

FINANCIAL REPORT
Audited
EAST CLINTON FIRE DISTRICT
December 31, 2021

Audited for:

Board of Fire Commissioners
East Clinton Fire District

Audited by:
RBT CPAs, LLP
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Newburgh, NY 12550
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EAST CLINTON FIRE DISTRICT

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
East Clinton Fire District
Firehouse Road
Clinton Corners, NY 12514

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the East Clinton Fire District, (the "District"), which comprise the balance sheet - modified accrual basis for each fund and account group as of December 31, 2021 and the related statements of results of operation and changes in fund balance - modified accrual basis and budgetary comparison - modified accrual basis, for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the District as of December 31, 2021, and their respective results of operation and budgetary results for the year then ended, in accordance with the modified accrual basis of accounting described in Note I C.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General in the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note I C of the financial statements, which describes the basis of accounting. As described in Note I C to the financial statements, the financial statements are prepared on the modified accrual basis of accounting as prescribed by New York State for the preparation of the District's annual financial report, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New York State. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified accrual basis of accounting as prescribed by New York State for the preparation of the Fire District's annual financial report; this includes determining that the modified accrual basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any current known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis and Fire District Questionnaire but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on work performed, we conclude that an uncorrected material misstatement of other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 21, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY
June 21, 2022

EAST CLINTON FIRE DISTRICT

OTHER INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

The accompanying management discussion and analysis of the East Clinton Fire District's financial performance has been prepared to provide an overview of the District's financial activities for the fiscal year ended December 31, 2021. This discussion and analysis is only an introduction and should be read in conjunction with the District's financial statements.

Requests For Information

This report is designed to provide an overview of the District's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Board of Fire Commissioners at the East Clinton Fire District, Firehouse Road, Clinton Corners, NY 12514.

Financial Highlights

- As of the close of the current fiscal year, the East Clinton Fire District's governmental funds reported a combined ending fund balance of \$2,288,586, an increase of \$248,619 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$214,375.
- Real Property taxes decreased by \$8,060 in 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the East Clinton Fire District's financial statements. The District's financial statements consist of two components: 1) fund and account group financial statements and 2) notes to the financial statements. In addition to the financial statements, this report contains other information which will enhance the reader's understanding of the East Clinton Fire District.

Financial Statements

The statements consist of the Fund and Account Group Financial Statements. These statements focus on the activities of the individual parts of the District. There are three parts to the Fund Financial Statements: 1) the balance sheet, 2) the results of operation and changes in fund balance and 3) the budgetary comparison statement.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in these statements.

Financial Analysis of the East Clinton Fire District Funds

The East Clinton Fire District, like all other governmental entities in New York, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as General Municipal Law. All of the funds of the District are classified as governmental funds.

Governmental Funds: The focus of the East Clinton Fire District's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the East Clinton Fire District's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the East Clinton Fire District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$214,375.

At December 31, 2021, the governmental funds of the East Clinton Fire District reported a combined fund balance of \$2,288,586, a 12.19% percent increase over last year's fund balance.

The District sponsors a Length of Service Award Program ("LOSAP"). These assets are recorded in the General Fund.

Budgetary Highlights

General Fund actual revenues were more than budgeted revenues by \$65,376 primarily due to LOSAP earnings recorded in the general fund. General Fund actual expenditures were \$55,941 less than budgeted expenditures primarily due to contractual expenditures.

EAST CLINTON FIRE DISTRICT

Capital Assets and Debt Administration

Capital Assets: The District's investment in capital assets as of December 31, 2021 totaled \$1,161,507. These assets include buildings, construction in progress and machinery and equipment.

Debt: As of December 31, 2021, the East Clinton Fire District had long-term debt outstanding of \$31,942. The debt is backed by the full faith and credit of the District. The District's total debt decreased by \$30,722 during the 2021 fiscal year.

For more detailed information on capital assets and long-term debt, see the notes to the financial statements.

