Liabilities	593,548	-	593,548
Due to Other Governments	991,851	-	991,851
Due to Fiduciary Funds	13,034	-	13,034
Due to Other Funds	-	-	-
Bond Interest and Matured Bonds	244,442	-	244,442
Notes Payable:			
Bond Anticipation Note	1,394,230	2,031,540	3,425,770
Long-Term Liabilities:			
Due and Payable Within One Year:			
Bonds Payable	1,106,601	-	1,106,601
Landfill Remediation Liability	28,700	-	28,700
Compensated Absences Payable	10,000	-	10,000
Other Post Employment Benefits Payable	-	-	-
Due and Payable After One Year:			
Bonds Payable	22,128,199	-	22,128,199
BANs Refinanced on a Long-Term Basis	-	-	-
Installment Purchase Debt Payable	20,692	-	20,692
Landfill Remediation Liability	1,895,821	-	1,895,821
Compensated Absences Payable	397,180	-	397,180
Other Post Employment Benefits Payable	48,389,055	-	48,389,055
Net Pension Liability - Proportion Share	1,431,419	-	1,431,419
Total Liabilities	<u>79,589,552</u>	<u>2,491,342</u>	<u>82,080,894</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenues - OPEB	6,603,801	-	6,603,801
Deferred Revenues - Pension	186,085	-	186,085
Deferred Revenues - Other	34,985	-	34,985
Deferred Revenues - Capital Assets	-	-	-
Total Deferred Inflows of Resources	<u>6,824,871</u>	<u>-</u>	<u>6,824,871</u>
<b>NET POSITION</b>			
Investment in Capital Assets, Net of Related Debt	(1,006,109)	-	(1,006,109)
Restricted	-	-	-
Unrestricted	(52,862,200)	430,351	(52,431,849)
Total Net Assets	<u>\$ (53,868,309)</u>	<u>\$ 430,351</u>	<u>\$ (53,437,958)</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

TOWN OF EAST FISHKILL  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2018

		Indirect	Program Revenues			Net (Expense)
	Expenses	Expenses	Charges for	Operating		Revenue and
		Allocation	Services	Grants		Changes in
						Net Assets
<b>FUNCTIONS/PROGRAMS</b>						
Primary Government:						
Governmental Activities:						
General Government Support	\$ 2,412,516	\$ 1,267,067	\$ -	\$ -		\$ 3,679,583
Public Safety	4,485,407	3,533,696	(1,703,355)	-		6,315,748
Health	5,637	-	-	-		5,637
Transportation	5,688,294	1,568,337	-	-		7,256,631
Economic Assistance and Opportunity	129,667	-	-	-		129,667
Culture and Recreation	1,325,899	752,541	(516,678)	-		1,561,762
Home and Community Services	2,575,338	315,584	(2,214,557)	-		676,365
Employee Benefits	7,437,225	(7,437,225)	-	-		-
Debt Service	1,106,622	-	-	-		1,106,622
Total Governmental Activities	<u>25,166,605</u>	<u>-</u>	<u>(4,434,590)</u>	<u>-</u>		<u>20,732,015</u>
Business-Type Activities:						
Water	35,182	-	-	-		35,182
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>35,182</u>
Total Primary Government	<u>25,166,605</u>	<u>-</u>	<u>(4,434,590)</u>	<u>-</u>		<u>20,767,197</u>
<b>GENERAL REVENUES</b>						
Real Property Taxes						14,129,324
Other Tax Items						100,342
Non Property Taxes						2,388,992
Use of Money and Property						185,920
Sale of Property and Compensation for Loss						181,667
Miscellaneous						74,727
Interfund Revenue						-
State Sources						1,748,001
Federal Sources						-
Medicaid Reimbursement						-
Premium on Issuance of Refunding Bonds Deposited with Escrow Agent for Refunded Bonds						-
Total General Revenues						<u>18,808,973</u>
<b>BUSINESS ACTIVITIES</b>						
Use of Money and Property						<u>339,606</u>
Total Business Activities						339,606
Change in Net Assets						(1,583,436)
Rounding						(1)
Total Net Assets - Beginning of Year						<u>(27,655,930)</u>
Prior Period Adjustment - See Note 15						<u>(24,198,591)</u>
Total Net Assets - Beginning of Year, as Restated						<u>(51,854,521)</u>
Total Net Assets - End of Year						<u>\$ (53,437,958)</u>

*Note: Totals may not add due to rounding.*

See independent auditor's report and notes to the financial statements.

TOWN OF EAST FISHKILL  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	General	Highway	Sewer	Non-Major	Governmental Funds
<b>ASSETS</b>					
Cash:					
Unrestricted	\$ 1,451,812	\$ 223,395	\$ 333,158	\$ 1,424,196	\$ 3,432,561
Receivables:					
Charges for Services	369,989	12,623	263,562	207,686	853,860
Due from Other Funds	871,965	-	-	-	871,965
State and Federal Aid	360,097	350,000	-	-	710,097
Due from Other Governments	1,147,908	-	212,180	274,115	1,634,203
Other, Net of Allowance	-	-	-	32,675	32,675
Deferred Expenditures	23,236	-	-	-	23,236
Escrow - HRA	-	-	-	-	-
Capital Assets, Net	-	-	-	-	-
Total Assets	4,225,007	\$ 586,018	\$ 808,900	\$ 1,938,672	\$ 7,558,597
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows	4,225,007	586,018	808,900	1,938,672	7,558,597
<b>LIABILITIES</b>					
Payables:					
Accounts Payable	\$ 430,856	\$ 238,138	\$ 73,225	\$ 202,561	\$ 944,780
Accrued Liabilities	414,771	178,777	-	-	593,548
Due to Other Funds	-	-	-	884,999	884,999
Due to Other Governments	836,023	155,828	-	-	991,851
Retainage Payable	-	-	-	-	-
Notes Payable:					
Bond Anticipation Note	-	-	-	1,394,230	1,394,230
Total Liabilities	1,681,650	572,743	73,225	2,481,790	4,809,408
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Revenues	7,587	-	-	-	7,587
Total Deferred Inflows of Resources	7,587	-	-	-	7,587
<b>FUND BALANCES</b>					
Non-Spendable	23,236	-	-	-	23,236
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	735,675	977,230	1,712,905
Unassigned	2,512,534	13,275	-	(1,520,348)	1,005,461
Total Fund Balances	2,535,770	13,275	735,675	(543,118)	2,741,602
Total Liabilities, Deferred Inflows and Fund Balances	\$ 4,225,007	\$ 586,018	\$ 808,900	\$ 1,938,672	\$ 7,558,597
Amounts reported for governmental activities in the Statement of Net Assets are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.					\$ 23,857,882
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.					926,614
Long-term liabilities, including bonds payable, compensated absences and post-employment benefits, are not due and payable in the current period and therefore are not reported in the funds.					(80,824,491)
Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds					(1,431,419)
Deferred Outflows (Inflows) of Resources					861,503
Net Assets of Governmental Activities					\$ (53,868,309)

*Note: Totals may not add due to rounding.*

See independent auditor's report and notes to the financial statements.

TOWN OF EAST FISHKILL  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Highway	Sewer	Non-Major	Governmental Funds
<b>REVENUES</b>					
Real Property Taxes	\$ 7,129,966	\$ 5,388,511	\$ 963,016	\$ 647,831	\$ 14,129,324
Other Tax Items	98,510	-	-	1,832	100,342
Nonproperty Taxes	2,388,992	-	-	-	2,388,992
Departmental Income	516,678	-	1,138,685	1,075,872	2,731,235
Intergovernmental Charges	399,935	-	-	-	399,935
Use of Money and Property	153,967	1,011	5,595	25,347	185,920
Licenses and Permits	638,733	-	-	-	638,733
Fines and Forfeitures	664,687	-	-	-	664,687
Sale of Property and Compensation for Loss	149,504	32,163	-	-	181,667
Miscellaneous	45,201	17,748	355	11,423	74,727
State Sources	1,364,740	350,000	-	33,261	1,748,001
Federal Sources	-	-	-	-	-
<b>Total Revenues</b>	<u>13,550,913</u>	<u>5,789,433</u>	<u>2,107,651</u>	<u>1,795,566</u>	<u>23,243,563</u>
<b>EXPENDITURES</b>					
General Government Support	2,183,079	69,319	3,551	180,887	2,436,836
Public Safety	4,427,408	-	-	-	4,427,408
Health	5,637	-	-	-	5,637
Transportation	311,670	4,276,946	-	159,615	4,748,231
Economic Assistance and Opportunity	129,667	-	-	-	129,667
Culture and Recreation	1,213,687	-	-	70,101	1,283,788
Home and Community Services	323,801	-	889,623	1,344,255	2,557,679
Employee Benefits	4,033,362	1,373,167	-	-	5,406,529
Debt Service:					
Principal	40,000	261,495	565,332	309,773	1,176,600
Interest	43,366	39,666	561,616	159,525	804,173
<b>Total Expenditures</b>	<u>12,711,677</u>	<u>6,020,593</u>	<u>2,020,122</u>	<u>2,224,156</u>	<u>22,976,548</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>839,236</u>	<u>(231,160)</u>	<u>87,529</u>	<u>(428,590)</u>	<u>267,015</u>
<b>OTHER FINANCING SOURCES AND USES</b>					
Proceeds from Debt	-	-	-	-	-
Premium on Issuance of Refunding Bonds	-	-	-	-	-
BANS Redeemed from Appropriations	-	-	-	-	-
Operating Transfers In	-	235,000	20,000	81,677	336,677
Operating Transfers (Out)	(305,000)	-	-	(31,677)	(336,677)
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Cost of Refunding Bond Issuance	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>(305,000)</u>	<u>235,000</u>	<u>20,000</u>	<u>50,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	534,236	3,840	107,529	(378,590)	267,015
Fund Balances - Beginning of Year	<u>2,001,534</u>	<u>9,435</u>	<u>628,146</u>	<u>(164,528)</u>	<u>2,474,587</u>
Fund Balances - End of Year	<u>\$ 2,535,770</u>	<u>\$ 13,275</u>	<u>\$ 735,675</u>	<u>\$ (543,118)</u>	<u>\$ 2,741,602</u>

*Note: Totals may not add due to rounding.*

See independent auditor's report and notes to the financial statements.



