

TOWN OF EAST FISHKILL
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

TOWN OF EAST FISHKILL

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TOWN OF EAST FISHKILL
MANAGEMENT’S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTAL INFORMATION
FOR YEAR ENDED DECEMBER 31, 2020

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>2020</u>	<u>2019</u>	<u>Change</u>
Assets			
Non-Capital	\$ 10,447,721	\$ 12,694,130	\$ (2,246,409)
Capital	28,178,947	27,939,231	239,716
Deferred Outflows	<u>18,005,157</u>	<u>8,419,853</u>	<u>9,585,304</u>
Total Assets	<u>56,631,825</u>	<u>49,053,214</u>	<u>7,578,611</u>
Liabilities			
Current	7,276,251	11,090,197	(3,813,946)
Non-Current	84,828,728	70,449,723	14,379,005
Deferred Revenues	<u>14,770,775</u>	<u>18,015,999</u>	<u>(3,245,224)</u>
Total Liabilities	<u>106,875,754</u>	<u>99,555,919</u>	<u>7,319,835</u>
Net Assets			
Capital	1,166,511	(3,393,120)	4,559,631
Restricted	-	-	-
Unrestricted	<u>(51,410,440)</u>	<u>(47,109,585)</u>	<u>(4,300,855)</u>
Total Net Position	<u>\$ (50,243,929)</u>	<u>\$ (50,502,705)</u>	<u>\$ 258,776</u>

TOWN OF EAST FISHKILL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues			
Program			
Fines, Fees, Charges	\$ 6,223,277	\$ 6,844,486	\$ (621,209)
Operating Grants	-	-	-
Capital Grants	-	-	-
General			
Property Taxes	14,931,050	14,516,355	414,695
Other Taxes	2,438,105	2,698,875	(260,770)
State Aid	2,113,335	1,535,496	577,839
Other Revenues	<u>5,454,636</u>	<u>2,624,239</u>	<u>2,830,397</u>
Total Revenues	<u>31,160,403</u>	<u>28,219,451</u>	<u>2,940,952</u>
Expenses			
General Gov't Support	3,989,784	3,639,077	350,707
Public Safety	9,410,865	7,116,108	2,294,757
Transportation	5,403,978	5,747,891	(343,913)
Culture & Recreation	2,150,247	2,096,863	53,384
Home & Community Services	5,791,045	6,569,580	(778,535)
Other	<u>4,155,706</u>	<u>1,035,704</u>	<u>3,120,002</u>
Total Expenses	<u>30,901,625</u>	<u>26,205,223</u>	<u>4,696,402</u>
Change in Net Position	<u>\$ 258,778</u>	<u>\$ 2,014,228</u>	<u>\$ (1,755,450)</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.

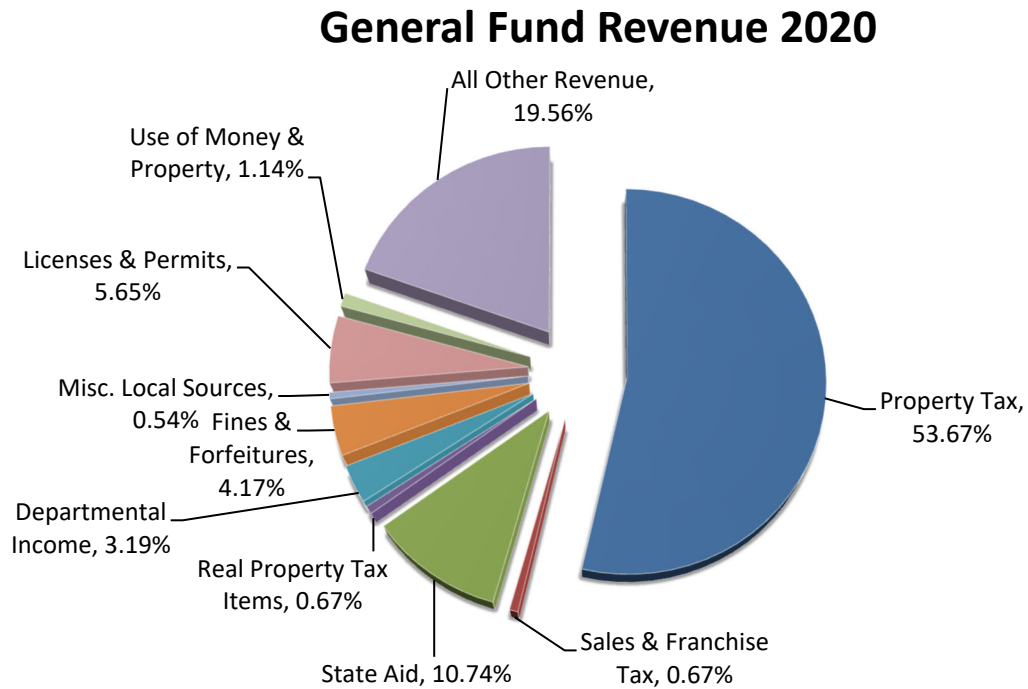
The majority of activity for the Town is located in the General Fund. Fund Equity for this fund increased by \$1,416,702 in 2020. Overall expenditures decreased by 3.00% and revenues increased by 2.00% as compared to 2019.

TOWN OF EAST FISHKILL
 MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 REQUIRED SUPPLEMENTAL INFORMATION
 FOR YEAR ENDED DECEMBER 31, 2020

General Fund (continued) -

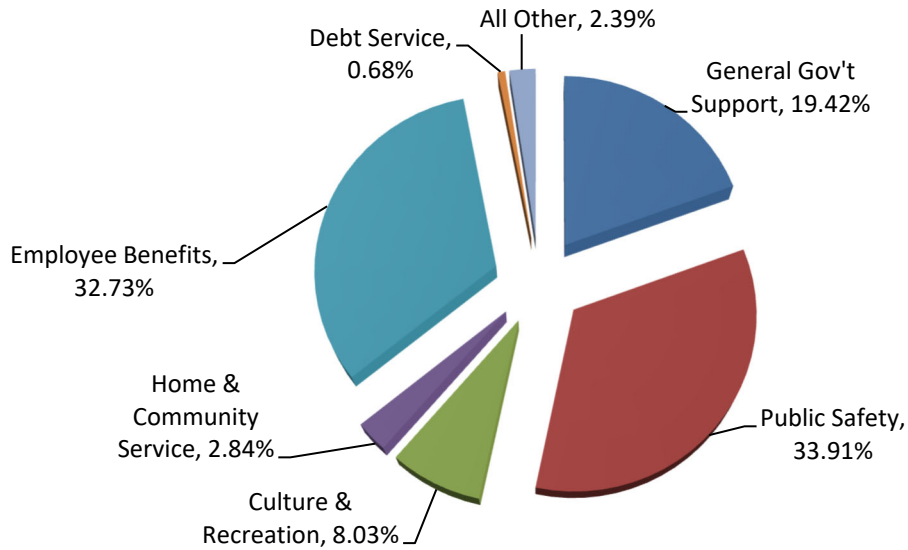
Major expenditures include payroll and payroll related items. These items comprise over 77% of total General Fund expenditures. The Town spent \$6.3 million on General Fund payroll, \$1.1 million on related retirement systems, \$2.3 million on health insurance, approximately \$449 thousand on payroll taxes and \$176 thousand on workers' compensation insurance. The majority of these expenditures are stipulated by union contracts. These figures are generally the same as in 2019.

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, 2020

General Fund Expenditures 2020



Highway Fund -

The Highway Fund ended 2020 with a fund balance of \$386,329 an increase of \$345,242 from 2019.

