

Town of Walkill, New York

Financial Statements And
Supplementary Information

Year Ended December 31, 2018

Town of Walkill, New York

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Independent Auditors' Report

**The Honorable Supervisor and the Town Board
of the Town of Walkill, New York**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Walkill Industrial Development Agency (a component unit) for the year ended December 31, 2018, which represents 24.01%, 19.83 and 99.39% respectively of the assets, net position and revenues of the component units. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for such component unit, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General, Highway and Special Districts funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Notes 2E and 3E in the notes to financial statements which disclose the effects of the Town's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended December 31, 2018 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2018 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2018.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town as of and for the year ended December 31, 2017 (not presented herein), and have issued our report thereon dated December 6, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended December 31, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2017 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2017.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

December 9, 2019

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Town of Wallkill, New York

Management's Discussion and Analysis (MD&A)
December 31, 2018

Introduction

The management of the Town of Wallkill, New York ("Town") presents this discussion and analysis to provide an overview of the Town's financial activities for the fiscal year ended December 31, 2018. This information focuses on current activities and resulting changes, and should be read in conjunction with the basic financial statements that immediately follow this section to enhance understanding of the Town's financial performance.

Financial Highlights for Fiscal Year 2018

- Through sound financial practices, the Town has continued to maintain Standard and Poor's AA stable bond rating in 2018. This is a reflection of the town's healthy fund balance, stable employment base, growth of assessed valuations and a strong projection for future years.
- The Town of Wallkill implemented Government Accounting Standards Board ("GASB") Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB") for the year ended December 31, 2018. This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governments by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. The Town's prior year reporting of OPEB was based on GASB Statement No. 45. The primary distinction between GASB Statement No. 45 and GASB Statement No. 75 is that GASB Statement No. 45 only recognized the *net* OPEB liability, where GASB Statement No. 75 now requires the recognition of the *total* OPEB liability on the financial statements. The statements now reflect a cumulative effect for the change in accounting principle of (\$43,100,678) to the original net position of \$20,627,155, thereby restating the net position as (\$21,755,452) in the government-wide statements for governmental activities, and (\$371,448) in the business type activities.

Government-Wide Financial Statements:

- The government-wide financial statements reflect that assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources at the close of the prior fiscal year in the amount of \$20,627,155. However, the unrestricted net position, which is available to meet the ongoing obligations of the Town, reflects a deficit balance of \$40,444,466 at year end. This decrease is due to the change in accounting principle described above (GASB Statement No. 75). The opening balance of \$20.63 million is restated as \$(21.76) million.
- Business-type activities, the Town of Wallkill Golf Course, showed a decrease in net position of \$535,076, for a total net deficit of \$1,157,709. This increased deficit is due to a decrease in cash and increased long-term liabilities. Some of this relates to the implementation of GASB Statement No. 75. It is also important to note that, since 2015, the golf course has been managed by an outside entity. As of January 1, 2018 the management company is Billy Casper Golf.

Fund Financial Statements:

- The Town’s governmental funds ended 2018 with a total fund balance of \$26.4 million, exclusive of the Capital Projects Fund. Of this amount, \$2.4 million was restricted, assigned fund balance was \$15.8 million (primarily because of the Special Revenue funds, these include the Sewer and Water Funds), and \$7.1 million was the unassigned fund balance in the General Fund. The \$1,050,000 committed by the Town Board in 2016 for the General and Highway Funds for health, retirement and tax certiorari excesses was not utilized in 2018.
- The Town’s total outstanding debt at year end was approximately \$27.8 million, \$22.3 million in bonds, \$2 million in loans payable and \$3.5 in bond anticipation notes (“BAN”) as of December 31, 2018. The most significant change here is the issuance of \$5 million in bonds for the Sludge Dewatering project and approximately \$1 million in new BAN’s. These notes were for costs of the Woodland Acres Water Extension project (\$345,000) and the Kosuga Well project (\$650,000).

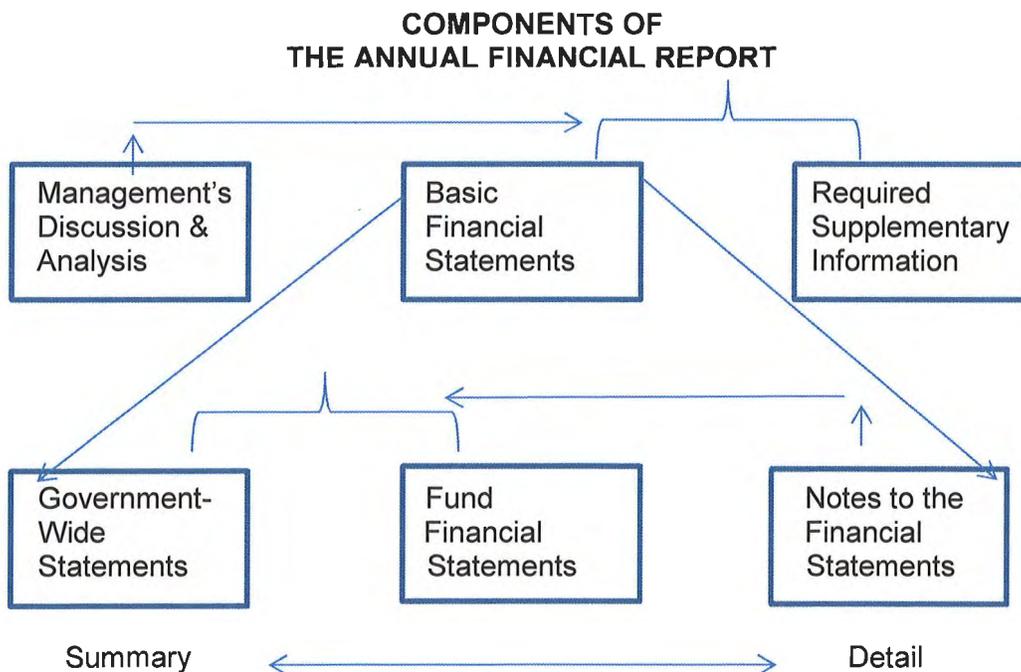
Using This Annual Report

This annual report consists of a series of financial statements that are shown in detail in the section that follows this MD&A.

The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole, and over time, information for a longer-term view of the Town’s finances. These statements show how governmental activities were financed in the short-term, as well as what remains for future spending.

Fund financial statements are presented with more detail regarding the major operating funds of the Town. Fiduciary funds also are shown; these are the Agency Funds.

The notes provide additional information that is essential to a full understanding of the data provided in government-wide and fund financial statements. Additional statements and schedules can be found immediately following the notes to the financial statements. These include: Required Supplementary Information regarding OPEB and pensions, comparative balance sheets, budget to actual comparisons and statements for the non-major governmental funds.



Reporting on the Town as a Whole

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with an overview of the Town's finances, in a manner similar to a private-sector business, including assets not included in fund financial statements, such as infrastructure.

The *Statement of Net Position and the Statement of Activities* best summarize the Town's finances as a whole. They include all assets and liabilities using the accrual basis of accounting. All of the Town's current year revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. Increases or decreases in net position indicate whether the financial position of the Town is improving or deteriorating. In both statements, the activities of the Town are divided into three types:

- ❖ **Governmental activities** - Most of the Town's basic services are shown here including police, highway, water, sewer, parks, land use, and support agencies. Property taxes, non-property tax items, state aid and charges for services are the primary sources of revenue for these activities.
- ❖ **Business-type activities** - The Town's golf course is intended to be completely self-sufficient and does not receive taxes. As it is now management by an outside entity, the revenue source is the contracted annual payment to the town from the management company.
- ❖ **Component units** - The Town of Wallkill Housing Authority and Town of Wallkill IDA are separate legal entities from the Town, but the Town ultimately is financially accountable for them.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The Town, like other state and local governments, uses fund accounting in order to comply with established financial and legal requirements. Maintaining separate funds allows for control over resources that are segregated for a specific purpose. The Town's three types of funds- governmental, proprietary and fiduciary – are maintained in accordance with Generally Accepted Accounting Principles.

Governmental funds - Most of the basic services provided by the Town are financed and accounted for through governmental funds. Financial statements of a governmental fund focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information is useful in determining the Town's financial requirements for subsequent fiscal periods.

Proprietary funds - These funds are used to show activities that operate similar to private business enterprises. Because these funds charge fees for services provided, they are known as proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's Enterprise Fund (a component of proprietary funds) is reported the same way as the business-type activities we report in the government-wide statements but provide more detail here.

Fiduciary funds - This fund category is used to account for funds held by the Town on behalf of others, including those related to payroll withholdings.

The Town as Trustee

Reporting the Town's Fiduciary Responsibilities

The Town is the trustee over assets that can only be used for the purposes specified in the trust agreement. All of the Town's fiduciary activities are reported in a separate Statement of Assets and Liabilities - Fiduciary Fund. These activities are excluded from the Town's other financial statements because these funds are not available to support the Town's operations. The Town is responsible for ensuring that the assets reported in the funds are used for their intended purposes.

Government-Wide Financial Analysis

As mentioned earlier, changes in net position over time may be used to determine the Town's outlook and financial position. At the end of 2018, the net position was (\$22.9) million, a decrease of \$42.9 million. This decrease is directly related to implementation of GASB Statement No. 75 and the inclusion of the total OPEB liability in the financial statements. Of the (\$22.9) million, (\$21.8) million was the net position of governmental activities and (\$1.1) million was the net position of business-type activities - the Town of Walkkill Golf Course. Presently NYS does not allow for the funding of these liabilities, but the reporting requirements have caused this change on the Statement of Net Position.

Total assets of the Primary Government, Governmental and Business Activities were \$80.1 million at the end of 2018, with capital assets, net of depreciation, accounting for \$45.6 million of this amount. Capital assets included infrastructure of \$9.2 million. An additional \$3.6 million was land, which is not depreciated. The overall total of capital assets decreased by approximately \$400,000. The decrease is due to depreciation.

The values of capital assets are based on historical costs. The Town uses these capital assets to provide services to residents, and these assets are not liquid, and are therefore not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

Current assets of Governmental Activities totaled \$34.3 million and consisted primarily of \$29.4 million in cash and equivalents and \$4.9 million in receivables. Assets have increased by approximately \$6.8 million, primarily in cash. The increase is primarily in the Capital Funds and Special Districts. The Capital Fund cash increased due to the receipt of bond funds for the sewer/sludge project, and the Water Fund receivables have decreased significantly from the prior year, thereby increasing cash. The town also received BAN funds, and began work on the Woodland Acres Water Project, and the Kosuga Well Project, also increasing Construction in Progress.

Total liabilities are \$100.5 million with bonds outstanding of \$22.3 million, bond anticipation notes of \$3.5 million and a small amount of capital leases payable. The decrease in capital leases is due to the pay-down of principal and the fact that the town purchased several vehicles using cash instead of financing.

The increase in liabilities of approximately \$46.3 million resulted primarily from the change in accounting principle regarding recording of post-employment benefits (GASB No. 75). As of the date of this report, GASB does not require that the OPEB liability of a government to be funded. In fact, New York State General Municipal Law, Section 6-p does not permit a municipality to set aside funds for the OPEB liability. However, GASB Statement No. 68 does require that the Town report the full amount of its net pension liability.

Other long-term liabilities of the Town include other post-employment benefit obligations of \$67.1 million and compensated absences of \$932,000.

**Net Position
December 31, 2018**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current Assets	\$ 34,334,274	\$ 27,480,333	\$ 124,757	\$ 74,827	\$ 34,459,031	\$ 27,555,160
Capital Assets, Net	44,120,007	44,550,868	1,534,973	1,570,878	45,654,980	46,121,746
Total Assets	\$ 78,454,281	\$ 72,031,201	\$ 1,659,730	\$ 1,645,705	\$ 80,114,011	\$ 73,676,906
Deferred Outflows of Resources	\$ 3,544,782	\$ 3,837,433	\$ -	\$ -	\$ 3,544,782	\$ 3,837,433
Current Liabilities	5,959,842	6,541,053	403,915	224,882	6,363,757	6,765,935
Long Term Liabilities	94,555,788	47,649,012	2,413,524	2,043,456	96,969,312	49,692,468
Total Liabilities	\$ 100,515,630	\$ 54,190,065	\$ 2,817,439	\$ 2,268,338	\$ 103,333,069	\$ 56,458,403
Deferred Inflows of Resources	\$ 3,238,885	\$ 1,051,414	\$ -	\$ -	\$ 3,238,885	\$ 1,051,414
Net Position						
Net investment in						
Capital Assets	16,256,727	21,586,684	1,534,973	1,535,638	17,791,700	23,122,322
Restricted	2,432,287	1,930,876	-	-	2,432,287	1,930,876
Unrestricted	(40,444,466)	(2,890,405)	(2,692,682)	(2,158,271)	(43,137,148)	(5,048,676)
Total Net Position	\$ (21,755,452)	\$ 20,627,155	\$ (1,157,709)	\$ (622,633)	\$ (22,913,161)	\$ 20,004,522

Statement of Activities
For the Year Ended December 31, 2018

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	\$ 8,997,739	\$ 8,124,154	\$ 811,177	\$ 227,212	\$ 9,808,916	\$ 8,351,366
Operating Grants and Contributions	1,880,420	1,968,385	-	12,766	1,880,420	1,981,151
Capital Grants and Contributions	371,226	919,634	-	-	371,226	919,634
State Aid						
General Revenues						
Real Property Tax	13,953,034	13,706,023	-	-	13,953,034	13,706,023
Other Tax Items	591,531	554,031	-	-	591,531	554,031
Non-Property Taxes	4,605,748	4,447,036	-	-	4,605,748	4,447,036
Unrestricted Use of Money and Property	25,379	11,956	7	75	25,386	12,031
Sale of Property and Compensation for Loss	161,975	130,681	-	-	161,975	130,681
Unrestricted State Aid	773,306	890,507	-	-	773,306	890,507
Miscellaneous	99,175	86,267	-	-	99,175	86,267
Total Revenues	31,459,533	30,838,674	811,184	240,053	32,270,717	31,078,727
Program Expenses						
General Government Support	3,981,174	4,254,179	-	-	3,981,174	4,254,179
Public Safety	11,296,643	8,050,371	-	-	11,296,643	8,050,371
Health	1,039	1,204	-	-	1,039	1,204
Transportation	6,659,288	7,772,488	-	-	6,659,288	7,772,488
Economic Opportunity and Development	5,818	7,900	-	-	5,818	7,900
Culture and Recreation	1,775,838	2,004,075	-	-	1,775,838	2,004,075
Home and Community Service	6,183,996	7,471,676	-	-	6,183,996	7,471,676
Interest	837,666	750,057	-	-	837,666	750,057
Golf Course		-	974,812	386,972	974,812	386,972
Total Expenses	30,741,462	30,311,950	974,812	386,972	31,716,274	30,698,922
Change in Net Position	718,071	527,724	(163,628)	(146,919)	554,443	380,805
NET POSITION						
Beginning (as reported)	20,627,155	18,449,424	(622,633)	(475,714)	20,004,522	17,973,710
Prior period adjustment	(43,100,678)	1,650,007	(371,448)	-	(43,472,126)	1,650,007
Beginning (as restated)	(22,473,523)	20,099,431	(994,081)	(475,714)	(23,467,604)	19,623,717
Ending	\$ (21,755,452)	\$ 20,627,155	\$ (1,157,709)	\$ (622,633)	\$ (22,913,161)	\$ 20,004,522

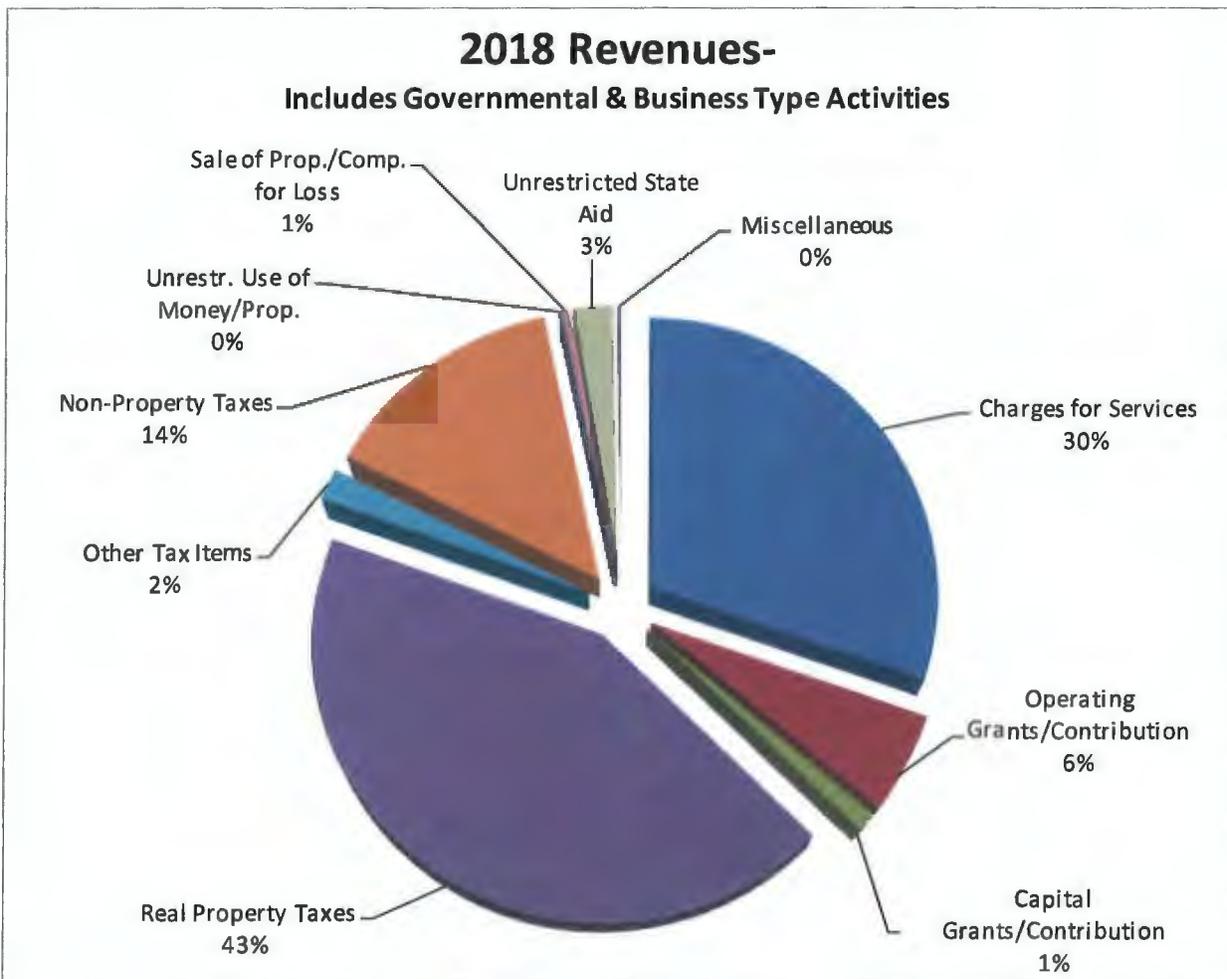
The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes are reported as soon as the change occurs, regardless of the timing of the related cash flows. The Town's activities are all shown on an accrual basis rather than the modified approach that is traditional in governmental fund financial statements.