CONDENSED FINANCIAL INFORMATION

	2021	2020
Balance Sheet Information:		
Cash	\$ 1,113,226	\$ 908,314
LOSAP Assets	\$ 1,175,360	\$ 1,131,653
Capital Assets	\$ 1,161,507	\$ 1,139,192
Long-Term Liabilities	\$ 31,942	\$ 62,664
Fund Balances:		
Restricted	\$ 2,074,211	\$ 1,803,202
Unassigned	\$ 214,375	\$ 236,765
Statement of Operations:		
Revenue:		
Property Tax Revenue	\$ 539,975	\$ 548,035
Other Revenue	77,728	104,245
Total Revenue	617,703	652,280
Expenditures:		
Fire - Personal Service	39,050	39,000
Fire - Equipment and Capital Outlay	51,201	-
Fire - Contractual Expenditures	151,872	142,919
Local Pension Fund	74,880	74,640
Debt Principal and Interest	33,210	33,210
Other Expenditures	18,871	32,633
Total Expenditures	369,084	322,402
Change in Fund Balance	\$ 248,619	\$ 329,878

EAST CLINTON FIRE DISTRICT

BALANCE SHEET - MODIFIED ACCRUAL BASIS - ALL FUND TYPES AND ACCOUNT GROUPS

As of December 31, 2021	Governmental Fund Type	Account Groups	
	General	General Fixed Assets	General Long- Term Debt
ASSETS AND OTHER DEBITS			
Assets:			
Cash	\$ 214,375	\$ -	\$ -
Cash, Special Reserves	898,851	-	-
Service Award Program Assets (Note II A)	1,175,360	-	-
Capital Assets (Note II B)	-	1,161,507	-
Total Assets	2,288,586	1,161,507	-
Other Debits:			
Provision To Be Made in Future Budgets	-	-	31,942
Total Assets and Other Debits	\$ 2,288,586	\$ 1,161,507	\$ 31,942

LIABILITIES, FUND BALANCE AND OTHER CREDITS

Liabilities:			
Other Long Term Debt (Note II C)	\$ -	\$ -	\$ 31,942
Total Liabilities	-	-	31,942
Fund Balance and Other Credits:			
Investments in Non-Current Governmental Assets	-	1,161,507	-
Restricted Fund Balance	2,074,211	-	-
Unassigned Fund Balance	214,375	-	-
Total Fund Balance and Other Credits	2,288,586	1,161,507	-
Total Liabilities, Fund Balance and Other Credits	\$ 2,288,586	\$ 1,161,507	\$ 31,942

See Notes to Financial Statements.

EAST CLINTON FIRE DISTRICT

**RESULTS OF OPERATION AND CHANGES IN FUND BALANCE - MODIFIED ACCRUAL BASIS -
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2021	General
Revenues:	
Real Property Taxes	\$ 539,975
Interest and Earnings	63,985
Sales of Equipment	13,611
Unclassified	132
Total Detail Revenues	617,703
Expenditures:	
Fire - Personal Service	39,050
Fire - Equipment and Capital Outlay	51,201
Fire - Contractual Expenditures	151,872
Local Pension Fund	74,880
Social Security - Employer Contributions	2,987
Workers Compensation	15,045
Unemployment Insurance	813
Disability Insurance	26
Debt Principal - Installment Purchase	30,722
Debt Interest - Installment Purchase	2,488
Total Detail Expenditures	369,084
Other Financing Sources/(Uses):	
Interfund Transfers In	215,000
Interfund Transfers Out	(215,000)
Total Detail Other Financing Sources/(Uses)	-
Changes in Fund Balance	248,619
Fund Balance - Beginning	2,039,967
Fund Balance - Ending	\$ 2,288,586

See Notes to Financial Statements.

