



## **Eastchester Fire District**

Financial Report

December 31, 2023

# Eastchester Fire District

## Financial Report

December 31, 2023

### CONTENTS

	Page
<b>Independent Auditor's Report</b> .....	1-3
<b>Financial Statements - Regulatory Basis</b>	
Balance Sheet - Governmental Fund, Non-Current Governmental Assets Account Group, and Non-Current Governmental Liabilities Account Group .....	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund .....	5
Notes to Financial Statements .....	6-20
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	21-22



## Independent Auditor's Report

Board of Fire Commissioners  
Eastchester Fire District  
Eastchester, New York

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental fund and each account group of the Eastchester Fire District (Fire District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Fire District's regulatory basis financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental fund and each account group of the Fire District as of December 31, 2023, and the changes in financial position of the governmental fund for the year then ended in accordance with the financial reporting provisions of the Fire District Accounting and Reporting Manual of the New York State Office of the State Comptroller (Manual).

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter - Basis of Accounting***

We draw attention to Note 1b of the financial statements, which describes the basis of accounting. As described in Note 1b, the financial statements are prepared by the Fire District in accordance with the financial reporting provisions of the Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New York State. As a result, the financial statements may not be suitable for another purpose. Our opinions are not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Manual. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Responsibilities of Management for the Financial Statements - Continued***

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2024, on our consideration of the Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fire District's internal control over financial reporting and compliance.



**Restriction on Use**

Our report is intended solely for the information and use of the Fire District and the New York State Office of the State Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

**BST + Co. CPAs, LLP**

Latham, New York  
July 5, 2024

## Eastchester Fire District

### Balance Sheet - Governmental Fund, Non-Current Governmental Assets Account Group, and Non-Current Governmental Liabilities Account Group - Regulatory Basis

ASSETS AND OTHER DEBITS	December 31, 2023		
	Governmental	Account Groups	
	Fund	Non-Current	Non-Current
	General Fund	Governmental Assets	Governmental Liabilities
<b>ASSETS</b>			
Cash	\$ 9,461,741	\$ -	\$ -
Cash, restricted	558,524	-	-
Accounts receivable	16,503	-	-
Prepaid expenditures	976,374	-	-
Fixed assets	-	9,926,299	-
Total assets	11,013,142	9,926,299	-
<b>OTHER DEBITS</b>			
Total non-current governmental liabilities	-	-	40,765,311
<b>Total assets and other debits</b>	<b>\$ 11,013,142</b>	<b>\$ 9,926,299</b>	<b>\$ 40,765,311</b>
<b>LIABILITIES, OTHER CREDITS, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 174,127	\$ -	\$ -
Accrued expenses	49,722	-	-
Net pension liability, proportionate share	-	-	11,307,999
Other postemployment benefits	-	-	27,504,852
Compensated absences	-	-	1,952,460
Total liabilities	223,849	-	40,765,311
<b>OTHER CREDITS</b>			
Total non-current governmental assets	-	9,926,299	-
<b>FUND BALANCES</b>			
Nonspendable	976,374	-	-
Restricted	558,524	-	-
Assigned	7,763,505	-	-
Unassigned	1,490,890	-	-
Total fund balances	10,789,293	-	-
<b>Total liabilities, other credits, and fund balances</b>	<b>\$ 11,013,142</b>	<b>\$ 9,926,299</b>	<b>\$ 40,765,311</b>

# Eastchester Fire District

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund - Regulatory Basis

	<u>General Fund</u>
	<u>Year Ended December 31, 2023</u>
<b>REVENUES</b>	
Real property taxes	\$ 19,816,023
Insurance recoveries	66,686
Use of money and property	366,539
Miscellaneous local sources	588,348
Refund of prior year expenditures	<u>6,597</u>
Total revenues	<u>20,844,193</u>
<b>EXPENDITURES</b>	
General government	
MTA payroll tax	34,594
Public Safety	
Personnel services	10,232,475
Employee benefits	7,270,304
Contractual expenditures	1,279,608
Equipment and capital outlays	<u>809,909</u>
Total expenditures	<u>19,626,890</u>
<b>Net change in fund balance</b>	<b>1,217,303</b>
<b>FUND BALANCE, <i>beginning of year</i></b>	<u>9,571,990</u>
<b>FUND BALANCE, <i>end of year</i></b>	<u><b>\$ 10,789,293</b></u>

See accompanying Notes to Regulatory Financial Statements.

# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 1 - Organization and Summary of Significant Accounting Policies

#### a. Organization

The Eastchester Fire District (Fire District) is a district corporation of the State of New York and operates pursuant to the various provisions of New York State statutes and provisions of Town law. The Fire District is governed by an elected Board of Fire Commissioners (Board) who are authorized to adopt rules and regulations of the Fire District's fire department.

