

TOWN OF NORTH EAST, NEW YORK

ANNUAL FINANCIAL REPORT

UPDATE DOCUMENT

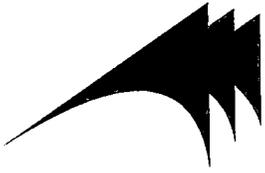
DECEMBER 31, 2018

TOWN OF NORTH EAST, NEW YORK

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

Robert J. Allen, CPA
 Victor V. Churchill, CPA
 Edward J. Gower II, CPA
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 Michael A. Torchia, Jr., CPA, CVA

INDEPENDENT ACCOUNTANT'S DISCLAIMER

To Town Board of the
 Town of North East
 Northeast, New York

The accompanying financial statements of the Town of North East (the Town) as of and for the year ended December 31, 2018, which collectively comprise the Town's financial report update document included in the accompanying prescribed form, were not subjected to an audit, review, or compilation engagement by us. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

Sickler, Torchia, Allen & Churchill, CPA's, P.C.
 Hudson, New York
 February 25, 2019

All Numbers in This Report
Have Been Rounded To
The Nearest Dollar

ANNUAL FINANCIAL REPORT
UPDATE DOCUMENT
For The
TOWN of North East
County of Dutchess
For the Fiscal Year Ended 12/31/2018

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL LAW:

1. ***Every Municipal Corporation *** shall annually make a report of its financial condition to the Comptroller. Such report shall be made by the Chief Fiscal Officer of such Municipal Corporation ***

5. All reports shall be certified by the officer making the same and shall be filed with the Comptroller *** It shall be the duty of the incumbent officer at the time such reports are required to be filed with the Comptroller to file such report ***

State of NEW YORK
Office of The State Comptroller
Division of Local Government and School Accountability
Albany, New York 12236

TOWN OF North East

*** FINANCIAL SECTION ***

Financial Information for the following funds and account groups are included in the Annual Financial Report filed by your government for the fiscal year ended 2017 and has been used by the OSC as the basis for preparing this update document for the fiscal year ended 2018:

- (A) GENERAL
- (B) GENERAL TOWN-OUTSIDE VG
- (CD) SPECIAL GRANT
- (CM) MISCELLANEOUS SPECIAL REV
- (DB) HIGHWAY-PART-TOWN
- (H) CAPITAL PROJECTS
- (K) GENERAL FIXED ASSETS
- (SW) WATER
- (TA) AGENCY
- (TE) PRIVATE PURPOSE TRUST
- (W) GENERAL LONG-TERM DEBT

All amounts included in this update document for 2017 represent data filed by your government with OSC as reviewed and adjusted where necessary.

*** SUPPLEMENTAL SECTION ***

The Supplemental Section includes the following sections:

- 1) Statement of Indebtedness
- 2) Schedule of Time Deposits and Investments
- 3) Bank Reconciliation
- 4) Local Government Questionnaire
- 5) Schedule of Employee and Retiree Benefits
- 6) Schedule of Energy Costs and Consumption

All numbers in this report will be rounded to the nearest dollar.

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Cash	984,187	A200	1,008,100
TOTAL Cash	984,187		1,008,100
Accounts Receivable	4,000	A380	61,749
TOTAL Other Receivables (net)	4,000		61,749
Cash Special Reserves	11,873	A230	10,004
TOTAL Restricted Assets	11,873		10,004
TOTAL Assets and Deferred Outflows of Resources	1,000,060		1,079,853

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Balance Sheet

Code Description	2017	EdpCode	2018
Accounts Payable	25,381	A600	12,719
TOTAL Accounts Payable	25,381		12,719
TOTAL Liabilities	25,381		12,719
Fund Balance			
Unemployment Insurance Reserve	10,000	A815	10,004
TOTAL Restricted Fund Balance	10,000		10,004
Assigned Appropriated Fund Balance	150,000	A914	192,000
TOTAL Assigned Fund Balance	150,000		192,000
Unassigned Fund Balance	814,679	A917	865,128
TOTAL Unassigned Fund Balance	814,679		865,128
TOTAL Fund Balance	974,679		1,067,132
TOTAL Liabilities, Deferred Inflows And Fund Balance	1,000,060		1,079,851

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Results of Operation

Code Description	2017	EdpCode	2018
Revenues			
Real Property Taxes	956,704	A1001	1,053,066
TOTAL Real Property Taxes	956,704		1,053,066
Interest & Penalties On Real Prop Taxes	9,706	A1090	7,272
TOTAL Real Property Tax Items	9,706		7,272
Franchises	25,476	A1170	25,315
TOTAL Non Property Tax Items	25,476		25,315
Clerk Fees	2,605	A1255	1,903
Public Pound Charges, Dog Control Fees	425	A1550	475
TOTAL Departmental Income	3,030		2,378
Interest And Earnings	8,393	A2401	22,278
TOTAL Use of Money And Property	8,393		22,278
Dog Licenses	4,390	A2544	3,369
Licenses, Other	245	A2545	210
Permits, Other	700	A2590	700
TOTAL Licenses And Permits	5,335		4,279
Fines And Forfeited Bail	26,113	A2610	26,181
TOTAL Fines And Forfeitures	26,113		26,181
Grants From Local Governments		A2706	61,749
Unclassified (specify)	2,023	A2770	5
TOTAL Miscellaneous Local Sources	2,023		61,754
St Aid, Revenue Sharing	11,220	A3001	11,220
St Aid, Mortgage Tax	76,314	A3005	59,251
St Aid - Other (specify)	20,010	A3089	2,404
TOTAL State Aid	107,544		72,875
TOTAL Revenues	1,144,324		1,275,398
TOTAL Detail Revenues And Other Sources	1,144,324		1,275,398

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Results of Operation

Code Description	2017	ExpCode	2018
Expenditures			
Legislative Board, Pers Serv	19,600	A10101	19,600
Legislative Board, Contr Expend	1,230	A10104	906
TOTAL Legislative Board	20,830		20,506
Municipal Court, Pers Serv	54,415	A11101	58,578
Municipal Court, Contr Expend	7,545	A11104	9,186
TOTAL Municipal Court	61,960		67,764
Supervisor,pers Serv	74,526	A12201	76,103
Supervisor,contr Expend	12,491	A12204	13,769
TOTAL Supervisor	87,017		89,872
Auditor, Contr Expend		A13204	
TOTAL Auditor	0		0
Tax Collection,contr Expend	7,473	A13304	6,048
TOTAL Tax Collection	7,473		6,048
Assessment, Pers Serv	45,920	A13551	47,667
Assessment, Contr Expend	4,542	A13554	3,079
TOTAL Assessment	50,462		50,746
Clerk,pers Serv	49,509	A14101	48,992
Clerk,equip & Cap Outlay	1,000	A14102	
Clerk,contr Expend	4,705	A14104	5,398
TOTAL Clerk	55,214		54,390
Law, Contr Expend	35,337	A14204	33,659
TOTAL Law	35,337		33,659
Personnel, Contr Expend	4,380	A14304	787
TOTAL Personnel	4,380		787
Engineer, Contr Expend	31,226	A14404	99,902
TOTAL Engineer	31,226		99,902
Records Mgmt, PerS. SerV.	3,414	A14601	3,981
Records Mgmt, Contr Expend	6,921	A14604	8,385
TOTAL Records Mgmt	10,335		12,366
Buildings, Pers Serv	5,612	A16201	5,368
Buildings, Equip & Cap Outlay	692	A16202	14,313
Buildings, Contr Expend	12,657	A16204	13,329
TOTAL Buildings	18,961		33,010
Central Comm System, Contr Expend	5,772	A16504	6,059
TOTAL Central Comm System	5,772		6,059
Central Print & Mail,contr Expend	5,708	A16704	6,990
TOTAL Central Print & Mail	5,708		6,990
Central Data Process, Pers Serv	191	A16801	
Central Data Process & Cap Outlay	135	A16802	893
Central Data Process, Contr Expend	2,598	A16804	4,910
TOTAL Central Data Process	2,924		5,803
Unallocated Insurance, Contr Expend	30,295	A19104	30,530
TOTAL Unallocated Insurance	30,295		30,530
Municipal Assn Dues, Contr Expend	900	A19204	999
TOTAL Municipal Assn Dues	900		999