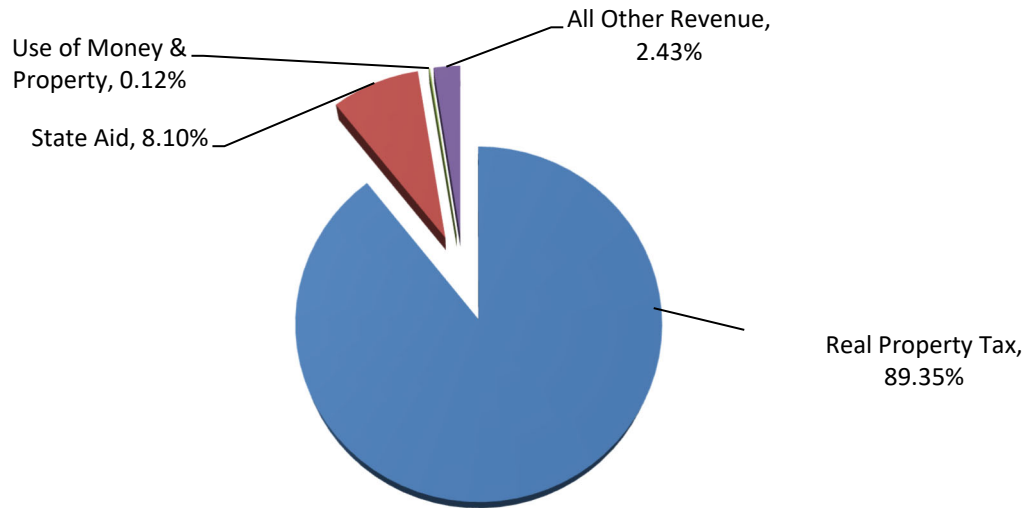
Highway Fund payroll and payroll related expenditures comprise 24% of total Highway Fund expenditures and are mostly stipulated by union contract. Total street maintenance costs decreased about \$83 thousand to approximately \$2.0 million in 2020.

Snow removal expenditures decreased about \$340 thousand in 2020 due to much milder winter than the previous three years.

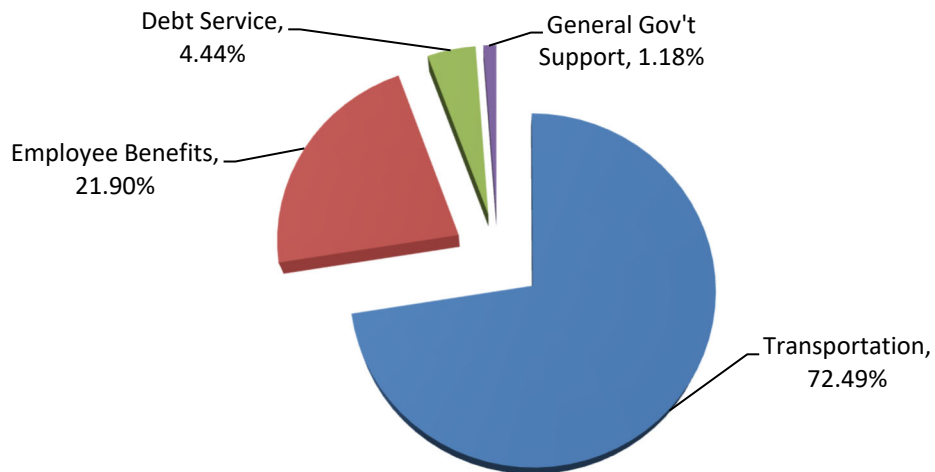
The following charts describe the significant categories of Highway Fund revenues and expenditures.

TOWN OF EAST FISHKILL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR YEAR ENDED DECEMBER 31, 2020

Highway Fund Revenues 2020



Highway Fund Expenditures 2020



TOWN OF EAST FISHKILL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR YEAR ENDED DECEMBER 31, 2020

Water Fund -

The Town operated ten water districts during 2020 which had an operating surplus of \$107,163. 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 2020 were \$21,061,600. 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 \$55,166,927.

Short Term Debt -

The Town currently has two Bond Anticipation Note outstanding in the Capital Fund and Enterprise Fund in the amount of \$4.4 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 2020, but efforts are being made to increase the Highway paving budget so that targeted paving mileage can routinely be achieved. The Town is committed to a strong road resurfacing and maintenance program.

TOWN OF EAST FISHKILL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR YEAR ENDED DECEMBER 31, 2020

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 Campus and the former IBM West Campus 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. Global Foundries 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. In 2019 Global Foundries agreed to sell their property and Chip Manufacturing Facility to ON Semiconductor as part of a four-year transition which will see ON Semiconductor take full ownership in 2023. ON Semiconductor has already explored opportunities to acquire additional property on the former IBM campus in order to build additional facilities to further increase production.

In 2017, National Resources Inc. purchased 300 acres from Global Foundries with the purpose of redeveloping the property for industrial, commercial, and residential uses. Now known as iPark, this site is at 90% occupancy and is looking to expand into vacant parcels for the development of a 220,000 sq. ft. warehouse, a 50,000 sq. ft. distillery, and 3 backlot studios for film production.

In 2021, Blue Water Property Group began construction on a 631,000 sq. ft. distribution center for Amazon. And Pepsi-Frito Lay purchased an adjacent property in order to build a 158,000 sq. ft. distribution center.

In Residential development, four projects are continuing to progress: two single family home developments in the Stormville area totaling 300 units, an 88 unit senior housing building in the Hopewell Hamlet area, and a 50 unit multi-family development opposite the Old IBM Campus.

Sales Tax and Mortgage Tax revenues are expected to exceed budgeted amounts in 2021 by a combined \$2,500,000 creating a significant operating surplus.

The Town is scheduled to receive \$3,028,401 in Federal ARPA (SLFRF) funds during 2021 and 2022 representing “lost revenue” from COVID.



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, 2020, 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, 2020, 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.

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

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 68-72 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.

A prior period adjustment was reflected the adoption of GASB 84, Net, see Note 17.

Change in Accounting Principle

As discussed in Note 2 to the financial statement, in 2020 the District adopted new accounting guidance GASB No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2022, 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.

Dickler, Forchia, Allen + Churchill, CPA's P.C.

Hudson, New York
January 6, 2022

TOWN OF EAST FISHKILL
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash:			
Unrestricted	\$ 4,950,741	\$ 23,301	\$ 4,974,042
Receivables:			
Charges for Services	1,365,485	46,788	1,412,273
State and Federal Aid	603,045	-	603,045
Due from Other Governments	1,235,465	-	1,235,465
Due from Fiduciary Funds	364	-	364
Due from Enterprise Fund	850,000	(850,000)	-
Other	140,076	-	140,076
Inventories	545,505	-	545,505
Deferred Expenditures	11,000	-	11,000
Water Transmission Rights	524,217	-	524,217
Capital Assets, Net	24,646,341	3,532,606	28,178,947
Total Assets	<u>35,873,973</u>	<u>2,752,695</u>	<u>38,626,668</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow - OPEB	11,984,352	-	11,984,352
Deferred Outflow - Pension	4,986,701	-	4,986,701
Deferred Outflows - Contributions Post Measurement	1,034,104	-	1,034,104
Total Deferred Outflows of Resources	<u>18,005,157</u>	<u>-</u>	<u>18,005,157</u>
Total Assets and Deferred Outflows	<u>53,879,130</u>	<u>2,752,695</u>	<u>56,631,825</u>
LIABILITIES			
Payables:			
Accounts Payable	\$ 984,544	\$ 2,179	\$ 986,723
Accrued Liabilities	620,241	-	620,241
Due to Other Governments	1,034,104	-	1,034,104
Due to Fiduciary Funds	-	-	-
Due to Other Funds	-	-	-
Bond Interest and Matured Bonds	224,413	-	224,413
Notes Payable:			
Bond Anticipation Note	2,418,230	1,992,540	4,410,770
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
Due and Payable After One Year:			
Bonds Payable	19,954,999	-	19,954,999
Installment Purchase Debt Payable	59,225	-	59,225
Landfill Remediation Liability	1,839,761	-	1,839,761
Compensated Absences Payable	555,418	-	555,418
Other Post Employment Benefits Payable	52,733,048	-	52,733,048
Net Pension Liability - Proportion Share	8,540,976	-	8,540,976
Total Liabilities	<u>90,110,260</u>	<u>1,994,719</u>	<u>92,104,979</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenues - OPEB	14,770,775	-	14,770,775
Deferred Revenues - Pension	-	-	-
Deferred Revenues - Other	-	-	-
Deferred Revenues - Capital Assets	-	-	-
Total Deferred Inflows of Resources	<u>14,770,775</u>	<u>-</u>	<u>14,770,775</u>
NET POSITION			
Investment in Capital Assets, Net of Related Debt	1,166,511	-	1,166,511
Restricted	-	-	-
Unrestricted	(52,168,416)	757,976	(51,410,440)
Total Net Assets	<u>\$ (51,001,905)</u>	<u>\$ 757,976</u>	<u>\$ (50,243,929)</u>

Note: Totals may not add due to rounding.