TOWN OF EAST FISHKILL  
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND  
BALANCES TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION  
DECEMBER 31, 2018

Total Net Changes in Fund Balances - Governmental Funds \$ 267,015

Amounts reported for governmental *activities* in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation Expense	\$ (1,773,065)	
Sale of Land	-	
Capital Outlays	<u>720,391</u>	(1,052,674)

In the Statement of Activities, certain operating expenses--compensated absences (vacations), special termination benefits (early retirement) landfill remediation liabilities and retirees' health insurance--are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*). (1,856,245)

Issuance of bond principle is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities -

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities, net of BANS redeemed from these expenditures and appropriations. 1,176,601

Grant revenues received for capital assets are deferred and amortized over the life of the asset acquired. This is the amount by which revenues received exceeded the revenue recognized in the current period. -

Current amortization on deferred interest cost on the refunding the debt (318,684)

Purchases of inventories are recorded as current period expenditures in the governmental funds and increase or decrease assets in the Statement of Net Position. 19,162

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of accrued interest on bonds, leases, and contracts payable. 16,234

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenue or expenditures in the governmental funds.

Police & Fire Retirement System	(164,463)
Employees' Retirement System	<u>(9,988)</u>

Change in Net Assets of Governmental Activities. \$ (1,923,042)

*Note: Totals may not add due to rounding.*

See independent auditor's report and notes to the financial statements.

TOWN OF EAST FISHKILL  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2018

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
<b>ASSETS</b>				
Cash:				
Unrestricted	\$ 3,432,561	\$ -	\$ -	\$ 3,432,561
Receivables:				
Charges for Services	853,860	-	-	853,860
Due from Other Funds	871,965	-	(871,965)	-
State and Federal Aid	710,097	-	-	710,097
Due from Other Governments	1,634,203	-	-	1,634,203
Other	32,675	-	-	32,675
Inventories	-	402,397	-	402,397
Deferred Expenditures	23,236	-	-	23,236
Escrow - HRA	-	-	-	-
Water Transmission Rights	-	524,217	-	524,217
Capital Assets, Net	-	23,857,882	-	23,857,882
Net Pension Asset - Proportionate Share	-	-	-	-
Total Assets	<u>7,558,597</u>	<u>24,784,496</u>	<u>(871,965)</u>	<u>31,471,128</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflow - Interest	-	83,135	-	83,135
Deferred Outflow - Pension	-	-	-	-
Deferred Outflows - Contributions Post Measurement	-	991,851	-	991,851
Total Deferred Outflows of Resources	<u>-</u>	<u>1,074,986</u>	<u>-</u>	<u>1,074,986</u>
Total Assets and Deferred Outflows	<u>7,558,597</u>	<u>25,859,482</u>	<u>(871,965)</u>	<u>32,546,114</u>
<b>LIABILITIES</b>				
Payables:				
Accounts Payable	\$ 944,780	\$ -	\$ -	\$ 944,780
Accrued Liabilities	593,548	-	-	593,548
Due to Other Funds	884,999	-	(871,965)	13,034
Due to Other Governments	991,851	-	-	991,851
Bond Interest and Matured Bonds	-	244,442	-	244,442
Notes Payable:				
Bond Anticipation Note	1,394,230	-	-	1,394,230
Long-Term Liabilities:				
Bonds Payable	-	23,234,800	-	23,234,800
Installment Purchase Debt Payable	-	20,692	-	20,692
Landfill Remediation Liability	-	1,924,521	-	1,924,521
Compensated Absences Payable	-	407,180	-	407,180
Other Post Employment Benefits Payable (OPEB)	-	48,389,055	-	48,389,055
Net Pension Liability - Proportionate Share	-	1,431,419	-	1,431,419
Total Liabilities	<u>4,809,408</u>	<u>75,652,109</u>	<u>(871,965)</u>	<u>79,589,552</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflow - OPEB	-	6,603,801	-	6,603,801
Deferred Inflow - Pension	-	186,085	-	186,085
Deferred Revenues	7,587	27,398	-	34,985
Total Deferred Inflows of Resources	<u>7,587</u>	<u>6,817,284</u>	<u>-</u>	<u>6,824,871</u>
<b>FUND EQUITY/NET POSITION</b>				
Total Fund Equity/Net Position	<u>2,741,602</u>	<u>(56,609,911)</u>	<u>-</u>	<u>(53,868,309)</u>
Total Liabilities, Equity and Other Credits	<u>\$ 7,558,597</u>	<u>\$ 25,859,482</u>	<u>\$ (871,965)</u>	<u>\$ 32,546,114</u>

*Note: Totals may not add due to rounding.*

See independent auditor's report and notes to financial statements.

TOWN OF EAST FISHKILL  
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
<b>REVENUES</b>					
Real Property Taxes	\$ 14,129,324	\$ -	\$ -	\$ -	\$ 14,129,324
Other Tax Items	100,342	-	-	-	100,342
Non-Property Taxes	2,388,992	-	-	-	2,388,992
Departmental Income	2,731,235	-	-	-	2,731,235
Intergovernmental Charges	399,935	-	-	-	399,935
Use of Money and Property	185,920	-	-	-	185,920
Licenses and Permits	638,733	-	-	-	638,733
Fines and Forfeitures	664,687	-	-	-	664,687
Sale of Property and Compensation for Loss	181,667	-	-	-	181,667
Miscellaneous	74,727	-	-	-	74,727
State Sources	1,748,001	-	-	-	1,748,001
Federal Sources	-	-	-	-	-
Total Revenues	<u>23,243,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,243,563</u>
<b>EXPENDITURES/EXPENSES</b>					
General Government Support	2,436,836	-	(24,320)	-	2,412,516
Public Safety	4,427,408	-	57,999	-	4,485,407
Health	5,637	-	-	-	5,637
Transportation	4,748,231	(19,162)	959,225	-	5,688,294
Economic Assistance and Opportunity	129,667	-	-	-	129,667
Culture and Recreation	1,283,788	-	42,111	-	1,325,899
Home and Community Services	2,557,679	-	17,659	-	2,575,338
Employee Benefits	5,406,529	2,030,696	-	-	7,437,225
Debt Service	1,980,773	(1,176,601)	-	302,450	1,106,622
Total Expenditures/Expenses	<u>22,976,548</u>	<u>834,933</u>	<u>1,052,674</u>	<u>302,450</u>	<u>25,166,605</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>267,015</u>	<u>(834,933)</u>	<u>(1,052,674)</u>	<u>(302,450)</u>	<u>(1,923,042)</u>
<b>OTHER SOURCES AND USES</b>					
Proceeds from Debt	-	-	-	-	-
Premium on Issuance of Refunding Bonds	-	-	-	-	-
BANS Redeemed from Appropriations	-	-	-	-	-
Operating Transfers In	336,677	(336,677)	-	-	-
Operating Transfers (Out)	(336,677)	336,677	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Cost of Refunding Bond Issuance	-	-	-	-	-
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change for the Year	<u>\$ 267,015</u>	<u>\$ (834,933)</u>	<u>\$ (1,052,674)</u>	<u>\$ (302,450)</u>	<u>\$ (1,923,042)</u>

*Note: Totals may not add due to rounding.*

See independent auditor's report and notes to the financial statements.

