

**NEW HAMPTON FIRE DISTRICT,  
NEW YORK  
FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2018**

**THEODORE J. EGLIT, JR., CPA**  
**CERTIFIED PUBLIC ACCOUNTANT AND BUSINESS CONSULTANT**

New Hampton Fire District, New York  
Financial Report

Table of Contents

Year Ended December 31, 2018

Independent Auditor’s Report.....1-2  
Independent Auditor’s Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements Performed  
In Accordance With Government Auditing Standards .....3-4

Required Supplemental Information 1 of 2  
Management Discussion and Analysis .....5-8

Basic Financial Statements:  
Government-wide Financial Statements  
Statement of Net Assets .....9  
Statement of Activities.....10  
Fund Financial Statements:  
Balance Sheet – Combined Balance Sheet .....11  
Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds.....12  
Reconciliation of the Governmental Fund Balance Sheet to the  
Government-wide Statement of Net Assets.....13  
Reconciliation of the Statement of Revenues, Expenditures And  
Changes in Fund Balances of Governmental Funds to the Statement of Activities.....14  
Statement of Revenues, Expenditures and  
Changes in Fund Balance – Budget and Actual  
General and Special Revenues Funds.....15  
Notes to Financial Statements.....16-37

Required Supplemental Information 2 of 2  
Schedule of Changes in the District’s Total Pension Liability .....38  
Statement of Plan Net Assets.....39  
Changes in Plan Net Assets.....40

Combining, and Individual Fund and Account Group Statements  
and Schedules (Supplemental Financial Information):

General Fund:  
Balance Sheet.....41  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Budget and Actual.....42

Capital Project Fund:

# New Hampton Fire District, New York

## Table of Contents (continued)

Balance Sheet.....	43
Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual.....	44
Trust and Agency Fund: Balance Sheet.....	45

# Theodore J. Eglit, Jr., CPA

Certified Public Accountant • Business Consultant

---

## INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners  
of the New Hampton Fire District, New York

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Hampton Fire District, New York as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the New Hampton Fire District, New York'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*

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### *Opinions*

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the New Hampton Fire District, New York, as of December 31, 2018, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Changes in the District's Total Pension Liability and LOSAP financial statements on pages 5 through 8 and 38 through 41 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Hampton Fire District, New York's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated August 19, 2019, on my consideration of the New Hampton Fire District's internal control over financial reporting and on my 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 my 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 New Hampton Fire District, New York's internal control over financial reporting and compliance.

  
Hopewell Junction, New York  
August 19, 2019

# Theodore J. Eglit, Jr., CPA

Certified Public Accountant • Business Consultant

---

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

To the Board of Fire Commissioners  
of the New Hampton Fire District, New York

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Hampton Fire District, New York, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the New Hampton Fire District, New York's basic financial statements, and have issued my report thereon dated August 19, 2019.

### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the New Hampton Fire District, 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the New Hampton Fire District, New York's internal control. Accordingly, I do not express an opinion on the effectiveness of the New Hampton Fire District, 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether New Hampton Fire District, New York's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

A handwritten signature in blue ink that reads "Theodore J. G. CPA". The signature is written in a cursive style.

Hopewell Junction, New York  
August 19, 2019

# NEW HAMPTON FIRE DISTRICT

## Management's Discussion and Analysis For the year ended December 31, 2018

The following “Management’s Discussion and Analysis” report (MD&A) provides the reader with an introduction and overview to the financial activities and performance of the New Hampton Fire District for the year ended December 31, 2018, as mandated by GASB #34. This information should be reviewed in conjunction with the audited financial statements of the District.

These audited financial statements consist of five parts: The Independent Auditor’s Report on the financial statements, Management’s Discussion and Analysis, Government Wide Financial Statements, Fund Financial Statements, and Notes to the Financial Statements. The Government Wide Financial Statements provide long and short term information about the District’s overall financial status. Our analysis of the District’s major funds begins on page 9. The fund financial statements provide detailed information about the most significant funds. Some funds are required to be established by State law.

### FINANCIAL HIGHLIGHTS

- Based upon the operation of 2018, the Fire District’s net position increased by \$292,381 and resulted in ending net position of \$1,960,857.
- Cash and cash equivalents and investments at the end of the year were \$888,255 or 46.61% higher than last year.

### USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities found on pages 9 and 10 provides information about the financial activities of the Fire District and illustrate a longer-term view of the Fire District’s finances. Fund financial statements start on page 11. For governmental-type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the Fire District’s operations in more detail than the government-wide sections of the statements by providing information about the Fire District’s significant funds.

### A. REPORTING ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

#### 1. The Statement of Net Position and the Statement of Activities

The government-wide financial statements present financial information for the activities of the Fire District from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as general government, separately from business-type activities. The current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Fire District’s net position and the change in them. This net position, the difference between the assets and the liabilities, are one way to measure the Fire District’s financial position or financial health. Over time, increases or decreases in the Fire District’s net position are one indicator of whether its financial health is improving or deteriorating.

**B. REPORTING ON THE FIRE DEPARTMENT'S MOST SIGNIFICANT FUNDS**

**1. Fund Financial Statements**

The fund financial statements provide detailed information about the Fire District’s General Fund. All of the Fire District’s expenses, except those from the Trust and Agency Fund, are reported in a governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using the modified accrual method, which measures cash and all other financial assets that could readily converted to cash. The governmental fund statements provide a detailed short term view of the Fire District's general operations and the expense paid from this fund. The information in the governmental fund helps determine if there are more or less financial resources to finance future Fire District expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental fund in reconciliations on pages 13 and 14.