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Results of Operation

Code Description	2017	EdpCode	2018
Expenditures			
Taxes & Assess On Munic Prop, Contr Expend		A19504	1,709
TOTAL Taxes & Assess On Munic Prop	0		1,709
TOTAL General Government Support	428,794		521,140
Traffic Control, Contr Expen	1,666	A33104	654
TOTAL Traffic Control	1,666		654
Control of Animals, Pers Serv	4,235	A35101	4,670
Control of Animals, Contr Expend	1,974	A35104	1,497
TOTAL Control of Animals	6,209		6,167
TOTAL Public Safety	7,875		6,821
Ambulance, Contr Expend	260,000	A45404	310,000
TOTAL Ambulance	260,000		310,000
TOTAL Health	260,000		310,000
Street Admin, Pers Serv	54,800	A50101	56,445
Street Admin, Contr Expend	1,053	A50104	960
TOTAL Street Admin	55,853		57,405
Garage, Contr Expend	51,241	A51324	54,484
TOTAL Garage	51,241		54,484
Street Lighting, Contr Expend	488	A51824	512
TOTAL Street Lighting	488		512
TOTAL Transportation	107,582		112,401
Community Action, Contr Expend	1,000	A63104	1,000
TOTAL Community Action	1,000		1,000
Veterans Service, Contr Expend	1,000	A65104	1,000
TOTAL Veterans Service	1,000		1,000
Programs For Aging, Contr Expend	282	A67724	253
TOTAL Programs For Aging	282		253
TOTAL Economic Assistance And Opportunity	2,282		2,253
Library, Contr Expend	125,000	A74104	125,000
TOTAL Library	125,000		125,000
TOTAL Culture And Recreation	125,000		125,000
Environmental Control, Contr Expend	52	A80904	0
TOTAL Environmental Control	52		0
Refuse & Garbage, Pers Serv	480	A81601	908
Refuse & Garbage, Contr Expend	1,125	A81604	16,227
TOTAL Refuse & Garbage	1,605		17,135
Acquisition of Real Prop, Equip& Cap Outla	6,687	A86602	0
TOTAL Acquisition of Real Prop	6,687		0
Cemetery, Pers Serv	4,589	A88101	4,250
Cemetery, Contr Expend	12	A88104	0
TOTAL Cemetery	4,601		4,250
TOTAL Home And Community Services	12,945		21,385
State Retirement System	29,759	A90108	30,730
Social Security, Employer Cont	24,273	A90308	24,982
Worker's Compensation, Empl Brfts	6,836	A90408	3,025

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Results of Operation

Code Description	2017	EdpCode	2018
Expenditures			
Unemployment Insurance, Empl Bnfts	2,396	A90508	1,296
Disability Insurance, Empl Bnfts	128	A90558	128
Hospital & Medical (dental) Ins, Empl Bnft	22,296	A90608	23,783
TOTAL Employee Benefits	85,688		83,944
TOTAL Expenditures	1,030,166		1,182,944
TOTAL Detail Expenditures And Other Uses	1,030,166		1,182,944

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Analysis of Changes in Fund Balance

Code Description	2017	EdpCode	2018
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	860,521	A8021	974,679
Restated Fund Balance - Beg of Year	860,521	A8022	974,679
ADD - REVENUES AND OTHER SOURCES	1,144,324		1,275,398
DEDUCT - EXPENDITURES AND OTHER USES	1,030,166		1,182,944
Fund Balance - End of Year	974,679	A8029	1,067,133

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Budget Summary

Code Description	2018	EdpCode	2019
Estimated Revenues			
Est Rev - Real Property Taxes	1,053,066	A1049N	1,108,939
Est Rev - Real Property Tax Items	7,500	A1099N	7,500
Est Rev - Non Property Tax Items	21,000	A1199N	21,500
Est Rev - Departmental Income	1,150	A1299N	1,150
Est Rev - Use of Money And Property	2,500	A2499N	2,500
Est Rev - Licenses And Permits	3,800	A2599N	3,650
Est Rev - Fines And Forfeitures	22,000	A2649N	22,000
Est Rev - State Aid	50,000	A3099N	50,000
TOTAL Estimated Revenues	1,161,016		1,217,239
Appropriated Fund Balance	150,000	A599N	192,000
TOTAL Estimated Other Sources	150,000		192,000
TOTAL Estimated Revenues And Other Sources	1,311,016		1,409,239

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(A) GENERAL

Budget Summary

Code Description	2018	EdpCode	2019
Appropriations			
App - General Government Support	526,605	A1999N	554,181
App - Public Safety	9,420	A3999N	13,060
App - Health	310,000	A4999N	340,000
App - Transportation	119,545	A5999N	121,240
App - Economic Assistance And Opportunity	2,200	A6999N	2,200
App - Culture And Recreation	125,000	A7999N	125,000
App - Home And Community Services	19,237	A8999N	19,550
App - Employee Benefits	109,009	A9199N	114,008
TOTAL Appropriations	1,221,016		1,289,239
App - Interfund Transfer	90,000	A9999N	120,000
TOTAL Other Uses	90,000		120,000
TOTAL Appropriations And Other Uses	1,311,016		1,409,239

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(B) GENERAL TOWN-OUTSIDE VG

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Cash	528,721	B200	409,408
TOTAL Cash	528,721		409,408
Accounts Receivable		B380	17,445
TOTAL Other Receivables (net)	0		17,445
Due From Other Governments	29,716	B440	29,785
TOTAL Due From Other Governments	29,716		29,785
TOTAL Assets and Deferred Outflows of Resources	558,437		456,638

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(B) GENERAL TOWN-OUTSIDE VG

Balance Sheet

Code Description	2017	EdpCode	2018
Accounts Payable	8,166	B600	3,392
TOTAL Accounts Payable	8,166		3,392
TOTAL Liabilities	8,166		3,392
Fund Balance			
Assigned Appropriated Fund Balance	106,000	B914	109,000
Assigned Unappropriated Fund Balance	444,271	B915	344,246
TOTAL Assigned Fund Balance	550,271		453,246
TOTAL Fund Balance	550,271		453,246
TOTAL Liabilities, Deferred Inflows And Fund Balance	558,437		456,638

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(B) GENERAL TOWN-OUTSIDE VG

Results of Operation

Code Description	2017	EdpCode	2018
Revenues			
Real Property Taxes	58,966	B1001	60,301
TOTAL Real Property Taxes	58,966		60,301
Sales Tax (from County)	135,859	B1120	143,064
TOTAL Non Property Tax Items	135,859		143,064
Safety Inspection Fees	23,626	B1560	28,338
Zoning Fees	1,525	B2110	125
Planning Board Fees	1,700	B2115	625
TOTAL Departmental Income	26,851		29,088
Interest And Earnings	3,585	B2401	7,166
TOTAL Use of Money And Property	3,585		7,166
TOTAL Revenues	225,261		239,619
TOTAL Detail Revenues And Other Sources	225,261		239,619