TOWN OF EAST FISHKILL
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

		Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses		Charges for Services	Operating Grants		
FUNCTIONS/PROGRAMS						
Primary Government:						
Governmental Activities:						
General Government Support	\$ 2,497,834	\$ 1,491,950	\$ -	\$ -		\$ 3,989,784
Public Safety	4,207,786	5,203,079	(1,781,509)	-		7,629,356
Health	-	-	-	-		-
Transportation	5,180,930	223,048	-	-		5,403,978
Economic Assistance and Opportunity	74,464	-	-	-		74,464
Culture and Recreation	1,207,619	942,628	(449,453)	-		1,700,794
Home and Community Services	5,576,879	214,166	(3,992,315)	-		1,798,730
Employee Benefits	8,074,872	(8,074,872)	-	-		-
Debt Service	4,021,525	-	-	-		4,021,525
Total Governmental Activities	<u>30,841,909</u>	<u>-</u>	<u>(6,223,277)</u>	<u>-</u>		<u>24,618,632</u>
Business-Type Activities:						
Water	59,717	-	-	-		59,717
Total Business-Type Activities	<u>59,717</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>59,717</u>
Total Primary Government	<u>30,901,626</u>	<u>-</u>	<u>(6,223,277)</u>	<u>-</u>		<u>24,678,349</u>
GENERAL REVENUES						
Real Property Taxes						14,931,050
Other Tax Items						95,295
Non Property Taxes						2,342,810
Use of Money and Property						217,178
Sale of Property and Compensation for Loss						167,363
Miscellaneous						87,556
Interfund Revenue						-
State Sources						2,113,335
Federal Sources						-
Medicaid Reimbursement						-
BANS Redeemed from Appropriations						3,215,000
Total General Revenues						<u>23,169,587</u>
BUSINESS ACTIVITIES						
Charges For Services Within Locality						92,538
Real Property Taxes						1,675,001
Total Business Activities						<u>1,767,539</u>
Change in Net Assets						258,777
Rounding						(1)
Total Net Assets - Beginning of Year						<u>(50,502,705)</u>
Total Net Assets - End of Year						<u>\$ (50,243,929)</u>

Note: Totals may not add due to rounding.

TOWN OF EAST FISHKILL
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Highway	Sewer	Capital Projects	Non-Major	Governmental Funds
ASSETS						
Cash:						
Unrestricted	\$ 1,634,984	\$ 934,651	\$ 740,804	\$ 933,990	\$ 706,312	\$ 4,950,741
Investments:						
Unrestricted	1,001,734	-	-	-	-	1,001,734
Receivables:						
Charges for Services	301,013	17,179	476,832	-	570,461	1,365,485
Due from Other Funds	1,581,058	-	9,943	-	-	1,591,001
State and Federal Aid	603,045	-	-	-	-	603,045
Due from Other Governments	1,235,465	-	-	-	-	1,235,465
Other, Net of Allowance	-	-	-	-	140,076	140,076
Deferred Expenditures	11,000	-	-	-	-	11,000
Escrow - HRA	-	-	-	-	-	-
Capital Assets, Net	-	-	-	-	-	-
Total Assets	<u>6,368,299</u>	<u>\$ 951,830</u>	<u>\$ 1,227,579</u>	<u>\$ 933,990</u>	<u>\$ 1,416,849</u>	<u>\$ 10,898,547</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows	<u>6,368,299</u>	<u>951,830</u>	<u>1,227,579</u>	<u>933,990</u>	<u>1,416,849</u>	<u>10,898,547</u>
LIABILITIES						
Payables:						
Accounts Payable	\$ 438,752	\$ 238,634	\$ 79,667	\$ 31,798	\$ 195,693	\$ 984,544
Accrued Liabilities	463,741	156,500	-	-	-	620,241
Due to Other Funds	-	-	-	671,065	69,572	740,637
Due to Other Governments	863,737	170,367	-	-	-	1,034,104
Retainage Payable	-	-	-	-	-	-
Notes Payable:						
Bond Anticipation Note	-	-	-	2,418,230	-	2,418,230
Total Liabilities	<u>1,766,230</u>	<u>565,501</u>	<u>79,667</u>	<u>3,121,093</u>	<u>265,265</u>	<u>5,797,756</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Revenues	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Non-Spendable	11,000	-	-	-	-	11,000
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	386,329	1,147,912	-	1,151,584	2,685,825
Unassigned	4,591,069	-	-	(2,187,103)	-	2,403,966
Total Fund Balances	<u>4,602,069</u>	<u>386,329</u>	<u>1,147,912</u>	<u>(2,187,103)</u>	<u>1,151,584</u>	<u>5,100,791</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 6,368,299</u>	<u>\$ 951,830</u>	<u>\$ 1,227,579</u>	<u>\$ 933,990</u>	<u>\$ 1,416,849</u>	<u>\$ 10,898,547</u>

Note: Totals may not add due to rounding.

TOWN OF EAST FISHKILL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Highway	Sewer	Capital Projects	Non-Major	Governmental Funds
REVENUES						
Real Property Taxes	\$ 7,558,849	\$ 5,918,781	\$ 969,517	\$ -	\$ 483,903	\$ 14,931,050
Other Tax Items	94,021	-	-	-	1,274	95,295
Nonproperty Taxes	2,342,810	-	-	-	-	2,342,810
Departmental Income	449,453	100,402	1,299,257	1,200,000	1,392,656	4,441,768
Intergovernmental Charges	399,292	-	-	-	-	399,292
Use of Money and Property	160,056	8,045	15,435	9,211	24,431	217,178
Licenses and Permits	795,133	-	-	-	-	795,133
Fines and Forfeitures	587,084	-	-	-	-	587,084
Sale of Property and Compensation for Loss	107,067	60,296	-	-	-	167,363
Miscellaneous	12,111	-	-	-	75,445	87,556
State Sources	1,576,794	536,541	-	-	-	2,113,335
Federal Sources	-	-	-	-	-	-
Total Revenues	<u>14,082,670</u>	<u>6,624,065</u>	<u>2,284,209</u>	<u>1,209,211</u>	<u>1,977,709</u>	<u>26,177,864</u>
EXPENDITURES						
General Government Support	2,434,144	75,433	-	645	-	2,510,222
Public Safety	4,250,987	-	-	-	-	4,250,987
Health	-	-	-	-	-	-
Transportation	225,264	4,645,492	-	124,675	118,869	5,114,300
Economic Assistance and Opportunity	74,464	-	-	-	-	74,464
Culture and Recreation	1,006,780	-	-	89,439	119,227	1,215,446
Home and Community Services	355,668	-	1,026,082	2,764,954	1,431,953	5,578,657
Employee Benefits	4,103,094	1,403,517	-	-	-	5,506,611
Debt Service:						
Principal	55,000	262,149	590,204	3,215,000	159,246	4,281,599
Interest	30,567	22,232	534,554	-	126,498	713,851
Total Expenditures	<u>12,535,968</u>	<u>6,408,823</u>	<u>2,150,840</u>	<u>6,194,713</u>	<u>1,955,793</u>	<u>29,246,137</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,546,702</u>	<u>215,242</u>	<u>133,369</u>	<u>(4,985,502)</u>	<u>21,916</u>	<u>(3,068,273)</u>
OTHER FINANCING SOURCES AND USES						
Proceeds from Debt	-	-	-	-	-	-
Premium on Issuance of Refunding Bonds	-	-	-	-	-	-
BANS Redeemed from Appropriations	5,000	-	10,000	-	3,200,000	3,215,000
Operating Transfers In	-	130,000	-	6,415,000	-	6,545,000
Operating Transfers (Out)	(135,000)	-	(10,000)	-	(3,200,000)	(3,345,000)
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-
Cost of Refunding Bond Issuance	-	-	-	-	-	-
Total Other Sources (Uses)	<u>(130,000)</u>	<u>130,000</u>	<u>-</u>	<u>6,415,000</u>	<u>-</u>	<u>6,415,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,416,702	345,242	133,369	1,429,498	21,916	3,346,727
Fund Balances - Beginning of Year	<u>3,185,367</u>	<u>41,087</u>	<u>1,014,543</u>	<u>(3,616,601)</u>	<u>1,129,668</u>	<u>1,754,064</u>
Fund Balances - End of Year	<u>\$ 4,602,069</u>	<u>\$ 386,329</u>	<u>\$ 1,147,912</u>	<u>\$ (2,187,103)</u>	<u>\$ 1,151,584</u>	<u>\$ 5,100,791</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 GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Fund Balances (Deficit) - Total Governmental Funds \$ 5,100,791

Amounts reported for Governmental Activities in the Statement of Net Position are:

Capital assets, net of accumulated depreciation, used in Governmental Activities are not current financial resources and, therefore, are not reported in the funds.