**AN ANALYSIS OF THE FIRE DISTRICT USING GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**A. STATEMENT OF NET POSITION**

The following amounts reflect condensed information on the Fire District’s net position:

	<u>2018</u>
<b>ASSETS</b>	
Current assets	\$ 1,943,241
Capital assets, net of accumulated depreciation \$1,259,965	<u>1,385,603</u>
Total assets	<u>\$ 3,328,844</u>
Deferred outflows of resources – pensions	<u>119,132</u>
Total deferred outflows of resources	<u>119,132</u>
<b>LIABILITIES</b>	
Current liabilities	\$ 108,748
Long-term liabilities	<u>1,293,257</u>
Total liabilities	<u>\$ 1,402,005</u>
Deferred inflows of resources – pensions	<u>85,114</u>
Total deferred inflows of resources	<u>85,114</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 1,185,603
Restricted – land and building	311,854
Restricted – equipment	566,737
Unrestricted	<u>(103,337)</u>
Total net position	<u>\$ 1,960,857</u>

Cash and cash equivalents and at the end of the year were \$888,255 or 46.61% higher than last year. This was primarily attributable to the Fire District paying the prior year payable for the new truck in the current year.

At the end of the year, the Fire District had capital assets, net of accumulated depreciation in the amount of \$1,385,603. This was made up of \$2,645,568 in capital assets and \$1,259,965 in accumulated depreciation. The Fire District purchased \$222,485 in capital assets during 2018.

#### B. STATEMENT OF ACTIVITIES

The following table illustrates the revenues and expenses that produced the decrease in net position for the fiscal year.

	<u>2018</u>
Revenue	
Total revenue	\$ 730,925
Expenses	
Total expenses	<u>438,544</u>
Change in net position	292,381
Net position:	
Beginning of the year (restated, see note 2)	<u>1,668,476</u>
End of the year	<u>\$ 1,960,857</u>

- Based upon the operation of 2018, the Fire District’s net position increased by \$292,381 and resulted in ending net position of \$1,960,857.

#### GOVERNMENTAL ACTIVITIES

The Fire District uses funds to help control and manage money for particular purposes. At the completion of the year, the Fire District’s governmental funds reported a fund balance of \$721,754. This reflects an increase of \$155,270 from last year.

#### CAPITAL ASSETS AND LONG-TERM DEBT

During the year, the Fire District purchased \$222,485 of capital assets. Depreciation expense for the year was \$146,068. The total capital assets, net of accumulated depreciation, were \$1,385,603 as of December 31, 2018.

During the year, the District made its annual payment on debt utilized for the purchase of a new apparatus. Bond payments commence in 2018 and end in 2020 with annual principal payments of \$100,000 and interest of 1.5%-2.0%. The outstanding balance of the debt was \$200,000 as of December 31, 2018.

#### ECONOMIC FACTORS FOR NEXT YEAR

- The Fire District plans to increase its fire training and fire prevention training.
- The Fire District plans to look into applying for grants for new fire protection equipment.
- The Fire District plans to continue monitoring costs and engaging in cost control procedures.

#### CONTACTING THE FIRE DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Fire District's finances and to show the Fire District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Ms. Patti O'Gorman, Treasurer, PO Box 386, New Hampton, NY 10958.

#### CLOSING COMMENTS

The Fire District continues to closely monitor the use of its funds to ensure that the funds are spent wisely. We are very proud of the progress that has been made throughout the district in fire protection to all our citizens.

NEW HAMPTON FIRE DISTRICT, NEW YORK  
STATEMENT OF NET POSITION  
December 31, 2018

	Governmental Activities
<b>ASSETS</b>	
Current Assets	
Cash and equivalents	\$ 888,255
Pension Investments	1,012,739
Deferred Charges	42,246
Total Current Assets	<u>1,943,240</u>
Non-current assets	
Capital Assets (Net of Accumulated Depreciation)	
Land	13,242
Buildings and Improvements	337,496
Machinery and Equipment	1,034,865
Total Non-Current Assets	<u>1,385,603</u>
Total Assets	<u>3,328,843</u>
<b>DEFERRED OUTFLOWS</b>	
Deferred outflows from pension	119,132
Total Deferred Outflows	<u>119,132</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	4,748
Accrued Liabilities	4,000
Due Within One Year	
Bonds Payable	100,000
Total Current Liabilities	<u>108,748</u>
Non-Current Liabilities	
Due in More Than One Year	
Bonds Payable	100,000
Pension Payable	1,193,257
Totan Non-Current Liabilities	<u>1,293,257</u>
Total Liabilities	<u>1,402,005</u>
<b>DEFERRED INFLOWS</b>	
Deferred inflows from pension	85,114
Total Defferred Inflows	<u>85,114</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,185,603
Restricted - Land and Building	311,854
Restricted - Equipment	566,737
Unrestricted	(103,337)
Total Net Position	<u>\$ 1,960,857</u>

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

NEW HAMPTON FIRE DISTRICT, NEW YORK

STATEMENT OF ACTIVITIES

December 31, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Primary Government - Governmental activities</b>				
Public Safety	\$ 312,355	\$ -	\$ 164,105	\$ (148,250)
Employee Benefits	120,189	-	-	(120,189)
Interest	6,000	-	-	(6,000)
Total Governmental Activities	<u>\$ 438,544</u>	<u>\$ -</u>	<u>\$ 164,105</u>	<u>\$ (274,439)</u>
<b>General Revenues</b>				
				514,000
				1,118
				1,900
				42,847
				6,955
				<u>566,820</u>
				<u>292,381</u>
				<u>1,668,476</u>
				<u>\$ 1,960,857</u>