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(B) GENERAL TOWN-OUTSIDE VG

Results of Operation

Code Description	2017	EdpCode	2018
Expenditures			
Police, Contr Expend	24,500	B31204	25,000
TOTAL Police	24,500		25,000
Safety Inspection, Pers Serv	42,522	B36201	39,699
Safety Inspection, Contr Expend	2,973	B36204	4,626
TOTAL Safety Inspection	45,495		44,325
TOTAL Public Safety	69,995		69,325
Registrar of Vital Statistics, Pers Serv	510	B40201	510
Registrar of Vital Stat Contr Expend	1,294	B40204	428
TOTAL Registrar of Vital Stat Contr Expend	1,804		938
TOTAL Health	1,804		938
Youth Prog, Contr Expend	41,250	B73104	41,250
TOTAL Youth Prog	41,250		41,250
TOTAL Culture And Recreation	41,250		41,250
Zoning, Pers Serv	6,779	B80101	3,756
Zoning, Contr Expend	6,678	B80104	1,656
TOTAL Zoning	13,457		5,412
Planning, Pers Serv	5,686	B80201	5,077
Planning, Contr Expend	5,603	B80204	5,214
TOTAL Planning	11,289		10,291
Comm Beautification, Contr Expend	500	B85104	500
TOTAL Comm Beautification	500		500
TOTAL Home And Community Services	25,246		16,203
State Retirement, Empl Bnfts	6,965	B90108	7,192
Social Security , Empl Bnfts	4,246	B90308	3,752
Worker's Compensation, Empl Bnfts	2,279	B90408	1,347
Hospital & Medical (dental) Ins, Empl Bnft	3,298	B90608	3,638
TOTAL Employee Benefits	16,788		15,929
TOTAL Expenditures	155,083		143,645
Transfers, Other Funds	65,000	B99019	193,000
TOTAL Operating Transfers	65,000		193,000
TOTAL Other Uses	65,000		193,000
TOTAL Detail Expenditures And Other Uses	220,083		336,645

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(B) GENERAL TOWN-OUTSIDE VG

Analysis of Changes in Fund Balance

Code Description	2017	EdpCode	2018
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	545,093	B8021	550,271
Restated Fund Balance - Beg of Year	545,093	B8022	550,271
ADD - REVENUES AND OTHER SOURCES	225,261		239,619
DEDUCT - EXPENDITURES AND OTHER USES	220,083		336,645
Fund Balance - End of Year	550,271	B8029	453,245

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(B) GENERAL TOWN-OUTSIDE VG

Budget Summary

Code/Description	2018	EdpCode	2019
Estimated Revenues			
Est Rev - Real Property Taxes	60,301	B1049N	60,905
Est Rev - Non Property Tax Items	110,000	B1199N	113,000
Est Rev - Departmental Income	19,450	B1299N	20,400
Est Rev - Use of Money And Property	1,200	B2499N	1,200
TOTAL Estimated Revenues	190,951		195,505
Appropriated Fund Balance	106,000	B599N	109,000
TOTAL Estimated Other Sources	106,000		109,000
TOTAL Estimated Revenues And Other Sources	296,951		304,505

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(B) GENERAL TOWN-OUTSIDE VG

Budget Summary

Code Description	2018	EdpCode	2019
Appropriations			
App - General Government Support	12,000	B1999N	12,000
App - Public Safety	75,310	B3999N	77,210
App - Health	510	B4999N	525
App - Culture And Recreation	41,250	B7999N	41,250
App - Home And Community Services	55,334	B8999N	63,496
App - Employee Benefits	19,547	B9199N	20,024
TOTAL Appropriations	203,951		214,505
App - Interfund Transfer	93,000	B9999N	90,000
TOTAL Other Uses	93,000		90,000
TOTAL Appropriations And Other Uses	296,951		304,505

TOWN OF North East
Annual Update Document
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(CD) SPECIAL GRANT

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Due From Other Funds	147	CD391	147
TOTAL Due From Other Funds	147		147
TOTAL Assets and Deferred Outflows of Resources	147		147

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(CD) SPECIAL GRANT

Balance Sheet

Code Description	2017	EdpCode	2018
Fund Balance			
Assigned Unappropriated Fund Balance	147	CD915	147
TOTAL Assigned Fund Balance	147		147
TOTAL Fund Balance	147		147
TOTAL Liabilities, Deferred Inflows And Fund Balance	147		147

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

Results of Operation

Code/Description	2017	EdpCode	2018
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TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

Results of Operation

Code Description	2017	EdpCode	2018
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TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(CD) SPECIAL GRANT

Analysis of Changes in Fund Balance

Code Description	2017	EdpCode	2018
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	147	CD8021	147
Restated Fund Balance - Beg of Year	147	CD8022	147
Fund Balance - End of Year	147	CD8029	147

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(CM) MISCELLANEOUS SPECIAL REV

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Cash	50,559	CM200	51,004
TOTAL Cash	50,559		51,004
TOTAL Assets and Deferred Outflows of Resources	50,559		51,004

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(CM) MISCELLANEOUS SPECIAL REV

Balance Sheet

Code Description	2017	EdpCode	2018
Fund Balance			
Assigned Unappropriated Fund Balance	50,559	CM915	51,004
TOTAL Assigned Fund Balance	50,559		51,004
TOTAL Fund Balance	50,559		51,004
TOTAL Liabilities, Deferred Inflows And Fund Balance	50,559		51,004

TOWN OF North East
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(CM) MISCELLANEOUS SPECIAL REV

Results of Operation

Code Description	2017	EdpCode	2018
Revenues			
Other Home & Community Service Income	900	CM2189	
TOTAL Departmental Income	900		0
Interest And Earnings	210	CM2401	445
TOTAL Use of Money And Property	210		445
TOTAL Revenues	1,110		445
TOTAL Detail Revenues And Other Sources	1,110		445

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

Results of Operation

Code Description	2017	EdpCode	2018
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TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(CM) MISCELLANEOUS SPECIAL REV

Analysis of Changes in Fund Balance

Code Description	2017	EdpCode	2018
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	49,449	CM8021	50,559
Restated Fund Balance - Beg of Year	49,449	CM8022	50,559
ADD - REVENUES AND OTHER SOURCES	1,110		445
Fund Balance - End of Year	50,559	CM8029	51,004

TOWN OF North East
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For the Fiscal Year Ending 2018

(DB) HIGHWAY-PART-TOWN

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Cash	435,976	DB200	693,488
TOTAL Cash	435,976		693,488
Accounts Receivable	253,303	DB380	
TOTAL Other Receivables (net)	253,303		0
TOTAL Assets and Deferred Outflows of Resources	689,279		693,488

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(DB) HIGHWAY-PART-TOWN

Balance Sheet

Code Description	2017	Edp Code	2018
Accounts Payable	179,170	DB600	147,518
TOTAL Accounts Payable	179,170		147,518
Due To Other Funds	147	DB630	148
TOTAL Due To Other Funds	147		148
TOTAL Liabilities	179,317		147,666
Fund Balance			
Assigned Appropriated Fund Balance	120,000	DB914	234,165
Assigned Unappropriated Fund Balance	389,961	DB915	311,654
TOTAL Assigned Fund Balance	509,961		545,819
TOTAL Fund Balance	509,961		545,819
TOTAL Liabilities, Deferred Inflows And Fund Balance	689,278		693,485