REVENUES

The Town's revenues in Governmental and Business Type Activities increased slightly, by 3.8%, to a total of \$32.3 million. Real property taxes made up \$14 million of this amount or 43%. Charges for services were \$9.8 million or 30%, made up of building, recreation and water/sewer charges. Non-property tax items (sales tax) were \$4.6 million, or 14%. Operating grants and contributions were \$1.8 million, or 6%.

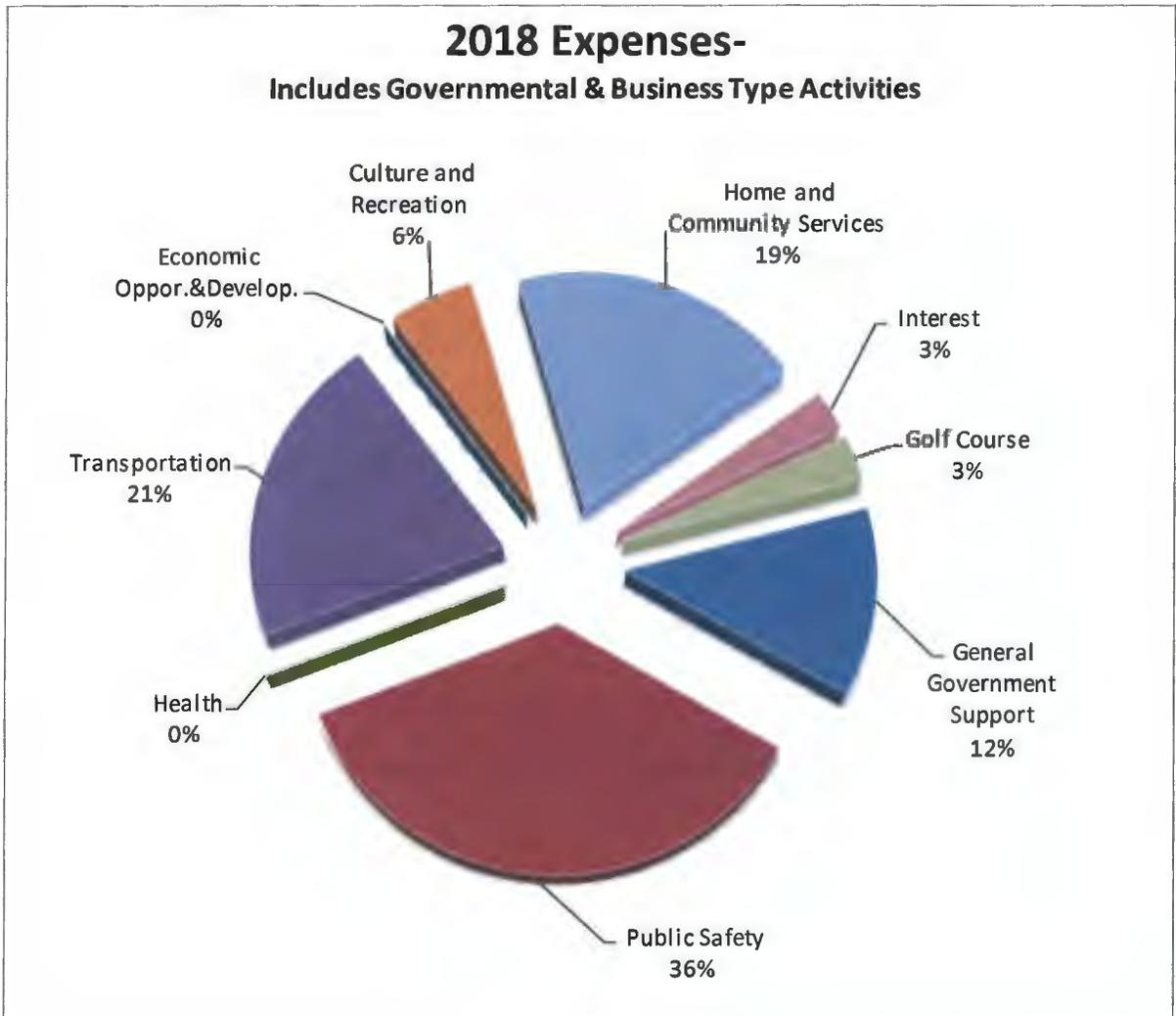
The \$1.1 million increase in revenue is reflected in the increased amount of real property tax and sales tax collected in the period, along with increases in permits and fees.

The graph below reflects the breakdown of town revenues by type, real property taxes being the largest component, followed by charges for services, non-property taxes (sales tax), and the remaining smaller items.



EXPENSES

Program expenses Governmental and Business Type Activities totaled \$31.7 million, with public safety accounting for the largest portion of that at \$11.3 million, or 36%. Transportation expenses, consisting of the Highway Department and Dial-A-Bus services, were the next largest at \$6.7 million, or 21%. Home and community services were \$6.2 million or 19%. Water and sewer service costs account for the majority of the latter amount.



Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund Balance Reporting

GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements for the Town's fiscal period ending December 31, 2011. GASB Statement 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: non-spendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

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.

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.

Committed - consists of amounts that are subject to purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

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.

Unassigned - represents the residual classification for 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 had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than the availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement should result in an improvement in the usefulness of fund balance information.

Governmental Fund Highlights

The New York State Comptroller's Office requires the local governments use fund accounting, which is consistent with Governmental Accounting Standards Board, and that only the minimum number of funds required by law and operating requirements should be maintained.

The major operating funds of the Town of Wallkill are the General Fund, Highway Fund and the Special Districts Fund. The Special Districts Fund includes the major funds of the: Consolidated Sewer Fund, the Consolidated Water Fund and the Lorelei Water Fund. It also includes Drainage Funds, Lighting Funds and a Road Improvement Fund, more minor funds for the Town.

The table below shows the Town of Wallkill's selected governmental operating funds including revenues, expenditures and changes in fund balances for the year ending December 31, 2018.

Total revenues for governmental funds were \$30.1 million. Expenditures were \$27.4 million. These both increased from the prior year and reflect an excess of \$2.7 million of revenues over expenditures. Expenses increased by approximately \$1.8 million, major variances showing in the Public Safety and Employee Benefits. These variances were offset by revenue increases in the amount of \$2.2 million for property tax, sales tax, building permits and inspection fees, causing the increase in the overall excess of approximately \$400,000 more than in 2017.

Of the total \$24.5 million fund balance for the governmental funds excluding the Capital Projects Fund, \$1.3 million is restricted. The assigned and unassigned portions of fund balance are \$15 million and \$7.2 million, respectively. The committed funds for health, retirement and/or tax certioraris total \$1,050,000.

**Selected Governmental Operating Funds in 2018
Revenues, Expenditures and Changes in Fund Balance**

	2018						2017 Total
	General	Highway	Consolidated Sewer	Consolidated Water	Lorelei Water	Total	
Revenues							
Property Taxes, Other Tax Items and Departmental Income	\$ 12,310,494	\$ 4,747,697	\$ 3,882,284	\$ 3,795,246	\$ 36,668	\$ 24,772,389	\$ 22,851,463
Other Revenues	4,107,353	1,064,488	137,241	47,648	5,358	5,362,088	5,067,119
Total Revenues	<u>16,417,847</u>	<u>5,812,185</u>	<u>4,019,525</u>	<u>3,842,894</u>	<u>42,026</u>	<u>30,134,477</u>	<u>27,918,582</u>
Expenditures	<u>15,613,176</u>	<u>5,633,440</u>	<u>2,680,263</u>	<u>3,505,771</u>	<u>12,266</u>	<u>27,444,916</u>	<u>25,604,349</u>
Revenues Net of Expenditures	<u>804,671</u>	<u>178,745</u>	<u>1,339,262</u>	<u>337,123</u>	<u>29,760</u>	<u>2,689,561</u>	<u>2,314,233</u>
Other Financing Sources							
Sale of Real Property	13,920	-	-	-	-	13,920	24,979
Insurance Recoveries	145,924	-	-	-	-	145,924	101,749
Transfers In	108,500	36,480	-	56,639	-	201,619	62,189
Transfers Out	(35,000)	(617,401)	-	(55,000)	(19,800)	(727,201)	(4,462,314)
Total Other Financing Sources (Uses)	<u>233,344</u>	<u>(580,921)</u>	<u>-</u>	<u>1,639</u>	<u>(19,800)</u>	<u>(365,738)</u>	<u>(4,273,397)</u>
Net Changes in Fund Balances	<u>1,038,015</u>	<u>(402,176)</u>	<u>1,339,262</u>	<u>338,762</u>	<u>9,960</u>	<u>2,323,823</u>	<u>(1,959,164)</u>
Beginning Fund Balances	<u>7,959,291</u>	<u>2,903,547</u>	<u>6,056,813</u>	<u>5,193,471</u>	<u>49,187</u>	<u>22,162,309</u>	<u>21,994,049</u>
Ending Fund Balances	<u>\$ 8,997,306</u>	<u>\$ 2,501,371</u>	<u>\$ 7,396,075</u>	<u>\$ 5,532,233</u>	<u>\$ 59,147</u>	<u>\$ 24,486,132</u>	<u>\$ 20,034,885</u>
Fund Balance By Type							
Restricted	585,125	-	458,981	240,636	-	1,284,742	1,127,473
Committed	750,000	300,000	-	-	-	1,050,000	1,050,000
Assigned	486,954	2,201,371	6,937,094	5,291,597	59,147	14,976,163	12,334,404
Unassigned	7,175,227	-	-	-	-	7,175,227	5,523,008
Total Fund Balance	<u>\$ 8,997,306</u>	<u>\$ 2,501,371</u>	<u>\$ 7,396,075</u>	<u>\$ 5,532,233</u>	<u>\$ 59,147</u>	<u>\$ 24,486,132</u>	<u>\$ 20,034,885</u>

General Fund

The Town of Walkkill's General Fund consists of revenues and expenditures for town-wide services including general government support, public safety and parks and recreation. Revenues consist of property taxes, mortgage tax revenue (classified as State aid), fees from building inspector and park activities, fines and interfund revenues for other fund's share of general government support, and other departmental income.

Total General Fund revenues were \$16.4 million in 2018 and expenditures totaled \$15.6 million, resulting in an increase of revenue over expenditures of \$805,000. When combined with totals from other financing sources of \$233,000, it resulted in an increase of \$1.4 million in fund balance for 2018.

The Town's General Fund ended 2018 with a fund balance of approximately \$9.0 million. Revenues were higher than in 2017, by \$600,000. This was a result of increases in property tax, sales tax, building permit and inspection fees, and departmental income. It is also due to the fact that the Town budgets conservatively, even regarding sales tax and mortgage tax, the larger revenue sources for the town.

The expenditures were \$15.6 million, increasing by approximately \$800,000 from the prior year. Public Safety and Transportation are responsible for the majority of the increase in expenditures, due to the addition of several police officers, and an increase in Street Lighting expenses. Prior to 2018, the Street Lighting bill was offset by the Solar Project credits, but the change in law now disallows the use of the lighting district for this purpose, so the full expense is now reflected in the General Fund.

Fund balance increased from a beginning level of \$7.959 million to an ending level of \$8.997 million. This amount is comprised of \$750,000 in committed funds, \$585,125 in restricted funds, \$486,954 in assigned funds and an unassigned fund balance is \$7.175 million. The committed funds are for health insurance and retirement expenditures that are greater than a 7% increase, and tax certiorari case. Funds are restricted for the Route 211 Double Left Turn Lane project.

Highway Fund

The Highway Fund provides Town-wide and Part-town Highway services as set by New York State Highway law. Town-wide services consist of snow removal, brush and weed control, highway equipment and machinery costs. Part-town services include road maintenance with road re-surfacing as a major component. It also has been a goal of the town to pave the few remaining dirt roads within the town,

Property taxes and payments in lieu of tax accounted for 81.7% of Highway Fund revenues in 2018. Other revenues are mainly intergovernmental charges for sale of fuel and state/federal aid.

The Highway budget reflects a \$402,000 decrease in fund balance, for a total of \$2.5 million as of December 31, 2018. Revenues came in slightly over the budgeted amount, due to intergovernmental charges for fuel and State aid for highway. Expenses came in under the final budget amount in transportation, but the decrease in fund balance is due to the transfers out to the Capital Fund for the Route 211 Sidewalk project.

Enterprise Fund

As part of the 2018 adopted budget, the Supervisor and the Town Board agreed to privatize the golf course management. Billy Casper Golf began managing the golf course in 2018 and pays the town an annual fee of \$75,000. The management company is also responsible for the full employment cost of the Town employee at the course.

Enterprise Fund (cont'd)

The fund reflects a decrease of approximately \$535,000 in net position as of December 31, 2018. The assets remained about the same, but liabilities increased, primarily in the amount due to the General Fund. The remainder of the decrease, about \$371,000, was caused by the change in accounting principle to GASB No. 75, "Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions ("OPEB")."

The other notable change in the Enterprise fund shows in the Statement of Cash Flows. They reflect net cash of \$27,912, versus the (\$65,589) shown in 2017. Under the management of Billy Casper Golf, Inc., the cash received from customers increased by \$496,000, but was offset mostly by an increase in cash payments due to employees (of Billy Casper Golf, Inc.) of \$374,000 and some smaller other variances in cash.

Consolidated Sewer Fund

The Town's sewer system is composed of seventy miles of sewer pipe, thirteen pumping stations, and a treatment plant that has a capacity of 4 million gallons of sewage per day.

Usage charges and Special Assessment billing account for 96.8% of revenue. The usage rate for 2018 was at \$2.90/thousand gallons. This rate has not been increased for several years, since the rates still cover expenses, provide enough to build a capital reserve for projects, and build fund balance.

Fund balance increased from a beginning level of \$6.02 million to an ending level of \$7.38 million. There was approximately \$1.4 million returned to fund balance in 2018. The excess of revenue over expenditures was approximately \$700,000 greater than the \$670,000 excess in 2017. Revenues were up by \$200,000 in user fees, and expenditures decreased by about \$500,000, primarily in home and community services. There were no large purchases of capital equipment in 2018, such as the sewer jet in 2017.

This fund balance is primarily comprised of assigned funds. The restricted amount increased to \$458,951 due to budgeting for a sewer cash reserve for capital projects, which in the past was used to pay for the Sewer Bar Screen project without creating new debt.

Consolidated Water Fund

The Town's water system is composed of eighty miles of pipe and ten water pumping stations.

Usage charges and special assessment billing account for 99.1% of revenue. The usage rate for 2018 was at \$2.60/thousand gallons water used. The water rate per gallon increased 4% since 2017.

Fund balance increased from a beginning level of \$5.19 million to an ending level of \$5.53 million. This balance includes a small restricted amount of \$240,636 and the remainder is assigned. The net change in fund balance of \$338,000 is similar to the amount in 2017, and is reflective of more revenue collected from metered water services.

Lorelei Water Fund

In 2014, the Town Board established a new district with water services only. The district is comprised of approximately 46 residences and the rates are the same as established for the Consolidated Water Fund in 2018, at \$2.60/thousand gallons used. This rate per gallon increased 4% from the 2017 rate. The district experienced an increase in fund balance in 2018.

Arfman Tract Water & Arfman Tract Sewer Funds

This fund includes certain properties that are in the Town of Walkill, but receive water and sewer services from the City of Middletown. Services are billed by the Town of Walkill based on readings provided by the City of Middletown, and the revenues are paid in full to the city at the time of billing.

Component Units

The Town of Walkill includes the Town of Walkill Industrial Development Agency and the Town of Walkill Housing Authority as component units.

Industrial Development Agency:

The net position of the Agency increased to \$183,788 as of December 31, 2018, up by \$50,530 from 2017. This increase is reflective of the Agency’s “income” for 2018. The increase in revenue reflects deposits from two new projects handled by the IDA, from Banta Management and Dunning Farms. The increase is offset by transfers of some of the funds to an IDA Escrow account, and fund expenses for attorneys and financial consultants.