EAST CLINTON FIRE DISTRICT

**BUDGETARY COMPARISON STATEMENT - MODIFIED ACCRUAL BASIS -
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2021	Budgeted Amounts	Actual Amounts Modified Accrual Basis	Variance with Budget
GENERAL			
Revenues:			
Real Property Taxes	\$ 539,875	\$ 539,975	\$ 100
Interest and Earnings	150	63,183	63,033
Sales of Equipment	-	2,111	2,111
Unclassified	-	132	132
Total Detail Revenues	540,025	605,401	65,376
Expenditures:			
Fire - Personal Service	40,200	39,050	1,150
Fire - Equipment and Capital Outlay	24,550	51,201	(26,651)
Fire - Contractual Expenditures	247,450	151,872	95,578
Local Pension Fund	60,500	74,880	(14,380)
Social Security - Employer Contributions	3,000	2,987	13
Workers Compensation	15,500	15,045	455
Unemployment Insurance	500	813	(313)
Disability Insurance	100	26	74
Debt Principal - Installment Purchase	33,225	30,722	2,503
Debt Interest - Installment Purchase	-	2,488	(2,488)
Total Detail Expenditures	425,025	369,084	55,941
Other Financing Uses:			
Interfund Transfers Out	(115,000)	(215,000)	(100,000)
Total Detail Other Financing Uses:	(115,000)	(215,000)	(100,000)
Changes in Fund Balance	-	21,317	21,317
General Fund Balance - Beginning	1,368,418	1,368,418	-
General Fund Balance - Ending	\$ 1,368,418	\$ 1,389,735	\$ 21,317
RESERVE			
Revenues:			
Interest and Earnings	\$ -	\$ 802	\$ 802
Sales of Equipment	-	11,500	11,500
Total Detail Revenue	-	12,302	12,302
Other Financing Sources:			
Interfund Transfers In	115,000	215,000	100,000
Total Detail Other Financing Sources	115,000	215,000	100,000
Changes in Fund Balance	115,000	227,302	112,302
Reserve Fund Balance - Beginning	671,549	671,549	-
Reserve Fund Balance - Ending	\$ 786,549	\$ 898,851	\$ 112,302

See Notes to Financial Statements.

EAST CLINTON FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The East Clinton Fire District (the "District"), located in the Town of Clinton (the "Town"), was established in 1932 and is governed by the general laws of the State of New York (the "State"). The Board of Fire Commissioners is the legislative body responsible for overall operations.

The notes to the financial statements are an integral part of the statements and are intended to be read with them.

A. ENTITY DEFINITION CRITERIA FOR FINANCIAL REPORTING PURPOSES

All activities and functions performed for the East Clinton Fire District are its direct responsibility. No other organizations have been included or excluded from the reporting entity. The financial reporting entity includes organizations, functions and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management and accountability for fiscal matters.

B. FUND ACCOUNTING

The District 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 types of functions or activities.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are grouped by type in the financial statements. The following fund types and account groups are used by the District.

1. FUND TYPES:

- a. Governmental Fund Types - are those through which most general functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.
 - i. General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.
 - ii. Reserve Fund - The Reserve Fund is designed to segregate resources to provide for future contingencies and plan for major capital outlays, thereby reducing the need to rely on borrowing or outlays of current revenue to finance such events. For financial reporting purposes, the Reserve Fund is included in the General Fund.

2. ACCOUNT GROUPS:

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

General Fixed Assets Account Group - This account group is established to account for the land, buildings, improvements and other equipment utilized by the District for general operating purposes.

General Long-Term Debt Account Group - This account group is established to account for all long-term obligations of the District. It accounts for assets presently available for retirement of such indebtedness and the amount to be raised in future years to retire those debt obligations.

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The financial statements were prepared on the modified accrual basis of accounting as prescribed by New York State for the preparation of the Fire District annual financial report, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Basis of accounting refers to when revenues, expenditures and transfers - and the related assets and liabilities - 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 applied.