TOWN OF EAST FISHKILL  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
DECEMBER 31, 2018

**ASSETS**

Cash: Unrestricted	\$	336,850
Receivables:		
Due from Other Funds		13,033
Inventories		-
Deferred Expenditures		-
Water Transmission Rights		-
Capital Assets, Net		-
Construction Work In Progress		<u>2,571,810</u>
 Total Assets		 <u>2,921,693</u>

**LIABILITIES**

Payables:		
Accounts Payable	\$	459,802
Accrued Liabilities		-
Due to Other Governments		-
Due to Fiduciary Funds		-
Due to Other Funds		-
Notes Payable:		
Bond Anticipation Note		<u>2,031,540</u>
Total Liabilities		<u><u>2,491,342</u></u>

**NET ASSETS**

Investment in Capital Assets, Net of Related Debt		-
Restricted		-
Unrestricted		<u>430,351</u>
Total Net Assets	\$	<u><u>430,351</u></u>

*Note: Totals may not add due to rounding.*

TOWN OF EAST FISHKILL  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2018

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Operating Revenues:	
Charges for Services	\$ -
Use of Money and Property	24,352
Special Assessments	<u>324,999</u>
Total Operating Revenues	<u>349,351</u>
Operating Expenses	
Administration-Contractual	(9,745)
Debt Interest	<u>(25,437)</u>
Total Operating Expenses	<u>(35,182)</u>
Operating Income (Loss)	<u>314,169</u>
Change in Net Position	314,169
Total Net Assets - Beginning of Year	<u>116,182</u>
Total Net Assets - End of Year	<u>\$ 430,351</u>

*Note: Totals may not add due to rounding.*

TOWN OF EAST FISHKILL  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Revenues from Operating	\$ 324,999
Administration	(9,745)
Interest Received	<u>24,352</u>
Net Cash Provided by Operating Activities	<u>339,606</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Net Cash Used for Noncapital Financing Activities	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Construction of Capital Asset	(863,601)
Interest Paid on Debt for Capital Purposes	<u>(25,437)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(889,038)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net Cash Provided by Investing Activities	<u>-</u>
Net Increase (decrease) in Cash and Cash Equivalents	(549,432)
Cash and Cash Equivalents - Beginning of Year	<u>886,282</u>
Cash and Cash Equivalents - End of Year	<u>\$ 336,850</u>
<b>*NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Reconciliation of Operating Income (loss) to Net Cash Provided by (used for) Operating Activities:	
Operating Income (loss)	\$ 314,169
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation	-
Debt Service Payment for Fund	<u>25,437</u>
Net Cash Provided by Operating Activities	<u>\$ 339,606</u>

*Note: Totals may not add due to rounding.*

TOWN OF EAST FISHKILL  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2018

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	<u>Agency</u>
<b>ASSETS</b>	
Cash	\$ 931,063
Escrow Funds Receivable	-
Due from Other Funds	-
Other Assets	<u>36,327</u>
 Total Assets	 <u>\$ 967,390</u>
<b>LIABILITIES</b>	
Due to Other Funds	\$ -
Due to Other Governments	-
Other Liabilities	<u>967,390</u>
 Total Liabilities	 <u>\$ 967,390</u>

*Note: Totals may not add due to rounding.*

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The Town of East Fishkill, (the Town) was incorporated in November 1849, under the provisions of the State of New York. The Town operates under a Town Board form of government, consisting of a Supervisor and four Councilmen/women. The Supervisor serves as the Chief Executive Officer and as the Chief Fiscal Officer of the Town.

The Town provides the following services: highway maintenance, police protection, water, planning, zoning, building and safety inspection, lighting and culture and recreation.

The financial statements of the Town have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial reporting entity consists of (a) the primary government which is the Town of East Fishkill, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statements, 14, 39, 61 and 80.

The decision to include a potential component unit in the Town's reporting entity is based on several criteria set forth in GASB 14, 39, 61 and 80 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria the following is a brief review of certain entities considered in determining the Town of East Fishkill's reporting entity.

Certain significant accounting principles and policies utilized by the Town are described below:

A. Reporting Entity:

The Town is governed by the laws of New York State. The Town is an independent entity governed by an elected Town Board consisting of 5 members. The Supervisor of the Board serves as the Chief Fiscal Officer and the Chief Executive Officer. The Board is responsible for, and controls all activities related to highway maintenance, police protection, water, planning, zoning, building and safety inspection, lighting, and culture and recreation within the Town. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.



TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The reporting entity of the Town is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as Amended by GASB Statement #39, *Component Units*, GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 34*, and GASB 80, *Blending Requirements for Certain Component Units an Amendment of GASB Statement No. 14*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the Town and other organizational entities determined to be includable in the Town's financial reporting entity. The Town is not a component unit of another reporting entity.

The Town exercises no oversight over the operations of the East Fishkill Fire District and Town of East Fishkill Library District. The Town levies and collects real property taxes and turns them over to the Districts.

B. Basis of Presentation:

I. Government-Wide Statements:

The Statement of Net Position and the Statement of Activities present financial information about both the Town's government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type activities. The Town's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The Town's water and sewer services are also classified as governmental activities since user fees are not intended to cover all costs including depreciation. The Town commenced work on a water supply service in 2013 which is classified as a business-type activity. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions.

Governmental activities generally are financed through property, sales or mortgage taxes, intergovernmental revenues, interest income, etc. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilized restricted resources to finance qualifying activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

II. Fund Financial Statements:

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental, proprietary and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds.

The Town reports the following major governmental funds:

a. General Fund:

This is the Town's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

b. Highway Funds:

This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for highway maintenance.

c. Sewer:

This is used to account for sewer operations not required to be accounted for on an enterprise basis.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. Non-Major Funds:

Non-Major Funds are used to account for the proceeds of specified revenue sources that are legally restricted to expenditures for other specific purposes.

1. Water - This is used to account for water operations not required to be accounted for on an enterprise basis.
2. Lighting - This is used to account for lighting operations not required to be accounted for on an enterprise basis.
3. Park - This is used to account for park operations not required to be accounted for on an enterprise basis.
4. Drainage - This is used to account for drainage operations not required to be accounted for on an enterprise basis.
5. Miscellaneous - This is used to account for miscellaneous operations not required to be accounted for on an enterprise basis.
6. Capital Project Fund - This fund accounts for the financial resources to be used for the acquisition and construction of major capital facilities. The Capital Project Fund is considered a major fund and is presented separately.
7. Recreation - This is used to account for recreation operations not required to be accounted for on an enterprise basis.

III. Proprietary Funds:

The focus of proprietary fund measurement is based upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles which are applicable, are those similar to businesses in the private sector. The Town reports the following proprietary fund types:

- a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The Water Enterprise Fund operates the Town's water distribution system which primarily serves commercial entities.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

IV. Fiduciary Funds:

Fiduciary activities are those in which the Town acts as trustee or agent for resources that belong to others. The Town's fiduciary funds are presented in the fiduciary fund financial statements. These activities are not included in the government-wide financial statements, because their resources do not belong to the Town, and are not available to be used.

Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by Town as agent for payroll or employees' withholdings.

C. Measurement Focus and Basis of Accounting:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Available means collectible within the current period or within 60 days after year-end. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year, including real property taxes.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Cash and Investments:

The Town's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the Town's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value.

E. Property Taxes:

The Town submits an approved budget to the Dutchess County Commissioner of Finance no later than December 5. The County then establishes the warrant for the year which is due and payable on or about January 1 of each year. The Town collects the taxes on behalf of the Town and County without penalty through February 28 and with penalties and interest through May 31. The Town's portion of the taxes is recognized and transferred prior to the County's portion. Therefore, the Town receives its entire tax, leaving unpaid to be collected by the County Commissioner of Finance.

F. Accounts Receivable:

An allowance for uncollectible accounts has been provided for certain amounts that may not be collectible within 60 days.

G. Inventories and Prepaid Items:

Inventories consist of significant expendable supplies, primarily sand and road salt, and are carried at cost in the government-wide financial statements.

Prepaid items represent payments made by the Town for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These items are reported as assets on the Statements of Net Assets or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Interfund Transactions:

The operations of the Town include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Town typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the Town's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

I. Other Assets/Restricted Assets:

Certain proceeds from serial bonds and bond application notes, as well as resources set aside for their repayment are classified as restricted assets in the government-wide financial statements and their use is limited by applicable bond covenants.

In the Town-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

J. Capital Assets:

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 500	Straight-line	15 Years
Building Improvements	\$ 500	Straight-line	15 Years
Machinery and Equipment	\$ 500	Straight-line	3-15 Years
Infrastructure	\$ 500	Straight-line	15 Years

K. Vested Employee Benefits:

The Town employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation are specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out (LIFO) basis.

Upon retirement, resignation, or death, employees may receive a payment based upon unused accumulated sick leave, as per contractual provisions.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the funds statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

L. Deferred Outflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and, therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Second is the effect of the net change in the Town's proportion of the collective net pension asset or liability and the difference during the measurement period between the Town's contributions and its proportionate share of total contributions to the pension system not included in pension expense. Lastly are the District contributions to the pension systems (PFRS and ERS Systems) subsequent to the measurement date. This represents the effect of the net change in the actual and expected experience.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Deferred Inflows of Resources:

The Town's statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). Deferred inflows of resources are reported in the Town's various statements of net position for revenues that were not considered earned in the period received for grants on capital assets. Thus they are being amortized into net position at \$27,240 per year. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The Town will not recognize the related revenues until they are available (collected not later than 60 days after the end of the Town's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes and grants are reported in the governmental funds balance sheet. Also pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability or assets (PRS and ERS Systems) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

N. Other Benefits:

Town employees participate in the New York State Employees' Retirement System and the New York State and Local Police and Fire Retirement System and the Public Employee's Group Life Insurance Plan.

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. Some costs of providing post-retirement benefits are shared between the Town and the retired employee. The Town recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

O. Budgetary Procedures and Budgetary Accounting:

The Town administration prepares a proposed budget for approval by the Town Board for the following governmental funds for which legal (appropriated) budgets are adopted:

- General Fund
- Highway Fund

See independent auditor's report.



TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists, which was not determined at the time the budget was adopted.

Supplemental appropriations occurred during the year for the General Fund and Highway Fund to account for greater than budgeted expenditures in both funds. In some cases, these expenditures were covered by greater than anticipated revenues. In other cases, they were supported with reserved fund balance or unassigned fund balance.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual Capital Project Fund expenditures as approved by a special referendum of the Town's votes. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over the subsequent fiscal years until the completion of the projects.

P. Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Town's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

Q. Estimates:

The preparation of 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

R. Short-Term Debt:

The Town may issue Revenue Anticipation Notes and Tax Anticipation Notes, in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The Town may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The Town may issue Bond Anticipation Notes, in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within 5 years after the original issue date.

S. Accrued Liabilities and Long-Term Obligations:

Payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from the governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the Town's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Assets.

T. Equity Classifications:

I. Government-Wide Statements:

In the government-wide statements there are three classes of net assets:

- a. *Investments in Capital Assets, Net of Related Debt* – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

- b. *Restricted Net Assets* – reports net assets when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- c. *Unrestricted Net Assets* – reports all other net assets that do not meet the definition of the above two classifications and are deemed to be available for general use by the Town.

II. Fund Statements:

In the fund basis statements there are five classifications of fund balance:

- a. *Non-Spendable Fund Balance* – Includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.
- b. *Restricted* – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislations. All encumbrances of funds other than the General Fund are classified as indicated below. The Town has established the following restricted fund balances:

1. Capital (*not currently utilized*):

According to General Municipal Law §6-c & §6-g, the Capital Reserve Fund must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund for a “specific” improvement or equipment requires authorization by a majority of the governing board, subject to permissive referendum if the issuance of obligations would be subject to a permissive or mandatory referendum, including establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve without referendum.

The creation of a capital reserve fund for a “type” improvement or equipment requires authorization by a majority of the governing board establishing the purpose of the reserve, and the source of the funds. Expenditures may be made from the reserve subject to a permissive or mandatory referendum.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

2. Employee Benefit Accrued Liability (*not currently utilized*):

According to General Municipal Law §6-p, the Employee Benefit Accrued Liability Reserve Fund must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

3. Insurance (*not currently utilized*):

According to General Municipal Law §6-n, the Insurance Reserve Fund must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

4. Repairs (*not currently utilized*):

According to General Municipal Law §6-d, the Repair Reserve Fund must be used to pay the cost of repairs to capital improvements or equipment which repairs are of a type not recurring annually. The Board without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

5. Retirement Contributions (*not currently utilized*):

According to General Municipal Law §6-r, the Retirement Contributions Reserve Fund must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

6. Unemployment Insurance (*not currently utilized*):

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

7. Workers' Compensation (*not currently utilized*):

According to General Municipal Law §6-j, the Workers' Compensation Reserve Fund must be used to pay for the compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may be either transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

8. Encumbrances (*not currently utilized*):

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances for specific purposes for which resources have been restricted, committed or assigned do not result in separate display of the encumbered amounts within those classifications/funds.

c. *Committed* – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority, i.e., the Town Board. The Town has no committed fund balances as of December 31, 2018.

d. *Assigned* – Includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNICANT ACCOUNTING POLICIES (CONTINUED):

- e. *Unassigned* – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town.

III. Order of Use of Fund Balance:

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

U. New Accounting Standards:

The Town has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2018, the Town implemented the following new standards issued by GASB:

--GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, effective for reporting periods beginning after June 15, 2017. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, established new accounting and financial reporting requirements for other post-employment benefits (OPEB) plans.

--The GASB has issued Statement No. 85, *Omnibus 2017*, which seeks to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, with earlier application encouraged.

--The GASB has issued Statement No. 86, *Certain Debt Extinguishment Issues, which finalizes Exposure Draft (ED) No. 19-25E* of the same name, and seeks to (1) improve consistency in accounting and financial reporting for certain debt extinguishments and (2) enhance the decision-usefulness of such information. The requirements of Statement No. 86 are effective for reporting periods beginning after June 15, 2017, with earlier application encouraged.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNICANT ACCOUNTING POLICIES (CONTINUED):

V. Future Changes in Accounting Standards:

The GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for reporting periods beginning after June 15, 2018.

The GASB has issued Statement No. 84, *Fiduciary Activities*, which finalizes Exposure Draft No. 3-13E of the same name, and establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, with earlier application encouraged.

The GASB has issued Statement No. 87, *Leases*, which finalizes Exposure Draft (ED) No. 3-24E of the same name, and establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, with earlier application encouraged.

The GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which finalizes Exposure Draft (ED) No. 3-30, and seeks to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, while providing financial statement users with additional essential information concerning debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, with earlier application encouraged.

The GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which seeks to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplify accounting for interest costs incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, with earlier application encouraged.

The GASB has issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, which seek to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, with earlier application encouraged.

The GASB has issued Statement No. 91, *Conduit Debt Obligations*, which aims to provide a single method of reporting conduit debt obligations by issuers and to eliminate diversity in practice associated with commitments extended by issuers; arrangements associated with conduit debt obligations and related not disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, with earlier application encouraged.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNICANT ACCOUNTING POLICIES (CONTINUED):

The Town will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND TOWN-WIDE STATEMENTS:

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of the items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total Fund Balances of Governmental Funds vs. Net Assets of Governmental Activities:

Total fund balances of the Town’s governmental funds differ from “net assets” of governmental activities reported in the Statement of Net Assets. This difference primarily results from the additional long-term economic focus of the Statement of Net Assets versus the solely current financial resources focus of the governmental fund balance sheets.

See the Reconciliation on Pages 12 and 15 of the financial statements.

- The costs of buildings and acquiring capital assets (lands, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Assets includes those capital assets among the assets of the Town as a whole, and their original costs are expensed annually over their useful lives. See *Note 4 – Capital Assets* in these notes to the financial statements for information on the net capital assets of \$23,622,921.

Other long-term assets are reported in the Statement of Net Assets, but not in the governmental funds, because they are not expenditures in the year paid.

Inventories	\$ 402,397
Water Tranmission Rights	<u>524,217</u>
	<u>\$ 926,614</u>

Long-term liabilities are reported in the Statement of Net Assets, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Bonds and Notes Payable	\$ 23,234,800
Other Post Employment Benefits Payable	48,389,055
Landfill Remediation Liability	1,924,521
Compensated Absences	<u>407,180</u>
	<u>\$ 73,955,556</u>

See independent auditor’s report.



TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND TOWN-WIDE STATEMENTS (CONTINUED):

Accrued interest on long-term debt is reported in the Statement of Net Assets, regardless of when due. In the Governmental Funds, interest is not reported until it is due.

Bonds Interest Payable    \$ 244,442

Deferred revenues are reported in the Statement of Net Assets, but not in the governmental funds, because the earning process of such revenues will not be completed until after the current period.

Deferred Revenues    \$ 27,389

Deferred outflows are reported in the Statement of Net Assets, but not in the governmental funds, because the earning process of such revenues will not be completed until after the current period.

Deferred Expenses    \$ 83,135

Pension Differences:

Pension differences occur as a result of the changes in the Town's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

Deferred Inflows - PFRS	\$ (45,007)
Deferred Outflows - PFRS Contribution	546,628
Deferred Inflows - ERS	(141,078)
Deferred Outflows - ERS Contribution	445,223
Pension Liability - PFRS	(982,153)
Pension Liability - ERS	<u>(449,268)</u>
	<u>\$ (625,655)</u>

OPEB Differences:

OPEB differences occur as a result of the changes in the Town's total liability and differences between the District's contributions and OPEB expense.

Plan Deferred Inflows    \$ 6,603,801

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND TOWN-WIDE STATEMENTS (CONTINUED):

B. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories:

I. Long-Term Revenue Differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expense arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

II. Capital Related Differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

III. Long-Term Debt Transaction Differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statements of Net Assets. These reconciliations can be found on Pages 14 and 16 of the financial statements.

IV. Pension Differences:

Pension differences occur as a result of changes in the Town’s proportion of the collective net pension asset/liability and differences between the Town’s contributions and its proportionate share of the total contributions to the pension systems.

V. OPEB Differences:

OPEB differences occur as a result of changes in the Town’s liability and differences between the Town’s contributions and OPEB expense.

See independent auditor’s report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS:

Cash:

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously in these Notes.