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(DB) HIGHWAY-PART-TOWN

Results of Operation

Code Description	2017	EdpCode	2018
Revenues			
Real Property Taxes	794,858	DB1001	813,707
TOTAL Real Property Taxes	794,858		813,707
Snow Removal Services-Other Govts	24,531	DB2302	
TOTAL Intergovernmental Charges	24,531		0
Interest And Earnings	5,528	DB2401	13,319
TOTAL Use of Money And Property	5,528		13,319
Sales of Equipment	6,122	DB2665	50,420
Insurance Recoveries		DB2680	3,584
TOTAL Sale of Property And Compensation For Loss	6,122		54,004
St Aid, Other Aid (specify)	50,000	DB3089	
St Aid, Consolidated Highway Aid	203,303	DB3501	
TOTAL State Aid	253,303		0
Fed Aid, Emergency Disaster Assistance		DB4960	13,359
TOTAL Federal Aid	0		13,359
TOTAL Revenues	1,084,342		894,389
Interfund Transfers	65,000	DB5031	193,000
TOTAL Interfund Transfers	65,000		193,000
TOTAL Other Sources	65,000		193,000
TOTAL Detail Revenues And Other Sources	1,149,342		1,087,389

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(DB) HIGHWAY-PART-TOWN

Results of Operation

Code Description	2017	EdpCode	2018
Expenditures			
Maint of Streets, Pers Serv	52,924	DB51101	53,808
Maint of Streets, Contr Expend	202,554	DB51104	200,157
TOTAL Maint of Streets	255,478		253,965
Perm Improve Highway, Contr Expend	119,046	DB51124	
TOTAL Perm Improve Highway	119,046		0
Machinery, Pers Serv	73,761	DB51301	72,916
Machinery, Equip & Cap Outlay	173,691	DB51302	172,499
Machinery, Contr Expend	98,248	DB51304	96,341
TOTAL Machinery	345,700		341,756
Brush And Weeds, Pers Serv	26,959	DB51401	28,046
Brush And Weeds, Contr Expend	40,833	DB51404	45,744
TOTAL Brush And Weeds	67,792		73,790
Snow Removal, Pers Serv	72,694	DB51421	75,373
Snow Removal, Equip & Cap Outlay	8,307	DB51422	6,496
Snow Removal, Contr Expend	93,068	DB51424	117,980
TOTAL Snow Removal	174,069		199,849
TOTAL Transportation	962,085		869,360
State Retirement, Empl Bnfts	26,594	DB90108	27,461
Social Security, Empl Bnfts	17,315	DB90308	17,606
Worker's Compensation, Empl Bnfts	28,864	DB90408	17,061
Disability Insurance, Empl Bnfts	554	DB90558	524
Hospital & Medical (dental) Ins, Empl Bnft	51,769	DB90608	55,775
TOTAL Employee Benefits	125,096		118,427
Debt Principal, Installment Bonds	61,667	DB97206	61,667
TOTAL Debt Principal	61,667		61,667
Debt Interest, Installment Bonds	3,065	DB97207	2,079
TOTAL Debt Interest	3,065		2,079
TOTAL Expenditures	1,151,913		1,051,533
TOTAL Detail Expenditures And Other Uses	1,151,913		1,051,533

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(DB) HIGHWAY-PART-TOWN

Analysis of Changes in Fund Balance

Code Description	2017	EdpCode	2018
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	512,532	DB8021	509,961
Restated Fund Balance - Beg of Year	512,532	DB8022	509,961
ADD - REVENUES AND OTHER SOURCES	1,149,342		1,087,389
DEDUCT - EXPENDITURES AND OTHER USES	1,151,913		1,051,533
Fund Balance - End of Year	509,961	DB8029	545,817

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(DB) HIGHWAY-PART-TOWN

Budget Summary

Code Description	2018	EdpCode	2019
Estimated Revenues			
Est Rev - Real Property Taxes	813,707	DB1049N	831,060
Est Rev - Intergovernmental Charges	0	DB2399N	
Est Rev - Use of Money And Property	2,000	DB2499N	2,000
TOTAL Estimated Revenues	815,707		833,060
Estimated - Interfund Transfer	93,000	DB5031N	90,000
Appropriated Fund Balance	120,000	DB599N	97,500
TOTAL Estimated Other Sources	213,000		187,500
TOTAL Estimated Revenues And Other Sources	1,028,707		1,020,560

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(DB) HIGHWAY-PART-TOWN

Budget Summary

Code Description	2018	EdpCode	2019
Appropriations			
App - Transportation	783,272	DB5999N	739,794
App - Employee Benefits	159,693	DB9199N	166,884
App - Debt Service	63,742	DB9899N	65,826
TOTAL Appropriations	1,006,707		972,504
App - Interfund Transfer	22,000	DB9999N	48,056
TOTAL Other Uses	22,000		48,056
TOTAL Appropriations And Other Uses	1,028,707		1,020,560

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Cash	8,497	H200	133,775
TOTAL Cash	8,497		133,775
TOTAL Assets and Deferred Outflows of Resources	8,497		133,775

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2017	EdpCode	2018
Accounts Payable		H600	125,000
TOTAL Accounts Payable	0		125,000
TOTAL Liabilities	0		125,000
Fund Balance			
Assigned Unappropriated Fund Balance	8,497	H915	8,775
TOTAL Assigned Fund Balance	8,497		8,775
TOTAL Fund Balance	8,497		8,775
TOTAL Liabilities, Deferred Inflows And Fund Balance	8,497		133,775

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2017	EdpCode	2018
Revenues			
Interest And Earnings	22	H2401	278
TOTAL Use of Money And Property	22		278
TOTAL Revenues	22		278
Statutory Installment Bonds		H5720	125,000
TOTAL Proceeds of Obligations	0		125,000
TOTAL Other Sources	0		125,000
TOTAL Detail Revenues And Other Sources	22		125,278

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2017	EdpCode	2018
Expenditures			
Snow Removal, Equip & Cap Outlay		H51422	125,000
TOTAL Snow Removal	0		125,000
TOTAL Transportation	0		125,000
TOTAL Expenditures	0		125,000
TOTAL Detail Expenditures And Other Uses	0		125,000

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Analysis of Changes in Fund Balance

Code Description	2017	EdpCode	2018
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	8,475	H8021	8,497
Restated Fund Balance - Beg of Year	8,475	H8022	8,497
ADD - REVENUES AND OTHER SOURCES	22		125,278
DEDUCT - EXPENDITURES AND OTHER USES			125,000
Fund Balance - End of Year	8,497	H8029	8,775

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Land	52,800	K101	52,800
Buildings	200,954	K102	200,954
Machinery And Equipment	1,545,993	K104	1,656,441
TOTAL Fixed Assets (net)	1,799,747		1,910,195
TOTAL Assets and Deferred Outflows of Resources	1,799,747		1,910,195

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2017	EdpCode	2018
Liabilities, Deferred Inflows And Fund Balance			
Total Non-Current Govt Assets	1,799,747	K159	1,910,195
TOTAL Investments in Non-Current Government Assets	1,799,747		1,910,195
TOTAL Fund Balance	1,799,747		1,910,195
TOTAL	1,799,747		1,910,195

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(SW) WATER

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Cash	33,657	SW200	35,803
TOTAL Cash	33,657		35,803
TOTAL Assets and Deferred Outflows of Resources	33,657		35,803

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(SW) WATER

Balance Sheet

Code Description	2017	EdpCode	2018
Fund Balance			
Assigned Unappropriated Fund Balance	33,657	SW915	35,803
TOTAL Assigned Fund Balance	33,657		35,803
TOTAL Fund Balance	33,657		35,803
TOTAL Liabilities, Deferred Inflows And Fund Balance	33,657		35,803