Housing Authority:

The net position of the Housing Authority as of December 31, 2018 is \$742,910. This is a very slight decrease over the net position at year-end in 2017. The decrease is due to expenses for auditing of financial statements. At this point, there is no activity taking place in this Housing Authority.

Capital Assets and Debt Administration

The Town of Walkill’s capital assets had values, net of accumulated depreciation, of \$45.7 million at the end of 2018.

The following table shows the components of the capital assets for governmental and business-type activities.

**Capital Assets
December 31, 2018
(Net of accumulated depreciation)**

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,807,606	\$ 2,807,606	\$ 794,134	\$ 794,134	\$ 3,601,740	\$ 3,601,740
Improvements	8,539,704	8,616,139	-	-	8,539,704	8,616,139
Buildings & Improvements	13,424,924	14,138,809	694,334	726,667	14,119,258	14,865,476
Machinery & Equipment	2,455,130	2,731,310	46,505	50,077	2,501,635	2,781,387
Infrastructure	9,196,910	9,768,619	-	-	9,196,910	9,768,619
Construction-In-Progress	7,695,733	6,488,385	-	-	7,695,733	6,488,385
Total Capital Assets	\$ 44,120,007	\$ 44,550,868	\$ 1,534,973	\$ 1,570,878	\$ 45,654,980	\$ 46,121,746

The overall asset total decreased by approximately \$500,000 in 2018. While everything but Land decreased due to depreciation (land is not depreciable) in the amount of \$1.7 million, this was offset by a \$1.2 million increase in the Improvements category increased due to additions of capital projects

completed in 2018. Additional information on the Town's capital assets can be found in the Notes to the Financial Statements, Note 3, Detailed Notes on All Funds, section B.

Long-Term and Short-Term Debt

The Town of Walkill's long-term debt (general obligation bonds) at the end of 2018 was \$25.8 million, of which all was for governmental activities. The Town has bond anticipation notes (BANs) outstanding of \$3.5 million as of the end of 2018. During 2018, the Town issued short-term debt for the Woodland Acres and Kosuga Well #7 projects. Long-term debt was issued in the amount of \$5,000,000 for the Sewer Fund, Sludge Dewatering project.

**Outstanding Debt
General Obligations Bonds and Bond Anticipation Notes**

	Governmental Activities	
	2018	2017
General Obligation Bonds	\$ 22,295,000	\$ 18,410,000
Installment Purchase Debt	26,781	95,339
Loans Payable	2,049,209	2,176,848
Bond Anticipation Notes	3,492,200	2,652,000
 Total Outstanding Debt	 \$ 27,863,190	 \$ 23,334,187

Total long-term outstanding debt increased from \$20.7 million in 2017 to approximately \$24.4 million in 2018. These totals include bonds payable, installment purchase debt and loans payable (details are found in Notes to Financial Statements, Note 3, Section E-Long-Term Indebtedness).

There are currently 8 outstanding bonds issues; one for water improvements, a new 2018 bond for a Sludge Dewatering project, one for sewer reconstruction and five (three issued in 2016) for public improvement, general purpose. General purpose bonds are issued for many projects including, but not limited to, the construction of the new Town Hall (2010), Circleville Park Buildings and the Salt Barn, Bridge projects, Water Tank Rehab and Sewer projects. The Water and Sewer bonds are issued through the Environmental Facilities Corporation.

The Town's underlying credit rating by Standard & Poor's Financial Services LLC is remains at "AA", reviewed in December 2017 by S&P prior to the issuance of January 2018 bonds.

General Information

The Town of Walkill, classified as a First Class Town, encompasses an area of 64 square miles within the western part of the County of Orange, New York. The population was 28,942 per the U.S. Census Bureau for 2017.

There are no incorporated villages within the Town; however, the Town includes the unincorporated communities of Circleville, Howells, Washington Heights and Scotchtown. In addition, the Town completely encircles the City of Middletown. Walkill is a suburban community and primarily residential in nature. The Town also enjoys substantial retail and commercial activity and some industry. Residents of the Town are employed throughout the area, which has retail and service oriented economy. The Town is presently experiencing a lot of commercial growth, i.e. new hotels, housing communities, solar projects and new

businesses. This growth is reflected in the increase in assessed values over the past few years, which in turn have kept the tax rate lower for our residents.

Next Year's Budgets and Tax Rate

The 2018 budget was the sixth year in which the Town needed to comply with the property tax cap that was approved by the New York State Legislature in 2011. The Town has to stay below or right at the cap by undertaking tight budget controls that keep expenses down and properly record revenues.

For 2019, the Town Board has indicated that it did again stay within the tax cap.

Contacting the Town's Financial Management

This report is intended to provide a broad overview of the Town of Walkill's finances to its citizens and other stakeholders. If you desire additional information or have suggestions for improving this report, please contact:

Supervisor's Office
Town of Walkill
99 Tower Dr. Building A
Middletown, NY 10941

Town of Walkill, New York

Statement of Net Position
December 31, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 29,380,156	\$ 22,331	\$ 29,402,487
Accounts receivable, net	407,577	83,530	491,107
State and Federal aid receivable	657,351	-	657,351
Due from other governments	1,903,575	-	1,903,575
Water and sewer rents receivable	1,985,615	-	1,985,615
Inventories	-	14,246	14,246
Prepaid expense	-	4,650	4,650
Loan receivable, net	-	-	-
Capital assets			
Not being depreciated	10,503,339	794,134	11,297,473
Being depreciated, net	33,616,668	740,839	34,357,507
Total Assets	<u>78,454,281</u>	<u>1,659,730</u>	<u>80,114,011</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>3,544,782</u>	<u>-</u>	<u>3,544,782</u>
LIABILITIES			
Accounts payable	670,426	33,507	703,933
Accrued liabilities	695,902	-	695,902
Due to retirement systems	1,058,341	5,840	1,064,181
Bond anticipation notes payable	3,492,200	-	3,492,200
Internal balances	(341,000)	341,000	-
Accrued interest payable	383,973	-	383,973
Unearned revenues	-	23,568	23,568
Non-current liabilities			
Due within one year	1,481,781	3,400	1,485,181
Due in more than one year	93,074,007	2,410,124	95,484,131
Total Liabilities	<u>100,515,630</u>	<u>2,817,439</u>	<u>103,333,069</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,238,885</u>	<u>-</u>	<u>3,238,885</u>
NET POSITION			
Net investment in capital assets	16,256,727	1,534,973	17,791,700
Restricted for			
Future capital projects	1,274,058	-	1,274,058
Liability and casualty loss	10,684	-	10,684
Trusts	459,018	-	459,018
Parklands	688,527	-	688,527
Unrestricted	(40,444,466)	(2,692,682)	(43,137,148)
Total Net Position	<u>\$ (21,755,452)</u>	<u>\$ (1,157,709)</u>	<u>\$ (22,913,161)</u>

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

Component Units	
Town of Walkkill Housing Authority	Town of Walkkill Industrial Development Agency
\$ 710,110	\$ 227,178
-	7,500
-	-
-	-
-	-
-	-
-	-
32,800	-
-	-
<u>742,910</u>	<u>234,678</u>
-	-
-	13,546
-	15,000
-	22,344
-	-
-	-
-	-
-	-
-	-
-	50,890
-	-
-	-
32,800	-
-	-
-	-
-	-
-	-
710,110	183,788
<u>\$ 742,910</u>	<u>\$ 183,788</u>

Town of Walkill, New York

Statement of Activities
Year Ended December 31, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government support	\$ 3,981,174	\$ 288,560	\$ 241,537	\$ -
Public safety	11,296,643	1,834,452	17,228	-
Health	1,039	59,890	-	-
Transportation	6,659,288	23,683	1,401,758	371,226
Economic opportunity and development	5,818	-	-	-
Culture and recreation	1,775,838	286,285	28,284	-
Home and community services	6,183,996	6,504,869	191,613	-
Interest	837,666	-	-	-
Total Governmental Activities	30,741,462	8,997,739	1,880,420	371,226
Business-type activities				
Golf Course	974,812	811,177	-	-
Total	\$ 31,716,274	\$ 9,808,916	\$ 1,880,420	\$ 371,226
Component units				
Town of Walkill Housing Authority	\$ 5,000	\$ -	\$ -	\$ -
Town of Walkill Industrial Development Agency	19,553	-	69,960	-
Total Component Units	\$ 24,553	\$ -	\$ 69,960	\$ -

General revenues
 Real property taxes
 Other tax items
 Payments in lieu of taxes
 Interest and penalties on real property taxes
 Franchise fees
 Non-property taxes
 Non-property tax distribution from County
 Unrestricted use of money and property
 Sale of property and compensation for loss
 Unrestricted State aid
 Miscellaneous
 Sale of real property

Total General Revenues

Change in Net Position

NET POSITION

Beginning, as reported

Cumulative Effect of Change in Accounting Principle

Beginning, as restated

Net Position - End of Year

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Town of Walkill Housing Authority	Town of Walkill Industrial Development Authority
\$ (3,451,077)	\$ -	\$ (3,451,077)	\$ -	\$ -
(9,444,963)	-	(9,444,963)	-	-
58,851	-	58,851	-	-
(4,862,621)	-	(4,862,621)	-	-
(5,818)	-	(5,818)	-	-
(1,461,269)	-	(1,461,269)	-	-
512,486	-	512,486	-	-
(837,666)	-	(837,666)	-	-
(19,492,077)	-	(19,492,077)	-	-
-	(163,635)	(163,635)	-	-
(19,492,077)	(163,635)	(19,655,712)	-	-
-	-	-	(5,000)	-
-	-	-	-	50,407
-	-	-	(5,000)	50,407
13,953,034	-	13,953,034	-	-
273,353	-	273,353	-	-
38,759	-	38,759	-	-
279,419	-	279,419	-	-
4,605,748	-	4,605,748	-	-
25,379	7	25,386	428	123
148,055	-	148,055	-	-
773,306	-	773,306	-	-
99,175	-	99,175	-	-
13,920	-	13,920	-	-
20,210,148	7	20,210,155	428	123
718,071	(163,628)	554,443	(4,572)	50,530
20,627,155	(622,633)	20,004,522	747,482	133,258
(43,100,678)	(371,448)	(43,472,126)	-	-
(22,473,523)	(994,081)	(23,467,604)	747,482	133,258
\$ (21,755,452)	\$ (1,157,709)	\$ (22,913,161)	\$ 742,910	\$ 183,788

Town of Wallkill, New York

Balance Sheet
 Governmental Funds
 December 31, 2018

	General	Highway	Special Districts
ASSETS			
Cash and equivalents	\$ 7,626,057	\$ 2,546,206	\$ 11,737,688
Receivables			
Accounts	380,779	11,420	94
State and Federal aid	308,858	-	-
Due from other governments	1,867,451	36,124	-
Water and sewer rents	-	-	1,985,615
Due from other funds	541,017	232,357	808,021
Loan receivable, net of allowance of \$1,803,064	-	-	-
	<u>3,098,105</u>	<u>279,901</u>	<u>2,793,730</u>
Total Assets	<u>\$ 10,724,162</u>	<u>\$ 2,826,107</u>	<u>\$ 14,531,418</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 182,594	\$ 36,933	\$ 278,176
Accrued liabilities	549,357	80,124	66,421
Due to retirement systems	783,862	157,679	116,800
Due to other funds	211,043	50,000	292,707
Bond anticipation notes payable	-	-	-
Total Liabilities	<u>1,726,856</u>	<u>324,736</u>	<u>754,104</u>
Fund balances (deficits)			
Restricted	585,125	-	699,617
Committed	750,000	300,000	-
Assigned	486,954	2,201,371	13,077,697
Unassigned	<u>7,175,227</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>8,997,306</u>	<u>2,501,371</u>	<u>13,777,314</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 10,724,162</u>	<u>\$ 2,826,107</u>	<u>\$ 14,531,418</u>

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

Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ 6,264,259	\$ 1,205,946	\$ 29,380,156
316	14,968	407,577
300,178	48,315	657,351
-	-	1,903,575
-	-	1,985,615
-	132,249	1,713,644
-	-	-
<u>300,494</u>	<u>195,532</u>	<u>6,667,762</u>
<u>\$ 6,564,753</u>	<u>\$ 1,401,478</u>	<u>\$ 36,047,918</u>
\$ 169,804	\$ 2,919	\$ 670,426
-	-	695,902
-	-	1,058,341
568,448	250,446	1,372,644
3,492,200	-	3,492,200
<u>4,230,452</u>	<u>253,365</u>	<u>7,289,513</u>
2,334,301	1,147,545	4,766,588
-	-	1,050,000
-	568	15,766,590
-	-	7,175,227
<u>2,334,301</u>	<u>1,148,113</u>	<u>28,758,405</u>
<u>\$ 6,564,753</u>	<u>\$ 1,401,478</u>	<u>\$ 36,047,918</u>

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Town of Walkill, New York

Reconciliation of Governmental Funds

Balance Sheet to the Government-Wide Statement of Net Position

December 31, 2018

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Fund Balances - Total Governmental Funds	<u>\$ 28,758,405</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>44,120,007</u>
Governmental funds report the effects of assets or liabilities related to net pension assets (liabilities), whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on pension assets (liabilities)	<u>305,897</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(383,973)
General obligation bonds payable	(22,295,000)
Installment purchase debt	(26,781)
Loans payable	(2,049,209)
Compensated absences	(931,681)
Net pension liability	(1,986,080)
Landfill closure costs	(116,298)
Other post employment benefit obligations payable	<u>(67,150,739)</u>
	<u>(94,939,761)</u>
Net Position of Governmental Activities	<u>\$ (21,755,452)</u>

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

Town of Wallkill, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2018

	General	Highway	Special Districts
REVENUES			
Real property taxes	\$ 6,330,369	\$ 4,655,919	\$ 2,966,746
Other tax items	499,753	91,778	-
Non-property taxes	4,605,748	-	-
Departmental income	874,624	-	4,886,262
Intergovernmental charges	241,537	273,556	-
Use of money and property	234,800	15,532	32,145
Sale of property and compensation for loss	2,131	29,289	1,000
Interfund revenues	-	196,573	-
Licenses and permits	749,827	-	-
Fines and forfeitures	1,529,052	-	-
State aid	999,269	488,622	-
Federal aid	251,562	-	-
Miscellaneous	99,175	60,916	158,682
Total Revenues	16,417,847	5,812,185	8,044,835
EXPENDITURES			
Current			
General government support	2,423,827	3,091	-
Public safety	5,526,876	-	-
Health	1,039	-	-
Transportation	837,036	3,772,278	90,622
Economic opportunity and development	5,818	-	-
Culture and recreation	954,891	-	-
Home and community services	526,593	-	4,384,948
Employee benefits	4,682,442	1,495,734	786,148
Debt service			
Principal	376,094	269,409	665,694
Interest	278,560	92,928	368,452
Capital outlay	-	-	-
Total Expenditures	15,613,176	5,633,440	6,295,864
Excess (Deficiency) of Revenues Over Expenditures	804,671	178,745	1,748,971
OTHER FINANCING SOURCES (USES)			
Sale of real property	13,920	-	-
Insurance recoveries	145,924	-	-
Bonds issued	-	-	-
Transfers in	108,500	36,480	56,639
Transfers out	(35,000)	(617,401)	(111,280)
Total Other Financing Sources (Uses)	233,344	(580,921)	(54,641)
Net Change in Fund Balances	1,038,015	(402,176)	1,694,330
FUND BALANCES (DEFICITS)			
Beginning of Year	7,959,291	2,903,547	12,082,984
End of Year	<u>\$ 8,997,306</u>	<u>\$ 2,501,371</u>	<u>\$ 13,777,314</u>

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

Capital Projects	Non-Major Governmental	Total Governmental Funds
\$ -	\$ -	\$ 13,953,034
-	-	591,531
-	-	4,605,748
-	748,553	6,509,439
-	-	515,093
24,563	2,405	309,445
-	-	32,420
-	-	196,573
-	-	749,827
-	-	1,529,052
68,655	-	1,556,546
278,008	99,211	628,781
-	-	318,773
<u>371,226</u>	<u>850,169</u>	<u>31,496,262</u>
-	-	2,426,918
-	14,973	5,541,849
-	-	1,039
-	73,087	4,773,023
-	-	5,818
-	-	954,891
-	67,198	4,978,739
-	-	6,964,324
-	-	1,311,197
-	-	739,940
1,425,490	-	1,425,490
<u>1,425,490</u>	<u>155,258</u>	<u>29,123,228</u>
<u>(1,054,264)</u>	<u>694,911</u>	<u>2,373,034</u>
-	-	13,920
-	-	145,924
5,000,000	-	5,000,000
727,201	-	928,820
(56,639)	(108,500)	(928,820)
<u>5,670,562</u>	<u>(108,500)</u>	<u>5,159,844</u>
4,616,298	586,411	7,532,878
<u>(2,281,997)</u>	<u>561,702</u>	<u>21,225,527</u>
<u>\$ 2,334,301</u>	<u>\$ 1,148,113</u>	<u>\$ 28,758,405</u>

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Town of Wallkill, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2018

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 7,532,878</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures	1,813,008
Depreciation expense	<u>(2,243,869)</u>
	<u>(430,861)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal paid on bonds	1,115,000
Principal paid on installment purchase debt	68,558
Principal paid on loan	127,639
Serial bonds issued	<u>(5,000,000)</u>
	<u>(3,688,803)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	(97,726)
Compensated absences	(148,833)
Pension obligations	(513,879)
Landfill closure costs	11,005
Other post employment benefit obligations	<u>(1,945,710)</u>
	<u>(2,695,143)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 718,071</u></u>