As of December 31, 2018, \$-0- of the Town's bank balance of \$4,753,540 was exposed to custodial credit risk as follow:

Uncollateralized	<u>\$ -</u>
Collateralized with securities held by pledging financial institution, or its trust department or agent, but not in the Town's name	<u>\$ -</u>

NOTE 4 – CAPITAL ASSETS:

Capital asset balances and activity for the year ended December 31, 2018, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
<b>Governmental Activities:</b>				
<b>Capital Assets that are not Depreciated:</b>				
Land	\$ 3,948,175	\$ -	\$ -	\$ 3,948,175
Construction in Progress	1,345,820	234,961	-	1,580,781
Total Nondepreciable Historical Cost	<u>\$ 5,293,995</u>	<u>\$ 234,961</u>	<u>\$ -</u>	<u>\$ 5,528,956</u>
<b>Capital Assets that are Depreciated:</b>				
Building and Improvements	29,752,634	120,162	-	29,872,796
Machinery and Equipment	9,060,889	365,268	(249,500)	9,176,657
Town Roads	20,216,350	-	-	20,216,350
Total Depreciable Historical Cost	<u>59,029,873</u>	<u>485,430</u>	<u>(249,500)</u>	<u>59,265,803</u>
<b>Less Accumulated Depreciation:</b>				
Building and Improvements	9,872,556	299,415	-	10,171,971
Machinery and Equipment	8,257,560	273,650	(249,500)	8,281,710
Town Roads	19,937,376	1,200,000	-	21,137,376
Total Accumulated Depreciation	<u>38,067,492</u>	<u>1,773,065</u>	<u>(249,500)</u>	<u>39,591,057</u>
Total Depreciable Historical Cost, Net	<u>\$ 20,962,381</u>	<u>\$ (1,287,635)</u>	<u>\$ -</u>	<u>\$ 19,674,746</u>

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 4 – CAPITAL ASSETS (CONTINUED):

Depreciation Expense was Charged to Governmental Functions as Follows:	
General Support	\$ 97,632
Public Safety	272,284
Transportation	1,320,846
Home & Community	57,986
Culture & Recreation	24,317
	<u>\$ 1,773,065</u>

NOTE 5 – SHORT-TERM DEBT:

Interest on short-term debt for the year was composed of:

Interest Paid	14,640
Less Interest Accrued in the Prior Period	-
Plus Interest Accrued in the Current Period	-
Total Expense	<u>14,640</u>

Short-term liability balances and activity for the year are summarized below:

Purpose	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
John Jay Sewer, Town Wide Water	12/17/2018	2.50%	3,285,000	-	(3,285,000)	-
John Jay Sewer, Town Wide Water	12/17/2019	2.35%	-	3,425,770	-	3,425,770
Total			<u>\$ 3,285,000</u>	<u>\$ 3,425,770</u>	<u>\$ (3,285,000)</u>	<u>\$ 3,425,770</u>

NOTE 6 – LONG-TERM DEBT:

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
<b>Government Activities:</b>					
<b>Bonds and Notes Payable:</b>					
<b>General Obligation Debt:</b>					
Serial Bonds	\$ 24,411,398	\$ -	\$ 1,176,601	\$ 23,234,797	\$ 1,106,601
Total Bonds Payable	<u>24,411,398</u>	<u>-</u>	<u>1,176,601</u>	<u>23,234,797</u>	<u>1,106,601</u>
<b>Other Debt:</b>					
Lease-Purchase Obligations	-	33,770	13,078	20,692	-
Total Bonds & Notes Payable	<u>24,411,398</u>	<u>33,770</u>	<u>1,189,679</u>	<u>23,255,489</u>	<u>1,106,601</u>
<b>Other Liabilities:</b>					
Compensated Absences	419,835	-	12,655	407,180	10,000
Landfill Remediation Liability	1,937,833	-	13,312	1,924,521	28,700
Other Post Employment Benefits	28,958,182	19,430,873	-	48,389,055	-
Total Other Liabilities	<u>31,315,850</u>	<u>19,430,873</u>	<u>25,967</u>	<u>50,720,756</u>	<u>38,700</u>
Total Long-Term Liabilities	<u>\$ 55,727,248</u>	<u>\$ 19,430,873</u>	<u>\$ 1,202,568</u>	<u>\$ 73,955,553</u>	<u>\$ 1,145,301</u>

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 6 – LONG-TERM DEBT (CONTINUED):

--Debt Advance Refunding:

As of December 31, 2018, the Town had a defeased debt outstanding of \$2,495,000 that will be paid back over the next year.

Interest on long-term debt for the year was composed of:

Interest Paid	\$ 693,829
Less Interest Accrued in the Prior Period	(260,676)
Plus Interest Accrued in the Current Period	244,442
Plus Interest Debt Paid by Escrow Agent on Defeased Debt	<u>318,684</u>
Total Expense	<u>\$ 996,279</u>

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issued Date	Final Maturity	Interest Rate	Original Issue Amount	Outstanding at December 31, 2018
Hamlet 2 Water District	8/15/2003	8/15/2018	3.350%	\$ 104,400	\$ -
Brettview Water District	8/15/2003	8/15/2018	3.350%	1,188,000	-
Little Switzerland Cap. Imp.	8/15/2003	8/15/2018	3.350%	225,900	-
Revere Park Water Cap. Imp.	8/15/2003	8/15/2018	3.350%	115,550	-
Brettview Water District	3/21/2006	6/21/2021	4.610%	250,000	50,800
Roads and Equipment	11/1/2009	11/1/2024	3.480%	2,000,000	145,000
Fishkill Plains Water	11/1/2009	11/1/2039	4.470%	1,910,000	47,534
Brettview 2 Water	11/1/2009	11/1/2039	4.470%	300,000	7,466
Hamlet Water District Refinance	6/24/2010	4/15/2019	0.925-3.355%	450,000	55,000
Four Corners Water	9/29/2011	9/1/2041	2.0-5.0%	905,000	755,194
Four Corners Sewer	9/29/2011	9/1/2041	2.0-5.0%	563,000	469,799
Wildflower Sewer	12/18/2013	12/15/2043	5.302%	589,798	540,000
Beekman Water District	6/30/2016	6/30/2046	4.000%	1,000,000	934,000
Beekman Sewer District	6/30/2016	6/30/2046	4.000%	1,724,999	1,610,000
Cannon Land	6/1/2017	6/1/2032	2.500%	990,000	950,000
Refinanced Bond	6/8/2017	3/15/2041	2.0-3.25%	18,150,000	17,670,000
				<u>\$ 32,466,647</u>	<u>\$ 23,234,793</u>

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 6 – LONG-TERM DEBT (CONTINUED):

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,106,601	\$ 731,533	\$ 1,838,134
2020	1,066,601	695,698	1,762,299
2021	982,600	663,889	1,646,489
2022	990,000	636,501	1,626,501
2023	995,000	605,311	1,600,311
2024-2028	4,760,003	2,998,556	7,758,559
2029-2033	5,236,003	1,785,726	7,021,729
2034-2038	5,687,001	919,735	6,606,736
2039-2043	2,134,984	215,684	2,350,668
2044-2048	<u>276,000</u>	<u>21,960</u>	<u>297,960</u>
	<u>\$ 23,234,793</u>	<u>\$ 9,274,593</u>	<u>\$ 32,509,386</u>

The Town, as lessee, leases equipment under various operating leases. Total monthly payments for these leases are \$1,090. These leases expire at various times through 2023. Minimum annual rentals for each of the remaining years of the leases are:

Fiscal year ended December 31, 2019	<u>\$ 13,078</u>
Fiscal year ended December 31, 2020	<u>\$ 3,141</u>
Fiscal year ended December 31, 2021	<u>\$ 2,237</u>
Fiscal year ended December 31, 2022	<u>\$ 2,237</u>
Fiscal year ended December 31, 2023	<u>\$ -</u>

NOTE 7 – INTERFUND BALANCES AND ACTIVITY:

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Assets.

In the normal course of its operations, the Town budgets for and transfers monies between funds for these budgeted purposes.

In the case of the Capital Fund, loans will occur in advance of obtaining the final funding through bond proceeds.

All interfund payables are expected to be repaid within one year.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 7 – INTERFUND BALANCES AND ACTIVITY (CONTINUED):

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 871,965	\$ -	\$ -	\$ 305,000
Highway Fund	-	-	235,000	-
Sewer Fund	-	-	20,000	-
Non-Major	-	884,999	81,677	31,677
Total Government Activities	871,965	884,999	336,677	336,677
Enterprise Water Fund	13,033	-	-	-
Agency Fund	-	-	-	-
Totals	\$ 884,998	\$ 884,999	\$ 336,677	\$ 336,677

NOTE 8 – PENSION PLANS:

A. General Information:

The Town participates in the New York State Employees' Retirement System (NYSERS) and the New York State and Local Police and Fire Retirement System (NYSPFRS) and the Public Employees' Group Life Insurance Plan (the "Systems"). These are cost-sharing, multiple-employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

B. Provisions and Administration:

NYSERS and NYSPFRS provide retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Laws govern obligations of employers and employees to contribute, and benefits to employees. The Systems issue publicly available financial reports that include financial statements and required supplementary information. Those reports may be obtained by writing to the New York State and Local Retirement Systems, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

C. Pension Plans:

a. General Information:

The Town participates in the New York State Employees' Retirement System (NYSERS). These are cost-sharing, multiple-employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 8 – PENSION PLANS (CONTINUED):

b. Plan Description:

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

c. Benefits Provided:

The System provides retirement benefits as well as death and disability benefits.

i. Tiers 1 and 2:

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

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years.



TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 8 – PENSION PLANS (CONTINUED):

If the member retires with 20 or more years of service, benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

ii. Tiers 3, 4, and 5:

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

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 8 – PENSION PLANS (CONTINUED):

iii. Tier 6:

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

iv. Special Plans:

The 25-Year Plans allow for retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

v. Ordinary Disability Benefits:

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

vi. Accidental Disability Benefits:

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 8 – PENSION PLANS (CONTINUED):

vii. Ordinary Death Benefits:

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefits available.

viii. Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

d. Funding Policy:

The Systems are noncontributory except for employees who joined the New York and Local Employee's Retirement System after July 27, 1976 and who contribute 3% of their salary for the first ten years of membership and employees who joined after January 1, 2010 (ERS) or January 9, 2010 (PFRS) and before April 1, 2012, contribute 3% of their salary throughout their active membership. Those joining NYSERS and NYSPFRS on or after April 1, 2012 are required to contribute between 3% and 6% dependent upon their salary for their entire career. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 8 – PENSION PLANS (CONTINUED):

The Town of East Fishkill is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>PFRS</u>
December 31, 2018	\$ 612,821	\$ 804,899
December 31, 2017	\$ 611,828	\$ 790,525
December 31, 2016	\$ 633,808	\$ 719,836

The Town's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

e. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2018, the Town reported a liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net position liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

This information was provided by the ERS and PFRS Systems in reports provided to the Town.