EAST CLINTON FIRE DISTRICT

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS (CONTINUED):

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Measurement focus is the determination of what should be measured. All Governmental Funds are accounted for on a spending or "financial flow" measurement focus.

This measurement focus means that only current assets and current liabilities are generally included on their balance sheets. Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Real property taxes are recognized as revenue during the corresponding tax year. The taxes are collected in full during the period earned; therefore, no receivable is necessary. Penalties and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Donated services are not reflected in this financial statement. The value of services performed by the volunteer firefighters has not been determined by the District and is not recorded.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which are recognized when due, and any service or payroll related taxes, fringes and benefits, which vest or accumulate, which are charged as an expenditure when paid or when they are to be paid with currently available resources.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current assets and liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type assets or liabilities. They are instead reported as assets in the General Fixed Assets Account Group or as liabilities in the General Long-Term Debt Account Group. Amounts paid to acquire capital assets or retire long-term debt are recorded as expenditures in the governmental funds.

D. BUDGETARY DATA

The District's budget policies are as follows:

1. No later than 21 days prior to the third Tuesday in October, the District Treasurer submits a tentative budget to the Board of Fire Commissioners for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and estimated revenues as the means of financing for all funds.
2. After public hearings are conducted to obtain taxpayer comments, the governing body adopts the budget. Certified copies are filed with the Town no later than November 7th for purposes of preparing the tax levy.
3. All modifications of the budget must be approved by the Board of Fire Commissioners.

E. ASSETS, LIABILITIES AND FUND BALANCE

Cash:

Cash includes (1) cash on hand (2) cash in demand deposits and (3) other types of deposits and accounts that have the same characteristics as demand deposits (deposits or withdrawals may be made at any time without notice or penalty).

The East Clinton Fire District's investment policies are governed by State Statutes. District monies shall be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks located within the State of New York. The Board of Fire Commissioners are authorized to use demand accounts and certificates of deposit. Collateral is required for demand deposits and certificates of deposit at no less than 100 percent of all deposits not covered by FDIC. 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.

Deposits: All deposits are carried at cost plus accrued interest. FDIC insurance covers up to \$250,000 per depositor, per insured bank for cash in time deposits and up to \$250,000 per depositor, per insured bank for cash in demand deposits. Deposits with a bank balance of \$1,133,006 are categorized as follows to give an indication of the level of risk inherent therein at year-end.

EAST CLINTON FIRE DISTRICT

E. ASSETS, LIABILITIES AND FUND BALANCE (CONTINUED):

Category 1 includes deposits that are insured by the FDIC. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or its agent in the District's name. Category 3 includes deposits uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the District's name.

	Bank Balance Categories			Totals
	1	2	3	
Cash and cash equivalents in banks	\$ 457,226	\$ 675,780	\$ -	\$ 1,133,006

Property Tax Receivables:

Real property taxes are collected by the Town and remitted to the District. No receivable is generated because the Town remits the entire amount due to the District during the tax year.

Capital Assets:

Acquisitions of land, capital facilities and equipment are recorded as expenditures in the various Governmental Funds at the time of purchase and are also recorded in the General Fixed Assets Account Group at cost. No depreciation has been provided on capital assets.

The District has not maintained historical cost records for all of its capital asset inventory. Due to this lack of cost basis information, the District has valued certain equipment using the estimated historical cost of the capital asset calculated by back-trending.

General Obligation Debt:

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. The provision to be made in future years' budgets for the repayment of these obligations is also recorded in the General Long-Term Debt Account Group.

Fund Balance Classification:

The following is a brief description of the five fund balance classifications, which are based on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds:

Nonspendable:

Amounts that cannot be spent in the current period either because of their form or because they must be maintained intact. Prepaid expenses are nonspendable assets because, by definition, the money has already been spent.

Restricted:

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.

- a. The General Fund includes assets restricted for the Service Award Program. The balance at December 31, 2021 was \$1,175,360.