Total Historical Cost	\$ 63,965,783	
Less Accumulated Depreciation	<u>(39,319,442)</u>	24,646,341

The School District's proportionate share of the Teacher and Employee Retirement Systems' collective net pension asset or (liability) is not reported in the funds.

PFRS Net Pension Liability - Proportionate Share	\$ (4,564,611)	
ERS Net Pension Liability - Proportionate Share	<u>(3,976,366)</u>	(8,540,977)

Deferred outflows of resources, including deferred charges on defeased debt, OPEB, and pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds.

Deferred inflows of resources, including OPEB, and pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

ERS Deferred Outflows of Resources - Pension	\$ 2,477,902	
ERS Deferred Outflows of Resources - Contribution Post Measurement	486,763	
ERS Deferred Inflows of Resources - Pension	-	
PFRS Deferred Outflows of Resources - Pension	2,508,799	
PFRS Deferred Outflows of Resources - Contribution Post Measurement	547,341	
PFRS Deferred Inflows of Resources - Pension	-	
Deferred Outflows of Resources - OPEB	11,984,352	
Deferred Inflows of Resources - OPEB	<u>(14,770,775)</u>	3,234,382

Certain Assets are not recognized in funds but are added to entity wide to increases Statement of Net Position:

Inventories	545,505	
Water Transmission Rights	<u>524,217</u>	1,069,722

Long-term liabilities, including bonds payable, compensated absences, and amounts due for other post-employment employee benefits, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (21,061,600)	
Installment Purchase Debt	(59,225)	
Landfill Remediation Liability	(1,868,461)	
Long-Term Compensated Absences	(565,418)	
Other Post-Employment Benefits Liabilities	<u>(52,733,048)</u>	(76,287,752)

Interest is accrued on outstanding balances of debt obligations in the District-wide financial statements.

Accrued Interest on Long-Term Debt		<u>(224,413)</u>
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Net Position (Deficit) of Governmental Activities \$ (51,001,906)

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, 2020

Total Net Changes in Fund Balances - Governmental Funds \$ 3,346,727

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	\$ (409,753)	
Dispositions	-	
Capital Outlays	<u>476,799</u>	67,046

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*). (939,904)

Repayment of installment purchases is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (51,611)

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. 1,066,597

Current amortization on deferred interest cost on the refunding the debt, both discount and premium net. -

Purchases of inventories are recorded as current period expenditures in the governmental funds and increase or decrease assets in the Statement of Net Position. (16,871)

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. 9,873

(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	(841,659)
Employees' Retirement System	<u>(786,698)</u>

Change in Net Assets of Governmental Activities. \$ 1,853,500

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, 2020

ASSETS

Cash: Unrestricted	\$	23,301
Receivables:		
Charges for Services		46,788
Due from Other Funds		-
Inventories		-
Deferred Expenditures		-
Water Transmission Rights		-
Capital Assets, Net		3,532,606
Construction Work In Progress		<u>-</u>
 Total Assets		 <u>3,602,695</u>

LIABILITIES

Payables:		
Accounts Payable	\$	2,179
Accrued Liabilities		-
Due to Other Governments		-
Due to Fiduciary Funds		-
Due to Other Funds		850,000
Notes Payable:		
Bond Anticipation Note		<u>1,992,540</u>
Total Liabilities		<u><u>2,844,719</u></u>

NET ASSETS

Investment in Capital Assets, Net of Related Debt		-
Restricted		-
Unrestricted		<u>757,976</u>
 Total Net Assets	 \$	 <u><u>757,976</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, 2020

Operating Revenues:	
Charges for Services	\$ 92,538
Use of Money and Property	-
Special Assessments	<u>1,675,001</u>
Total Operating Revenues	<u>1,767,539</u>
Operating Expenses	
Administration-Contractual	-
Depreciation	(44,717)
Administration-Contractual Expenses	(5,835)
Source Supply Power & Contractual Expenses	(1,098)
Transportation and Distribution-Contractual Expenses	(8,067)
Debt Interest	(102,545)
Transfers, Other Funds	<u>(3,200,000)</u>
Total Operating Expenses	<u>(3,362,262)</u>
Operating Income (Loss)	<u>(1,594,723)</u>
Change in Net Position	(1,594,723)
Total Net Assets - Beginning of Year	<u>2,352,699</u>
Total Net Assets - End of Year	<u>\$ 757,976</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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Revenues from Operating	\$ 1,720,751
Administration-Contractual	(2,490,211)
Interest Received	<u>-</u>
Net Cash Provided by Operating Activities	<u>(769,460)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Net Cash Used for Noncapital Financing Activities	<u>-</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Construction of Capital Asset	(237,387)
Interest Paid on Debt for Capital Purposes	<u>(102,545)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(339,932)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net Cash Provided by Investing Activities	<u>-</u>
Net Increase (decrease) in Cash and Cash Equivalents	(1,109,392)
Cash and Cash Equivalents - Beginning of Year	<u>1,132,693</u>
Cash and Cash Equivalents - End of Year	<u>\$ 23,301</u>

*NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Reconciliation of Operating Income (loss) to Net Cash Provided
by (used for) Operating Activities:

Operating Income (loss)	\$ (1,594,723)
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided by (used for) Operating Activities:	
Depreciation	44,717
Debt Service Payment for Fund	102,545
Accounts Receivable	(46,788)
Accounts Payable	(125,211)
Interfund	<u>850,000</u>
Net Cash Provided by Operating Activities	<u>\$ (769,460)</u>

Note: Totals may not add due to rounding.

TOWN OF EAST FISHKILL
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2020

	<u>Custodial</u>
ASSETS	
Cash	\$ 1,026,407
Escrow Funds Receivable	18,000
Due from Other Funds	-
Other Assets	<u>-</u>
 Total Assets	 <u>\$ 1,044,407</u>
LIABILITIES	
Due to Other Funds	\$ 364
Due to Other Governments	-
Accounts Payable	104,818
Other Liabilities	<u>3,059</u>
 Total Liabilities	 <u>\$ 108,241</u>
NET POSITION	
Reserved	<u>\$ 936,166</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Custodial</u>
ADDITIONS:	
Unclassified	\$ 65,105
Interest	<u>364</u>
Total Additions	<u>65,469</u>
DEDUCTIONS:	
Fees	-
Other Custodial Activities Equip & Cap	-
Other Custodial Activities Contractual	<u>105,182</u>
	<u>105,182</u>
 Change in Net Position	 <u>(39,713)</u>
Net Position - Beginning of Year	-
Prior Period Adjustment - See Note 17	<u>975,879</u>
Net Position - Beginning of Year, Restated	<u>975,879</u>
Net Position - End of Year	<u>\$ 936,166</u>

Note: Totals may not add due to rounding.

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

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020

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, 2020

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.

d. 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.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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

e. 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. 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, 2020

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.

Custodial Funds: These funds are strictly custodial in nature and are not required to be reported in pension and other employee benefit trust funds, investments trust funds or private purpose trust fund.

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, 2020

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, 2020

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 8 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, 2020

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
Infrastruction	\$ 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, 2020

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.

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

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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, 2020

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, 2020

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, 2020.
- d. *Assigned* – Includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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, 2020, the Town implemented the following new standards issued by GASB:

-- The GASB has issued Statement No. 84, Fiduciary Activities, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

-- The GASB has issued Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61, which improves 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, 2019. Earlier application is encouraged.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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

V. Future Changes in Accounting Standards:

-- The GASB has issued Statement No. 87, *Leases*, which will better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

-- The GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

-- The GASB has issued Statement No. 91, *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

-- The GASB has issued Statement No. 92, *Omnibus 2020*, which enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. Earlier application is encouraged and is permitted by topic.