	<u>ERS</u>	<u>PFRS</u>
Actuarial Valuation Date	3/31/2018	3/31/2018
Net Pension Asset/(Liability)	\$ (449,268)	\$ (982,153)
Town's Portion of the Plan's Total Net Pension Asset/(Liability)	0.0139202%	0.0971701%

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 8 – PENSION PLANS (CONTINUED):

For the year ended December 31, 2018, the Town recognized pension expense of \$608,315 for ERS and \$910,316 for PFRS, within the entity-wide financial statements. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences Between Expected and Actual Experience	\$ 160,239	\$ 404,244	\$ 132,416	\$ 260,981
Changes of Assumptions	297,902	744,159	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	652,527	794,938	1,288,022	1,600,961
Changes in Proportion and Differences Between the Town's Contributions and Proportionate Share of Contributions	197,287	21,735	28,595	146,141
Town's Contributions Subsequent to the Measurement Date	<u>445,223</u>	<u>546,628</u>	-	-
Total	<u>\$ 1,753,178</u>	<u>\$ 2,511,704</u>	<u>\$ 1,449,033</u>	<u>\$ 2,008,083</u>

\$445,223 for ERS and \$546,628 for PFRS were reported as deferred outflows of resource related to pensions resulting from Town contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	PFRS
Year Ended:		
2019	\$ 161,348	\$ 173,214
2020	120,626	150,764
2021	(294,576)	(245,026)
2022	(128,476)	(156,858)
2023	-	34,899
Thereafter	-	-
	<u>\$ (141,078)</u>	<u>\$ (43,007)</u>

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 8 – PENSION PLANS (CONTINUED):

i. Actuarial Assumptions:

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following assumptions:

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2018	March 31, 2018
Actuarial Valuation Date	April 1, 2017	April 1, 2017
Interest Rate	7.00%	7.00%
Salary Scale	3.80%	4.50%
Decrement Tables	April 1, 2010 - March 31, 2015	April 1, 2010 - March 31, 2015
	System's Experience	System's Experience
Inflation Rate	2.50%	2.50%

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

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 8 – PENSION PLANS (CONTINUED):

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	36%	4.55%
International Equity	14%	6.35%
Private Equity	10%	7.50%
Real Estate	10%	5.55%
Alternative Investments	5%	3.75-5.68%
Total Equities	75%	
Domestic Fixed Income Securities	0%	0.00%
Global Fixed Income Securities	0%	0.00%
Real Assets	3%	5.29%
Bonds and Mortgages	17%	1.31%
Short-Term	1%	-0.25%
Inflation-Indexed Bonds	4%	1.25%
Total Fixed Income	25%	
Total	100%	

ii. Discount Rate:

The discount rate used to calculate the total pension liability was 7.00 % for ERS and 7.00% for PFRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 8 – PENSION PLANS (CONTINUED):

iii. Sensitivity of the Proportionate Share of the Net Pension to the Discount Rate Assumption:

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00% for ERS and 7.00% for PFRS, as well as what the Town's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00% for ERS and 6.00% for PFRS) or 1-percentage point higher (8.00% for ERS and 8.00% for PFRS) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
ERS			
Employer's Proportionate Share of the Net Pension (Asset) Liability	\$ 3,399,285	\$ 449,268	\$ (2,046,328)
PFRS			
Employer's Proportionate Share of the Net Pension (Asset) Liability	\$ 4,810,852	\$ 982,153	\$ (2,229,227)

iv. Pension Plan Fiduciary Net Position:

The components of the current-year net pension (asset)/liability of the employers as of March 31, 2018, were as follows:

	(Dollars in the Thousands)	
	ERS	PFRS
Valuation Date	4/1/2017	4/1/2017
Employers' Total Pension Liability	\$ 183,400,590	\$ 32,914,423
Plan Net Position	180,173,145	31,903,666
Employers' Net Pension Liability/(Asset)	<u>\$ 3,227,445</u>	<u>\$ 1,010,757</u>
Plan Net Position as a Percentage to the Systems' Total Pension Liability/(Asset)	98.24%	96.93%

See independent auditor's report.



TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 8 – PENSION PLANS (CONTINUED):

v. Payables to the Pension Plan:

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of December 31, 2018 represent the projected employer contribution for the period of April 1, 2018 through December 31, 2018 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of December 31, 2018, amounted to \$445,223 payable.

For PFRS, employer contributions are paid annually based on the System’s fiscal year which ends on December 31<sup>st</sup>. Accrued retirement contributions as of December 31, 2018 represent the projected employer contribution for the period of April 1, 2018 through December 31, 2018 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of December 31, 2018, amounted to \$546,628 payable.

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

A. General Information about the OPEB Plan

Plan Description – The Town’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the Town. The plan is a single-employer defined benefit OPEB plan administered by the Town. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Town Board. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of Statement 75.

Benefits Provided – The Town provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the Town offices and are available upon request.

Employees Covered by Benefit Terms – At December 31, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	91
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
Active Employees	94
	<u>185</u>

See independent auditor’s report.

TOWN OF EAST FISHKILL  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2018

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NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

B. Total OPEB Liability

The Town's total OPEB liability of \$48,389,055 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date. Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Discount Rate	3.71%
Healthcare Cost Trend Rates	7.00% for 2018, decreasing 0.25% per year to an ultimate rate of 4.25% for 2065 and later years
Retirees' Share of Benefit-Related Costs	10% - 65% of projected health insurance premiums for retirees depending on employee group

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on a review of published mortality tables and the demographics of the Plan.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2018 through December 31, 2018.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

C. Changes in the total OPEB Liability

Balance at January 1, 2018	\$ 53,156,773
Changes for the year:	
Service Cost	2,175,364
Interest	1,816,681
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(7,864,790)
Benefit Payments	<u>(894,973)</u>
Net Changes	<u>(4,767,718)</u>
Balance at December 31, 2018	<u>\$ 48,389,055</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2 percent) or 1 percentage point higher (4 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	<u>\$ 58,180,831</u>	<u>\$ 48,389,055</u>	<u>\$ 40,794,868</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current healthcare cost trend rate:

	1% Decrease (6.5% Decreasing to 3.5%)	Healthcare Cost Trend Rate (7.5% Decreasing to 4.5%)	1% Increase (8.5% Decreasing to 5.5%)
Total OPEB Liability	<u>\$ 38,680,932</u>	<u>\$ 48,389,055</u>	<u>\$ 61,592,734</u>

See independent auditor’s report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

D. OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Town recognized OPEB Expense of \$2,731,056. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions or Other Inputs	-	(6,603,801)
Contributions Subsequent to the Measurement Period	-	-
Total	<u>\$ -</u>	<u>\$ (6,603,801)</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2019	\$ (1,260,989)
2020	(1,260,989)
2021	(1,260,989)
2022	(1,260,989)
2023	(1,260,989)
Thereafter	(298,856)
	<u>\$ (6,603,801)</u>

NOTE 10 – RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 11 – CONTINGENT LIABILITIES:

A. Litigation:

The Town is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable.

B. Other:

The Town received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the Town's administration believes disallowances, if any, will be immaterial.

NOTE 12 – JOINT VENTURE:

The following activity is undertaken by the Town jointly with another municipality. This activity is excluded from the financial statements of the Town, although it is considered a related party. Separate financial statements are issued for joint ventures.

The Town of East Fishkill entered into an agreement with the Town of Fishkill dated May 27, 1980, to operate the Fishkill/East Fishkill Joint Landfill for a period of twenty years. All costs of operations and maintenance were borne equally by each municipality.

The joint landfill was ordered closed under a consent order signed with the NYS Department of Environmental Conservation, the latest modification dated being April 1993. The landfill has not accepted waste since 1986 and was completely closed and capped by July 1997.

The following is a summary of unaudited financial information at December 31, 2018, which is included in the separate financial statements available from the Fishkill/East Fishkill Joint Landfill, c/o the Town of Fishkill, Town Hall, Fishkill, New York 12524 issued for this joint venture:

Total Assets (Excluding Fixed Assets)	\$ 7,348
Total Liabilities	\$ -
Total Venture Equity	\$ 1,334,608
Total Revenues	\$ 48,000
Total Expenditures	\$ 49,563
Total Fixed Assets	\$ 1,327,260

During 2018, the Town paid \$24,000 to the joint venture which is included in the Revenues described above. The Town's liability for this future share of closure and post-closure monitoring costs are recorded in the Long-Term Debt Account Group (see Note 6).

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 13 – LANDFILL CLOSURE AND POST CLOSURE CARE COSTS:

As described in Note 12 above, the Fishkill/East Fishkill Joint Landfill was required to be closed and capped, i.e., place a final cover on the landfill site, as well as perform certain maintenance and monitoring functions at the site for thirty years after closure.

The Joint Landfill currently estimates future post-closure care costs to be \$1,900,521. This amount is based on what it would cost to perform post-closure care, through 2025 as required, as of December 31, 2018 assuming a 3% rate of inflation. The Town recorded its share of the Joint Landfill post-closure costs, amounting to \$950,261, in the government-wide financial statements.