Various New York State statutes allow local governments to establish reserve funds for various purposes. Since the State regulates the establishment, funding and use of these reserves, the District has classified the following reserve funds as restricted fund balances:

- b. The Equipment Reserve Fund includes reserve funds established for future repair and improvement of equipment. The balance at the end of 2021 was \$42,623.
- c. The Equipment Purchase Fund includes reserve funds established for future acquisition of new equipment. The balance at the end of 2021 was \$367,174.
- d. The Building and Grounds Fund includes reserve funds established for future acquisition and construction of buildings. The balance at the end of 2021 was \$489,054.

Committed:

Amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision making authority (the Board of Fire Commissioners) before the end of the fiscal year. The same level of formal action is required to remove the constraint.

EAST CLINTON FIRE DISTRICT

E. ASSETS, LIABILITIES AND FUND BALANCE (CONTINUED):

Assigned:

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.

Unassigned:

Represents the residual amount of fund balance in the General Fund. In funds other than the General Fund, this should only be used to report a deficit balance.

F. Pervasiveness of Estimates

The preparation of financial statements in conformity with the modified accrual basis of accounting described in Note I C requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Subsequent Events

The date to which events occurring after December 31, 2021, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is June 21, 2022, which is the date the financial statements were available to be issued.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Length of Service Award Program

The information contained in this note is based on information for the East Clinton Fire District Service Award Program for the program year ended on December 31, 2021, which is the most recent program year for which complete information is available. Penflex, Inc. ("Penflex") provided a valuation packet for the plan year ended December 31, 2021 for the purposes of completing the audit. Information from that report is contained within this footnote.

The East Clinton 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, 2008 for the active volunteer firefighter members of the East Clinton Fire District. The program was established pursuant to Article 11-A of 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 East Clinton Fire District is the sponsor of the program and Penflex is the program administrator.

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 one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The program's entitlement age is 55. 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 five years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the East Clinton Fire District.

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 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 40 years under the program.

EAST CLINTON FIRE DISTRICT

A. LENGTH OF SERVICE AWARD PROGRAM (CONTINUED):

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 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 or 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, a copy of the program document is available from the Fire District Secretary.

Investment and Control:

After the end of each calendar year, the fire company prepares and certifies a list of names of all persons who were active volunteer members of the fire company during the year and indicates 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 company 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 to assist in the administration of the program. The services provided by Penflex are described in the following paragraphs.

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 award 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 East Clinton Fire District Service Award Program 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 East Clinton Fire District for the services it provides. Penflex invoices are authorized for payment by the Board of Fire Commissioners in the same manner as any other invoice presented to the District for payment. The District pays Penflex invoices from its General Fund.

Article 11-A requires that program assets be held in trust 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.

Program Financial Condition:

Accrued Service Awards

Actuarial Present Value of Accrued Service Awards as of January 1, 2022	\$	1,068,554
Total Net Assets Available for Benefits as of December 31, 2021	\$	1,175,360

EAST CLINTON FIRE DISTRICT

A. LENGTH OF SERVICE AWARD PROGRAM (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	4.75%
Tables used for:	
Withdrawal	None
Disability	None
Retirement	RP-2014 Male Mortality Table without projection
Death (Actives)	None
Death (Inactives)	None

*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.

<u>Investments</u>	
Cash	\$ 41,642
Equities	413,764
Fixed Income	655,500
Other Assets	58,514
Total Investments	<u>\$ 1,169,420</u>
<u>Assets and Liabilities</u>	
Total Investments	\$ 1,169,420
Other Assets	
January Payments Withdrawn in Prior December	<u>5,940</u>
Fund Balance Restricted for LOSAP Benefits	<u>\$ 1,175,360</u>
<u>Receipts and Disbursements</u>	
Fund Balance Restricted for LOSAP Benefits - Beginning	\$ 1,131,653
Changes During the Year	
Plan Contributions	56,640
Interest and Dividends	31,319
Investment Fees	(9,480)
Investment Income Gain/(Loss) (including accrued interest)	40,108
Plan Benefit Withdrawals	<u>(74,880)</u>
Fund Balance Restricted for LOSAP Benefits - Ending	<u>\$ 1,175,360</u>
<u>Contributions</u>	
Amount of District's Contribution Recommended by Actuary	\$ 56,640
Amount of District's Actual Contribution	\$ 56,640
<u>Administrative Fees</u>	
Fees Paid to Administrative/Actuarial Services Provider	\$ 1,049