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(SW) WATER

Results of Operation

Code Description	2017	EdpCode	2018
Revenues			
Real Property Taxes	45,831	SW1001	47,316
TOTAL Real Property Taxes	45,831		47,316
Interest And Earnings	199	SW2401	409
TOTAL Use of Money And Property	199		409
TOTAL Revenues	46,030		47,725
TOTAL Detail Revenues And Other Sources	46,030		47,725

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(SW) WATER

Results of Operation

Code Description	2017	EdpCode	2018
Expenditures			
Water Administration, Contr Expend	120	SW83104	120
TOTAL Water Administration	120		120
Water Trans & Distrib, Pers Serv	52	SW83401	36
TOTAL Water Trans & Distrib	52		36
Other Water, Contr Expend	7,375	SW83894	6,900
TOTAL Other Water	7,375		6,900
TOTAL Home And Community Services	7,547		7,056
Social Security , Empl Brfts	4	SW90308	3
TOTAL Employee Benefits	4		3
Debt Principal, Serial Bonds	17,000	SW97106	18,000
TOTAL Debt Principal	17,000		18,000
Debt Interest, Serial Bonds	21,308	SW97107	20,520
TOTAL Debt Interest	21,308		20,520
TOTAL Expenditures	45,859		45,579
TOTAL Detail Expenditures And Other Uses	45,859		45,579

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(SW) WATER

Analysis of Changes in Fund Balance

Code Description	2017	EdpCode	2018
Analysis of Changes in Fund Balance			
Fund Balance - Beginning of Year	33,486	SW8021	33,657
Restated Fund Balance - Beg of Year	33,486	SW8022	33,657
ADD - REVENUES AND OTHER SOURCES	46,030		47,725
DEDUCT - EXPENDITURES AND OTHER USES	45,859		45,579
Fund Balance - End of Year	33,657	SW8029	35,803

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(SW) WATER

Budget Summary

Code Description	2018	EdpCode	2019
Estimated Revenues			
Est Rev - Real Property Taxes	39,565	SW1049N	39,733
Est Rev - Use of Money And Property	70	SW2499N	70
TOTAL Estimated Revenues	39,635		39,803
Appropriated Fund Balance	0	SW599N	
TOTAL Estimated Other Sources	0		0
TOTAL Estimated Revenues And Other Sources	39,635		39,803

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(SW) WATER

Budget Summary

Code Description	2018	EdpCode	2019
Appropriations			
App - Home And Community Services	1,100	SW8999N	1,100
App - Employee Benefits	15	SW9199N	15
App - Debt Service	38,520	SW9899N	38,688
TOTAL Appropriations	39,635		39,803
TOTAL Appropriations And Other Uses	39,635		39,803

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(TA) AGENCY

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Cash	43,935	TA200	38,766
TOTAL Cash	43,935		38,766
TOTAL Assets and Deferred Outflows of Resources	43,935		38,766

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(TA) AGENCY

Balance Sheet

Code Description	2017	EdpCode	2018
State Retirement	846	TA18	783
Group Insurance	826	TA20	828
Guaranty & Bid Deposits	42,263	TA30	37,154
TOTAL Agency Liabilities	43,935		38,765
TOTAL Liabilities	43,935		38,765
TOTAL Liabilities, Deferred Inflows And Fund Balance	43,935		38,765

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(TE) PRIVATE PURPOSE TRUST

Balance Sheet

Code Description	2017	EdpCode	2016
Assets			
Cash	8,997	TE200	9,038
TOTAL Cash	8,997		9,038
TOTAL Assets and Deferred Outflows of Resources	8,997		9,038

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(TE) PRIVATE PURPOSE TRUST

Balance Sheet

Code Description	2017	EdpCode	2018
Fund Balance			
Net Assets-Restricted For Other Purposes	8,997	TE923	9,038
TOTAL Assigned Fund Balance	8,997		9,038
TOTAL Fund Balance	8,997		9,038
TOTAL Liabilities, Deferred Inflows And Fund Balance	8,997		9,038

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(TE) PRIVATE PURPOSE TRUST

Results of Operation

Code Description	2017	EdpCode	2018
Revenues			
Interest And Earnings	23	TE2401	41
TOTAL Use of Money And Property	23		41
TOTAL Revenues	23		41
TOTAL Detail Revenues And Other Sources	23		41

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

Results of Operation

Code Description	2017	EdpCode	2018
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TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(TE) PRIVATE PURPOSE TRUST

Analysis of Changes in Net Position

Code Description	2017	EdpCode	2018
Analysis of Changes in Net Position			
Fund Balance - Beginning of Year	8,974	TE8021	8,997
Restated Fund Balance - Beg of Year	8,974	TE8022	8,997
ADD - REVENUES AND OTHER SOURCES	23		41
Fund Balance - End of Year	8,997	TE8029	9,038

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2017	EdpCode	2018
Assets			
Total Non-Current Govt Liabilities	746,844	W129	683,650
TOTAL Provision To Be Made In Future Budgets	746,844		683,650
TOTAL Assets and Deferred Outflows of Resources	746,844		683,650

TOWN OF North East
Annual Update Document
For the Fiscal Year Ending 2018

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2017	EdpCode	2018
Net Pension Liability -Proportionate Share	160,178	W638	51,650
TOTAL Other Liabilities	160,178		51,650
Bonds Payable	586,666	W628	632,000
TOTAL Bond And Long Term Liabilities	586,666		632,000
TOTAL Liabilities	746,844		683,650
TOTAL Liabilities	746,844		683,650

TOWN OF North East
Statement of Indebtedness
For the Fiscal Year Ending 2018

County of: Dutchess

Municipal Code: 130359300000

First Year	Debt Code	Description	Cops Flag	Comp Flag	Date of Issue	Date of Maturity	Int. Rate	Var?	Amt. Orig. Issued	O/S Beg. of Year	Paid Dur. Year	Redeemed Bond Proc.	Prior Yr. Adjust.	Accreted Interest	O/S End of Year
2000	BOND E	Water Improvements			06/01/1999	06/01/2036	4.50%			\$31,000	\$1,000	\$0	\$0		\$30,000
2000	BOND E	Water Improvements			06/01/1999	06/01/2036	4.50%			\$434,000	\$17,000	\$0	\$0		\$417,000
2015	BOND N	HIGHWAY TRUCK			11/23/2015	11/23/2018	1.59%		\$125,000	\$41,666	\$41,666	\$0	\$0		\$0
2016	BOND N	HIGHWAY EQUIPMENT			11/01/2016	11/01/2021	1.74%		\$100,000	\$80,000	\$20,000	\$0	\$0		\$60,000
2018	BOND N	Plow Truck			11/19/2018	11/19/2021	2.05%		\$125,000	\$0	\$0	\$0	\$0		\$125,000
Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year									\$125,000	\$586,666	\$79,666	\$0	\$0	\$0	\$632,000
AFR Year Total for All Debt Types - Sums Issued Amts only made in AFR Year									\$125,000	\$586,666	\$79,666	\$0	\$0	\$0	\$632,000

TOWN OF North East
 Schedule of Time Deposits and Investments
 For the Fiscal Year Ending 2018

	EDP Code	Amount
CASH:		
On Hand	9Z2001	\$100.00
Demand Deposits	9Z2011	\$2,418,494.00
Time Deposits	9Z2021	
Total		\$2,418,594.00
 COLLATERAL:		
- FDIC Insurance	9Z2014	\$500,000.00
Collateralized with securities held in possession of municipality or its agent	9Z2014A	\$1,918,594.00
Total		\$2,418,594.00
 INVESTMENTS:		
- Securities (450)		
Book Value (cost)	9Z4501	
Market Value at Balance Sheet Date	9Z4502	
Collateralized with securities held in possession of municipality or its agent	9Z4504A	
 - Repurchase Agreements (451)		
Book Value (cost)	9Z4511	
Market Value at Balance Sheet Date	9Z4512	
Collateralized with securities held in possession of municipality or its agent	9Z4514A	