-- The GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates*, which provides exceptions to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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

-- The GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will improve financial reporting by addressing issues related to public-private and public-public partnerships arrangements (PPPs). Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application encouraged.

-- The GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application encouraged.

-- The GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which provides increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Costs will be mitigated associated with the reporting of certain defined contribution pension plans. The relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

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

after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

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 - CHANGES IN ACCOUNTING PRINCIPLE:

For the fiscal year ended December 31, 2020, the Town implemented GASB Statement No. 84, *Fiduciary Activities*. The New York State Office of the State Comptroller implementation bulletin of the statement provided guidance to District's regarding the identification of fiduciary activities, financial reporting and updating related account codes for governmental, fiduciary and proprietary funds.

NOTE 3 – 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 Page 13 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 5 – Capital Assets* in these notes to the financial statements for information on the net capital assets of \$28,178,947.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND TOWN-WIDE STATEMENTS (CONTINUED):

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	\$ 545,505
Water Transmission Rights	<u>524,217</u>
	<u>\$ 1,069,722</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	\$ 21,061,600
Other Post Employment Benefits Payable	52,733,048
Landfill Remediation Liability	1,868,461
Compensated Absences	565,418
Installment Purchases	<u>59,225</u>
	<u>\$ 76,287,752</u>

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	<u>\$ 224,413</u>
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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	<u>\$ -</u>
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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	<u>\$ -</u>
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TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND TOWN-WIDE STATEMENTS (CONTINUED):

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 Outflows - PFRS	\$ 2,508,800
Deferred Outflows - PFRS Contribution	547,341
Deferred Outflows - ERS	2,477,901
Deferred Outflows - ERS Contribution	486,763
Pension Liability - PFRS	(4,564,611)
Pension Liability - ERS	(3,976,366)
	<u>\$ (2,520,172)</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	\$ (14,770,775)
Plan Deferred Outflows	11,984,352
	<u>\$ (2,786,423)</u>

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.

See independent auditor’s report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND TOWN-WIDE STATEMENTS (CONTINUED):

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 15 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.

NOTE 4 – 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.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 4 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS (CONTINUED):

As of December 31, 2020, \$-0- of the Town’s bank balance of \$7,808,601 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 5 – CAPITAL ASSETS:

Capital asset balances and activity for the year ended December 31, 2020, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Capital Assets that are not Depreciated:				
Land	\$ 3,948,175	\$ -	\$ -	\$ 3,948,175
Construction in Progress	<u>3,578,697</u>	-	<u>3,578,697</u>	-
Total Nondepreciable Historical Cost	<u>\$ 7,526,872</u>	<u>\$ -</u>	<u>\$ 3,578,697</u>	<u>\$ 3,948,175</u>
Capital Assets that are Depreciated:				
Building and Improvements	29,917,861	189,883	3,930	30,103,814
Machinery and Equipment	9,367,547	497,901	168,004	9,697,444
Town Roads	20,216,350	-	-	20,216,350
Enterprise Infrastructure	-	<u>3,577,323</u>	-	<u>3,577,323</u>
Total Depreciable Historical Cost	<u>59,501,758</u>	<u>4,265,107</u>	<u>171,934</u>	<u>63,594,931</u>
Less Accumulated Depreciation:				
Building and Improvements	10,471,386	140,863	3,930	10,608,319
Machinery and Equipment	8,393,887	268,890	168,004	8,494,773
Town Roads	20,216,350	-	-	20,216,350
Enterprise Infrastructure	-	<u>44,717</u>	-	<u>44,717</u>
Total Accumulated Depreciation	<u>39,081,623</u>	<u>454,470</u>	<u>171,934</u>	<u>39,364,159</u>
Total Depreciable Historical Cost, Net	<u>\$ 20,420,135</u>	<u>\$ 3,810,637</u>	<u>\$ -</u>	<u>\$ 24,230,772</u>

Depreciation Expense was Charged to
Governmental Functions as Follows:

General Support	\$ 75,708
Public Safety	264,026
Transportation	11,318
Home & Community	10,868
Culture & Recreation	<u>47,833</u>
	<u>\$ 409,753</u>

Depreciation Expense was Charged to
Enterprise Fund as Follows:

Enterprise	\$ 44,717
	<u>\$ 44,717</u>

See independent auditor’s report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 6 – SHORT-TERM DEBT:

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

	Enterprise Fund	Governmental Funds
Interest Paid	\$ 102,545	-
Less Interest Accrued in the Prior Period	-	-
Plus Interest Accrued in the Current Period	-	-
Total Expense	<u>\$ 102,545</u>	<u>-</u>

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

Purpose	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
Water Project	7/23/2020	2.00%	4,250,000	-	(3,200,000)	1,050,000
John Jay Sewer, Town Wide Water	12/17/2020	2.35%	3,395,770	-	(35,000)	3,360,770
Total			<u>\$ 7,645,770</u>	<u>\$ -</u>	<u>\$ (3,235,000)</u>	<u>\$ 4,410,770</u>

NOTE 7 – 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
Government Activities:					
Bonds and Notes Payable:					
General Obligation Debt:					
Serial Bonds	\$ 22,128,197	\$ -	\$ 1,066,597	\$ 21,061,600	\$ 982,600
Total Bonds Payable	<u>22,128,197</u>	<u>-</u>	<u>1,066,597</u>	<u>21,061,600</u>	<u>982,600</u>
Other Debt:					
Lease-Purchase Obligations	<u>7,614</u>	<u>71,028</u>	<u>19,417</u>	<u>59,225</u>	<u>19,994</u>
Total Bonds & Notes Payable	<u>22,135,811</u>	<u>71,028</u>	<u>1,086,014</u>	<u>21,120,825</u>	<u>1,002,594</u>
Other Liabilities:					
Compensated Absences	292,350	273,068	-	565,418	10,000
Landfill Remediation Liability	1,900,521	-	32,060	1,868,461	28,700
Other Post Employment Benefits	<u>43,693,180</u>	<u>9,039,868</u>	<u>-</u>	<u>52,733,048</u>	<u>-</u>
Total Other Liabilities	<u>45,886,051</u>	<u>9,312,936</u>	<u>32,060</u>	<u>55,166,927</u>	<u>38,700</u>
Total Long-Term Liabilities	<u>\$ 68,014,248</u>	<u>\$ 9,312,936</u>	<u>\$ 1,098,657</u>	<u>\$ 76,228,527</u>	<u>\$ 1,021,300</u>

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 7 – LONG-TERM DEBT (CONTINUED):

--Debt Advance Refunding:

As of December 31, 2020, the Town had no defeased debt outstanding.

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

Interest Paid	\$ 713,851
Less Interest Accrued in the Prior Period	(234,286)
Plus Interest Accrued in the Current Period	<u>224,413</u>
Total Expense	<u>\$ 703,978</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, 2020
Brettview Water District	3/21/2006	6/21/2021	4.610%	250,000	17,600
Four Corners Water	9/29/2011	9/1/2041	2.0-5.0%	905,000	712,040
Four Corners Sewer	9/29/2011	9/1/2041	2.0-5.0%	563,000	442,960
Wildflower Sewer	12/18/2013	12/15/2043	5.302%	589,798	520,000
Beekman Water District	6/30/2016	6/30/2046	4.000%	1,000,000	868,000
Beekman Sewer District	6/30/2016	6/30/2046	4.000%	1,724,999	1,496,000
Cannon Land	6/1/2017	6/1/2032	2.500%	990,000	840,000
Refinanced Bond	6/8/2017	3/15/2041	2.0-3.25%	<u>18,150,000</u>	<u>16,165,000</u>
				<u>\$ 26,172,797</u>	<u>\$ 21,061,600</u>