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

NEW HAMPTON FIRE DISTRICT, NEW YORK  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2018

	Governmental Fund		Total (Memorandum Only)
	General	Capital Projects	
<b>ASSETS:</b>			
Cash	\$ 888,255	\$ -	\$ 888,255
Prepaid Expenditures	42,246	-	42,246
<b>TOTAL ASSETS</b>	<u>\$ 930,501</u>	<u>\$ -</u>	<u>\$ 930,501</u>
<b>LIABILITIES, FUND BALANCE AND OTHER CREDITS:</b>			
<b>LIABILITIES:</b>			
Accounts Payable	\$ 3,361	\$ 1,387	\$ 4,748
Accrued Liabilities	4,000	-	4,000
Bonds Payable	-	200,000	200,000
<b>TOTAL LIABILITIES</b>	<u>7,361</u>	<u>201,387</u>	<u>208,748</u>
<b>FUND BALANCE AND OTHER CREDITS:</b>			
Fund Balance:			
Nonspendable Fund Balance	42,247	-	42,247
Restricted Fund Balance - Equipment	566,737	-	566,737
Restricted Fund Balance - Land and Building	311,854	-	311,854
Unassigned Fund Balance	2,302	(201,387)	(199,085)
<b>TOTAL FUND BALANCE AND OTHER CREDITS</b>	<u>923,140</u>	<u>(201,387)</u>	<u>721,753</u>
<b>TOTAL LIABILITIES, FUND BALANCE AND OTHER CREDITS</b>	<u>\$ 930,501</u>	<u>\$ -</u>	<u>\$ 930,501</u>

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

NEW HAMPTON FIRE DISTRICT, NEW YORK  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
Year Ended December 31, 2018

	General Fund	Capital Projects	Total (Memorandum Only)
REVENUES:			
Real Property Taxes	\$ 514,000	\$ -	\$ 514,000
Uses of Money and Property	1,118	-	1,118
Sale of Property	1,900	-	1,900
Refund of Prior Expenditures	6,955	-	6,955
Federal Aid	164,105	-	164,105
BANS Redeemd From Appropriations	-	100,000	100,000
<b>TOTAL REVENUES</b>	<u>688,078</u>	<u>100,000</u>	<u>788,078</u>
EXPENDITURES:			
Current:			
Public Safety	382,806	1,387	384,193
Employee Benefits	142,615	-	142,615
Debt Service:			
Principal	100,000	-	100,000
Interest	6,000	-	6,000
<b>TOTAL EXPENDITURES</b>	<u>631,421</u>	<u>1,387</u>	<u>632,808</u>
Excess (Deficiency) of Revenues	-		
Over Expenditures	56,657	98,613	155,270
OTHER FINANCING SOURCES AND USES:			
Operating Transfers In	-	1,221	1,221
Operating Transfers Out	(1,221)	-	(1,221)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<u>(1,221)</u>	<u>1,221</u>	<u>-</u>
Excess (Deficiency) of Revenues			
Over Expenditures and Other Sources and Uses	55,436	99,834	155,270
Fund Balance at Beginning of Year	867,704	(301,221)	566,483
Fund Balance at End of Year	<u>\$ 923,140</u>	<u>\$ (201,387)</u>	<u>\$ 721,753</u>

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

NEW HAMPTON FIRE DISTRICT, NEW YORK  
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE  
 SHEET TO THE GOVERNMENT - WIDE STATEMENT OF  
 NET POSITION - GOVERNMENTAL ACTIVITIES  
 December 31, 2018

---

Fund Balances - Total Governmental Funds	<u>\$ 721,753</u>
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,385,603
Pension Investments used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,012,739
Retirement payable in governmental activities is not financial uses of resources and, therefore, is not reported in the funds	(1,193,257)
Deferred outflows and inflows for retirement liability in the governmental activities are not financial uses of resources and, therefore, are not reported in the funds	<u>34,018</u>
Rounding	<u>1</u>
Net Position of Governmental Activities	<u><u>\$ 1,960,857</u></u>

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

NEW HAMPTON FIRE DISTRICT, NEW YORK  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 OF GOVERNMENTAL FUNDS TO THE STATEMENT  
 OF ACTIVITIES  
 December 31, 2018

---

Net Changes in Fund Balances - Total Governmental Funds	<u>\$ 155,270</u>
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period. This amount is less than the total capital outlay since capital outlay includes amounts that are under the capitalization threshold and therefore, were not capitalized.</p>	
Capital outlay expenditures	222,485
Depreciation expense	<u>(146,068)</u>
	<u>76,417</u>
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
BANS Redeemed from Appropriations	(100,000)
Principal paid on bonds	<u>100,000</u>
	<u>-</u>
<p>Retirement Liability is recorded in the general long term debt rroup under governmental fund accounting along with deferred outflows and deferred inflows. However, accrual for retirement benefits and deferred outflows and inflows would be an expenditure that increases liabilities, deferred outflows, and deferred inflows in the statement of net position.</p>	
	60,693
Rounding	1
Change in Net Position of Governmental Activities	<u><u>\$ 292,381</u></u>

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

NEW HAMPTON FIRE DISTRICT, NEW YORK  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended December 31, 2018