TOWN OF North East
Bank Reconciliation
For the Fiscal Year Ending 2018

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
****-2426	\$1,007,902	\$0	\$0	\$1,007,902
****-2434	\$409,308	\$0	\$0	\$409,308
****-2442	\$693,386	\$0	\$0	\$693,386
****-2450	\$10,004	\$0	\$0	\$10,004
****-2469	\$131,259	\$0	\$0	\$131,259
****-2477	\$35,804	\$0	\$0	\$35,804
****-2493	\$2,516	\$0	\$0	\$2,516
****-2507	\$9,038	\$0	\$0	\$9,038
****-2515	\$51,004	\$0	\$0	\$51,004
****-3910	\$98	\$0	\$0	\$98
****-3937	\$101	\$0	\$0	\$101
****-3945	\$101	\$0	\$0	\$101
****-3961	\$28,549	\$0	\$28,549	\$0
****-3988	\$15,684	\$0	\$0	\$15,684
****-3996	\$2,270	\$0	\$658	\$1,612
****-6589	\$21,470	\$0	\$0	\$21,470
Total Adjusted Bank Balance				\$2,389,287
Petty Cash				\$100.00
Adjustments				\$0.00
Total Cash			9ZCASH *	\$2,389,387
Total Cash Balance All Funds			9ZCASHB *	\$2,389,386

* Must be equal

TOWN OF North East
Local Government Questionnaire
For the Fiscal Year Ending 2018

	<u>Response</u>
1) Does your municipality have a written procurement policy?	<u>Yes</u>
2) Have the financial statements for your municipality been independently audited? If not, are you planning on having an audit conducted?	<u>No</u>
3) Does your local government participate in an insurance pool with other local governments?	<u>No</u>
4) Does your local government participate in an investment pool with other local governments?	<u>No</u>
5) Does your municipality have a Length of Service Award Program (LOSAP) for volunteer firefighters?	<u>No</u>
6) Does your municipality have a Capital Plan?	<u>No</u>
7) Has your municipality prepared and documented a risk assessment plan? If yes, has your municipality used the results to design the system of internal controls?	<u>No</u>
8) Have you had a change in chief executive or chief fiscal officer during the last year?	<u>No</u>
9) Has your Local Government adopted an investment policy as required by General Municipal Law, Section 39?	<u>Yes</u>

TOWN OF North East
Employee and Retiree Benefits
For the Fiscal Year Ending 2018

Total Full Time Employees:		7			
Total Part Time Employees:		26			
Account Code	Description	Total Expenditures (All Funds)	# of Full Time Employees	# of Part Time Employees	# of Retirees
90108	State Retirement System	\$65,383.00	7	9	
90158	Police and Fire Retirement				
90258	Local Pension Fund				
90308	Social Security	\$46,343.00	7	26	
90408	Worker's Compensation Insurance	\$21,433.00	7	26	
90458	Life Insurance				
90508	Unemployment Insurance	\$1,296.00	7	1	
90558	Disability Insurance	\$651.00	7		
90608	Hospital and Medical (Dental) Insurance	\$83,197.00	7	1	1
90708	Union Welfare Benefits				
90858	Supplemental Benefit Payment to Disabled Fire Fighters				
91890	Other Employee Benefits				
Total		\$218,303.00			
Computed Total From Financial Section (comparative purposes only)		\$218,303.00			

TOWN OF North East
 Energy Costs and Consumption
 For the Fiscal Year Ending 2018

Energy Type	Total Expenditures	Total Volume	Units Of Measure	Alternative Units Of Measure
Gasoline	\$8,150	3,888	gallons	
Diesel Fuel	\$25,799	11,043	gallons	
Fuel Oil	\$8,562	3,870	gallons	
Natural Gas			cubic feet	
Electricity	\$5,884	34,953	kilowatt-hours	
Coal			tons	
Propane			gallons	

CERTIFICATION OF CHIEF FISCAL OFFICER

I, George Kaye, hereby certify that I am the Chief Fiscal Officer of the Town of North East, and that the information provided in the annual financial report of the Town of North East, for the fiscal year ended 12/31/2018, is TRUE and correct to the best of my knowledge and belief.

By entering the personal identification number assigned by the Office of the State Comptroller to me as the Chief Fiscal Officer of the Town of North East, and adopted by me as my signature for use in conjunction with the filing of the Town of North East 's annual financial report, I am evidencing my express intent to authenticate my certification of the Town of North East's annual financial report for the fiscal year ended 12/31/2018 and filed by means of electronic data transmission.

Sickler, Torchia, Allen & Chur
Name of Report Preparer if different
than Chief Fiscal Officer

(518) 828-4616
Telephone Number

02/20/2019
Date of Certification

Michael A Torchia Jr CPA CVA
Name

Shareholder
Title

PO Box 516 Millerton, NY 12546
Official Address

(518) 828-4616
Official Telephone Number

**TOWN OF North East
Financial Comments
For the Fiscal Year Ending 2018**

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The fund financial statements of the Town of North East, New York (Town) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units, to the extent appropriate for the prescribed form. The prescribed form is intended to comply with the requirements of the State of New York Office of State Comptroller, Division of Local Government and School Accountability, Albany, New York, and are not intended to be presented in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity:

The Town is governed by its charter, municipal law and other general laws of the State of New York, and various local laws and ordinances. The Town Board, which is the legislative body responsible for the overall operation of the Town, consists of five members (with each member having an equal vote). The Town Supervisor serves as chief executive and fiscal officer of the Town.

The following basic services are provided: public safety, health, transportation, highways and streets, culture and recreation, public improvements, economic assistance and opportunity, home and community services, and general administrative services.

All governmental activities and functions performed for the Town are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the Town of North East, (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 North East's reporting entity.

I. There are no other entities included in the reporting entity, nor are there any joint ventures excluded from the reporting entities.

II. Excluded from Reporting Entity:

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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

Although the following organizations, functions or activities are related to the Town they are not included in the Town's reporting entity because of the reasons noted:

The Town exercises no oversight over the operations of the Joint Fire District of the Town and Village of Millerton. The Town levies and collects real property taxes and turns them over to the fire district. This amounted to \$382,475 and \$375,575 for the years ended December 31, 2018 and 2017, respectively.

B. Fund Accounting:

The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The Town records its transactions in the fund types and account groups described below:

I. Fund Categories:

a. Governmental Funds:

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position (the sources, uses, and balances of current financial resources).

The following are the Town's governmental fund types.

1. General Fund:

The General Fund is the principal fund of the Town and includes all operations not required to be recorded in other funds.

2. Special Revenue Funds:

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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

specified purposes other than debt service or capital projects. The following Special Revenue Funds are utilized:

- (a) Highway Funds are used to account for revenues and expenditures for maintenance of Town highways.
- (b) Special District Funds are used to account for the resources of special districts.
- (c) Water Funds are used to account for revenues and expenditures for maintenance of the North East Water District.
- (d) Special Grant Funds are used to account for grant funds received from governmental sources.
- (e) Miscellaneous Special Revenue Fund accounts for trust arrangements under which principal and income will be used to benefit the Town's regular programs.
- (f) General Town – Outside are used to account for funds received for that purpose.