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

Town of Wallkill, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General, Highway and Special Districts Funds
Year Ended December 31, 2018

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 6,330,369	\$ 6,330,369	\$ 6,330,369	\$ -
Other tax items	460,066	460,066	499,753	39,687
Non-property taxes	4,186,000	4,186,000	4,605,748	419,748
Departmental income	485,533	676,497	874,624	198,127
Intergovernmental charges	20,000	20,000	241,537	221,537
Use of money and property	84,000	138,308	234,800	96,492
Sale of property and compensation for loss	640	640	2,131	1,491
Interfund revenues	-	-	-	-
Licenses and permits	498,000	499,700	749,827	250,127
Fines and forfeitures	1,620,000	1,620,000	1,529,052	(90,948)
State aid	901,793	910,167	999,269	89,102
Federal aid	380,000	380,000	251,562	(128,438)
Miscellaneous	78,000	78,000	99,175	21,175
Total Revenues	15,044,401	15,299,747	16,417,847	1,118,100
EXPENDITURES				
Current				
General government support	2,626,025	2,656,888	2,423,827	233,061
Public safety	5,507,772	5,921,621	5,526,876	394,745
Health	2,800	2,800	1,039	1,761
Transportation	853,165	879,741	837,036	42,705
Economic opportunity and development	12,100	12,100	5,818	6,282
Culture and recreation	768,315	971,064	954,891	16,173
Home and community services	229,022	290,610	526,593	(235,983)
Employee benefits	4,502,189	4,469,895	4,682,442	(212,547)
Debt service				
Principal	357,700	357,700	376,094	(18,394)
Interest	276,799	277,595	278,560	(965)
Total Expenditures	15,135,887	15,840,014	15,613,176	226,838
Excess (Deficiency) of Revenues Over Expenditures	(91,486)	(540,267)	804,671	1,344,938
OTHER FINANCING SOURCES (USES)				
Sale of real property	-	-	13,920	13,920
Insurance recoveries	34,000	69,713	145,924	76,211
Transfers in	-	-	108,500	108,500
Transfers out	(35,000)	(35,000)	(35,000)	-
Total Other Financing Sources (Uses)	(1,000)	34,713	233,344	198,631
Net Change in Fund Balances	(92,486)	(505,554)	1,038,015	1,543,569
FUND BALANCES				
Beginning of Year	92,486	505,554	7,959,291	7,453,737
End of Year	\$ -	\$ -	\$ 8,997,306	\$ 8,997,306

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

Highway Fund				Special Districts Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 4,655,919	\$ 4,655,919	\$ 4,655,919	\$ -	\$ 2,966,246	\$ 2,966,246	\$ 2,966,746	\$ 500
97,116	97,116	91,778	(5,338)	-	-	-	-
-	-	-	-	-	-	-	-
197,670	237,670	273,556	35,886	4,648,939	4,648,939	4,886,262	237,323
-	-	15,532	15,532	6,000	6,000	32,145	26,145
-	-	29,289	29,289	-	-	1,000	1,000
209,000	209,000	196,573	(12,427)	-	-	-	-
25,000	25,000	-	(25,000)	-	-	-	-
-	-	-	-	-	-	-	-
423,000	423,000	488,622	65,622	-	-	-	-
-	-	-	-	-	-	-	-
31,500	31,500	60,916	29,416	13,100	13,100	158,682	145,582
<u>5,639,205</u>	<u>5,679,205</u>	<u>5,812,185</u>	<u>132,980</u>	<u>7,634,285</u>	<u>7,634,285</u>	<u>8,044,835</u>	<u>410,550</u>
50,232	50,232	3,091	47,141	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,775,659	3,889,125	3,772,278	116,847	96,610	133,090	90,622	42,468
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	5,051,027	5,123,527	4,384,948	738,579
1,526,055	1,527,589	1,495,734	31,855	886,811	887,311	786,148	101,163
223,100	223,100	269,409	(46,309)	644,201	644,201	665,694	(21,493)
89,828	91,618	92,928	(1,310)	536,081	553,384	368,452	184,932
<u>5,664,874</u>	<u>5,781,664</u>	<u>5,633,440</u>	<u>148,224</u>	<u>7,214,730</u>	<u>7,341,513</u>	<u>6,295,864</u>	<u>1,045,649</u>
<u>(25,669)</u>	<u>(102,459)</u>	<u>178,745</u>	<u>281,204</u>	<u>419,555</u>	<u>292,772</u>	<u>1,748,971</u>	<u>1,456,199</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
38,000	38,000	36,480	(1,520)	-	-	56,639	56,639
(15,000)	(15,000)	(617,401)	(602,401)	(471,245)	(434,765)	(111,280)	323,485
23,000	23,000	(580,921)	(603,921)	(471,245)	(434,765)	(54,641)	380,124
(2,669)	(79,459)	(402,176)	(322,717)	(51,690)	(141,993)	1,694,330	1,836,323
2,669	79,459	2,903,547	2,824,088	51,690	141,993	12,082,984	11,940,991
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,501,371</u>	<u>\$ 2,501,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,777,314</u>	<u>\$ 13,777,314</u>

Town of Walkill, New York

Statement of Net Position
Proprietary Fund
December 31, 2018

	<u>Golf Fund</u>
ASSETS	
Current assets	
Cash and equivalents	\$ 22,331
Accounts receivable, net of an allowance of \$218,313	83,530
Inventories	14,246
Prepaid expense	4,650
	<hr/>
Total Current Assets	124,757
	<hr/>
Capital assets	
Not being depreciated	794,134
Being depreciated, net	740,839
	<hr/>
Total Capital Assets	1,534,973
	<hr/>
Total Assets	1,659,730
	<hr/>
LIABILITIES	
Current liabilities	
Accounts payable	33,507
Due to retirement systems	5,840
Due to other funds	341,000
Unearned revenues	23,568
	<hr/>
Total Current Liabilities	403,915
	<hr/>
Noncurrent liabilities	
Due within one year	3,400
Due in more than one year	2,410,124
	<hr/>
Total Noncurrent Liabilities	2,413,524
	<hr/>
Total Liabilities	2,817,439
	<hr/>
NET POSITION	
Net investment in capital assets	1,534,973
Unrestricted	(2,692,682)
	<hr/>
Total Net Position	\$ (1,157,709)
	<hr/> <hr/>

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

Town of Walkill, New York

Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Fund
Year Ended December 31, 2018

	<u>Golf Fund</u>
OPERATING REVENUES	
Charges for services	<u>\$ 811,177</u>
OPERATING EXPENSES	
Personal services	480,189
Contractual and other	357,981
Employee benefits	90,673
Depreciation	<u>45,969</u>
Total Operating Expenses	<u>974,812</u>
Loss from Operations	(163,635)
NON-OPERATING REVENUES	
Interest income	<u>7</u>
Change in Net Position	<u>(163,628)</u>
NET POSITION	
Beginning, as reported	(622,633)
Cumulative effect of change in accounting principle	<u>(371,448)</u>
Beginning, as restated	<u>(994,081)</u>
Ending	<u>\$ (1,157,709)</u>

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

Town of Walkkill, New York

Statement of Cash Flows

Proprietary Fund

Year Ended December 31, 2018

	<u>Golf Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 786,326
Cash payments for goods and services	(220,954)
Cash payments to employees	(461,397)
Cash payments for employee benefits	(76,063)
	<u>27,912</u>
Net Cash from Operating Activities	<u>27,912</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(10,064)
Principal paid on installment purchase debt	(35,240)
	<u>(45,304)</u>
Net Cash from Capital and Related Financing Activities	<u>(45,304)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	7
	<u>7</u>
Net Change in Cash and Equivalents	(17,385)
CASH AND EQUIVALENTS	
Beginning of Year	<u>39,716</u>
End of Year	<u>\$ 22,331</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Loss from operations	\$ (163,635)
Adjustments to reconcile loss from operations to net cash from operating activities	
Depreciation	45,969
Changes in assets and liabilities	
Accounts receivable	(48,419)
Inventories	(14,246)
Prepaid expense	(4,650)
Accounts payable	14,923
Due to retirement systems	(458)
Due to other funds	141,000
Unearned revenues	23,568
Compensated absences	18,792
Other post employment benefit obligations payable	15,068
	<u>27,912</u>
Net Cash from Operating Activities	<u>\$ 27,912</u>

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

Town of Walkill, New York

Statement of Assets and Liabilities
Fiduciary Fund
December 31, 2018

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 2,581,740
	<u>2,581,740</u>
LIABILITIES	
Employee payroll deductions	\$ 111,176
Deposits	2,470,564
	<u>2,581,740</u>
Total Liabilities	\$ 2,581,740

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

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Town of Wallkill, New York

Notes to Financial Statements
December 31, 2018

Note 1 - Summary of Significant Accounting Policies

The Town of Wallkill, New York ("Town") was established in 1772 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Town Supervisor serves as both the chief executive and chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

A. Financial Reporting Entity

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

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Town's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following component units are included in the Town's reporting entity because of their operational or financial relationship with the Town.

The Wallkill Housing Authority ("Housing Authority") was organized in 1966 as a municipal housing authority created and established for the Town under the Public Housing Law of the State of New York for the purpose of providing decent, safe and sanitary housing for persons of low income and other related purposes. Since the Housing Authority does not provide services entirely or almost entirely to the Town, the financial statements of the Housing Authority have been reflected as a discretely presented component unit. Complete financial statements of the component unit can be obtained from the Wallkill Housing Authority, 99 Tower Drive, Middletown, New York 10941.

The Wallkill Industrial Development Agency ("Agency") is a public benefit corporation created by State legislation to promote the economic welfare, recreation opportunities and prosperity of the Town's inhabitants. Members of the Agency are appointed by the Town Board. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The Town is not liable for Agency bonds or notes. The governing board of the Agency serves at the pleasure of the Town Board and, therefore, the primary government is considered to be able to impose its will on the Agency. Since the Agency does not provide services entirely or almost entirely to the Town, the financial statements of the Agency have been reflected as a discretely presented component unit. Complete financial statements may be obtained from the Wallkill Industrial Development Agency, 99 Tower Drive, Middletown, NY 10941.

Note 1 - Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole and its component units. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Enterprise Fund is charges to customers for services. Operating expenses for the Enterprise Fund include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

C. Fund Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

The Town's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds.

General Fund - The General Fund constitutes the primary fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue funds of the Town are as follows:

Highway Fund - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York. The major revenue of this fund is real property taxes.

Special Districts Fund - The Special Districts Fund is provided to account for the operation and maintenance of the Town's water, sewer, lighting, road improvement and drainage districts. The major revenues of this fund are real property taxes and departmental income.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned for capital outlay, including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds.

The Town also reports the following non-major governmental funds.

Special Revenue Funds:

Community Development Fund - The Community Development Fund is used to account for projects and subsidies financed by entitlements from the U.S. Department of Housing and Urban Development.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Town in accordance with the terms of a trust agreement.

- b. Proprietary Funds - Proprietary funds include enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. The operations of the Golf Course are recorded as a major enterprise fund.

Note 1 - Summary of Significant Accounting Policies (Continued)

- c. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. The Agency Fund is also used to account for employee payroll tax withholdings or deposits that are payable to other jurisdictions or individuals.

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenue when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability, landfill closure costs and other post employment benefit obligations payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Component Units

Component units are presented on the basis of accounting that most accurately reflects their activities. The Housing Authority and Agency are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The Town's deposit and investment policies are governed by State statutes. The Town has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Town is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

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

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The Town follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by

Note 1 - Summary of Significant Accounting Policies (Continued)

securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2018.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town's investment policy limits the amount on deposit at each of its banking institutions.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town collects county, town, highway and special district taxes which are due January 1st and payable without penalty until January 31st. The Town retains the total amount of town, highway and special districts taxes from the total collection and returns the balance plus the uncollected items to the County, which assumes collection responsibility.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2018, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as internal balances.

Loan Receivable/Payable - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are categorized as loans receivable/payable. The loan receivable of \$1,803,064 is fully allowed for and represents advances to the Golf Fund which are unable to be repaid from current operations.

Inventories - There are no inventory values presented in the balance sheets of the respective funds of the Town. Purchases of inventoriable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Town of Wallkill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized by using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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 is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	40
Improvements other than buildings	20
Infrastructure	15-50
Machinery and equipment	5

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

<u>Governmental Activities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
New York State and Local Employees' Retirement Plan	\$ 1,344,988	\$ 1,241,335
New York State and Local Police and Fire Retirement System	<u>2,199,794</u>	<u>1,997,550</u>
	<u>\$ 3,544,782</u>	<u>\$ 3,238,885</u>

Note 1 - Summary of Significant Accounting Policies (Continued)

The Town reports deferred outflows/inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the Town's pension plans in Note 3E.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term liabilities are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

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

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide and proprietary fund financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability - The net pension liability represents the Town's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System and the New York State Local Police and Fire Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*".

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for future capital projects, liability and casualty loss, trusts and parklands. The balance is classified as unrestricted.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Town Board is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town Board removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Town Board.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Town Board for amounts assigned for balancing the subsequent year's budget or the Town Supervisor for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

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

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 9, 2019.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Town generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) The Town Supervisor shall prepare a tentative budget in September and submit it to the Town Clerk by September 30th. The tentative budget includes the estimated revenues and expenditures for the ensuing fiscal year.
- b) The Town Clerk must present the tentative budget to the Town Board by October 5th. Between October 5th and October 10th, the Town Board shall prepare a preliminary budget. Immediately after the preliminary budget has been approved, the Town Board shall file the original copy with the Town Clerk where it shall be available for inspection by the public. In addition, the Town Board shall adopt a resolution specifying the time and place of a public hearing, which shall be held on or before election day during an election year and by November 10th in a non-election year.
- c) At the public hearing, taxpayers may comment on the preliminary budget.
- d) Within five days after the hearing, the Town Board shall adopt the preliminary budget as originally compiled or it may, by a majority vote, diminish or reject certain items contained therein as prescribed by law.
- e) The Town Board must submit an adopted budget to the County by November 20th.
- f) Formal budgetary integration is employed during the year as a management control device for General, Highway and Special Districts funds.
- g) Budgets for General, Highway and Special Districts funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Community Development, Special Purpose or Proprietary funds.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- h) The Town Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Town Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General, Highway and Special Districts funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted or as amended by the Town Board.

B. Property Tax Limitation

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

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a Town in a particular year. The original legislation that established the Tax levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

Town of Walkill, New York

Notes to Financial Statements (Continued)

December 31, 2018

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Expenditures in Excess of Budget

The following functional expenditure categories exceeded their budgetary authorization by the amounts indicated:

General Fund		
General Government Support		
Town Board	\$	8,305
Supervisor		6,398
Budget		38
Elections		300
Public works administration		3,112
Central communications		720
Transportation		
Park and ride lot		947
Culture and Recreation		
Parks		32,916
Home and Community Services		
Solar farm		248,885
Employee Benefits		
Social security		47,181
Disability		909
Health insurance		276,963
Debt Service		
Principal – Installment purchase debt		18,394
Interest – installment purchase debt		968
Highway Fund		
Debt Service		
Principal		46,309
Interest		1,310
Transfers out		602,401
Special Districts Fund		
Debt Service		
Principal		21,493

D. Fund Deficits

The following funds have unassigned/unrestricted deficits at December 31, 2018:

Enterprise Fund	
Golf Fund	\$2,692,682

Additionally, Drainage District No. 9 included in the Special Districts Fund, has an unassigned deficit of \$4,217.

These deficits will be addressed in the ensuing years.

E. Cumulative Effect of Change in Accounting Principle

For the year ended December 31, 2018, the Town implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB")".