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Revised Budget	Actual	
REVENUES:				
Real Property Taxes	\$ 514,000	\$ 514,000	\$ 514,000	\$ -
Uses of Money and Property	-	-	1,118	1,118
Sale of Equipment	-	-	1,900	1,900
Refund of Prior Expenditures	-	-	6,955	6,955
Federal Aid	-	164,105	164,105	-
TOTAL REVENUES	<u>514,000</u>	<u>678,105</u>	<u>688,078</u>	<u>9,973</u>
EXPENDITURES:				
Current:				
Public Safety	228,054	392,159	382,806	9,353
Employee Benefits	106,300	106,300	142,615	(36,315)
Debt Service:				
Principal	100,000	100,000	100,000	-
Interest	6,000	6,000	6,000	-
TOTAL EXPENDITURES	<u>440,354</u>	<u>604,459</u>	<u>631,421</u>	<u>(26,962)</u>
Excess (Deficiency) of Revenues Over Expenditures	73,646	73,646	56,657	(16,989)
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(73,646)	(73,646)	(1,221)	72,425
TOTAL OTHER FINANCING SOURCES	<u>(73,646)</u>	<u>(73,646)</u>	<u>(1,221)</u>	<u>72,425</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources	-	-	55,436	55,436
Fund Balance at Beginning of Year	-	-	867,704	867,704
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 923,140</u>	<u>\$ 923,140</u>

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

**NEW HAMPTON FIRE DISTRICT, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

The New Hampton Fire District, New York is a district corporation formed in 1950 under the provisions of the State of New York. The District operates under an elected Board form of government consisting of five fire commissioners.

The District provides fire protection services in the Fire District of New Hampton, New York. The New Hampton Fire Company constitutes the Fire District's Fire Department. A chief and assistant chief head the Fire Department.

The financial statements of the Fire District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. The Reporting Entity

For financial reporting purposes, in conformity with governmental accounting standards, the Fire District includes all funds and account groups of the Fire District, as well as any component units for which the Fire District is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board and either a) the ability to impose will by the Fire District, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Fire District. Based on these criteria outlined in GASB 14, the Fire District has no component units.

B. Basis of Presentation

The Fire District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Fire Department are discussed below.

**NEW HAMPTON FIRE DISTRICT, NEW YORK**  
**DECEMBER 31, 2018**

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

B. Basis of Presentation (continued)

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the Fire District's overall financial position and results of operations.
  - Financial statements prepared using full accrual accounting for all of the Fire District's activities.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

C. Basic Financial Statements - Government-wide Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, inter-fund activity has been removed from these statements.

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

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

**NEW HAMPTON FIRE DISTRICT, NEW YORK**  
**DECEMBER 31, 2018**

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

D. Basic Financial Statements - Fund Financial Statements

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

1. Governmental Funds - Governmental funds are used to account for the government's general government activities. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Fire District's governmental fund types:

General Fund – The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Reserve Fund – The Reserve fund is used to account for financial resources to be used for the acquisition of major capital assets.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

**NEW HAMPTON FIRE DISTRICT, NEW YORK**  
**DECEMBER 31, 2018**

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

D. Basic Financial Statements - Fund Financial Statements (continued)

2. Account Groups - Account groups are used to establish accounting control and accountability for general fixed assets and long-term debt. The Fire District's account group is not a "fund." It is concerned with measurement of financial position and not results of operations.

General Fixed Assets Account Group - This account group is established to account for all land, buildings, improvements and equipment.

General Long-Term Debt Group – This account group is established to account for all long-term debt.

3. Fiduciary Funds (Not included in the government-wide statements) – The Fiduciary Funds are used to account for assets held by the District in an agency capacity on behalf of others.

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual:

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these

**NEW HAMPTON FIRE DISTRICT, NEW YORK**  
**DECEMBER 31, 2018**

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

E. Basis of Accounting (continued)

funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

F. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The Agency Fund has no measurement focus and utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported for using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues.

Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**NEW HAMPTON FIRE DISTRICT, NEW YORK**  
**DECEMBER 31, 2018**

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

F. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes govern the investment policies of the District. The District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury, U.S. agencies, obligations of New York State and repurchase agreements of U.S. Treasuries.

Investments are stated at cost or amortized cost and are pooled for governmental funds to facilitate its investment program. Investment income is allocated from the pooled earnings to the respective funds based on the sources of funds invested.

Collateral is required for demand deposit accounts, time deposit accounts, and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

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

**NEW HAMPTON FIRE DISTRICT, NEW YORK**  
**DECEMBER 31, 2018**

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

G. Assets, Liabilities and Fund Equity (continued)

1. Deposits and Investments (continued)

The District was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate risk.

2. Receivables and Payables

The Fire District does not reflect taxes receivable or deferred revenue in its financial statements because the Fire District receives its entire tax levy through the District, leaving the collection of unpaid taxes to the County Commissioner of Finance.

3. Fixed Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Donated assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Buildings 40 years  
Building improvements 10-40 years  
Equipment 5-10 years  
Vehicles 5-15 years

In June of 1999, the Governmental Accounting Standards Board issued Statement No. 34 that requires the inclusion of infrastructure assets used in governmental activities in the general purpose financial statements retroactively reported back to 1982. All assets of the Fire District are reported in the accompanying financial statements. The Fire District owns no infrastructure.

Fixed assets used in governmental fund types of the government are recorded in the general fixed assets group at cost or estimated historical cost if purchased or constructed. Donated assets are recorded at their estimated fair market value at the date of donation. No provision for depreciation is made on general fixed assets for fund statement purposes.

**NEW HAMPTON FIRE DISTRICT, NEW YORK  
DECEMBER 31, 2018**

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

G. Assets, Liabilities and Fund Equity (continued)

3. Fixed Assets (continued)

Public domain (infrastructure) general fixed assets such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems and other assets that are immovable and of value only to the government are not capitalized.