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 7 – 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>
2021	\$ 982,600	\$ 663,889	\$ 1,762,299
2022	990,000	636,501	1,646,489
2023	995,000	605,311	1,626,501
2024	1,025,000	573,485	1,600,311
2025	895,000	543,121	1,438,121
2026-2030	4,875,003	2,268,264	7,143,267
2031-2035	5,378,003	1,446,804	6,824,807
2036-2040	4,779,003	582,618	5,361,621
2041-2045	1,049,982	95,422	1,145,404
2046-2050	<u>92,000</u>	<u>3,640</u>	<u>95,640</u>
	<u>\$ 21,061,591</u>	<u>\$ 7,419,055</u>	<u>\$ 28,644,460</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 2024. Minimum annual rentals for each of the remaining years of the leases are:

Fiscal year ended December 31, 2021	<u>\$ 19,994</u>
Fiscal year ended December 31, 2022	<u>\$ 19,994</u>
Fiscal year ended December 31, 2023	<u>\$ 17,757</u>
Fiscal year ended December 31, 2024	<u>\$ 1,480</u>

NOTE 8 – 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, 2020

NOTE 8 – INTERFUND BALANCES AND ACTIVITY (CONTINUED):

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 1,581,058	\$ -	\$ -	\$ 130,000
Highway Fund	-	-	130,000	-
Sewer Fund	9,943	-	-	-
Capital Fund	-	671,065	3,200,000	-
Non-Major	-	69,572	-	-
Total Government Activities	1,591,001	740,637	3,330,000	130,000
Enterprise Water Fund	-	850,000	-	3,200,000
Custodial Fund	-	364	-	-
Totals	<u>\$ 1,591,001</u>	<u>\$ 1,591,001</u>	<u>\$ 3,330,000</u>	<u>\$ 3,330,000</u>

NOTE 9 – 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, 2020

NOTE 9 – 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 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.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 9 – 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, 2020

NOTE 9 – 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, 2020

NOTE 9 – 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.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 9 – 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, 2020	\$ 649,860	\$ 706,786
December 31, 2019	\$ 593,631	\$ 728,837
December 31, 2018	\$ 612,821	\$ 804,899

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, 2020, 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, 2020, 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	3/31/2019	3/31/2019
Net Pension Asset/(Liability)	\$ (3,976,366)	\$ (4,564,611)
Town's Portion of the Plan's Total Net Pension Asset/(Liability)	0.0150162%	0.0854006%

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 9 – PENSION PLANS (CONTINUED):

For the year ended December 31, 2020, the Town recognized pension expense of \$1,435,927 for ERS and \$1,565,695 for PFRS, within the entity-wide financial statements. At December 31, 2020, 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	\$ 234,025	\$ 303,955	\$ -	\$ 76,457
Changes of Assumptions	80,065	390,164	69,135	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,038,478	2,055,588	-	-
Changes in Proportion and Differences Between the Town's Contributions and Proportionate Share of Contributions	207,888	9,327	13,420	173,777
Town's Contributions Subsequent to the Measurement Date	<u>486,763</u>	<u>547,341</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,047,219</u>	<u>\$ 3,306,375</u>	<u>\$ 82,555</u>	<u>\$ 250,234</u>

\$486,763 for ERS and \$547,341 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, 2020. 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:		
2021	\$ 452,503	\$ 507,208
2022	632,429	587,545
2023	772,807	757,260
2024	620,163	632,247
2025	-	24,539
Thereafter	<u>-</u>	<u>-</u>
	<u>\$ 2,477,902</u>	<u>\$ 2,508,799</u>

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 9 – PENSION PLANS (CONTINUED):

i. Actuarial Assumptions:

The total pension liability at March 31, 2020 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, 2020	March 31, 2020
Actuarial Valuation Date	April 1, 2019	April 1, 2019
Interest Rate	6.80%	6.80%
Salary Scale	4.20%	5.00%
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%

For ERS & PFRS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on MP-2018.

For ERS, the actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term 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, 2020

NOTE 9 – 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, 2020 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	36%	4.05%
International Equity	14%	6.15%
Private Equity	10%	6.75%
Real Estate	10%	4.95%
Alternative Investments	5%	3.25-4.65%
Total Equities	75%	
Domestic Fixed Income Securities	0%	0.00%
Global Fixed Income Securities	0%	0.00%
Real Assets	3%	5.95%
Bonds and Mortgages	17%	0.75%
Short-Term	1%	0.00%
Inflation-Indexed Bonds	4%	0.50%
Total Fixed Income	25%	
Total	100%	

ii. Discount Rate:

The discount rate used to calculate the total pension liability was 6.80 % for ERS and 6.80% 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.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 9 – 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 6.80% for ERS and 6.80% 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 (5.80% for ERS and 5.80% for PFRS) or 1-percentage point higher (7.80% for ERS and 7.80% for PFRS) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
ERS			
Employer's Proportionate Share of the Net Pension (Asset) Liability	<u>\$ 7,297,754</u>	<u>\$ 3,976,366</u>	<u>\$ 917,353</u>
	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
PFRS			
Employer's Proportionate Share of the Net Pension (Asset) Liability	<u>\$ 8,162,627</u>	<u>\$ 4,564,611</u>	<u>\$ 1,343,410</u>

iv. Pension Plan Fiduciary Net Position:

The components of the current-year net pension (asset)/liability of the employers as of March 31, 2020, were as follows:

	(Dollars in the Thousands)	
	ERS	PFRS
Valuation Date	4/1/2019	4/1/2019
Employers' Total Pension Liability	\$ 194,596,261	\$ 35,309,017
Plan Net Position	<u>168,115,682</u>	<u>29,964,080</u>
Employers' Net Pension Liability/(Asset)	<u>\$ 26,480,579</u>	<u>\$ 5,344,937</u>
Plan Net Position as a Percentage to the Systems' Total Pension Liability/(Asset)	86.39%	84.86%

See independent auditor’s report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 9 – 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 31st. Accrued retirement contributions as of December 31, 2020 represent the projected employer contribution for the period of April 1, 2020 through December 31, 2020 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of December 31, 2020, amounted to \$486,763 payable.

For PFRS, employer contributions are paid annually based on the System’s fiscal year which ends on December 31st. Accrued retirement contributions as of December 31, 2020 represent the projected employer contribution for the period of April 1, 2020 through December 31, 2020 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of December 31, 2020, amounted to \$547,341 payable.

NOTE 10 – 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, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	61
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
Active Employees	91
	<u>152</u>

See independent auditor’s report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 10 – 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, 2020, and was determined by an actuarial valuation as of that date. Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2020 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	2.00%
Healthcare Cost Trend Rates	7.00% for 2020, decreasing 0.25% per year to an ultimate rate of 3.784% for 2075 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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2020 through December 31, 2020.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

C. Changes in the total OPEB Liability

Balance at January 1, 2020	\$ 43,693,180
Changes for the year:	
Service Cost	1,635,622
Interest	1,233,324
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	7,132,199
Benefit Payments	<u>(961,277)</u>
Net Changes	<u>9,039,868</u>
Balance at December 31, 2020	<u>\$ 52,733,048</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:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 63,695,811</u>	<u>\$ 52,733,048</u>	<u>\$ 44,263,522</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:

	<u>1% Decrease (6.5% Decreasing to 3.5%)</u>	<u>Healthcare Cost Trend Rate (7.5% Decreasing to 4.5%)</u>	<u>1% Increase (8.5% Decreasing to 5.5%)</u>
Total OPEB Liability	<u>\$ 43,272,815</u>	<u>\$ 52,733,048</u>	<u>\$ 65,322,177</u>

See independent auditor’s report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 10 – 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, 2020, the Town recognized OPEB Expense of \$1,660,176. At December 31, 2020, 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	\$ -	\$ (10,688,952)
Changes of Assumptions or Other Inputs	11,984,352	(4,081,823)
Contributions Subsequent to the Measurement Period	-	-
Total	<u>\$ 11,984,352</u>	<u>\$ (14,770,775)</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>
2021	\$ (1,208,770)
2022	(1,208,770)
2023	(1,208,770)
2024	(246,637)
2025	52,219
Thereafter	1,034,305
	<u>\$ (2,786,423)</u>

NOTE 11 – 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, 2020

NOTE 12 – 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.

C. Coronavirus (COVID-19)

The Coronavirus (COVID-19), first detected in China, has since spread worldwide and has been declared a pandemic by the World Health Organization (WHO). The health risks are not to be underestimated, but the economic affect to business, other organizations, and the general population may be in the billions of dollars (or more).