3. Capital Projects Fund:

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

b. Fiduciary Funds:

Fiduciary Funds are used to account for assets held by the local government in a trustee or custodial capacity.

1. Agency Funds:

Agency Funds are used to account for money (and/or property) received and held in the capacity of trustees, custodians, or agents. These include expendable trusts, non-expendable trusts, and agency funds.

2. Private-Purpose Trust Funds:

Private-Purpose Trust Funds are used to account for all other trust arrangements under which principal and interest benefit individuals, private organizations or other governments.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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

II. Account Groups:

Account groups are used to establish accounting control and accountability for the Town's non-current government assets and non-current government liabilities. The two account groups are not "funds". They are concerned only with the measurement of financial position, and not with the results of operations.

a. Non-Current Government Assets Account Group:

This group of accounts is used to account for land, buildings, improvements other than buildings and equipment utilized for general government purposes.

b. Non-Current Government Liability Account Group:

This group of accounts is established to account for all long-term debts.

C. Basis of Accounting/Measurement Focus:

Basis of accounting refers to when revenues and expenditures/expenses and the related assets, liabilities, and deferred revenues are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

I. Modified Accrual Basis:

All Governmental Funds and Fiduciary Funds, are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days of the end of the current fiscal year.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made, all other grant requirements have been met, and the resources are available.

Expenditures are recorded when the fund liability is incurred except that:

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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

- a. Expenditures for prepaid and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when payment is due (see Note 1, H).
- d. Other post-employment benefits are charged as expenditures when payment is due.

II. Account Groups:

Non-current government assets are recorded at actual or estimated cost or, in the case of gifts and contributions, at the fair market value at the time received. No provision for depreciation is made. Non-current government liabilities are recorded at the par value of the principal amount. No liability is recorded for interest payable to maturity. Long-term liabilities for retirement and compensated absences are recorded when the Town's obligation can be reasonably estimated.

D. Fund Balances:

Fund Balance is broken down into five different classifications: non-spendable, restricted, committed, assigned, and unassigned focusing on the constraints imposed on resources in governmental funds:

I. Non-Spendable:

Consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

II. Restricted:

Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

III. Committed:

Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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

of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The Town has no committed fund balance as of December 31, 2018.

IV. Assigned:

Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. The Board, by resolution, to adopt the 2019 budget, has authorized the Town Supervisor to assign fund balance. Appropriated fund balance is reported in the various funds as follows: General Fund – Town-Wide \$192,000, General Fund – Outside \$109,000, and Highway Fund – Outside \$97,500.

V. Unassigned:

Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the Town spends funds in the following order: restricted, committed, assigned, unassigned.

The Town has the authority to carry over a "reasonable amount" of committed, assigned and unassigned fund balance consistent with the "Reasonable amount" statutes.

E. Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes in order to reserve that portion of the applicable appropriations, is employed by the Town. Encumbrances are reported as restrictions, commitments or assignments of fund balance since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

F. Property, Plant, and Equipment – General:

Fixed assets purchased for general governmental purposes are recorded as expenditures in

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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

the governmental funds and are capitalized at cost (or estimated historical cost) in the Non-Current Government Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. Historical records are incomplete and, as such, are considered to be valued for insurance purposes only and cannot be supported as cost.

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

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures in governmental funds. Capital assets are not shown on governmental fund balance sheets.

Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets. No depreciation has been provided on Schedule of Non-Current Government Assets Account Group nor has interest on non-current government assets construction-in-progress been capitalized.

G. Investments:

An investment is a security or other asset (a) that a government holds primarily for the purpose of income or profit and (b) with present service capacity that is based solely on its ability to generate cash or to be sold to generate cash. Capital assets held for resale are excluded from being classified as investments.

Investments are generally reported at fair value, except certificates of deposit, which are reported at cost.

H. Compensated Absences:

The Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, subject to certain maximum limitations.

No accrual has been recorded due to the number of variables involved. However, management believes that sufficient resources will be available for payment when such payment becomes due.

I. Post-Employment Benefits:

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 and survivors' benefits are provided through an insurance company whose premiums are based on the benefits paid during the year.

These financial statements have not been subjected to an audit, review, or compilation engagement, and no assurance is given on them.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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

The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the current year, \$3,615 was paid on behalf of one retiree and recorded as an expenditure.

J. Departures from Generally Accepted Accounting Principles (GAAP):

The Town has prepared these statements in the accompanying prescribed form to comply with the requirements of the State of New York Office of State Comptroller, Division of Local Government and School Accountability, Albany, New York, and are not intended to be presented in accordance with accounting principles generally accepted in the United States of America. Notable departures from GAAP include:

- I. No provision for capitalizing infrastructure has been recorded;
- II. No provision for depreciation of Non-Current Government Assets has been recorded.
- III. The absence of an entity-wide Statement of Net Positions and Statement of Activities;
- IV. The absence of a Management, Discussion and Analysis;
- V. A statement comparing budget vs. actual is required under generally accepted accounting principles. While the Annual Update document includes both actual and budget schedules, there is no direct comparison of the two;
- VI. A Schedule of Funding Progress for Other Post-Employment Benefits is required under GAAP.
- VII. A Schedule of the Local Government's Proportionate Share of the Net Pension Liability for the New York State Employees' Retirement System is required under GAAP.
- VIII. A Schedule of the Local Government's Contribution for the New York State Employees' Retirement System is required under GAAP.
- IX. The absence of references to the "accompanying notes and accountant's disclaimer" on each page of the financial statements and to the "accountant's disclaimer" on each page of any supplementary information.

The effect of these departures on the financial statements has not been determined.

K. Insurance

The Town of North East assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

These financial statements have not been subjected to an audit, review, or compilation engagement, and no assurance is given on them.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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

L. New Accounting Standards:

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

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

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

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

M. Future Changes in Accounting Standards:

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

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

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

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

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

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

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

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

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

N. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY:

A. Budgetary Data:

The budget policies are as follows:

- I. No later than September 30, the budget officer submits a tentative budget to the Town Clerk, who then has until October 5 to submit the budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- II. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the governing board adopts the budget.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 2 – STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY (CONTINUED):

- III. All modifications of the budget must be approved by the governing board.
- IV. Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

B. Property Taxes:

Real property taxes are levied annually no later than December 31 and become a lien on January 1. Taxes are collected during the period January 1 to May 31. Taxes for the Town and special district purposes are levied together with the taxes for the county purposes as a single bill. The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bill. The county assumes enforcement responsibility for all taxes levied in the Town. In June of 2011, New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of property taxes that may be levied by the Town of North East in a particular year, beginning with the 2012 fiscal year. The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments.

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS:

A. Assets:

I. Cash and Investment Policies:

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in FDIC insured commercial banks located within the state. The Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, and obligations of the state and its municipalities and school districts.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

II. Cash and Cash Equivalents – Custodial Credit, Concentration of Credit, Interest Rate, and Foreign Currency Risks:

These financial statements have not been subjected to an audit, review, or compilation engagement, and no assurance is given on them.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

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

As of December 31, 2018, \$-0- of the Town’s bank balance of \$2,418,594 was exposed to custodial credit risk as follows:

	Bank Balance 12/31/18	FDIC Coverage	Collateral	Total Coverage 12/31/18
Salisbury Bank	<u>\$ 2,418,594</u>	<u>\$ 500,000</u>	<u>\$ 1,918,594</u>	<u>\$ 2,418,594</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute or contributor guidance to be reserved for various purposes. Restricted cash as of year-end includes \$10,004 within the governmental funds.