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

As of December 31, 2018, there was \$119,132 required to be reported as deferred outflows of resources and \$85,114 required to be reported as deferred inflows of resources.

5. Total Columns on Combined Statements

Total columns on the fund statements are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond

**NEW HAMPTON FIRE DISTRICT, NEW YORK**  
**DECEMBER 31, 2018**

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

H. Long-Term Obligations (continued)

premium or discount. Bond issuance costs are amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on bond issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

I. Net Position/Fund Balances

In the Statement of Net Position, the difference between a government's assets and liabilities is recorded as net position. The three components of net position are as follows:

Invested in Capital Assets Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction or improvement of capital assets.

Restricted net position

Net positions that are restricted by external sources such as banks or by law are reported separately as restricted net position. When assets are required to be retained in perpetuity, these non-expendable net position are recorded separately from expendable net position. These are components of restricted net position. The Fire District has restricted net position for land, building, and equipment acquisitions.

Unrestricted net position

This category represents net position not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

**NEW HAMPTON FIRE DISTRICT, NEW YORK  
DECEMBER 31, 2018**

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

I. Net position/Fund Balances (continued)

Unrestricted net position (continued)

Reserved

These resources are segregated because their use is earmarked for a specific use. The Fire District has not reserved fund balances.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

J. Fund Balance

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

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

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

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The District Board is the highest level of decision making authority for the District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once

**NEW HAMPTON FIRE DISTRICT, NEW YORK  
DECEMBER 31, 2018**

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

J. Fund Balance

adopted, these funds may only be used for the purpose specified unless the District removes or changes the purpose by taking the same action that was used to establish commitment. This classification includes certain amounts established and approved by the District Board of Commissioners.

Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

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

K. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, certain Special Revenue and Capital Projects funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

**NEW HAMPTON FIRE DISTRICT, NEW YORK**  
**DECEMBER 31, 2018**

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

L. Use of Estimates

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

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

A. Budgetary Information

The Board of Commissioners follows statutory procedures for establishing the budget for the General Fund. The procedures are as follows:

The Treasurer presents, as required, the tentative budget to the Board of Commissioners at a regular or special meeting held on or before October 5.

The Board reviews the tentative budget and upon completion, the tentative budget, as modified by the Board of Commissioners, becomes the preliminary budget and is required to be filed in the District Clerk's office.

On or before the Thursday following election, the District must hold, as required, a public hearing on the preliminary budget.

After the public hearing, the budget is adopted no later than October 21.

Supplemental appropriations, and other actions on the adopted budget are taken at a formal meeting of the Board of Commissioners and by resolution.

B. Property Tax Calendar

The District submits an adopted budget to the District of Wawayanda by the fourth day of November of the previous year. Real property taxes for the District are levied together with taxes for District purposes and become a lien on January 1. All taxes levied on property within the District are collected by the District's

**NEW HAMPTON FIRE DISTRICT, NEW YORK  
DECEMBER 31, 2018**

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

B. Property Tax Calendar (continued)

Receiver of Taxes through March 31. The District receives its entire tax levy, leaving collection on the unpaid taxes to the County Commissioner of Finance. Therefore, the District does not reflect receivable or deferred revenue in its financial statements. The calendar is as follows:

November 4 – Adopted budget submitted to the Town of Wawayanda

December 28- County Commissioner of Finance issues the District its Tax Warrant for the subsequent year

January 1 – Tax lien created for all taxpayers of the District listed on the tax rolls

January 1-March 31 – Taxes are collected by the Town’s Tax Receiver

April 1-December 31 – Unpaid taxes collected by the County Commissioner of Finance along with interest and penalties

C. Property Tax Limitation

The District is not limited as to the maximum amount of real property taxes which may be raised. On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 (“Tax Levy Limitation Law”). This applies to all local governments.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a District in a particular year, beginning with the 2012 year. It expires on June 16, 2018.

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the District to increase its overall real property tax levy over the tax levy of the prior year by no more than the “Allowable Levy Growth Factor”, which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The “Inflation Factor” is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the state of the prior fiscal year, divided by (ii)

**NEW HAMPTON FIRE DISTRICT, NEW YORK  
DECEMBER 31, 2018**

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

C. Property Tax Limitation (continued)

the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The District is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the District, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the District. The Board of Commissioners may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Board of Commissioners first enacts, by a vote of at least sixty percent of the total voting power of the Board of Commissioners, a local law to override such limit for such coming fiscal year.

**Note 3 – Detailed Notes On All Funds And Account Group**

A. Cash and Cash Equivalents

The carrying amounts of the Fire District deposits at December 31, 2018 \$888,255 which included bank balances of \$888,255. These amounts were insured by federal deposit insurance for up to \$250,000 and the balance of \$638,255 covered by collateral held by the pledging financial institutions' trust departments or third party custodians in the Fire District's name.

B. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital assets not being depreciated:				
Land	\$ 13,242	\$ -	\$ -	\$ 13,242
Total capital assets not being depreciated	<u>13,242</u>	<u>-</u>	<u>-</u>	<u>13,242</u>
Capital assets being depreciated:				
Buildings	504,660	-	-	504,660
Machinery and equipment	1,905,182	222,485	-	2,127,667
Total capital assets being depreciated	2,409,842	222,485	-	2,632,327
Less: accumulated depreciation	(1,113,898)	(146,068)	-	(1,259,966)
Total capital assets being depreciated, net	<u>1,295,944</u>	<u>76,417</u>	<u>-</u>	<u>1,372,361</u>
Total capital assets, net	<u>\$1,309,186</u>	<u>\$ 76,417</u>	<u>\$ -</u>	<u>\$ 1,385,603</u>

**NEW HAMPTON FIRE DISTRICT, NEW YORK  
DECEMBER 31, 2018**

**Note 3 – Detailed Notes On All Funds And Account Group**

C. Bonds Payable

Summary of Bonds Payable of the District for the year ended December 31, 2018 are as follows:

Bond Payable	1/01/18	\$ 300,000
Bonds Paid During the Year		<u>100,000</u>
Bond Anticipation Notes Payable	12/31/18	<u>\$ 200,000</u>

The Bond Anticipation Notes Payable outstanding as of December 31, 2018, is comprised of the following borrowing:

			Amount Outstanding at	
Purpose	Original Issue Date	Interest Rate	December 31, 2018	Maturity Date
Apparatus	12/14	2.00%	200,000	12/20

The current portion of debt at 12/31/18 to be paid during 2018 was in the amount of \$100,000.

Furthermore, the annual requirements to amortize the debt as of December 31, 2018 are as follows:

Year Ending	Total
2019	104,000
2020	<u>102,000</u>
	<u>\$206,000</u>

**Note 4 - Commitments And Contingencies**

A. Risk Management

The Fire District is provided insurance coverage through policies purchased from independent insurance carriers to reduce its' exposure to property and casualty losses. The Fire District maintains \$1,011,185 in building and personal property coverage, \$1,000,000 in general liability insurance, \$120,000 in equipment floater coverage, \$100,000 in crime and employee dishonesty insurance, \$10,000,000 umbrella coverage, \$100,000 in workers compensation coverage and \$1,000,000 in business automobile insurance.

**NEW HAMPTON FIRE DISTRICT, NEW YORK  
DECEMBER 31, 2018**

**Note 5 – Length of Service Awards Program – LOSAP**

The New Hampton Fire District established a defined benefit Service Award Program (referred to as a “LOSAP” – length of service award program – under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1993 for the active volunteer firefighter members of the New Hampton Fire Company. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The New Hampton Fire District is the sponsor of the program and the program administrator.

Program Description

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

Participation, Vesting, and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program’s entitlement age while an active volunteer. The program’s entitlement age is age 62. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the New Hampton Fire Company.

Benefits

A participant’s service award benefit is paid as a ten year certain and continuous monthly payment life annuity. The amount payable each month equals \$20 up to a maximum of \$800 multiplied by the total number of years of service credit earned by the volunteer under the point system. The maximum number of years of service credit a participant may earn is 30 years under the program. Currently, there are no other forms of payment of a volunteer’s earned service award under the program. Except in the case of death or total and permanent disablement, service awards commence to be paid when a participant attains the entitlement age. Volunteers who continue to be active after attaining the entitlement age and beginning to be paid a service award continue to have the opportunity to earn program credit and to thereby increase their service award payments. The program provides death and disability

**NEW HAMPTON FIRE DISTRICT, NEW YORK  
DECEMBER 31, 2018**

**Note 5 – Length of Service Awards Program – LOSAP (continued)**

Benefits (continued)

benefits equal to the actuarial value of the participant’s earned service award at the time of death or disablement. The program does not provide extra line-of-duty death but it does provide extra line of duty disability benefits. All death and disability benefits are “self insured” and are paid from the program trust fund.

For a complete explanation of the program, see Program Document; a copy of which is available from the Fire District Secretary.

Participants Covered by the Benefit Terms

At the December 31, 2017 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	13
Inactive participants entitled to but not yet receiving benefit payments	15
Active participants	<u>21</u>
Total	49

Contributions

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

Trust Assets

Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the District. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

Measurement of Total Pension Liability

The total pension liability at the December 31, 2017 measurement date was determined using an actuarial valuation as of that date.

**NEW HAMPTON FIRE DISTRICT, NEW YORK  
DECEMBER 31, 2018**

**Note 5 – Length of Service Awards Program – LOSAP (continued)**

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None assumed

Discount

The discount rate used to measure the total pension liability was 3.71%. This was the yield to maturity of the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2017. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody’s Investors Services, AA by Fitch, or AA by Standard & Poor’s Rating Services.

Fiduciary Investment and Control

After the end of each calendar year, the fire companies prepare and certify a list of names of all persons who were active volunteer members of the fire companies during the year indicating which volunteers earned fifty points. The certified list is delivered to the Board of Fire Commissioners for the Board’s review and approval. The fire companies must maintain the point system records to verify each volunteer’s points on forms provided and/or approved by the Board of Fire Commissioners.

The Board of Fire Commissioners has retained Penflex, Inc. to assist in the administration of the program. The services provided by Penflex, Inc. are described in the agreement between Penflex, Inc. and the New Hampton Fire District.

Based on the certified calendar year volunteer firefighter listings Penflex determines and certifies in writing to the Board of Fire Commissioners the amount of the service awards to be paid to a participant or to a participant’s designated beneficiary. The person(s) authorized by the Board of Fire Commissioners then authorizes, in writing, the custodian of the New Hampton Fire District’s SAP trust funds to pay the service award. No service award benefit payment is made without the written certification from Penflex and the written directive from the authorized representative of the Board of Fire Commissioners.