Town of Walkill, New York

Notes to Financial Statements (Continued)

December 31, 2018

Note 2 - Stewardship, Compliance and Accountability (Continued)

This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governments by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. As a result of adopting these standards, the statements reflect a cumulative effect for the change in accounting principle of (\$43,100,678) in the government-wide statements for governmental activities and (\$371,448) in the business-type activities.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2018 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 541,017	\$ 211,043
Highway	232,357	50,000
Special Districts	808,021	292,707
Capital Projects	-	568,448
Non-Major Governmental	132,249	250,446
Enterprise Fund - Golf	-	341,000
	<u>\$ 1,713,644</u>	<u>\$ 1,713,644</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

B. Capital Assets

Changes in the Town's capital assets are as follows:

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2018</u>
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$ 2,807,606	\$ -	\$ -	\$ 2,807,606
Construction-in-progress	6,488,385	1,416,090	208,742	7,695,733
Total Capital Assets, not being depreciated	<u>\$ 9,295,991</u>	<u>\$ 1,416,090</u>	<u>\$ 208,742</u>	<u>\$ 10,503,339</u>

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital Assets, being depreciated:				
Buildings and improvements	\$ 35,069,886	\$ -	\$ -	\$ 35,069,886
Improvements other than buildings	22,187,574	208,742	-	22,396,316
Infrastructure	65,704,867	-	-	65,704,867
Machinery and equipment	9,252,118	396,918	240,919	9,408,117
Total Capital Assets, being depreciated	132,214,445	605,660	240,919	132,579,186
Less Accumulated Depreciation for:				
Buildings and improvements	20,931,077	713,885	-	21,644,962
Improvements other than buildings	13,571,435	285,177	-	13,856,612
Infrastructure	55,936,248	571,709	-	56,507,957
Machinery and equipment	6,520,808	673,098	240,919	6,952,987
Total Accumulated Depreciation	96,959,568	2,243,869	240,919	98,962,518
Total Capital Assets, being depreciated, net	\$ 35,254,877	\$ (1,638,209)	\$ -	\$ 33,616,668
Governmental Activities				
Capital Assets, net	<u>\$ 44,550,868</u>	<u>\$ (222,119)</u>	<u>\$ 208,742</u>	<u>\$ 44,120,007</u>
	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Business-type Activities				
Capital Assets, not being depreciated -				
Land	<u>\$ 794,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,134</u>
Capital Assets, being depreciated:				
Buildings and improvements	\$ 1,455,000	\$ -	\$ -	\$ 1,455,000
Improvements other than buildings	6,458,750	-	-	6,458,750
Machinery and equipment	799,755	10,064	1,100	808,719
Total Capital Assets, being depreciated	8,713,505	10,064	1,100	8,722,469
Less Accumulated Depreciation for:				
Buildings and improvements	728,333	32,333	-	760,666
Improvements other than buildings	6,458,750	-	-	6,458,750
Machinery and equipment	749,678	13,636	1,100	762,214
Total Accumulated Depreciation	7,936,761	45,969	1,100	7,981,630
Total Capital Assets, being depreciated, net	\$ 776,744	\$ (35,905)	\$ -	\$ 740,839
Business-type Activities				
Capital Assets, net	<u>\$ 1,570,878</u>	<u>\$ (35,905)</u>	<u>\$ -</u>	<u>\$ 1,534,973</u>

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Depreciation expense was charged to the Town's functions and programs as follows:

Governmental Activities:	
General Government Support	\$ 44,877
Public Safety	67,316
Transportation	1,121,935
Culture and Recreation	22,439
Home and Community Services	<u>987,302</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 2,243,869</u>
 Business-type Activities - Golf Fund	 <u>\$ 45,969</u>

C. Accrued Liabilities

Accrued liabilities at December 31, 2018 were as follows:

	Fund			Total
	General	Highway	Special Districts	
Payroll and Employee Benefits	<u>\$ 549,357</u>	<u>\$ 80,124</u>	<u>\$ 66,421</u>	<u>\$ 695,902</u>

D. Short-Term Capital Borrowings

Purpose	Original Issue Date	Maturity Date	Interest Rate	Balance January 1, 2018	New Issues	Redemptions	Balance December 31, 2018
Governmental Type Activities							
Capital Construction:							
Lorelei Water District	01/15/2015	01/11/2019	2.50 %	\$ 672,000	-	\$ 19,800	\$ 652,200
Consolidated Water District	02/09/2017	01/11/2019	2.50	1,650,000	-	55,000	1,595,000
Vehicles	02/09/2017	01/11/2019	2.50	105,000	-	35,000	70,000
Equipment	02/09/2017	01/11/2019	2.50	225,000	-	45,000	180,000
Woodland Acres Water Extension	01/12/2018	01/11/2019	2.50	-	345,000	-	345,000
Kosuga Well #7	01/12/2018	01/11/2019	2.50	-	650,000	-	650,000
				<u>\$ 2,652,000</u>	<u>\$ 995,000</u>	<u>\$ 154,800</u>	<u>\$ 3,492,200</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of \$49,062 were recorded in the fund financial statements as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 1,963
Highway	4,416
Special Districts	<u>42,683</u>
	<u>\$ 49,062</u>

Interest expense of \$86,258 was recorded in the government-wide financial statements for governmental activities.

E. Long-Term Indebtedness

The following table summarizes changes in the Town's long-term indebtedness for the year ended December 31, 2018:

	Balance as Reported January 1, 2018	Cumulative Effect of Change in Accounting Principle*	Balance as Restated January 1, 2018	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2018	Due Within One Year
Governmental Activities:							
General Obligation Bonds Payable							
Capital Construction	\$ 18,410,000	\$ -	\$ 18,410,000	\$ 5,000,000	\$ 1,115,000	\$ 22,295,000	\$ 1,350,000
Installment Purchase Debt	95,339	-	95,339	-	68,558	26,781	26,781
Loans Payable	2,176,848	-	2,176,848	-	127,639	2,049,209	-
	<u>20,682,187</u>	<u>-</u>	<u>20,682,187</u>	<u>5,000,000</u>	<u>1,311,197</u>	<u>24,370,990</u>	<u>1,376,781</u>
Other Noncurrent Liabilities:							
Compensated Absences	782,848	-	782,848	226,833	78,000	931,681	93,000
Net Pension Liability	3,952,323	-	3,952,323	-	1,966,243	1,966,080	-
Landfill Closure Costs	127,303	-	127,303	-	11,005	116,298	12,000
Other Post Employment Benefit Obligations Payable	22,104,351	43,100,678	65,205,029	3,265,455	1,319,745	67,150,739	-
Total Other Noncurrent Liabilities	<u>26,966,825</u>	<u>43,100,678</u>	<u>70,067,503</u>	<u>3,492,288</u>	<u>3,374,993</u>	<u>70,184,796</u>	<u>105,000</u>
Governmental Activities Long-Term Liabilities	<u>\$ 47,649,012</u>	<u>\$ 43,100,678</u>	<u>\$ 90,749,690</u>	<u>\$ 8,492,288</u>	<u>\$ 4,686,190</u>	<u>\$ 94,555,788</u>	<u>\$ 1,481,781</u>
Business-Type Activities -							
Installment purchase debt	\$ 35,240	\$ -	\$ 35,240	\$ -	\$ 35,240	\$ -	\$ -
Other Noncurrent Liabilities:							
Compensated Absences	15,488	-	15,488	20,342	1,550	34,280	3,400
Loan payable	1,803,064	-	1,803,064	-	-	1,803,064	-
Other Post Employment Benefit Obligations Payable	189,664	371,448	561,112	28,382	11,314	576,180	-
Total Other Noncurrent Liabilities	<u>2,008,216</u>	<u>371,448</u>	<u>2,379,664</u>	<u>46,724</u>	<u>12,864</u>	<u>2,413,524</u>	<u>3,400</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 2,043,456</u>	<u>\$ 371,448</u>	<u>\$ 2,414,904</u>	<u>\$ 46,724</u>	<u>\$ 48,104</u>	<u>\$ 2,413,524</u>	<u>\$ 3,400</u>

*See Note 2E.

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Each governmental fund's liability for general obligation bonds payable, installment purchase debt, loans payable, compensated absences, net pension liability and other post employment benefit obligations payable is liquidated by the General, Highway and Special Districts funds. The Town's indebtedness for landfill closure costs is satisfied by the General Fund.

General Obligation Bonds Payable

General obligation bonds payable at December 31, 2018 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2018
Water Improvements	2000	\$ 3,512,925	January, 2020	3.570 - 3.815 %	\$ 415,000
Sewer Reconstruction	2001	1,857,000	November, 2021	2.973 - 3.420	345,000
Public Improvements	2010	7,665,000	January, 2031	4.00-4.250	5,545,000
Public Improvements	2015	4,905,000	August, 2041	3.00-3.750	4,520,000
Public Improvements Series A	2016	2,490,000	January, 2041	2.00-3.250	2,375,000
Public Improvements Series B	2016	868,000	January, 2021	4.00-5.000	550,000
Public Improvements Series C	2016	3,765,000	December, 2041	3.00-4.000	3,545,000
Public Improvements Series A	2018	5,000,000	January, 2038	3.000	5,000,000
					<u>\$ 22,295,000</u>

Interest expenditures of \$275,629, \$87,201 and \$325,569 were recorded in the fund financial statements in the General Fund, Highway Fund and Special Districts funds, respectively. Interest expense of \$748,929 was recorded in the government-wide financial statements for governmental activities.

Installment Purchase Debt

The Town in prior years entered into capital leases for various highway vehicles and golf equipment. The annual payments include interest at various amounts and mature at various times, ranging from February 2017 through March 2019. The balance due at December 31, 2018 is \$26,781.

Interest expenditures/expense of \$968, \$1,311, and \$200 was recorded in the fund financial statements in the General, Highway and Special District funds respectively, and in the government-wide financial statements for governmental activities. Interest expense of \$- was recorded in the fund financial statements in the Enterprise Fund - Golf Course and the government-wide financial statements for business-type activities.

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded and Installment Purchase Debt outstanding as of December 31, 2018, including interest payments of \$7,931,816 are as follows:

Year Ended December 31,	General Obligation Bonds		Installment Purchase Debt		Totals	
	Governmental Activities		Governmental Activities		Principal	Interest
	Principal	Interest	Principal	Interest		
2019	\$ 1,350,000	\$ 740,464	\$ 26,781	\$ 694	\$ 1,376,781	\$ 741,158
2020	1,395,000	693,654	-	-	1,395,000	693,654
2021	1,220,000	647,935	-	-	1,220,000	647,935
2022	940,000	608,556	-	-	940,000	608,556
2023	960,000	577,156	-	-	960,000	577,156
2024-2028	5,275,000	2,376,106	-	-	5,275,000	2,376,106
2029-2033	5,135,000	1,428,320	-	-	5,135,000	1,428,320
2034-2038	4,185,000	728,738	-	-	4,185,000	728,738
2039-2041	1,835,000	130,193	-	-	1,835,000	130,193
	<u>\$ 22,295,000</u>	<u>\$ 7,931,122</u>	<u>\$ 26,781</u>	<u>\$ 694</u>	<u>\$ 22,321,781</u>	<u>\$ 7,931,816</u>

The above general obligation bonds and capital lease are direct obligations of the Town for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Town.

Loans Payable - Governmental Activities

The Town received a loan from the New York State Environmental Facilities Corporation, in the amount of \$2,221,348, to finance improvements to its sewer infrastructure and infiltration systems. The interest free loan has a scheduled maturity of September 10, 2020. The amount of the Town's principal payments will be calculated by the EFC Corporation using a factor of 2.00% multiplied by the amount drawn on the notes through the period ending one year prior to the date the principal payment is due. The balance due at December 31, 2018 was \$2,049,209.

Loan Payable – Business-Type Activities

The Golf Fund has incurred deficits over the years. These deficits have been funded by cash advances from the General Fund. Since repayment is not expected to be made from operating funds, the amounts have been reclassified as a loan receivable in the General Fund and offset with an allowance for uncollectable interfund loans. The corresponding loan payable reflected in the Enterprise Fund – Golf Fund of \$1,803,064 is interest free.

Compensated Absences

Under the terms of existing collective bargaining agreements, employees are entitled to accumulate sick and vacation leave based upon the terms of their respective collective bargaining agreements. Payment upon separation of service varies with each agreement. The value of all compensated absences has been reflected in the government-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plans

New York State and Local Retirement System

The Town participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). 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, 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, including information with regard to benefits provided 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.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length 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 System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2018 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	3 A14	16.0 %
	4 A15	16.0
	5 A15	13.1
	6 A15	9.3
PFRS	2 375C	15.7 %
	2 384D	24.6
	3 384D	24.3
	5 384D	19.9
	6 384C	7.3
	6 384D	14.8

Town of Wallkill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

At December 31, 2018, the Town reported the following for its proportionate share of the net pension liability for ERS and PFRS:

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2018	March 31, 2018
Net pension liability	\$ 691,585	\$ 1,294,495
Town's proportion of the net pension liability	0.0214282%	0.1280718%
Change in proportion since the prior measurement date	0.0012300%	0.0289497%

The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended December 31, 2018, the Town recognized pension expense in the government-wide financial statements of \$829,394 for ERS and \$1,136,508 for PFRS. Pension expenditures of \$793,922 for ERS and \$658,101 for PFRS were recorded in the fund financial statements and were charged to the following funds:

<u>Fund</u>	<u>ERS</u>	<u>PFRS</u>
General	\$ 412,840	\$ 658,101
Highway	214,359	-
Water	79,392	-
Sewer	79,392	-
Business-Type Activities - Golf	7,939	-
	<u>\$ 793,922</u>	<u>\$ 658,101</u>

At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u>		<u>PFRS</u>		<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 246,666	\$ 203,835	\$ 532,801	\$ 343,977	\$ 779,467	\$ 547,812
Changes of assumptions	458,578	-	980,814	-	1,439,392	-
Net difference between projected and actual earnings on pension plan investments	-	978,255	-	1,062,353	-	2,040,608
Changes in proportion and differences between Town contributions and proportionate share of contributions	55,747	59,245	205,995	591,220	261,742	650,465
Town contributions subsequent to the measurement date	583,997	-	480,184	-	1,064,181	-
	<u>\$ 1,344,988</u>	<u>\$ 1,241,335</u>	<u>\$ 2,199,794</u>	<u>\$ 1,997,550</u>	<u>\$ 3,544,782</u>	<u>\$ 3,238,885</u>

Town of Wallkill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

\$583,997 and \$480,184 reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the Town's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended March 31,	ERS	PFRS
2019	\$ 141,352	\$ 164,994
2020	103,659	135,405
2021	(504,848)	(356,458)
2022	(220,507)	(245,541)
2023	-	23,660

The total pension liability for the March 31, 2018 measurement date was determined by using an actuarial valuation as noted below, with update procedures used to roll forward the total pension liabilities to that measurement date. Significant actuarial assumptions used in the valuation were as follows:

	ERS	PFRS
Measurement date	March 31, 2018	March 31, 2018
Actuarial valuation date	April 1, 2017	April 1, 2017
Investment rate of return	7.0% *	7.0% *
Salary scale	3.8%	4.5%
Inflation rate	2.5%	2.5%
Cost of living adjustments	2.5%	1.3%

*Compounded annually, net of pension plan investment expenses, including inflation.

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the 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 using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below.

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.50
Real Estate	10	5.55
Absolute Return Strategies	2	3.75
Opportunistic Portfolio	3	5.68
Real Assets	3	5.29
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.25
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%.

The discount rate used to calculate the total pension liability was 7.0%. 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 determined. Based upon those assumptions, the System's 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.

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

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
Town's proportionate share of the ERS net pension liability (asset)	<u>\$ 5,232,717</u>	<u>\$ 691,585</u>	<u>\$ (3,150,032)</u>
Town's proportionate share of the PFRS net pension liability (asset)	<u>\$ 6,340,785</u>	<u>\$ 1,294,495</u>	<u>\$ (2,938,159)</u>

Town of Wallkill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

The components of the collective net pension liability as of the March 31, 2018 measurement date were as follows:

	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Total pension liability	\$ 183,400,590,000	\$ 32,914,423,000	\$ 216,315,013,000
Fiduciary net position	<u>180,173,145,000</u>	<u>31,903,666,000</u>	<u>212,076,811,000</u>
Employers' net pension liability	<u>\$ 3,227,445,000</u>	<u>\$ 1,010,757,000</u>	<u>\$ 4,238,202,000</u>
Fiduciary net position as a percentage of total pension liability	<u>98.24%</u>	<u>96.93%</u>	<u>98.04%</u>

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of December 31, 2018 represent the employer contribution for the period of April 1, 2018 through December 31, 2018 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the nine months ended December 31, 2018 were \$583,997 and \$480,184, respectively.

Voluntary Defined Contribution Plan

The Town can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the Town will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Landfill Closure Costs

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill site was capped in 1997 and subsequently has been subject to monitoring in accordance with New York State regulations. The amount of \$116,298 reported as a landfill closure cost liability in the government-wide financial statements for governmental activities, at December 31, 2018, represents the estimated total future post-closure costs. Actual costs may be higher due to inflation, changes in technology or changes in regulation.

Other Post Employment Benefit Obligations ("OPEB")

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing post employment health care benefits is shared between the Town and the retired employee as noted below. Substantially all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	67
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>129</u>
	<u>196</u>

The Town's total OPEB liability of \$67,726,919 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2018.

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%
Discount rate	3.80%
Healthcare cost trend rates	8.0% for 2019, decreasing by up to .5% per year to an ultimate rate of 5.0%
Retirees' share of benefit-related costs	Varies from 3% to 100%, depending on applicable retirement year and bargaining unit

The discount rate was based on the S&P Municipal Bond 20-year High Grade Bond Index.

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2017 mortality improvement scale on a fully generational basis.

The actuarial assumptions used in the January 1, 2018 valuation for turnover and retirement for ERS was based on the April 1, 2010 to March 31, 2015 experience study released by the Retirement Systems Actuary and published in their August 2015 report.

The Town's change in the total OPEB liability for the year ended December 31, 2018 is as follows:

Total OPEB Liability - Beginning of Year	\$ 65,766,141
Service cost	818,014
Interest	2,473,823
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	<u>(1,331,059)</u>
Total OPEB Liability - End of Year	<u>\$ 67,726,919</u>

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.64%) or 1 percentage point higher (4.64%) than the current discount rate:

	1% Decrease (2.80%)	Current Assumption (3.80%)	1% Increase (4.80%)
Total OPEB Liability	\$ 88,642,382	\$ 67,726,919	\$ 53,574,934

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.00%)	Healthcare Cost Trend Rates (8.0% decreasing to 5.00%)	1% Increase (9.0% decreasing to 6.00%)
Total OPEB Liability	\$ 52,672,752	\$ 67,726,919	\$ 91,126,409

For the year ended December 31, 2018, the Town recognized OPEB expense of \$3,276,769. At December 31, 2018, the Town reported no deferred outflows of resources and no deferred inflows of resources related to OPEB.

F. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers below have been reflected as transfers.

Transfers Out	Transfers In				Total
	General Fund	Highway Fund	Special Districts Fund	Capital Projects Fund	
General Fund	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000
Highway Fund	-	-	-	617,401	617,401
Special Districts Fund	-	36,480	-	74,800	111,280
Capital Projects Fund	-	-	56,639	-	56,639
Non-Major Governmental Funds	108,500	-	-	-	108,500
	<u>\$ 108,500</u>	<u>\$ 36,480</u>	<u>\$ 56,639</u>	<u>\$ 727,201</u>	<u>\$ 928,820</u>

Note 3 - Detailed Notes on All Funds (Continued)

Transfers are used to move amounts earmarked in the operating funds to 1) fulfill obligations of the Capital Projects Fund and 2) move amount earmarked in the operating funds to fulfill commitments for General, Highway, Special Districts and Non-Major Governmental funds.

H. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Future Capital Projects - the component of net position that has been established to set aside funds to be used to finance all or part of the construction or acquisition of a specific type of improvement in accordance with Section 6c of General Municipal Law of the State of New York.

Restricted for Liability and Casualty Loss - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6n of General Municipal Law of the State of New York.

Restricted for Trusts - the component of net position that has been established to set aside funds in accordance with the terms of the grants.

Restricted for Parklands - the component of net position that has been established pursuant to Section 277 of Town Law. This amount represents funds received by the Town in lieu of parklands as a condition precedent to the approval of a parcel by the Planning Board. These funds may only be used for recreation purposes.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Town of Walkill, New York

Notes to Financial Statements (Continued)
December 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2018						2017					
	General Fund	Highway Fund	Special Districts Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Highway Fund	Special Districts Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Restricted:												
Future capital projects	\$ 574,441	\$ -	\$ 699,617	\$ -	\$ -	\$ 1,274,058	\$ 577,300	\$ 278,732	\$ 528,588	\$ -	\$ -	\$ 1,384,620
Capital projects	-	-	-	2,334,301	-	2,334,301	-	-	-	-	-	-
Liability and casualty loss	10,684	-	-	-	-	10,684	10,650	-	-	-	-	10,650
Trusts	-	-	-	-	856,878	856,878	-	-	-	-	214,435	214,435
Parklands	-	-	-	-	290,667	290,667	-	-	-	-	321,171	321,171
Total Restricted	585,125	-	699,617	2,334,301	1,147,545	4,766,588	587,950	278,732	528,588	-	535,606	1,930,876
Committed -												
Healthcare and pension costs	750,000	300,000	-	-	-	1,050,000	750,000	300,000	-	-	-	1,050,000
Assigned:												
Purchases on order												
General government support	300	-	-	-	-	300	735	-	-	-	-	735
Public safety	86,200	-	-	-	-	86,200	89,189	-	-	-	-	89,189
Transportation	-	17,229	-	-	-	17,229	2,562	2,669	-	-	-	5,231
Culture & recreation	535	-	-	-	-	535	-	-	-	-	-	-
Home and community services	1,996	-	299,584	-	-	301,580	-	-	9,690	-	-	9,690
	89,031	17,229	299,584	-	-	405,844	92,486	2,669	9,690	-	-	104,845
Subsequent year's expenditures	397,923	140,000	45,000	-	-	582,923	-	-	42,000	-	-	42,000
Major Funds	-	2,044,142	-	-	-	2,044,142	-	2,322,146	-	-	-	2,322,146
Special Districts	-	-	12,733,113	-	-	12,733,113	-	-	11,502,706	-	-	11,502,706
Community Development	-	-	-	-	568	568	-	-	-	-	26,096	26,096
Total Assigned	486,954	2,201,371	13,077,697	-	568	15,766,590	92,486	2,324,815	11,554,396	-	26,096	13,997,793
Unassigned	7,175,227	-	-	-	-	7,175,227	6,528,855	-	-	(2,281,997)	-	4,246,858
Total Fund Balances	\$ 8,997,306	\$ 2,501,371	\$ 13,777,314	\$ 2,334,301	\$ 1,148,113	\$ 28,758,405	\$ 7,959,291	\$ 2,903,547	\$ 12,082,984	\$ (2,281,997)	\$ 561,702	\$ 21,225,527

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

The committed for healthcare and pension costs - represents an amount set aside by the Board for large increases in future healthcare and pension costs.

Purchases on order are assigned and represent the Town's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

Subsequent year's expenditures are amounts that at December 31, 2018, the Town Board has assigned to be appropriated to the ensuing year's budget.

Assigned for Highway and Special Districts funds represent the component of fund balance that represents the difference between assets and liabilities of the Highway and Special District Fund.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficit balances in various capital projects.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Town, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury. There are several tort claims pending against the Town. However, it is anticipated that insurance coverage will be sufficient to satisfy any resolution of the tort claims pending against the Town.

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the Town, if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of the possible refunds cannot be determined at the present time. Any payments resulting from adverse decision will be funded in the year payment is made.

B. Risk Management

The Town purchases various conventional insurance to reduce its exposure to loss. The public officials and general liability policies provide coverage of up to \$1.0 million. In addition, the Town maintains an umbrella policy with a limit of \$4.0 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Town also purchases conventional medical and workers' compensation coverage.

C. Contingencies

The Town participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Single Audit Act. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

Town of Walkill, New York

Notes to Financial Statements (Concluded)
December 31, 2018

Note 5 - Tax Abatements

The Town has real property tax abatement agreements with housing development and redevelopment companies organized pursuant to Article V or Article 18-A of the General Municipal Law ("GML").

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes ("PILOT"), with the exception of special district property taxes.

Copies of the agreements may be obtained from Toni Tracy, Comptroller, 99 Tower Drive, Building B Middletown, NY 10941, ttracy@townofwalkill.com. Information relevant to disclosure of these agreements for the fiscal year ended December 31, 2018 is as follows:

<u>Start Date</u>	<u>Agreement</u>	<u>Taxable Assessed Value</u>	<u>Tax Rate</u>	<u>Tax Value</u>	<u>PILOT Received</u>	<u>Taxes Abated</u>
2013	Fairbanks Manufacturing	\$ 169,700	\$ 18.505	\$ 3,140	\$ 942	\$ 2,198
2008	GA HC REIT II-95 Crys Run	3,252,400	18.505	60,186	48,574	11,612
2012	GA HC REIT VI 109 Rykow	2,274,400	18.505	42,088	17,691	24,397
2012	Oak Ridge Apartments	1,286,200	18.505	23,801	15,600	8,201
2016	Retford-Piller	633,300	18.505	11,719	7,084	4,635
1999	Senior Horizons at Silver Lake	70,500	18.505	1,305	1,305	-
2011	Sunrise Gardens	1,272,300	18.505	23,544	15,600	7,944
2010	Tetz Concrete	189,800	18.505	3,512	2,722	790
2013	Walkill Realty Partners	3,657,000	18.505	67,673	30,923	36,750
		<u>\$ 12,805,600</u>		<u>\$ 236,968</u>	<u>\$ 140,441</u>	<u>\$ 96,527</u>

Note 6 - Subsequent Event

The Town, on January 10, 2019, issued bond anticipation notes in the amount of \$3,300,900. The notes are due on January 10, 2020, with interest at 2.50%. The proceeds of the notes and \$154,800 of cash on hand, will be used to redeem \$2,652,000 bond anticipation notes, 2017 Series A maturing January 2018 and provide \$995,000 of new money.

The Town, on October 22, 2019 issued \$4,455,000 in serial bonds. The proceeds of this bond will be used to refund the outstanding debt related to the January 2010 serial bond issuance. The bonds will mature January 15, 2031 with interest rates ranging from 2% to 5%, depending on maturity.

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Town of Walkill, New York

Required Supplementary Information - Schedule of Changes in the
Town's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years (1)(2)

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 818,014
Interest	2,473,823
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	-
Benefit payments	<u>(1,331,059)</u>
Net Change in Total OPEB Liability	1,960,778
Total OPEB Liability – Beginning of Year	<u>65,766,141</u> (3)
Total OPEB Liability – End of Year	<u>\$ 67,726,919</u>
Town's covered-employee payroll	<u>\$ 7,515,079</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>901.21%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

Town of Walkill, New York

Required Supplementary Information - Schedule of the
 Town's Proportionate Share of the Net Pension Liability
 New York State and Local Employees' Retirement System
 Last Ten Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016 (2)</u>	<u>2015</u>
Town's proportion of the net pension liability	<u>0.0214282%</u>	<u>0.0201982%</u>	<u>0.0211740%</u>	<u>0.0210668%</u>
Town's proportionate share of the net pension liability	<u>\$ 691,585</u>	<u>\$ 1,897,867</u>	<u>\$ 3,398,493</u>	<u>\$ 711,690</u>
Town's covered payroll	<u>\$ 5,237,289</u>	<u>\$ 5,527,953</u>	<u>\$ 4,996,627</u>	<u>\$ 4,855,890</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>13.21%</u>	<u>34.33%</u>	<u>68.02%</u>	<u>14.66%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions."

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

Town of Walkill, New York

Required Supplementary Information - Schedule of Contributions
 New York State and Local Employees' Retirement System
 Last Ten Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 778,663	\$ 839,703	\$ 890,775	\$ 1,033,105
Contributions in relation to the contractually required contribution	<u>(778,663)</u>	<u>(839,703)</u>	<u>(890,775)</u>	<u>(1,033,105)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 5,259,472</u>	<u>\$ 5,606,436</u>	<u>\$ 5,311,430</u>	<u>\$ 5,160,660</u>
Contributions as a percentage of covered payroll	<u>14.80%</u>	<u>14.98%</u>	<u>16.77%</u>	<u>20.02%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

Town of Walkill, New York

Required Supplementary Information - Schedule of the
 Town's Proportionate Share of the Net Pension Liability
 New York State and Local Police and Fire Retirement System
 Last Ten Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016 (2)</u>	<u>2015</u>
Town's proportion of the net pension liability	<u>0.1280718%</u>	<u>0.0991221%</u>	<u>0.0970405%</u>	<u>0.0989627%</u>
Town's proportionate share of the net pension liability	<u>\$ 1,294,495</u>	<u>\$ 2,054,456</u>	<u>\$ 2,873,162</u>	<u>\$ 272,404</u>
Town's covered payroll	<u>\$ 3,364,332</u>	<u>\$ 3,502,286</u>	<u>\$ 3,036,844</u>	<u>\$ 2,879,570</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>38.48%</u>	<u>58.66%</u>	<u>94.61%</u>	<u>9.46%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>96.93%</u>	<u>93.50%</u>	<u>90.20%</u>	<u>99.00%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

Town of Wallkill, New York

Required Supplementary Information - Schedule of Contributions
New York State and Local Police and Fire Retirement System
Last Ten Fiscal Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 640,244	\$ 711,671	\$ 617,775	\$ 741,257
Contributions in relation to the contractually required contribution	<u>(640,244)</u>	<u>(711,671)</u>	<u>(617,775)</u>	<u>(741,257)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 3,607,521</u>	<u>\$ 3,319,831</u>	<u>\$ 3,340,546</u>	<u>\$ 3,183,331</u>
Contributions as a percentage of covered payroll	<u>17.75%</u>	<u>21.44%</u>	<u>18.49%</u>	<u>23.29%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

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Town of Walkill, New York

General Fund
Comparative Balance Sheet
December 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	\$ 7,626,057	\$ 7,531,673
Receivables		
Accounts	380,779	247,490
State and Federal aid	308,858	1,391,459
Due from other governments	1,867,451	1,306,351
Due from other funds	541,017	551,263
	<u>3,098,105</u>	<u>3,496,563</u>
Total Assets	<u>\$ 10,724,162</u>	<u>\$ 11,028,236</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 182,594	\$ 991,726
Accrued liabilities	549,357	635,909
Due to retirement systems	783,862	861,237
Due to other funds	211,043	580,073
Total Liabilities	<u>1,726,856</u>	<u>3,068,945</u>
Fund balance		
Restricted	585,125	587,950
Committed	750,000	750,000
Assigned	486,954	92,486
Unassigned	7,175,227	6,528,855
Total Fund Balance	<u>8,997,306</u>	<u>7,959,291</u>
Total Liabilities and Fund Balance	<u>\$ 10,724,162</u>	<u>\$ 11,028,236</u>

Town of Wallkill, New York

General Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 6,330,369	\$ 6,330,369	\$ 6,330,369	\$ -
Other tax items	460,066	460,066	499,753	39,687
Non-property taxes	4,186,000	4,186,000	4,605,748	419,748
Departmental income	485,533	676,497	874,624	198,127
Intergovernmental charges	20,000	20,000	241,537	221,537
Use of money and property	84,000	138,308	234,800	96,492
Sale of property and compensation for loss	640	640	2,131	1,491
Licenses and permits	498,000	499,700	749,827	250,127
Fines and forfeitures	1,620,000	1,620,000	1,529,052	(90,948)
State aid	901,793	910,167	999,269	89,102
Federal aid	380,000	380,000	251,562	(128,438)
Miscellaneous	78,000	78,000	99,175	21,175
Total Revenues	15,044,401	15,299,747	16,417,847	1,118,100
EXPENDITURES				
Current				
General government support	2,626,025	2,656,888	2,423,827	233,061
Public safety	5,507,772	5,921,621	5,526,876	394,745
Health	2,800	2,800	1,039	1,761
Transportation	853,165	879,741	837,036	42,705
Economic opportunity and development	12,100	12,100	5,818	6,282
Culture and recreation	768,315	971,064	954,891	16,173
Home and community services	229,022	290,610	526,593	(235,983)
Employee benefits	4,502,189	4,469,895	4,682,442	(212,547)
Debt service				
Principal	357,700	357,700	376,094	(18,394)
Interest	276,799	277,595	278,560	(965)
Total Expenditures	15,135,887	15,840,014	15,613,176	226,838
Excess (Deficiency) of Revenues Over Expenditures	(91,486)	(540,267)	804,671	1,344,938
OTHER FINANCING SOURCES (USES)				
Sale of real property	-	-	13,920	13,920
Insurance recoveries	34,000	69,713	145,924	76,211
Transfers in	-	-	108,500	108,500
Transfers out	(35,000)	(35,000)	(35,000)	-
Total Other Financing Sources (Uses)	(1,000)	34,713	233,344	198,631
Net Change in Fund Balance	(92,486)	(505,554)	1,038,015	1,543,569
FUND BALANCE				
Beginning of Year	92,486	505,554	7,959,291	7,453,737
End of Year	\$ -	\$ -	\$ 8,997,306	\$ 8,997,306

See independent auditors' report.

2017			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 6,112,853	\$ 6,112,853	\$ 6,112,853	\$ -
448,290	448,290	471,796	23,506
4,050,000	4,050,000	4,447,036	397,036
478,194	660,544	811,862	151,318
20,000	20,000	-	(20,000)
160,500	160,500	246,619	86,119
3,570	3,570	6,166	2,596
497,200	497,900	693,407	195,507
1,640,000	1,640,000	1,552,308	(87,692)
844,881	855,872	1,107,293	251,421
280,000	280,000	252,767	(27,233)
83,000	89,822	86,267	(3,555)
<u>14,618,488</u>	<u>14,819,351</u>	<u>15,788,374</u>	<u>969,023</u>
2,737,852	2,622,102	2,557,944	64,158
5,144,856	5,302,004	5,008,567	293,437
4,750	4,750	1,204	3,546
832,086	691,236	642,426	48,810
12,000	12,000	7,900	4,100
764,720	1,062,569	1,011,516	51,053
219,835	588,308	581,292	7,016
4,391,500	4,348,126	4,343,732	4,394
347,700	347,700	365,569	(17,869)
287,786	287,786	289,421	(1,635)
<u>14,743,085</u>	<u>15,266,581</u>	<u>14,809,571</u>	<u>457,010</u>
<u>(124,597)</u>	<u>(447,230)</u>	<u>978,803</u>	<u>1,426,033</u>
23,000	23,000	23,740	740
24,000	29,167	100,775	71,608
65,000	180,000	115,000	(65,000)
-	(132,429)	(132,429)	-
<u>112,000</u>	<u>99,738</u>	<u>107,086</u>	<u>7,348</u>
<u>(12,597)</u>	<u>(347,492)</u>	<u>1,085,889</u>	<u>1,433,381</u>
<u>12,597</u>	<u>347,492</u>	<u>6,873,402</u>	<u>6,525,910</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,959,291</u>	<u>\$ 7,959,291</u>

Town of Wallkill, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended December 31, 2018
 (With Comparative Actuals for 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
REAL PROPERTY TAXES	\$ 6,330,369	\$ 6,330,369	\$ 6,330,369	\$ -	\$ 6,112,853
OTHER TAX ITEMS					
Payments in lieu of taxes	153,066	153,066	181,575	28,509	137,543
Interest and penalties on real property taxes	37,000	37,000	38,759	1,759	40,113
Franchise fees	270,000	270,000	279,419	9,419	294,140
	460,066	460,066	499,753	39,687	471,796
NON-PROPERTY TAXES					
Non-property tax distribution from County	4,186,000	4,186,000	4,605,748	419,748	4,447,036
DEPARTMENTAL INCOME					
Town Clerk fees	6,700	6,700	7,528	828	7,900
Assessor label fees	1,600	1,600	1,910	310	2,440
Police fees	67,000	67,000	80,258	13,258	84,713
Vital statistics fees	55,750	55,750	59,890	4,140	50,721
Safety inspection fees	128,000	128,000	224,642	96,642	222,300
Bus operations	24,000	24,000	23,683	(317)	24,751
Parks and recreation fees	82,757	273,721	286,285	12,564	259,158
Zoning fees	16,000	16,000	33,199	17,199	16,664
Planning Board fees	30,000	30,000	24,874	(5,126)	66,142
Refuse and garbage charges	5,500	5,500	6,000	500	6,000
Water and sewer management charge	68,226	68,226	68,226	-	68,226
Dog control	-	-	500	500	1,000
Miscellaneous	-	-	57,629	57,629	1,847
	485,533	676,497	874,624	198,127	811,862
INTERGOVERNMENTAL CHARGES					
Chargebacks from Agencies	20,000	20,000	67,510	47,510	-
School Resource Officer	-	-	174,027	174,027	-
	20,000	20,000	241,537	221,537	-