In January 2004, the Town was notified by the New York State Department of Conservation that the former East Fishkill Landfill located on Hosner Mountain Road is subject to additional clean up activities. These additional activities include installing a passive venting system, repair erosion of the cap, construct an impervious membrane, hydro seeding and post closure monitoring and maintenance costs. The Town is currently in discussions with the DEC regarding the specific components of these activities, so cost estimates and the related provisions have not been made. The Town does consider these expenditures to be significant, if not material, to the financial statements. Current estimated future costs for post-closure monitoring and maintenance costs, also assuming a 3% inflation rate, amount to \$974,260 and have been recorded in the government-wide financial statements. These amounts total \$1,924,521(see Note 6). Actual costs may be higher due to changes in inflation rates, technology, or regulations.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 14 – STEWARDSHIP AND COMPLIANCE:

- A. The General and Highway Funds have had instances where expenditures exceeded appropriations. This will be addressed by the Board and, if necessary, in future budgets.

Expenditures for 2018 exceeded appropriations in the funds/functions identified below:

Fund/Function	Appropriations as Modified	Expenditures	Unfavorable Balance
<b>General Fund:</b>			
Public Safety	\$ 4,324,760	\$ 4,427,408	\$ (102,648)
Health	-	5,637	(5,637)
Economic Assistance	262,600	311,670	(49,070)
Culture and Recreation	119,650	129,667	(10,017)
Debt Service	64,750	83,366	(18,616)
Operating Transfer Out	-	305,000	(305,000)
<b>Highway Fund:</b>			
Government Support	-	69,319	(69,319)
Transportation	4,080,250	4,276,946	(196,696)

- B. The Lighting Fund had a net deficit fund balance at December 31, 2018, in the amount of \$15,319 caused by operating losses in the Lighting Fund program. Management intends to closely monitor the activity herein to reverse this situation going forward.
- C. The Capital Fund had a net deficit fund balance at December 31, 2018, in the amount of \$1,505,029 caused by operating losses in the Capital Fund program. Management intends to closely monitor the activity herein to reverse this situation going forward.

NOTE 15 – RESTATEMENT OF NET POSITION

For the fiscal year ended December 31, 2018, the Town implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Implementation of Statement No. 75 requires Town's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB.

The Town's net position has been restated as follows:

Net Position Beginning of Year, as Previously Stated	<u>\$ (27,655,930)</u>
GASB Statement No. 75 Implementation	<u>(24,198,591)</u>
Net Position Beginning of Year, as Restated	<u>\$ (51,854,521)</u>

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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NOTE 16 – CHANGES IN ACCOUNTING PRINCIPLES:

For the fiscal year ended December 31, 2018, the Town implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the statement requires the Town to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. See Note 9 and 13 for the financial statement impact of the implementation of the statement.

NOTE 17 – SUBSEQUENT EVENTS:

On June 27, 2019 the Town Board authorized the Town to issue a \$1,311,000 bond to finance the creation of the Hopewell West Water District and to finance the capital project of the creating the infrastructure of the water district.



**SUPPLEMENTARY INFORMATION**

TOWN OF EAST FISHKILL  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
<b>REVENUES</b>				
Local Sources:				
Real Property Taxes	\$ 7,129,966	\$ 7,129,966	\$ 7,129,966	\$ -
Real Property Tax Items	135,000	135,000	98,510	36,490
Non Property Tax Items	2,140,000	2,140,000	2,388,992	(248,992)
Departmental Income	34,600	34,600	516,678	(482,078)
Intergovernmental Charges	-	-	399,935	(399,935)
Use of Money and Property	835,504	835,504	153,967	681,537
Licenses and Permits	589,000	589,000	638,733	(49,733)
Fines and Forefeitures	760,000	760,000	664,687	95,313
Sale of Property and Compensation for Loss	30,000	30,000	149,504	(119,504)
Miscellaneous and Local Sources	296,000	296,000	45,201	250,799
State Sources	1,070,890	1,070,890	1,364,740	(293,850)
Federal Sources	-	-	-	-
<b>Total Revenues</b>	<b>13,020,960</b>	<b>13,020,960</b>	<b>13,550,913</b>	<b>(529,953)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds	-	-	-	-
Appropriated Reserves	-	-	-	-
Designated Fund Balance and Encumbrances Carried Forward From Prior Year	-	-	-	-
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 13,020,960</b>	<b>\$ 13,020,960</b>	<b>\$ 13,550,913</b>	<b>\$ (529,953)</b>

*Note: Totals may not add due to rounding.*

TOWN OF EAST FISHKILL  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Variance With Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
General Government Support	\$ 2,389,560	\$ 2,389,560	\$ 2,183,079	\$ -	\$ 206,481
Public Safety	4,324,760	4,324,760	4,427,408	-	(102,648)
Health	-	-	5,637	-	(5,637)
Transportation	262,600	262,600	311,670	-	(49,070)
Economic Assistance and Opportunity	119,650	119,650	129,667	-	(10,017)
Culture and Recreation	1,275,100	1,275,100	1,213,687	-	61,413
Home and Community Services	387,850	387,850	323,801	-	64,049
Employee Benefits	4,196,690	4,196,690	4,033,362	-	163,328
Debt Service	64,750	64,750	83,366	-	(18,616)
	<u>13,020,960</u>	<u>13,020,960</u>	<u>12,711,677</u>	-	<u>309,283</u>
<b>OTHER USES</b>					
Operating Transfers Out	-	-	305,000	-	(305,000)
Total Expenditures and Other Uses	<u>\$ 13,020,960</u>	<u>\$ 13,020,960</u>	<u>\$ 13,016,677</u>	<u>\$ -</u>	<u>\$ 4,283</u>
Net Change in Fund Balances			534,236		
Fund Balance - Beginning			<u>2,001,534</u>		
Fund Balance - Ending			<u>\$ 2,535,770</u>		

*Note: Totals may not add due to rounding.*

TOWN OF EAST FISHKILL  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET (NON-GAAP BASIS) AND ACTUAL - HIGHWAY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Budgetary Actual
<b>REVENUES</b>				
Local Sources:				
Real Property Taxes	\$ 5,388,511	\$ 5,388,511	\$ 5,388,511	\$ -
Real Property Tax Items	-	-	-	-
Non Property Tax Items	-	-	-	-
Departmental Income	-	-	-	-
Intergovernmental Charges	-	-	-	-
Use of Money and Property	27,500	27,500	1,011	(26,489)
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Sale of Property and Compensation for Loss	-	-	32,163	32,163
Miscellaneous and Local Sources	-	-	17,748	17,748
State Sources	350,000	350,000	350,000	-
Federal Sources	-	-	-	-
<b>Total Revenues:</b>	<b>5,766,011</b>	<b>5,766,011</b>	<b>5,789,433</b>	<b>23,422</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds	-	-	235,000	235,000
Appropriated Reserves	-	-	-	-
Designated Fund Balance and Encumbrances	-	-	-	-
Carried Forward from Prior Year	-	-	-	-
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 5,766,011</b>	<b>\$ 5,766,011</b>	<b>\$ 6,024,433</b>	<b>\$ 258,422</b>

*Note: Totals may not add due to rounding.*

TOWN OF EAST FISHKILL  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET (NON-GAAP BASIS) AND ACTUAL - HIGHWAY FUND (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Variance With Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
General Government Support	\$ -	\$ -	\$ 69,319	\$ -	\$ (69,319)
Public Safety	-	-	-	-	-
Transportation	4,080,250	4,080,250	4,276,946	-	(196,696)
Economic Assistance and Opportunity	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Home and Community Services	-	-	-	-	-
Employee Benefits	1,384,600	1,384,600	1,373,167	-	11,433
Debt Service	301,161	301,161	301,161	-	-
	<u>5,766,011</u>	<u>5,766,011</u>	<u>6,020,593</u>	-	<u>(254,582)</u>
<b>OTHER USES</b>					
Operating Transfers Out	-	-	-	-	-
Total Expenditures and Other Uses	<u>\$ 5,766,011</u>	<u>\$ 5,766,011</u>	<u>\$ 6,020,593</u>	<u>\$ -</u>	<u>\$ (254,582)</u>
Net Change in Fund Balances			3,840		
Fund Balance - Beginning			<u>9,435</u>		
Fund Balance - Ending			<u>\$ 13,275</u>		

*Note: Totals may not add due to rounding.*

TOWN OF EAST FISHKILL  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Total OPEB Liability</b>										
Service Cost	\$ 2,175,364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,816,681	-	-	-	-	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	-	-	-	-	-	-	-	-	-	-
Changes of Assumption or other Inputs	(7,864,790)	-	-	-	-	-	-	-	-	-
Benefit Payments	(894,973)	-	-	-	-	-	-	-	-	-
<b>Net Change in Total OPEB Liability</b>	<b>(4,767,718)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total OPEB Liability - Beginning</b>	<b>53,156,773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 48,389,055</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered-Employee Payroll	7,403,617	-	-	-	-	-	-	-	-	-
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<b>653.59%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

**Notes to Schedule:**Changes of Assumptions:

Changes of Assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.71%
2017	3.31%
2016	0.00%
2015	0.00%
2014	0.00%
2013	0.00%
2012	0.00%
2011	0.00%
2010	0.00%
2009	0.00%

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

In accordance with New York State Law, the District's Defined Benefit OPEB Plan is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75. Accordingly, the District does not have net assets accumulated in a trust.