Penflex bills the New Hampton Fire District for the services it provides. Penflex’s invoices are authorized for payment by the Board of Fire Commissioners in the same

**NEW HAMPTON FIRE DISTRICT, NEW YORK  
DECEMBER 31, 2018**

**Note 5 – Length of Service Awards Program – LOSAP (continued)**

Fiduciary Investment and Control (continued)

manner as any other invoice presented to the Fire District for payment. The Fire District pays Penflex invoices from its general fund.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The Board of Fire Commissioners created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Fire District Secretary. The Board of Fire Commissioners is the program trustee.

Authority to invest the program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with the written investment policy statement adopted by the Board of Fire Commissioners.

The Board of Fire Commissioners has retained Orange County Trust to provide investment management and custodial services.

The Board of Fire Commissioners is required to retain an actuary to determine the amount of the Fire District’s contributions to the plan. The actuary retained by the Fire District for this purpose is Tony Fiorillo of Penflex, Inc. Mr. Fiorillo is an Associate of the American Society of Actuaries. Portions of the following information are derived from a report prepared by the actuary dated August 20, 2019.

Program Financial Condition

Actuarial Present Value of Accrued Service Awards as of 12/31/18	\$1,193,257
Assets and Liabilities	
Cash	\$ 84,308
Certificates of Deposit	121,337
Bonds	367,951
Insurance Contracts	439,143
 Total Net Assets Available for Benefits	 \$1,012,739
 Total Unfunded Benefits	 \$ 180,518
Less: Separately Amortized Costs	134,398
Total Unfunded Normal Benefits	\$ 46,120

**NEW HAMPTON FIRE DISTRICT, NEW YORK  
DECEMBER 31, 2018**

**Note 5 – Length of Service Awards Program – LOSAP (continued)**

Separately Amortized Costs

The remaining balance of the prior service costs are being amortized over 3 years @ 3.00%. The unfunded liability for additional service awards earned after attainment of the entitlement age is being amortized over 3 years @ 3.00%.

Receipts and Disbursements

Plan net assets, Beginning of Year	\$ 920,825
Changes During the Year	
+ Plan Contributions	117,419
+ Investment Income Earned	27,915
+/- Changes in Fair Market Value of Investments	(8,293)
- Investment Expense	(4,447)
- Benefits Paid	(40,680)
Plan Net Assets End of Year	\$1,012,739

Changes in the Total Pension Liability

Balance as of 12/31/16 measurement date	\$ 1,075,450
Service Cost	23,162
Interest	39,959
Changes of assumptions or other inputs	91,890
Differences between expected and actual experience	5,836
Benefit Payments	(43,040)
Net Changes	117,807
Balance as of 12/31/17 measurement date	\$ 1,193,257

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability of the District as of the December 31, 2017 measurement date, calculated using the discount rate of 3.16 percent, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.16 percent) or 1-percentage point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$1,392,991	\$1,193,257	\$1,034,004

**NEW HAMPTON FIRE DISTRICT, NEW YORK  
DECEMBER 31, 2018**

**Note 5 – Length of Service Awards Program – LOSAP (continued)**

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

For the year ended December 31, 2018, the District recognized pension expense of \$73,873. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,567	\$22,364
Changes of assumptions or other inputs	71,914	62,750
Benefit payments & administrative expenses subsequent to the measurement date	42,651	0
Total	\$119,132	\$ 85,114

\$119,132 reported as deferred outflows of resources related to pensions resulting from District transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2018.

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

Year ended December 31:	
2019	6,312
2020	6,312
2021	6,312
2022	(2,185)
2023	(14,932)
Thereafter	(10,453)

Contributions

Amount of Fire District’s Contribution Recommended by Actuary:	\$ 117,419
Amount of Fire District’s Actual Contribution	\$ 117,419

Administration Fees

Management Fees	\$ 4,581
Other Administration Fees	\$ 4,447

**NEW HAMPTON FIRE DISTRICT, NEW YORK  
DECEMBER 31, 2018**

**Note 5 – Length of Service Awards Program – LOSAP (continued)**

Funding Methodology and Actuarial Assumptions

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Attained Age Normal Frozen Initial Liability method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on program investments is 3.00%

Tables used for:

Post Entitlement Age Mortality:	RP-2014 Male Mortality Table without Projection
*Pre Entitlement Age Mortality:	RP-2014 Mortality Table without Projection for Calculation of Pre-EA Self-Insured Death Benefit Only
*Pre Entitlement Age Disability	None
*Pre Entitlement Age Withdrawal:	None
*Pre Entitlement Age Service	100%
Credit Accruals:	

\* For program cost calculation purposes, all pre-entitlement age active volunteer firefighter participants are assumed to: survive to the entitlement age; remain active and earn 50 points each year, and, begin to be paid service awards upon attainment of the entitlement age.

NEW HAMPTON FIRE DISTRICT, NEW YORK  
 REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF  
 LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE  
 NET PENSION LIABILITY  
 YEAR ENDING DECEMBER 31, 2018 (LAST TEN YEARS)

---

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Service Cost	\$ 23,162	\$ 37,659	
Interest	\$ 39,959	\$ 37,564	
Changes in Assumptions or Other Inputs	\$ 91,890	\$ (84,767)	
Differences Between Expected and Actual Experience	\$ 5,836	\$ (30,212)	
Benefit Payments	\$ (43,040)	\$ (42,040)	
Net Change in Total Pension Liability	\$ 117,807	\$ (81,796)	
Total Pension Liability - Beginning	\$ 1,075,450	\$ 1,157,246	
Total Pension Liability - Ending	\$ 1,193,257	\$ 1,075,450	

2015

2014

2013

2012

2011

2010

2009

Information for periods prior to the implementation of GASB 73 is unavailable and will be completed for each year going forward as the information becomes available.