Some of the possible economic effects and business disruption are as follows.

1. Supply chain disruption
 - a. Some business entities have been forced to close for an indefinite period.
 - b. Providers may be unable to obtain materials used in their process.
 - c. Inability to obtain supplies and equipment could drive up costs.
2. Workers
 - a. Contracting the virus; working remote; and maintaining social distancing will impact current routine procedures and require adapting to new established protocol.
 - b. Concern about future reductions in workers.
3. Revenue Loss
 - a. Most operations will experience a decrease in revenue.
 - b. How much and for how long are not known at this time.

Compliance with Government Restrictions may include additional training and learning proper use of personal protective equipment.

The duration of the effects of the virus and its economic impact are not known at this time, however, the longer this health issue affects the Town the more costly it may become.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 13 – 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, 2020, 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)	<u>\$ 8,678</u>
Total Liabilities	<u>\$ -</u>
Total Venture Equity	<u>\$ 1,335,938</u>
Total Revenues	<u>\$ 36,000</u>
Total Expenditures	<u>\$ 30,858</u>
Total Fixed Assets	<u>\$ 1,327,260</u>

During 2020, the Town paid \$18,000 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 7).

NOTE 14 – LANDFILL CLOSURE AND POST CLOSURE CARE COSTS:

As described in Note 13 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 \$3,736,922. This amount is based on what it would cost to perform post-closure care, through 2025 as required, as of December 31, 2020 assuming a 3% rate of inflation. The Town recorded its share of the Joint Landfill post-closure costs, amounting to \$1,868,461, in the government-wide financial statements.

See independent auditor's report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 14 – LANDFILL CLOSURE AND POST CLOSURE CARE COSTS (CONTINUED):

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 \$1,868,461 (see Note 6) and have been recorded in the government-wide financial statements. Actual costs may be higher due to changes in inflation rates, technology, or regulations.

NOTE 15 – 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 2020 exceeded appropriations in the funds/functions identified below:

Fund/Function	Appropriations as Modified	Expenditures	Unfavorable Balance
General Fund:			
Operating Transfer Out	\$ -	\$ 130,000	\$ (130,000)
Highway Fund:			
Government Support	-	75,433	(75,433)
Transportation	4,325,800	4,645,492	(319,692)

- B. The Capital Fund had a net deficit fund balance at December 31, 2020, in the amount of \$2,187,103 caused by operating losses in the Capital Fund program. Management intends to closely monitor the activity herein to reverse this situation going forward.

NOTE 16 – SUBSEQUENT EVENTS:

- A. In 2021, the Hillside Lake Dam was classified as a Class “B” or Intermediate Hazard Dam. The Town has four viable options to address this classification. At this time the Town is looking into their options and studying the feasibility and cost of the option. Two of the options the Town has is to repair the dam with an estimated cost of \$200,000 or to remove the dam at an unknown cost.
- B. In 2021 the Town became aware that certain properties were inaccurately assessed after the property was purchased in 2021. The Town is taking the necessary action to address the issue.

See independent auditor’s report.

TOWN OF EAST FISHKILL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

NOTE 17 – PRIOR PERIOD ADJUSTMENT CHANGE IN ACCOUNTING PRINCIPLE:

For fiscal year December 31, 2020, the Town reclassified funds from the Trust and Agency Fund and moved them to the Custodial Fund as part of the adoption of GASB Statement 84. The January 1, 2020 opening fund balance for the Custodial Fund, was restated by \$975,879.

For the fiscal year ended December 31, 2020, the retired the Trust and Agency Fund. The transfer of funds requires a transfer of Fund Balance into the Custodial Fund for funds meeting that criteria. The Town’s fund balance has been restated as follows:

	District-Wide Statements	Custodial Fund
Net Position Beginning of Year, as Previously Stated	\$ -	\$ -
Replacement with Custodial Fund under GASB 84	-	975,879
Net Position Beginning of Year, as Restated	\$ -	\$ 975,879

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, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources:				
Real Property Taxes	\$ 7,558,850	\$ 7,558,850	\$ 7,558,850	\$ -
Real Property Taxes Items	100,000	100,000	94,021	5,979
Non Property Tax Items	2,395,000	2,395,000	2,342,810	52,190
Departmental Income	43,000	43,000	449,453	(406,453)
Intergovernmental Charges	-	-	399,292	(399,292)
Use of Money and Property	769,000	769,000	160,056	608,944
Licenses and Permits	666,500	666,500	795,133	(128,633)
Fines and Forfeitures	800,000	800,000	587,084	212,916
Sale of Property and Compensation for Loss	10,000	10,000	107,067	(97,067)
Miscellaneous and Local Sources	314,000	314,000	76,001	237,999
State Sources	1,023,890	1,023,890	1,512,903	(489,013)
Federal Sources	-	-	-	-
Total Revenues	13,680,240	13,680,240	14,082,670	(402,430)
OTHER FINANCING SOURCES				
Transfers from Other Funds	-	-	-	-
Appropriated Reserves	-	-	-	-
Designated Fund Balance and Encumbrances Carried Forward From Prior Year	-	-	-	-
Total Revenues and Other Financing Sources	\$ 13,680,240	\$ 13,680,240	\$ 14,082,670	\$ (402,430)
Bond Anticipation				

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, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Variance With Budgetary Actual and Encumbrances
EXPENDITURES					
General Government Support	\$ 2,488,725	\$ 2,488,725	\$ 2,434,144	\$ -	\$ 54,581
Public Safety	4,381,760	4,381,760	4,250,987	-	130,773
Health	5,000	5,000	-	-	5,000
Transportation	280,150	280,150	225,264	-	54,886
Economic Assistance and Opportunity	132,300	132,300	74,464	-	57,836
Culture and Recreation	1,317,100	1,317,100	1,006,780	-	310,320
Home and Community Services	382,000	382,000	355,668	-	26,332
Employee Benefits	4,598,000	4,598,000	4,103,094	-	494,906
Debt Services	95,205	95,205	85,567	-	9,638
	<u>13,680,240</u>	<u>13,212,701</u>	<u>12,535,968</u>	-	<u>1,144,272</u>
OTHER USES					
Operating Transfers Out	-	-	130,000	-	(130,000)
Total Expenditures and Other Uses	<u>\$ 13,680,240</u>	<u>\$ 13,212,701</u>	<u>\$ 12,665,968</u>	<u>\$ -</u>	<u>\$ 1,014,272</u>
Net Change in Fund Balances			1,416,702		
Fund Balance - Beginning			<u>3,185,367</u>		
Fund Balance - Ending			<u>\$ 4,602,069</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, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance With Budgetary Actual
REVENUES				
Local Sources:				
Real Property Taxes	\$ 5,918,781	\$ 5,918,781	\$ 5,918,781	\$ -
Real Property Tax Items	-	-	-	-
Non Property Tax Items	-	-	-	-
Department Income	-	-	100,402	100,402
Intergovernmental Charges	-	-	-	-
Use of Money and Property	5,000	5,000	8,045	3,045
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Sale of Property and Compensation for Loss	-	-	60,296	60,296
Miscellaneous and Local Sources	-	-	-	-
State Sources	320,000	320,000	536,541	216,541
Federal Sources	-	-	-	-
Total Revenues:	6,243,781	6,243,781	6,624,065	380,284
OTHER FINANCING SOURCES				
Transfers from Other Funds	-	-	130,000	130,000
Appropriated Reserves	-	-	-	-
Designated Fund Balance and Encumbrances	-	-	-	-
Carried Forward from Prior Year	-	-	-	-
Total Revenues and Other Financing Sources	\$ 6,243,781	\$ 6,243,781	\$ 6,754,065	\$ 510,284