EAST CLINTON FIRE DISTRICT

B. ASSETS

Capital Assets:

Property, Buildings and Equipment - A summary of changes in the general fixed assets during fiscal year 2021 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Buildings	\$ 207,222	\$ -	\$ -	\$ 207,222
Machinery and Equipment	931,970	68,715	(54,900)	945,785
Construction Work in Progress	-	8,500	-	8,500
Total Capital Assets	\$ 1,139,192	\$ 77,215	\$ (54,900)	\$ 1,161,507

C. LIABILITIES

Long-Term Debt:

1. The following is a summary of general obligation debt transactions of the District during the year ended December 31, 2021:

	Governmental Activities
Long-Term Debt - Beginning	\$ 62,664
New Obligations	-
Obligation Payments	(30,722)
Long-Term Debt - Ending	<u>\$ 31,942</u>

2. General obligation debt payable at December 31, 2021 is comprised of the following individual issues:

Description	Sale Date	Original Borrowing	Interest Rate	Fiscal Year of Final Maturity	Outstanding Principal 2021
Installment Purchase Debt - 2013 E-one	02/23/2013	\$ 269,766	3.97 %	2022	<u>\$ 31,942</u>

3. The annual debt service requirements of the bonded indebtedness are as follows:

	Principal	Interest	Total
2022	<u>\$ 31,942</u>	<u>\$ 1,268</u>	<u>\$ 33,210</u>

***OTHER
INFORMATION***

EAST CLINTON FIRE DISTRICT

OTHER INFORMATION FIRE DISTRICT QUESTIONNAIRE

	Response
1) Has your district adopted a written procurement policy and is it complied with?	Y
2) Has your district contracted to have an independent audit of its financial statements? If not, has the Board of Fire Commissioners performed an internal audit of the Treasurer's records and reports?	Y
3) Does your district have a written travel policy and is it complied with?	Y
4) Are monthly bank reconciliations performed?	Y
5) What is your district's statutory spending limitation margin (amount) for the next fiscal year?	\$561,898
6) Does your district have a Length of Service Award Program ("LOSAP") for volunteer Firefighters?	Y
If so, how are the LOSAP funds invested?	
Marketable Securities	Y
Annuities	N
Life Insurance	N
Other (describe)	
7) Has your Fire District adopted an investment policy as required by General Municipal Law, Section 39?	Y



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**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**

Board of Fire Commissioners
East Clinton Fire District
Firehouse Road
Clinton Corners, NY 12514

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the East Clinton Fire District, which comprise the balance sheet - modified accrual basis as of December 31, 2021, and the related statements of results of operation and changes in fund balance - modified accrual basis and budgetary comparison - modified accrual basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 21, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Clinton Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as item 21-1.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Newburgh, NY
June 21, 2022

EAST CLINTON FIRE DISTRICT

SCHEDULE OF FINDINGS

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

21-1 New York State Labor Law

Condition: The District did not adopt an operations plan in response to the NYS public employers labor law by the due date of April 1, 2021.

Criteria: All public employers are required to develop and adopt a detailed operation plan to be utilized in the event of future public health emergencies.

Cause: The District adopted their operations plan on May 11, 2022.

Effect: The District was not in compliance with the NYS public employers labor law.

Recommendation: RBT recommends that the District develop and adopt all required operations plans by the published deadlines.