NEW HAMPTON FIRE DISTRICT, NEW YORK  
 STATEMENT OF PLAN NET ASSETS - SERVICE AWARD PROGRAM  
 December 31, 2018

---

	Service Award Program
ASSETS	
Current Assets	
Cash and Equivalents	\$ 84,308
Investments at Fair Value	
Certificates of Deposit	121,337
Mutual Funds	367,951
Total Investments	<u>489,288</u>
Insurance Contracts	<u>439,143</u>
Total Assets	<u>\$ 1,012,739</u>
NET ASSETS	
Net Assets Held in Trust for Service Award Program Benefits	<u>1,012,739</u>
Total Plan Net Assets	<u><u>1,012,739</u></u>

NEW HAMPTON FIRE DISTRICT, NEW YORK  
STATEMENTS OF CHANGES IN PLAN NET ASSETS  
SERVICE AWARD PROGRAM  
Year Ended December 31, 2018

---

ADDITIONS:

Sponsor Contributions	\$ 117,419
Investment Income	
Net Appreciation in Fair Value of Investments	(8,293)
Interest and Dividends	27,915
Less Investment Expense	(4,447)
Net Investment Income	<u>15,175</u>
Total Additions	<u>132,594</u>

DEDUCTIONS:

Benefits	<u>(40,680)</u>
Total Deductions	<u>(40,680)</u>

Net Increase	91,914
Fund Balance at Beginning of Year	<u>920,825</u>
Fund Balance at End of Year	<u><u>\$ 1,012,739</u></u>

NEW HAMPTON FIRE DISTRICT, NEW YORK  
 BALANCE SHEET  
 GENERAL FUND  
 December 31, 2018

---

ASSETS	
Cash	\$ 888,255
Prepaid Expenditures	42,246
TOTAL ASSETS	<u>930,501</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Accounts Payable	\$ 3,361
Accrued Liabilities	4,000
TOTAL LIABILITIES	<u>7,361</u>
FUND BALANCE:	
Nonspendable Fund Balance	42,247
Restricted Fund Balance - Land and Building	311,854
Restricted Fund Balance - Equipment	566,737
Unassigned Fund Balance	2,302
TOTAL FUND BALANCE	<u>923,140</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 930,501</u>

NEW HAMPTON FIRE DISTRICT, NEW YORK  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended December 31, 2018

---

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>
REVENUES:			
Real Property Taxes	\$ 514,000	\$ 514,000	\$ 514,000
Uses of Money and Property	-	-	1,118
Sale of Equipment	-	-	1,900
Refund of Prior Expenditures	-	-	6,955
Federal Aid	-	164,105	164,105
TOTAL REVENUES	<u>514,000</u>	<u>678,105</u>	<u>688,078</u>
EXPENDITURES:			
Current:			
Public Safety	228,054	392,159	382,806
Employee Benefits	106,300	106,300	142,615
Debt Service:			
Principal	100,000	100,000	100,000
Interest	6,000	6,000	6,000
TOTAL EXPENDITURES	<u>440,354</u>	<u>604,459</u>	<u>631,421</u>
Excess (Deficiency) of Revenues Over Expenditures	73,646	73,646	56,657
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	<u>(73,646)</u>	<u>(73,646)</u>	<u>(1,221)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(73,646)</u>	<u>(73,646)</u>	<u>(1,221)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources	-	-	55,436
Fund Balance at Beginning of Year	-	-	867,704
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 923,140</u>

---

Variance  
Favorable  
(Unfavorable)

\$ -  
1,118  
1,900  
6,955  
-  
9,973

9,353  
(36,315)  
-  
-  
(26,962)

(16,989)  
72,425  
72,425

55,436  
867,704  
\$ 923,140

NEW HAMPTON FIRE DISTRICT, NEW YORK  
BALANCE SHEET  
CAPITAL PROJECTS FUND  
December 31, 2018

---

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts Payable	\$ 1,387
Bonds Payable	<u>200,000</u>
TOTAL LIABILITIES	<u>201,387</u>

FUND BALANCE:

Unassigned Fund Balance	<u>(201,387)</u>
TOTAL FUND BALANCE	<u>(201,387)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ -</u></u>

NEW HAMPTON FIRE DISTRICT, NEW YORK  
 STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE  
 CAPITAL PROJECTS FUND  
 Year Ended December 31, 2018

---

REVENUES:	
BANS Redeemed from Appropriations	\$ 100,000
TOTAL REVENUES	<u>100,000</u>
EXPENDITURES:	
Public Safety	\$ 1,387
TOTAL EXPENDITURES	<u>1,387</u>
Excess (Deficiency) Of Revenues Over Expenditures	98,613
OTHER FINANCING SOURCES (USES):	
Operating Transfers In	1,221
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,221</u>
Excess (Deficiency) of Revenues Over Expenditures and Other (Uses)	99,834
FUND BALANCE AT BEGINNING OF YEAR	(301,221)
FUND BALANCE AT END OF YEAR	<u><u>\$ (201,387)</u></u>

NEW HAMPTON FIRE DISTRICT, NEW YORK  
BALANCE SHEET  
TRUST AND AGENCY FUND  
December 31, 2018

---

ASSETS	
Cash	\$ 84,308
Investments	489,288
Insurance Company Contracts	439,143
TOTAL ASSETS	<u>\$ 1,012,739</u>
LIABILITIES	
Service Award Program	\$1,012,739
TOTAL LIABILITIES	<u>\$1,012,739</u>