USE OF MONEY AND PROPERTY

Earnings on investments	9,000	9,000	25,379	16,379	11,956
Rental of real property	75,000	129,308	209,421	80,113	234,663
	<u>84,000</u>	<u>138,308</u>	<u>234,800</u>	<u>96,492</u>	<u>246,619</u>

**SALE OF PROPERTY AND
COMPENSATION FOR LOSS**

Sale of equipment	100	100	2,036	1,936	645
Minor sales	540	540	95	(445)	5,521
	<u>640</u>	<u>640</u>	<u>2,131</u>	<u>1,491</u>	<u>6,166</u>

LICENSES AND PERMITS

Bingo licenses	800	800	395	(405)	372
Dog licenses	6,000	7,700	11,057	3,357	10,881
Building permits	489,000	489,000	735,845	246,845	679,373
Other licenses and permits	2,200	2,200	2,530	330	2,781
	<u>498,000</u>	<u>499,700</u>	<u>749,827</u>	<u>250,127</u>	<u>693,407</u>

FINES AND FORFEITURES

Parking tickets	70,000	70,000	94,615	24,615	91,552
Fines and forfeited bail	1,550,000	1,550,000	1,434,437	(115,563)	1,460,756
	<u>1,620,000</u>	<u>1,620,000</u>	<u>1,529,052</u>	<u>(90,948)</u>	<u>1,552,308</u>

STATE AID

Per capita	89,881	89,881	89,881	-	89,881
Mortgage tax	625,000	625,000	683,425	58,425	800,626
Park and ride aid	66,912	66,912	67,858	946	72,500
Police safety grant	-	8,374	17,228	8,854	6,855
Youth aid	-	-	7,381	7,381	9,500
Transportation aid	120,000	120,000	114,983	(5,017)	118,340
Other aid	-	-	18,513	18,513	9,591
	<u>901,793</u>	<u>910,167</u>	<u>999,269</u>	<u>89,102</u>	<u>1,107,293</u>

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Town of Wallkill, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)
 Year Ended December 31, 2018
 (With Comparative Actuals for 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
FEDERAL AID					
Emergency disaster assistance	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)	\$ -
Bus aid	280,000	280,000	251,562	(28,438)	252,767
	<u>380,000</u>	<u>380,000</u>	<u>251,562</u>	<u>(128,438)</u>	<u>252,767</u>
MISCELLANEOUS					
Refund of prior year's expenditures	-	-	5,971	5,971	-
Unclassified	78,000	78,000	93,204	15,204	86,267
	<u>78,000</u>	<u>78,000</u>	<u>99,175</u>	<u>21,175</u>	<u>86,267</u>
TOTAL REVENUES	<u>15,044,401</u>	<u>15,299,747</u>	<u>16,417,847</u>	<u>1,118,100</u>	<u>15,788,374</u>
OTHER FINANCING SOURCES					
Sale of real property	-	-	13,920	13,920	23,740
Insurance recoveries	34,000	69,713	145,924	76,211	100,775
Transfers in					
Special Purpose Fund	-	-	108,500	108,500	115,000
TOTAL OTHER FINANCING SOURCES	<u>34,000</u>	<u>69,713</u>	<u>268,344</u>	<u>198,631</u>	<u>239,515</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 15,078,401</u>	<u>\$ 15,369,460</u>	<u>\$ 16,686,191</u>	<u>\$ 1,316,731</u>	<u>\$ 16,027,889</u>

Town of Walkill, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended December 31, 2018

(With Comparative Actuals for 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
GENERAL GOVERNMENT SUPPORT					
Town Board	\$ 39,805	\$ 39,805	\$ 48,110	\$ (8,305)	\$ 45,593
Town Justice	603,367	603,367	596,251	7,116	600,341
Supervisor	223,165	223,165	229,563	(6,398)	252,819
Auditor	50,000	50,000	41,080	8,920	58,073
Tax collection	23,632	23,632	23,365	267	21,703
Budget	-	-	38	(38)	87
Assessor	220,325	244,325	225,180	19,145	208,370
Town Clerk	105,887	141,587	140,798	789	129,350
75 Attorney	197,000	163,026	160,464	2,562	177,869
Engineer	25,000	25,000	19,457	5,543	34,467
Elections	-	-	300	(300)	300
Public works administration	56,716	69,642	72,754	(3,112)	66,272
Buildings	329,460	324,908	249,026	75,882	239,424
Central communications	33,000	33,000	33,720	(720)	33,229
Central printing	104,626	104,626	80,354	24,272	122,353
Data processing	175,970	155,970	95,754	60,216	107,043
Unallocated insurance	298,726	380,255	378,998	1,257	344,669
Municipal association dues	2,300	2,300	2,000	300	2,000
Judgments and claims	30,000	30,000	-	30,000	37,250
Taxes and assessments on property	25,000	25,000	12,143	12,857	52,395
Metropolitan commuter transportation mobility tax	20,525	15,525	13,472	2,053	13,587
Unclassified	-	1,000	1,000	-	10,750
Contingency	61,521	755	-	755	-
	<u>2,626,025</u>	<u>2,656,888</u>	<u>2,423,827</u>	<u>233,061</u>	<u>2,557,944</u>

PUBLIC SAFETY

Police	4,914,208	5,308,181	4,952,702	355,479	4,494,191
Traffic control	51,500	71,500	59,546	11,954	44,400
Parking enforcement	46,750	47,626	47,318	308	49,818
Dog control	33,500	33,500	22,123	11,377	22,549
Safety inspection	461,814	460,814	445,187	15,627	397,609
	<u>5,507,772</u>	<u>5,921,621</u>	<u>5,526,876</u>	<u>394,745</u>	<u>5,008,567</u>

HEALTH

Registrar	<u>2,800</u>	<u>2,800</u>	<u>1,039</u>	<u>1,761</u>	<u>1,204</u>
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TRANSPORTATION

Highway garage	284,026	305,239	303,884	1,355	255,497
Street lighting	198,000	198,000	182,531	15,469	63,074
Park and ride lot	66,912	66,912	67,859	(947)	75,835
Central garage	600	600	582	18	473
Bus operations	303,627	308,990	282,180	26,810	247,547
	<u>853,165</u>	<u>879,741</u>	<u>837,036</u>	<u>42,705</u>	<u>642,426</u>

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ECONOMIC OPPORTUNITY AND DEVELOPMENT

Publicity	3,400	3,400	3,300	100	3,300
Veteran's service	1,700	1,700	-	1,700	1,000
Programs for the aging	7,000	7,000	2,518	4,482	3,600
	<u>12,100</u>	<u>12,100</u>	<u>5,818</u>	<u>6,282</u>	<u>7,900</u>

CULTURE AND RECREATION

Recreation administration	167,700	365,874	317,493	48,381	417,719
Parks	595,715	599,518	632,434	(32,916)	590,759
Fireworks	-	772	772	-	-
Historian	4,900	4,900	4,192	708	3,038
	<u>768,315</u>	<u>971,064</u>	<u>954,891</u>	<u>16,173</u>	<u>1,011,516</u>

(Continued)

Town of Walkill, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended December 31, 2018

(With Comparative Actuals for 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
HOME AND COMMUNITY SERVICES					
Zoning	\$ 28,753	\$ 28,753	\$ 24,694	\$ 4,059	\$ 21,070
Planning	101,069	102,844	101,151	1,693	85,685
Master plan	500	500	-	500	-
Human rights commission	1,200	1,200	210	990	1,540
Refuse and garbage	87,000	87,000	84,427	2,573	91,943
Landfill	5,500	11,005	11,005	-	5,695
Urban renewal	5,000	5,000	1,913	3,087	2,924
Solar farm	-	54,308	303,193	(248,885)	372,435
	<u>229,022</u>	<u>290,610</u>	<u>526,593</u>	<u>(235,983)</u>	<u>581,292</u>
EMPLOYEE BENEFITS					
State retirement	1,155,000	1,155,000	1,070,941	84,059	1,122,162
Social security	494,000	494,000	541,181	(47,181)	503,708
Workers' compensation benefits	331,660	331,660	306,754	24,906	304,414
Unemployment benefits	4,000	4,000	459	3,541	135
Disability	3,000	8,000	8,909	(909)	4,332
Health insurance	2,514,529	2,477,235	2,754,198	(276,963)	2,408,981
	<u>4,502,189</u>	<u>4,469,895</u>	<u>4,682,442</u>	<u>(212,547)</u>	<u>4,343,732</u>
DEBT SERVICE					
Principal					
Serial bonds	357,700	357,700	357,700	-	347,700
Installment purchase debt	-	-	18,394	(18,394)	17,869
	<u>357,700</u>	<u>357,700</u>	<u>376,094</u>	<u>(18,394)</u>	<u>365,569</u>

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(Continued)

Interest					
Serial bonds	275,632	275,632	275,629	3	287,785
Bond anticipation notes	1,167	1,963	1,963	-	-
Installment purchase debt	-	-	968	(968)	1,636
	<u>276,799</u>	<u>277,595</u>	<u>278,560</u>	<u>(965)</u>	<u>289,421</u>
	<u>634,499</u>	<u>635,295</u>	<u>654,654</u>	<u>(19,359)</u>	<u>654,990</u>
TOTAL EXPENDITURES	<u>15,135,887</u>	<u>15,840,014</u>	<u>15,613,176</u>	<u>226,838</u>	<u>14,809,571</u>
OTHER FINANCING USES					
Transfers out					
Community Development Fund	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>132,429</u>
Total Other Financing Sources	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>132,429</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 15,170,887</u>	<u>\$ 15,875,014</u>	<u>\$ 15,648,176</u>	<u>\$ 226,838</u>	<u>\$ 14,942,000</u>

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Town of Walkill, New York

Highway Fund
Comparative Balance Sheet
December 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	\$ 2,546,206	\$ 3,117,789
Receivables		
Accounts	11,420	17,070
Due from other governments	36,124	45,890
Due from other funds	<u>232,357</u>	<u>232,357</u>
	<u>279,901</u>	<u>295,317</u>
Total Assets	<u>\$ 2,826,107</u>	<u>\$ 3,413,106</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 36,933	\$ 202,528
Accrued liabilities	80,124	85,491
Due to retirement systems	157,679	170,040
Due to other funds	<u>50,000</u>	<u>51,500</u>
Total Liabilities	<u>324,736</u>	<u>509,559</u>
Fund balance		
Restricted	-	278,732
Committed	300,000	300,000
Assigned	<u>2,201,371</u>	<u>2,324,815</u>
Total Fund Balance	<u>2,501,371</u>	<u>2,903,547</u>
Total Liabilities and Fund Balance	<u>\$ 2,826,107</u>	<u>\$ 3,413,106</u>

Town of Walkill, New York

Highway Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 4,655,919	\$ 4,655,919	\$ 4,655,919	\$ -
Other tax items	97,116	97,116	91,778	(5,338)
Intergovernmental charges	197,670	237,670	273,556	35,886
Use of money and property	-	-	15,532	15,532
Sale of property and compensation for loss	25,000	25,000	29,289	4,289
Interfund revenues	209,000	209,000	196,573	(12,427)
State aid	423,000	423,000	488,622	65,622
Miscellaneous	31,500	31,500	60,916	29,416
Total Revenues	5,639,205	5,679,205	5,812,185	132,980
EXPENDITURES				
Current				
General government support	50,232	50,232	3,091	47,141
Transportation	3,775,659	3,889,125	3,772,278	116,847
Employee benefits	1,526,055	1,527,589	1,495,734	31,855
Debt service				
Principal	223,100	223,100	269,409	(46,309)
Interest	89,828	91,618	92,928	(1,310)
Total Expenditures	5,664,874	5,781,664	5,633,440	148,224
Excess (Deficiency) of Revenues Over Expenditures	(25,669)	(102,459)	178,745	281,204
OTHER FINANCING SOURCES (USES)				
Transfers in	38,000	38,000	36,480	(1,520)
Transfers out	(15,000)	(15,000)	(617,401)	(602,401)
Total Other Financing Sources (Uses)	23,000	23,000	(580,921)	(603,921)
Net Change in Fund Balance	(2,669)	(79,459)	(402,176)	(322,717)
FUND BALANCE				
Beginning of Year	2,669	79,459	2,903,547	2,824,088
End of Year	\$ -	\$ -	\$ 2,501,371	\$ 2,501,371

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 4,643,886	\$ 4,643,886	\$ 4,643,886	\$ -
87,319	87,319	82,235	(5,084)
192,000	192,000	245,776	53,776
-	-	4,813	4,813
28,500	28,500	64,615	36,115
189,000	189,000	121,474	(67,526)
423,000	423,000	497,426	74,426
34,000	34,000	86,156	52,156
<u>5,597,705</u>	<u>5,597,705</u>	<u>5,746,381</u>	<u>148,676</u>
61,150	4,000	3,239	761
3,789,588	4,155,171	4,010,736	144,435
1,457,426	1,435,596	1,434,142	1,454
202,500	200,500	245,790	(45,290)
101,317	120,564	122,957	(2,393)
<u>5,611,981</u>	<u>5,915,831</u>	<u>5,816,864</u>	<u>98,967</u>
<u>(14,276)</u>	<u>(318,126)</u>	<u>(70,483)</u>	<u>247,643</u>
12,000	115,273	139,753	24,480
-	(69,793)	(119,793)	(50,000)
<u>12,000</u>	<u>45,480</u>	<u>19,960</u>	<u>(25,520)</u>
(2,276)	(272,646)	(50,523)	222,123
<u>2,276</u>	<u>272,646</u>	<u>2,954,070</u>	<u>2,681,424</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,903,547</u>	<u>\$ 2,903,547</u>

Town of Walkill, New York

Special Districts Fund
 Combining Balance Sheet - Sub Funds
 December 31, 2018
 (With Comparative Totals for 2017)

	Combined Water Districts	Combined Sewer Districts	Combined Lighting Districts
ASSETS			
Cash and equivalents	\$ 4,613,497	\$ 6,383,148	\$ 265,815
Receivables			
Accounts	94	-	-
Water and sewer rents	1,003,660	981,955	-
Due from other funds	547,592	210,000	-
	<u>1,551,346</u>	<u>1,191,955</u>	<u>-</u>
Total Assets	<u>\$ 6,164,843</u>	<u>\$ 7,575,103</u>	<u>\$ 265,815</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 254,123	\$ 22,440	\$ 1,613
Accrued liabilities	29,427	36,994	-
Due to retirement systems	58,400	58,400	-
Due to other funds	231,513	61,194	-
Total Liabilities	<u>573,463</u>	<u>179,028</u>	<u>1,613</u>
Fund balances			
Restricted	240,636	458,981	-
Assigned	5,350,744	6,937,094	264,202
Total Fund Balances	<u>5,591,380</u>	<u>7,396,075</u>	<u>264,202</u>
Total Liabilities and Fund Balances	<u>\$ 6,164,843</u>	<u>\$ 7,575,103</u>	<u>\$ 265,815</u>

See independent auditors' report.

Road Improvement Area	Combined Drainage Districts	Totals	
		2018	2017
\$ 386,672	\$ 88,556	\$ 11,737,688	\$ 8,946,815
-	-	94	17,491
-	-	1,985,615	1,879,242
50,429	-	808,021	1,875,621
50,429	-	2,793,730	3,772,354
<u>\$ 437,101</u>	<u>\$ 88,556</u>	<u>\$ 14,531,418</u>	<u>\$ 12,719,169</u>
\$ -	\$ -	\$ 278,176	\$ 291,383
-	-	66,421	37,027
-	-	116,800	125,956
-	-	292,707	181,819
-	-	754,104	636,185
-	-	699,617	528,588
437,101	88,556	13,077,697	11,554,396
437,101	88,556	13,777,314	12,082,984
<u>\$ 437,101</u>	<u>\$ 88,556</u>	<u>\$ 14,531,418</u>	<u>\$ 12,719,169</u>

Town of Wallkill, New York

Special Districts Fund
 Combining Schedule of Revenues, Expenditures and Changes
 in Fund Balances - Sub Funds
 Year Ended December 31, 2018
 (With Comparative Totals for 2017)

	Water Districts			Sewer Districts	
	Consolidated	Arfman Tract	Lorelei	Consolidated	Arfman Tract
REVENUES					
Real property taxes	\$ 1,256,174	\$ -	\$ 31,096	\$ 1,540,666	\$ -
Departmental income	2,204,241	334,831	5,572	2,181,055	160,563
Use of money and property	9,970	151	123	20,176	145
Sale of property and compensation for loss	500	-	-	500	-
Miscellaneous	37,027	-	5,235	116,420	-
Total Revenues	3,507,912	334,982	42,026	3,858,817	160,708
EXPENDITURES					
Current					
Transportation	-	-	-	-	-
Home and community services	2,077,820	385,066	-	1,732,435	182,685
Employee benefits	405,879	-	-	380,269	-
Debt service					
Principal	462,999	-	-	202,695	-
Interest	174,007	-	12,266	182,179	-
Total Expenditures	3,120,705	385,066	12,266	2,497,578	182,685
Excess (Deficiency) of Revenues Over Expenditures	387,207	(50,084)	29,760	1,361,239	(21,977)
OTHER FINANCING SOURCES (USES)					
Transfers in	56,639	-	-	-	-
Transfers out	(55,000)	-	(19,800)	-	-
Total Other Financing Sources (Uses)	1,639	-	(19,800)	-	-
Net Change in Fund Balances	388,846	(50,084)	9,960	1,361,239	(21,977)
FUND BALANCES (DEFICITS)					
Beginning of Year	5,139,114	54,357	49,187	6,019,711	37,102
End of Year	<u>\$ 5,527,960</u>	<u>\$ 4,273</u>	<u>\$ 59,147</u>	<u>\$ 7,380,950</u>	<u>\$ 15,125</u>