III. Changes in Non-Current Government Assets:

A summary of changes in non-current government assets follows:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Land	\$ 52,800	\$ -	\$ -	\$ 52,800
Buildings	200,954	-	-	200,954
Machinery and Equipment	1,545,993	306,444	195,996	1,656,441
	<u>\$ 1,799,747</u>	<u>\$ 306,444</u>	<u>\$ 195,996</u>	<u>\$ 1,910,195</u>

B. Liabilities:

I. Pension Plans:

a. General Information:

The Town participates in the New York State Employees’ Retirement System (NYSERS). This is a cost-sharing, multiple-employer public employee retirement system. The System 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.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

b. Plan Description:

The Town participates in the New York State and Local Employees' Retirement System (ERS) which is referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer defined benefit 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 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 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. If the member retires with 20 or more years of service, the 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

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

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 must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members 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.

iii. Tier 6:

Eligibility: Tier 6 members 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.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

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. 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.

v. Accidental Disability Benefits:

For all eligible Tier 1 and Tier 2 ERS 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.

vi. 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 benefit available.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

vii. 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. Contributions:

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>
2018	65,383
2017	63,318
2016	61,667

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

At December 31, 2018, the Town reported a liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

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 System in reports provided to the Town.

	<u>ERS</u>
Actuarial Valuation Date	4/1/2017
Net Pension (Asset)/Liability	\$ 51,650
Town's Portion of the Plan's Total Net Pension Asset/(Liability)	0.0016003%

For the year ended December 31, 2018, the Town recognized pension expense of \$65,383 for ERS, within the fund financial statements. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
	<u>ERS</u>	<u>ERS</u>
Differences Between Expected and Actual Experience	\$ 18,422	\$ 15,223
Changes of Assumptions	34,248	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	75,017	148,076
Changes in Proportion and Differences Between the Town's Contributions and Proportionate Share of Contributions	531	18,974
Town's Contributions Subsequent to the Measurement Date	<u>65,383</u>	<u>-</u>
Total	<u>\$ 193,601</u>	<u>\$ 182,273</u>

\$65,383 reported as deferred outflows of resource related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

	<u>ERS</u>
Year Ended:	
2019	3,818
2020	2,195
2021	(41,562)
2022	(18,506)
2023	-
Thereafter	-
	<u>(54,055)</u>

i. Actuarial Assumptions:

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

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

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

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

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

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

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

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

ii. Discount Rate:

The discount rate used to calculate the total pension liability was 7.0 % for ERS. 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.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS, as well as what the Town's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0% for ERS) or 1-percentage point higher (8.0% for ERS) than the current rate:

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TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

ERS	1% Decrease	Current	1% Increase
	(6.0%)	Assumption (7.0%)	(8.0%)
Employer's Proportionate Share of the Net Pension (Asset) Liability	<u>\$ 390,795</u>	<u>\$ 51,650</u>	<u>\$ (235,254)</u>

iv. Pension Plan Fiduciary Net Position:

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

	(Dollars in the Thousands)
	ERS
Valuation Date	4/1/2017
Employers' Total Pension Liability	\$ 183,400,590
Plan Net Position	<u>180,173,145</u>
Employers' Net Pension Liability/(Asset)	<u>\$ 3,227,445</u>
Plan Net Position as a percentage to the Systems' Total Pension Liability/(Asset)	98.24%

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, 2018 represent the projected employer contribution for the period of April 1, 2018 through December 31, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2018, amounted to \$0 payable, as the Town paid the March 2019 obligation in full prior to year-end.

II. Indebtedness:

a. Long-Term Debt:

At December 31, 2018, the total outstanding indebtedness of the Town aggregated \$632,000 of which \$185,000 was subject to the constitutional debt limit. This amount represented less than 1% of its debt limit.

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

b. Serial Bonds:

The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in Non-Current Government Liabilities Account Group. The provision to be made in the future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

c. Summary of Long-Term Liabilities:

The following is the summary of long-term liabilities outstanding at December 31, 2018:

	Balance <u>12/31/17</u>	Additions	Payments	Balance <u>12/31/18</u>
Serial Bonds	\$ 465,000	\$ -	\$ 18,000	\$ 447,000
Highway Truck	41,666	-	41,666	-
Highway Equipment	80,000	-	20,000	60,000
Highway Plow Truck	-	125,000	-	125,000
Net Pension Liability - Proportionate Share	<u>160,178</u>	<u>-</u>	<u>108,528</u>	<u>51,650</u>
	<u>\$ 746,844</u>	<u>\$ 125,000</u>	<u>\$ 188,194</u>	<u>\$ 683,650</u>

d. Maturity:

The following is a statement of Serial Bonds with corresponding maturity schedules:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Outstanding 12/31/2018</u>
Water	06/01/99	\$ 694,300	4.50%	06/01/36	\$ 447,000
Highway Truck	11/23/15	125,000	1.59%	11/23/18	-
Highway Equipment	11/01/16	100,000	1.74%	11/01/21	60,000
Highway Plow Truck	11/19/18	125,000	2.05%	11/19/21	<u>125,000</u>
					<u>\$ 632,000</u>

TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

e. Debt Service:

The following table summarizes the Town's future debt service requirements as of December 31, 2018:

	<u>Principal</u>	<u>Interest</u>
2019	80,666	23,309
2020	81,667	21,226
2021	82,667	19,094
2022	21,000	16,942
2023	21,000	15,998
2024-2028	115,000	65,003
2029-2033	135,000	37,012
2034-2038	<u>95,000</u>	<u>6,457</u>
	<u>\$ 632,000</u>	<u>\$ 205,041</u>

III. Landfill Maintenance:

State and federal laws and regulations require the Town to place a final cover on its refuse landfill site when it stops accepting waste, and also requires certain maintenance and monitoring functions at the site for 30 years after closure. The Town established a capital project to aid in paying the costs for the closure. Cumulative expenditures for landfill closure costs were \$1,181,475 for the years ended December 31, 2018 and 2017. The Town has applied for, and was awarded, State Aid in the amount of \$1,201,294 to aid in paying the cost to date and for future costs.

C. Interfund Receivables and Payables:

Interfund receivables and payables at December 31, 2018, were as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ -	\$ -	\$ -	\$ -
General Fund - Town Outside	-	-	-	193,000
Special Revenue:				
Highway Part Town	-	147	193,000	-
Water	-	-	-	-
Special Grant	147	-	-	-
Capital Projects	-	-	-	-
Fiduciary Trust and Agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 147</u>	<u>\$ 147</u>	<u>\$ 193,000</u>	<u>\$ 193,000</u>

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TOWN OF NORTH EAST, NEW YORK

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2018

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

D. Fund Equity:

Designation and Assignment of Fund Balance:

The Town has designated the following amounts to be used to reduce taxes for the year ending December 31, 2018:

<u>Fund</u>	<u>Appropriated Fund Balance</u>
General	\$ 192,000
General - Town Outside	109,000
Highway - Town Outside	97,500
	<u>\$ 398,500</u>

E. Restricted Reserves:

The general fund equity includes reserve funds established for the following purposes:

<u>Fund</u>	<u>Purpose</u>	<u>Balance at 12/31/18</u>
General	Unemployment Reserve	<u>\$ 10,004</u>

NOTE 4 – COMMITMENTS AND CONTINGENCIES:

A. Grants:

The Town has received grants in varying amounts, 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 to the State and Federal governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

B. Landfill Closure Costs:

The Town has not reported post closure care costs as a liability at December 31, 2018, in either the General Fund or the Non-Current Government Liabilities Account Group. The amount of this liability has not been calculated however; and is deemed to be material.