See independent auditor's report and notes to the financial statements.

## TOWN OF EAST FISHKILL

## REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM  
 FOR THE YEAR ENDED DECEMBER 31, 2018

LAST 10 FISCAL YEARS\*

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
The District's Proportion of the Net Pension Liability (Asset)	0.0139202%	0.0130027%	0.0141737%	0.0141651%	-	-	-	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset)	449,268	1,221,760	2,274,924	478,530	-	-	-	-	-	-
The District's Covered-Employee Payroll	4,248,020	4,309,763	4,044,594	4,006,152	-	-	-	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	10.58%	28.35%	56.25%	11.94%	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.24%	90.68%	90.68%	97.95%	-	-	-	-	-	-

\* The amounts presented for each fiscal year were determined as of 3/31.

See independent auditor's report and notes to the financial statements.

## TOWN OF EAST FISHKILL

## REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S CONTRIBUTIONS  
 FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM  
 FOR THE YEAR ENDED DECEMBER 31, 2018

LAST 10 FISCAL YEARS

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	612,821	747,404	698,012	775,771	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	612,821	747,404	698,012	775,771	-	-	-	-	-	-
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
The District's Covered Employee Payroll	4,248,020	4,309,763	4,044,594	4,006,152	-	-	-	-	-	-
Contributions as a Percentage of a Covered Employee Payroll	14.43%	17.34%	17.26%	19.36%	-	-	-	-	-	-

See independent auditor's report and notes to the financial statements.



## TOWN OF EAST FISHKILL

## REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 FOR THE NEW YORK STATE POLICE & FIRE RETIREMENT SYSTEM  
 FOR THE YEAR ENDED DECEMBER 31, 2018

LAST 10 FISCAL YEARS

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
The District's Proportion of the Net Pension Liability (Asset)	0.097170%	0.094918%	0.097455%	0.101341%	-	-	-	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset)	982,153	1,967,313	2,885,424	278,949	-	-	-	-	-	-
The District's Covered Employee Payroll	3,080,161	3,298,886	3,116,297	2,947,612	-	-	-	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	31.89%	59.64%	92.59%	9.46%	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.93%	90.24%	90.24%	99.03%	-	-	-	-	-	-

\* The amounts presented for each fiscal year were determined as of 3/31.

See independent auditor's report and notes to the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S CONTRIBUTIONS  
FOR THE NEW YORK STATE POLICE & FIRE RETIREMENT SYSTEM  
FOR THE YEAR ENDED DECEMBER 31, 2018

LAST 10 FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	804,899	747,404	637,130	935,642	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	804,899	747,404	637,130	935,642	-	-	-	-	-	-
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
The District's Covered Employee Payroll	3,080,161	3,298,886	3,116,297	2,947,612	-	-	-	-	-	-
Contributions as a Percentage of a Covered Employee Payroll	26.13%	22.66%	20.45%	31.74%	-	-	-	-	-	-

See independent auditor's report and notes to the financial statements.

TOWN OF EAST FISHKILL  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018

	Water Fund	Lighting Fund	Park Fund	Recreation Fund	Capital Projects	Drainage Fund	Miscellaneous Fund	Total Non-Major
<b>ASSETS</b>								
Cash:								
Unrestricted	\$ 122,832	\$ 17,686	\$ 26,136	\$ 711,114	\$ 534,302	\$ 6,063	\$ 6,063	\$ 1,424,196
Restricted	-	-	-	-	-	-	-	-
Receivables:								
Charges for Services	207,686	-	-	-	-	-	-	207,686
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Other Governments	240,854	-	-	500	32,761	-	-	274,115
Other	32,200	-	475	-	-	-	-	32,675
Total Assets	<u>603,572</u>	<u>17,686</u>	<u>26,611</u>	<u>711,614</u>	<u>567,063</u>	<u>6,063</u>	<u>6,063</u>	<u>1,938,672</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred Outflows of Resources	-	-	-	-	-	-	-	-
Total Assets and Deferred Outflows	<u>603,572</u>	<u>17,686</u>	<u>26,611</u>	<u>711,614</u>	<u>567,063</u>	<u>6,063</u>	<u>6,063</u>	<u>1,938,672</u>
<b>LIABILITIES</b>								
Payables:								
Accounts Payable	\$ 122,209	\$ 19,505	\$ 823	\$ 2,100	\$ 57,924	\$ -	\$ -	\$ 202,561
Due to Other Funds	239,884	13,500	11,677	-	619,938	-	-	884,999
Notes payable:								
Bond Anticipation	-	-	-	-	1,394,230	-	-	1,394,230
Total Liabilities	<u>362,093</u>	<u>33,005</u>	<u>12,500</u>	<u>2,100</u>	<u>2,072,092</u>	<u>-</u>	<u>-</u>	<u>2,481,790</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred Inflows of Resources	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>								
Non Spendable	-	-	-	-	-	-	-	-
Reserved (Specify)	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	241,479	-	14,111	709,514	-	6,063	6,063	977,230
Unassigned	-	(15,319)	-	-	(1,505,029)	-	-	(1,520,348)
Total Fund Balances	<u>241,479</u>	<u>(15,319)</u>	<u>14,111</u>	<u>709,514</u>	<u>(1,505,029)</u>	<u>6,063</u>	<u>6,063</u>	<u>(543,118)</u>
Total Liabilities and Fund Balances	<u>\$ 603,572</u>	<u>\$ 17,686</u>	<u>\$ 26,611</u>	<u>\$ 711,614</u>	<u>\$ 567,063</u>	<u>\$ 6,063</u>	<u>\$ 6,063</u>	<u>\$ 1,938,672</u>

*Note: Totals may not add due to rounding.*

See independent auditor's report and notes to the financial statements.

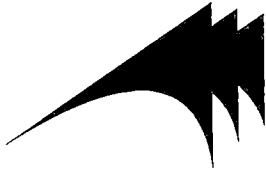
TOWN OF EAST FISHKILL  
 SUPPLEMENTAL INFORMATION  
 SCHEDULE OF COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

Supplemental Schedule #9

	Water Fund	Lighting Fund	Park Fund	Recreation Fund	Capital Projects	Drainage Fund	Miscellaneous Fund	Total Non-Major
<b>REVENUES</b>								
Real Property Taxes	\$ 510,854	\$ 125,740	\$ 7,110	\$ 2,127	\$ -	\$ 1,000	\$ 1,000	\$ 647,831
Other Tax Items	-	-	1,832	-	-	-	-	1,832
Departmental Income	1,075,872	-	-	-	-	-	-	1,075,872
Use of Money and Property	3,821	271	5,165	-	16,002	44	44	25,347
Miscellaneous	6,416	-	7	5,000	-	-	-	11,423
State Sources	-	-	-	500	32,761	-	-	33,261
<b>Total Revenues</b>	<b>1,596,963</b>	<b>126,011</b>	<b>14,114</b>	<b>7,627</b>	<b>48,763</b>	<b>1,044</b>	<b>1,044</b>	<b>1,795,566</b>
<b>EXPENDITURES</b>								
General Support	-	-	-	-	180,887	-	-	180,887
Transportation	-	118,663	-	-	40,952	-	-	159,615
Culture and Recreation	-	-	9,097	61,004	-	-	-	70,101
Home and Community Services	1,037,609	-	-	-	306,646	-	-	1,344,255
Debt Service:								
Principal	309,773	-	-	-	-	-	-	309,773
Interest	144,885	-	-	-	14,640	-	-	159,525
<b>Total Expenditures</b>	<b>1,492,267</b>	<b>118,663</b>	<b>9,097</b>	<b>61,004</b>	<b>543,125</b>	<b>-</b>	<b>-</b>	<b>2,224,156</b>
Excess (Deficiency) of Revenues Over Expenditures	104,696	7,348	5,017	(53,377)	(494,362)	1,044	1,044	(428,590)
<b>OTHER FINANCING SOURCES AND USES</b>								
Operating Transfers In	-	-	-	-	81,677	-	-	81,677
Operating Transfers (Out)	-	-	(11,677)	-	(20,000)	-	-	(31,677)
<b>Total Other Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(11,677)</b>	<b>-</b>	<b>61,677</b>	<b>-</b>	<b>-</b>	<b>50,000</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	104,696	7,348	(6,660)	(53,377)	(432,685)	1,044	1,044	(378,590)
Fund Balances - Beginning of Year	136,783	(22,667)	20,771	762,891	(1,072,344)	5,019	5,019	(164,528)
Fund Balances - End of Year	\$ 241,479	\$ (15,319)	\$ 14,111	\$ 709,514	\$ (1,505,029)	\$ 6,063	\$ 6,063	\$ (543,118)

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.



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

To the Town Board  
 Town of East Fishkill, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of East Fishkill, New York, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town of East Fishkill, New York's basic financial statements, and have issued our report thereon dated July 29, 2019.

**Internal Control Over Financial Reporting**

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

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

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

TOWN OF EAST FISHKILL

INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
BASIC FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(CONTINUED)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of East Fishkill, New York'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.

*Suzanne Touche, CPA & Chartered, LLC's P.C.*

Hudson, New York  
July 29, 2019