Lighting Districts					Road Improvement Area	Drainage Districts		
District No. 1	District No. 2	District No. 3	District No. 4	District No. 5		District A	District B	District #1
\$ 30,000	\$ 35,000	\$ 2,610	\$ 2,000	\$ -	\$ 55,000	\$ 500	\$ 300	\$ 1,000
-	-	-	-	-	-	-	-	-
134	90	2	3	-	1,281	7	4	9
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>30,134</u>	<u>35,090</u>	<u>2,612</u>	<u>2,003</u>	<u>-</u>	<u>56,281</u>	<u>507</u>	<u>304</u>	<u>1,009</u>
35,246	49,826	1,576	1,332	-	2,642	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>35,246</u>	<u>49,826</u>	<u>1,576</u>	<u>1,332</u>	<u>-</u>	<u>2,642</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(5,112)</u>	<u>(14,736)</u>	<u>1,036</u>	<u>671</u>	<u>-</u>	<u>53,639</u>	<u>507</u>	<u>304</u>	<u>1,009</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	(36,480)	-	-	-
-	-	-	-	-	(36,480)	-	-	-
(5,112)	(14,736)	1,036	671	-	17,159	507	304	1,009
<u>160,646</u>	<u>112,340</u>	<u>4,238</u>	<u>5,117</u>	<u>2</u>	<u>419,942</u>	<u>11,319</u>	<u>5,596</u>	<u>10,630</u>
<u>\$ 155,534</u>	<u>\$ 97,604</u>	<u>\$ 5,274</u>	<u>\$ 5,788</u>	<u>\$ 2</u>	<u>\$ 437,101</u>	<u>\$ 11,826</u>	<u>\$ 5,900</u>	<u>\$ 11,639</u>

(Continued)

Town of Wallkill, New York

Special Districts Fund
 Combining Schedule of Revenues, Expenditures and Changes
 in Fund Balances - Sub Funds (Continued)
 Year Ended December 31, 2018
 (With Comparative Totals for 2017)

	Drainage Districts				
	District No. 4	District No. 5	District No. 6	District No. 7	District No. 8
REVENUES					
Real property taxes	\$ 500	\$ -	\$ 500	\$ 1,000	\$ 300
Departmental income	-	-	-	-	-
Use of money and property	6	7	6	9	8
Sale of property and compensation for loss	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	<u>506</u>	<u>7</u>	<u>506</u>	<u>1,009</u>	<u>308</u>
EXPENDITURES					
Current					
Transportation	-	-	-	-	-
Home and community services	1,249	-	-	-	438
Employee benefits	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>1,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>438</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(743)</u>	<u>7</u>	<u>506</u>	<u>1,009</u>	<u>(130)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(743)</u>	<u>7</u>	<u>506</u>	<u>1,009</u>	<u>(130)</u>
FUND BALANCES (DEFICITS)					
Beginning of Year	<u>7,792</u>	<u>10,021</u>	<u>7,711</u>	<u>11,521</u>	<u>10,632</u>
End of Year	<u>\$ 7,049</u>	<u>\$ 10,028</u>	<u>\$ 8,217</u>	<u>\$ 12,530</u>	<u>\$ 10,502</u>

Drainage Districts

District No. 9	District No. 10	District No. 11	District No. 12	District No. 13	District No. 14	District No. 15	District No. 16
\$ 1,000	\$ 1,000	\$ 3,000	\$ 500	\$ 600	\$ 2,000	\$ 500	\$ 500
-	-	-	-	-	-	-	-
1	1	4	1	1	2	1	1
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,001	1,001	3,004	501	601	2,002	501	501
-	-	-	-	-	-	-	-
4,478	-	-	-	-	777	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,478	-	-	-	-	777	-	-
(3,477)	1,001	3,004	501	601	1,225	501	501
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(3,477)	1,001	3,004	501	601	1,225	501	501
(740)	1,000	3,000	500	600	146	500	500
\$ (4,217)	\$ 2,001	\$ 6,004	\$ 1,001	\$ 1,201	\$ 1,371	\$ 1,001	\$ 1,001

(Continued)

Town of Wallkill, New York

Special Districts Fund
 Combining Schedule of Revenues, Expenditures and Changes
 in Fund Balances - Sub Funds (Continued)
 Year Ended December 31, 2018
 (With Comparative Totals for 2017)

	Drainage Districts		Totals	
	District No. 17	District No. 18	2018	2017
REVENUES				
Real property taxes	\$ 500	\$ 500	\$ 2,966,746	\$ 2,949,284
Departmental income	-	-	4,886,262	4,622,736
Use of money and property	1	1	32,145	11,388
Sale of property and compensation for loss	-	-	1,000	14,604
Miscellaneous	-	-	158,682	39,490
Total Revenues	501	501	8,044,835	7,637,502
EXPENDITURES				
Current				
Transportation	-	-	90,622	298,977
Home and community services	-	-	4,384,948	4,864,573
Employee benefits	-	-	786,148	757,629
Debt service				
Principal	-	-	665,694	537,956
Interest	-	-	368,452	309,322
Total Expenditures	-	-	6,295,864	6,768,457
Excess (Deficiency) of Revenues Over Expenditures	501	501	1,748,971	869,045
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	56,639	-
Transfers out	-	-	(111,280)	(189,753)
Total Other Financing Sources (Uses)	-	-	(54,641)	(189,753)
Net Change in Fund Balances	501	501	1,694,330	679,292
FUND BALANCES (DEFICITS)				
Beginning of Year	500	-	12,082,984	11,403,692
End of Year	\$ 1,001	\$ 501	\$ 13,777,314	\$ 12,082,984

See independent auditors' report.

Town of Wallkill, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	\$ 6,264,259	\$ 2,067,836
Restricted cash	-	66,039
Accounts receivable	316	316
State and Federal aid	300,178	-
Due from other funds	-	359,249
	<u> </u>	<u> </u>
Total Assets	<u>\$ 6,564,753</u>	<u>\$ 2,493,440</u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 169,804	\$ 351,989
Due to other funds	568,448	1,771,448
Bond anticipation notes payable	3,492,200	2,652,000
	<u> </u>	<u> </u>
Total Liabilities	<u>4,230,452</u>	<u>4,775,437</u>
Fund balance (deficit)		
Restricted	2,334,301	-
Unassigned	-	(2,281,997)
	<u> </u>	<u> </u>
Total Fund Balance (Deficit)	<u>2,334,301</u>	<u>(2,281,997)</u>
	<u> </u>	<u> </u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 6,564,753</u>	<u>\$ 2,493,440</u>

Town of Wallkill, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended December 31,

	<u>2018</u>	<u>2017</u>
REVENUES		
Use of money and property	\$ 24,563	\$ 5,346
State aid	68,655	(83,247)
Federal aid	<u>278,008</u>	<u>997,535</u>
Total Revenues	371,226	919,634
EXPENDITURES		
Capital outlay	<u>1,425,490</u>	<u>3,459,559</u>
Deficiency of Revenues Over Expenditures	<u>(1,054,264)</u>	<u>(2,539,925)</u>
OTHER FINANCING SOURCES		
Bonds issued	5,000,000	-
Transfers in	727,201	100,000
Transfers out	<u>(56,639)</u>	<u>-</u>
Total Other Financing Sources	<u>5,670,562</u>	<u>100,000</u>
Net Change in Fund Balance	4,616,298	(2,439,925)
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>(2,281,997)</u>	<u>157,928</u>
End of Year	<u>\$ 2,334,301</u>	<u>\$ (2,281,997)</u>

Town of Walkill, New York

Non-Major Governmental Funds
 Combining Balance Sheet
 December 31, 2018
 (With Comparative Totals for 2017)

	Community Development	Special Purpose	Total Non-Major Governmental Funds	
			2018	2017
ASSETS				
Cash and equivalents	\$ 71,719	\$ 1,134,227	\$ 1,205,946	\$ 532,413
Receivables				
Accounts	-	14,968	14,968	16,868
State and Federal aid	48,315	-	48,315	295,591
Due from other funds	132,249	-	132,249	-
	<u>180,564</u>	<u>14,968</u>	<u>195,532</u>	<u>312,459</u>
Total Assets	<u>\$ 252,283</u>	<u>\$ 1,149,195</u>	<u>\$ 1,401,478</u>	<u>\$ 844,872</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,269	\$ 1,650	\$ 2,919	\$ 49,520
Due to other funds	250,446	-	250,446	233,650
Total Liabilities	<u>251,715</u>	<u>1,650</u>	<u>253,365</u>	<u>283,170</u>
Fund balances				
Restricted	-	1,147,545	1,147,545	535,606
Assigned	568	-	568	26,096
Total Fund Balances	<u>568</u>	<u>1,147,545</u>	<u>1,148,113</u>	<u>561,702</u>
Total Liabilities and Fund Balances	<u>\$ 252,283</u>	<u>\$ 1,149,195</u>	<u>\$ 1,401,478</u>	<u>\$ 844,872</u>

See independent auditors' report.

Town of Walkill, New York

Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes
 in Fund Balances
 Year Ended December 31, 2018
 (With Comparative Totals for 2017)

	Community Development	Special Purpose	Total Non-Major Governmental Funds	
			2018	2017
REVENUES				
Departmental income	\$ -	\$ 748,553	\$ 748,553	\$ 210,178
Use of money and property	15	2,390	2,405	601
Federal aid	99,211	-	99,211	533,963
Total Revenues	99,226	750,943	850,169	744,742
EXPENDITURES				
Current				
Public safety	14,973	-	14,973	26,099
Transportation	73,087	-	73,087	382,428
Home and community services	36,694	30,504	67,198	311,099
Total Expenditures	124,754	30,504	155,258	719,626
Excess (Deficiency) of Revenues Over Expenditures	(25,528)	720,439	694,911	25,116
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	202,222
Transfers out	-	(108,500)	(108,500)	(115,000)
Total Other Financing Sources (Uses)	-	(108,500)	(108,500)	87,222
Net Change in Fund Balances	(25,528)	611,939	586,411	112,338
FUND BALANCES				
Beginning of Year	26,096	535,606	561,702	449,364
End of Year	\$ 568	\$ 1,147,545	\$ 1,148,113	\$ 561,702

See independent auditors' report.

Town of Walkill, New York

Community Development Fund
Comparative Balance Sheet
December 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	\$ 71,719	\$ 725
Receivables		
State and Federal aid	48,315	295,591
Due from other funds	<u>132,249</u>	<u>-</u>
	<u>180,564</u>	<u>295,591</u>
Total Assets	<u>\$ 252,283</u>	<u>\$ 296,316</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,269	\$ 46,570
Due to other funds	<u>250,446</u>	<u>223,650</u>
Total Liabilities	251,715	270,220
Fund balance		
Assigned	<u>568</u>	<u>26,096</u>
Total Liabilities and Fund Balance	<u>\$ 252,283</u>	<u>\$ 296,316</u>

Town of Walkill, New York

Community Development Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

	<u>2018</u>	<u>2017</u>
REVENUES		
Use of money and property	\$ 15	\$ 23
Federal aid	<u>99,211</u>	<u>533,963</u>
Total Revenues	<u>99,226</u>	<u>533,986</u>
EXPENDITURES		
Current		
Public safety	14,973	26,099
Transportation	73,087	382,428
Home and community services	<u>36,694</u>	<u>271,463</u>
Total Expenditures	<u>124,754</u>	<u>679,990</u>
Deficiency of Revenues Over Expenditures	(25,528)	(146,004)
OTHER FINANCING SOURCES		
Transfers in	<u>-</u>	<u>202,222</u>
Net Change in Fund Balance	(25,528)	56,218
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>26,096</u>	<u>(30,122)</u>
End of Year	<u>\$ 568</u>	<u>\$ 26,096</u>

Town of Wallkill, New York

Special Purpose Fund
Comparative Balance Sheet
December 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	\$ 1,134,227	\$ 531,688
Accounts receivable	<u>14,968</u>	<u>16,868</u>
Total Assets	<u>\$ 1,149,195</u>	<u>\$ 548,556</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,650	\$ 2,950
Due to other funds	<u>-</u>	<u>10,000</u>
Total Liabilities	1,650	12,950
Fund balance		
Restricted	<u>1,147,545</u>	<u>535,606</u>
Total Liabilities and Fund Balance	<u>\$ 1,149,195</u>	<u>\$ 548,556</u>

Town of Walkill, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended December 31,

	<u>2018</u>	<u>2017</u>
REVENUES		
Departmental income	\$ 748,553	\$ 210,178
Use of money and property	<u>2,390</u>	<u>578</u>
Total Revenues	750,943	210,756
EXPENDITURES		
Current		
Home and community services	<u>30,504</u>	<u>39,636</u>
Excess of Revenues Over Expenditures	720,439	171,120
OTHER FINANCING USES		
Transfers out	<u>(108,500)</u>	<u>(115,000)</u>
Net Change in Fund Balance	611,939	56,120
FUND BALANCE		
Beginning of Year	<u>535,606</u>	<u>479,486</u>
End of Year	<u><u>\$ 1,147,545</u></u>	<u><u>\$ 535,606</u></u>

Town of Walkill, New YorkEnterprise Fund - Golf Fund
Comparative Statement of Net Position
December 31,

ASSETS	2018	2017
Current assets		
Cash and equivalents	\$ 22,331	\$ 39,716
Accounts receivable, net of allowance of \$218,313 in 2018 and 2017	83,530	35,111
Inventories	14,246	-
Prepaid expenses	4,650	-
Total Current Assets	<u>124,757</u>	<u>74,827</u>
Capital assets		
Not being depreciated	794,134	794,134
Being depreciated, net	740,839	776,744
Total Capital Assets	<u>1,534,973</u>	<u>1,570,878</u>
Total Assets	<u>1,659,730</u>	<u>1,645,705</u>
LIABILITIES		
Current liabilities		
Accounts payable	33,507	18,584
Due to retirement systems	5,840	6,298
Due to other funds	341,000	200,000
Unearned revenues	23,568	-
Total Current Liabilities	<u>403,915</u>	<u>224,882</u>
Noncurrent liabilities		
Due within one year	3,400	36,790
Due in more than one year	2,410,124	2,006,666
Total Noncurrent Liabilities	<u>2,413,524</u>	<u>2,043,456</u>
Total Liabilities	<u>2,817,439</u>	<u>2,268,338</u>
NET POSITION		
Net investment in capital assets	1,534,973	1,535,638
Unrestricted	<u>(2,692,682)</u>	<u>(2,158,271)</u>
Total Net Position	<u>\$ (1,157,709)</u>	<u>\$ (622,633)</u>

Town of Walkill, New York

Enterprise Fund - Golf Fund

**Comparative Statement of Revenues, Expenses and Changes in
Net Position**

Years Ended December 31,

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Charges for services	\$ 811,177	\$ 227,212
Insurance recoveries	-	12,766
	<u>811,177</u>	<u>239,978</u>
OPERATING EXPENSES		
Personal services	480,189	74,000
Contractual and other	357,981	163,944
Employee benefits	90,673	93,454
Depreciation	45,969	52,395
	<u>974,812</u>	<u>383,793</u>
Total Operating Revenues	<u>811,177</u>	<u>239,978</u>
Total Operating Expenses	<u>974,812</u>	<u>383,793</u>
Loss from Operations	<u>(163,635)</u>	<u>(143,815)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	7	75
Interest expense	-	(3,179)
	<u>7</u>	<u>(3,104)</u>
Total Non-Operating Revenues (Expenses)	<u>7</u>	<u>(3,104)</u>
Change in Net Position	<u>(163,628)</u>	<u>(146,919)</u>
NET POSITION		
Beginning, as reported	(622,633)	(475,714)
Cumulative Effect of Change in Accounting Principle	<u>(371,448)</u>	<u>-</u>
Beginning, as restated	<u>(994,081)</u>	<u>(475,714)</u>
Ending	<u>\$ (1,157,709)</u>	<u>\$ (622,633)</u>

See independent auditors' report.

Town of Wallkill, New York

Enterprise Fund - Golf Fund
Comparative Statement of Cash Flows
Years Ended December 31,

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 786,326	\$ 289,831
Insurance recoveries	-	12,766
Cash payments for goods and services	(220,954)	(210,377)
Cash payments to employees	(461,397)	(86,687)
Cash payments for employee benefits	(76,063)	(71,122)
Net Cash from Operating Activities	<u>27,912</u>	<u>(65,589)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(10,064)	(23,932)
Principal paid on installment purchase debt	(35,240)	(33,688)
Interest paid on indebtedness	-	(3,179)
Net Cash from Capital and Related Financing Activities	<u>(45,304)</u>	<u>(60,799)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	7	75
Net Change in Cash and Equivalents	<u>(17,385)</u>	<u>(126,313)</u>
CASH AND EQUIVALENTS		
Beginning of Year	<u>39,716</u>	<u>166,029</u>
End of Year	<u>\$ 22,331</u>	<u>\$ 39,716</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Loss from operations	\$ (163,635)	\$ (143,815)
Adjustments to reconcile loss from operations to net cash from operating activities		
Depreciation	45,969	52,395
Changes in assets and liabilities		
Accounts receivable	(48,419)	62,619
Inventories	(14,246)	-
Prepaid expense	(4,650)	-
Accounts payable	14,923	1,922
Due to retirement systems	(458)	542
Due to other funds	141,000	(48,355)
Unearned revenues	23,568	-
Compensated absences	18,792	(12,687)
Other post employment benefit obligations payable	15,068	21,790
Net Cash from Operating Activities	<u>\$ 27,912</u>	<u>\$ (65,589)</u>