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, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Variance With Budgetary Actual and Encumbrances
EXPENDITURES					
General Government Support	\$ -	\$ -	\$ 75,433	\$ -	\$ (75,433)
Public Safety	-	-	-	-	-
Transportation	4,325,800	4,325,800	4,645,492	-	(319,692)
Economic Assistance and Opportunity	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Home and Community Services	-	-	-	-	-
Employee Benefits	1,633,600	1,633,600	1,403,517	-	230,083
Debt Service	284,381	284,381	284,381	-	-
	<u>6,243,781</u>	<u>6,243,781</u>	<u>6,408,823</u>	<u>-</u>	<u>(165,042)</u>
OTHER USES					
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Uses	<u>\$ 6,243,781</u>	<u>\$ 6,243,781</u>	<u>\$ 6,408,823</u>	<u>\$ -</u>	<u>\$ (165,042)</u>
Net Change in Fund Balances			345,242		
Fund Balance - Beginning			<u>41,087</u>		
Fund Balance - Ending			<u>\$ 386,329</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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total OPEB Liability										
Service Cost	\$ 1,635,622	\$ 1,398,367	\$ 2,175,364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,233,324	1,500,350	1,816,681	-	-	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	-	(14,647,822)	-	-	-	-	-	-	-	-
Changes of Assumption or Other Inputs	7,132,199	7,959,402	(7,864,790)	-	-	-	-	-	-	-
Benefit Payments	(961,277)	(906,172)	(894,973)	-	-	-	-	-	-	-
Net Change in Total OPEB Liability	9,039,868	(4,695,875)	(4,767,718)	-	-	-	-	-	-	-
Total OPEB Liability - Beginning	43,693,180	48,389,055	53,156,773	-	-	-	-	-	-	-
Total OPEB Liability - Ending	\$ 52,733,048	\$ 43,693,180	\$ 48,389,055	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	7,322,833	7,853,173	7,403,617	-	-	-	-	-	-	-
Total OPEB Liability as a Percentage of Covered-Employee Payroll	720.12%	556.38%	653.59%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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:

2020	2.00%
2019	2.75%
2018	3.71%
2017	3.31%
2016	0.00%
2015	0.00%
2014	0.00%
2013	0.00%
2012	0.00%
2011	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, 2020

LAST 10 FISCAL YEARS*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
The District Proportion of the Net Pension Liability (Asset)	0.0150162%	0.0138014%	0.0139202%	0.0130027%	0.0141737%	0.0141651%	-	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset)	3,976,366	977,870	449,268	1,221,760	2,274,924	478,530	-	-	-	-
The District's Covered-Employee Payroll	4,688,743	4,738,401	4,248,020	4,309,763	4,044,594	4,006,152	-	-	-	-
The District's Proportionate Share of the Net Pension Liability (asset) as Percentage of its Covered-Employee Payroll	84.81%	20.64%	10.58%	28.35%	56.25%	11.94%	-	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.39%	96.27%	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, 2020

LAST 10 FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	649,860	593,631	612,821	747,404	698,012	775,771	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	649,860	593,631	612,821	747,404	698,012	775,771	-	-	-	-
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
The District's Covered Employee Payroll	4,688,743	4,738,401	4,248,020	4,309,763	4,044,594	4,006,152	-	-	-	-
Contributions as a Percentage of a Covered Employee Payroll	13.86%	12.53%	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, 2020

LAST 10 FISCAL YEARS*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
The District's Proportion of the Net Pension Liability (Asset)	0.085401%	0.086460%	0.097170%	0.094918%	0.097455%	0.101341%	-	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset)	4,564,611	1,449,990	982,153	1,967,313	2,885,424	278,949	-	-	-	-
The District's Covered Employee Payroll	2,929,627	2,967,712	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	155.81%	48.86%	31.89%	59.64%	92.59%	9.46%	-	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.86%	95.05%	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.

TOWN OF EAST FISHKILL

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, 2020

LAST 10 FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	706,786	728,837	804,899	747,404	637,130	935,642	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	706,786	728,837	804,899	747,404	637,130	935,642	-	-	-	-
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
The District's Covered Employee Payroll	2,929,627	2,967,712	3,080,161	3,298,886	3,116,297	2,947,612	-	-	-	-
Contributions as a Percentage of a Covered Employee Payroll	24.13%	24.56%	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

Supplemental Schedule #8

SCHEDULE OF COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Water Fund	Lighting Fund	Park Fund	Recreation Fund	Drainage Fund	Miscellaneous Fund	Total Non-Major
ASSETS							
Cash:							
Unrestricted	\$ 92,003	\$ 13,095	\$ 9,039	\$ 575,918	\$ 8,063	\$ 8,194	\$ 706,312
Restricted	-	-	-	-	-	-	-
Receivables:							
Charges for Services	570,461	-	-	-	-	-	570,461
Due from Other Funds	-	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-	-
Other	140,076	-	-	-	-	-	140,076
Total Assets and Deferred Outflows	802,540	13,095	9,039	575,918	8,063	8,194	1,416,849
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Assets and Deferred Outflows	802,540	13,095	9,039	575,918	8,063	8,194	1,416,849
LIABILITIES							
Payables:							
Accounts Payable	\$ 181,525	\$ 11,629	\$ 1,493	\$ 1,046	\$ -	\$ -	\$ 195,693
Due to Other Funds	69,572	-	-	-	-	-	69,572
Notes payable:							
Bond Anticipation	-	-	-	-	-	-	-
Total Liabilities	251,097	11,629	1,493	1,046	-	-	265,265
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows of Resources	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCES							
Non Spendable	-	-	-	-	-	-	-
Reserved (Specify)	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	551,443	1,466	7,546	574,872	8,063	8,194	1,151,584
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	551,443	1,466	7,546	574,872	8,063	8,194	1,151,584
Total Liabilities and Fund Balances	\$ 802,540	\$ 13,095	\$ 9,039	\$ 575,918	\$ 8,063	\$ 8,194	\$ 1,416,849

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, 2020

Supplemental Schedule #9

	Water Fund	Lighting Fund	Park Fund	Recreation Fund	Drainage Fund	Miscellaneous Fund	Total Non-Major
REVENUES							
Real Property Taxes	\$ 343,893	\$ 130,900	\$ 7,110	\$ -	\$ 1,000	\$ 1,000	\$ 483,903
Other Tax Items	-	-	1,274	-	-	-	1,274
Departmental Income	1,392,656	-	-	-	-	-	1,392,656
Use of Money and Property	12,866	716	1,504	9,214	-	131	24,431
Miscellaneous	75,445	-	-	-	-	-	75,445
State Sources	-	-	-	-	-	-	-
Total Revenues	<u>1,824,860</u>	<u>131,616</u>	<u>9,888</u>	<u>9,214</u>	<u>1,000</u>	<u>1,131</u>	<u>1,977,709</u>
EXPENDITURES							
General Support	-	-	-	-	-	-	-
Transportation	-	118,869	-	-	-	-	118,869
Culture and Recreation	-	-	8,544	110,683	-	-	119,227
Home and Community Services	1,431,953	-	-	-	-	-	1,431,953
Debt Service:							
Principal	159,246	-	-	-	-	-	159,246
Interest	126,498	-	-	-	-	-	126,498
Total Expenditures	<u>1,717,697</u>	<u>118,869</u>	<u>8,544</u>	<u>110,683</u>	<u>-</u>	<u>-</u>	<u>1,955,793</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>107,163</u>	<u>12,747</u>	<u>1,344</u>	<u>(101,469)</u>	<u>1,000</u>	<u>1,131</u>	<u>21,916</u>
OTHER FINANCING SOURCES AND USES							
Proceeds from Debt	-	-	-	-	-	-	-
BANS Redeemed from Appropriations	3,200,000	-	-	-	-	-	3,200,000
Operating Transfers In	(3,200,000)	-	-	-	-	-	(3,200,000)
Operating Transfers (Out)	-	-	-	-	-	-	-
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>107,163</u>	<u>12,747</u>	<u>1,344</u>	<u>(101,469)</u>	<u>1,000</u>	<u>1,131</u>	<u>21,916</u>
Fund Balances - Beginning of Year	<u>444,280</u>	<u>(11,281)</u>	<u>6,202</u>	<u>676,341</u>	<u>7,063</u>	<u>7,063</u>	<u>1,129,668</u>
Fund Balances - End of Year	<u>\$ 551,443</u>	<u>\$ 1,466</u>	<u>\$ 7,546</u>	<u>\$ 574,872</u>	<u>\$ 8,063</u>	<u>\$ 8,194</u>	<u>\$ 1,151,584</u>

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, 2020, 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 January 6, 2022.

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.

Dickler, Torchia, Allen & Churchill, Co., P.C.

Hudson, New York
January 6, 2022