#### b. Basis of Accounting and Financial Statement Presentation

The Fire District has elected to prepare its financial statements in accordance with the financial reporting provisions of the Fire District Accounting and Reporting Manual of the New York State Office of the State Comptroller (OSC) (Manual) for annual reports submitted to that office. This regulatory basis varies from accounting principles generally accepted in the United States of America (U.S. GAAP) primarily in that under U.S. GAAP:

- Financial statements include two additional statements, the statement of net position and the statement of activities, collectively referred to as the "government-wide" financial statements which are presented on the full accrual basis of accounting.
- Fund-based financial statements must be reconciled to the "government-wide" financial statements.
- A Management's Discussion and Analysis (MD&A) is required as supplementary information that precedes the basic financial statements and is intended to provide an objective analysis of the government's financial activities, both on a current and long-term basis, based on current conditions.
- Other supplementary information is required by U.S. GAAP.
- Capital assets, other than land, are depreciated and reported on the "government-wide" statement of net position at net book value, and depreciation expense is allocated to the major functions on the statement of activities based on the use of the underlying assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for on the modified accrual basis using a current financial resources focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, governmental fund revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably determined, and "available" means the related cash resources are collectible within the current period or within the first 60 days of the following year.

Governmental fund expenditures and related liabilities are generally recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next 12 months, with the exception of items covered by Governmental Accounting Standards Board (GASB) Interpretation 6 (GASBI 6), *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. GASBI 6 modified the recognition criteria of certain expenditures and liabilities. GASBI 6 requires that expenditures and liabilities such as debt service, compensated absences, and claims and judgments be recorded in the governmental fund statements only when they mature or become due for payment within the period.



# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *b. Basis of Accounting and Financial Statement Presentation - Continued*

The Fire District's account groups are prepared using the accrual basis of accounting. Assets and liabilities are recorded when incurred, regardless of the timing of cash flows.

#### *c. Fund and Account Group Accounting*

The accounts of the Fire District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures, which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of governmental funds is upon determination of financial position and changes in financial position. The Fire District has one governmental fund:

- General Fund - Accounts for all unrestricted resources, except those required to be accounted for in another fund. It operates within the financial limits of an annual budget adopted by the Board.

Account groups are used to establish accounting control and accountability. They are concerned with measurement of financial position and not results of operation. The Fire District uses the following account groups:

- Non-Current Governmental Assets - Accounts for land, buildings and improvements, and machinery and equipment utilized for general government purposes.
- Non-Current Governmental Liabilities - Accounts for long-term liabilities which are not recorded as a liability in another fund.

#### *d. Budget*

The Fire District employs the following budgetary procedures:

- (1) The Board is required to annually adopt a Fire District budget setting detailed estimates of revenues to be received and expenditures to be made during the fiscal year for which the budget is proposed. The Fire District calculates its statutory spending limitation to ensure the Fire District does not exceed the maximum amount which may be expended by the Fire District without voter approval. The budget is subject to certain public hearing requirements. As a result, the Fire District holds a public hearing on the proposed budget on the third Tuesday in October of the year the budget is prepared. The proposed budget must be adopted by resolution of the Board at least twenty-one days before the date of the public hearing. After the public hearing, the Board of the Fire District must file or submit the Fire District's budget and fund balance statements to the budget officer of the Town of Eastchester by November 7<sup>th</sup> of the year the budget is prepared. The Fire District budget, as attached to the annual town budget, is sent to Westchester County, for the levy of taxes for Fire District purposes.

# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *d. Budget - Continued*

- (2) Encumbrances are recorded to reserve a portion of fund balance for outstanding purchase commitments to be financed from current appropriations. Expenditures for such commitments are recorded in the period in which the liability is incurred. The ensuing year's authorized appropriations are increased by the amount of encumbrances carried forward.

#### *e. Estimates*

The preparation of financial statements in accordance with the financial reporting provisions of the Manual requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows and inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### *f. Cash, Cash Equivalents, and Investments*

The Fire District considers investments with maturities of 90 days or less from the date of acquisition to be a cash equivalent. Currently, the Fire District does not have any cash equivalents.

Collateral is required by New York State (State) statute for certificates of deposit and for all deposits not covered by the Federal Deposit Insurance Corporation (FDIC) federal deposit insurance. The Fire District's investment policy requires all other deposits in excess of FDIC insurance to be collateralized. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. At December 31, 2023, all of the Fire District's deposits were covered by FDIC insurance or collateralized by securities.

Restricted cash is reserved for use and purposes by the Board in accordance with New York State General Municipal Law. To establish a reserve, the Board must adopt a resolution subject to a voter referendum. Expenditures from reserves can only be made following the adoption of a resolution, subject to permissive referendum.

Investments are recorded at fair value except for financial instruments with a maturity of one year or less from the date of purchase, which are valued at amortized cost. Fair value is defined as the prices that would be received to sell an asset in an orderly transaction between market participants on the measurement date. The Fire District's investment policies are governed by state statutes and various resolutions of the Board. Fire District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments under State statute include obligations of the United States Treasury and United States agencies, repurchase agreements, and obligations of New York State or its localities.

#### *g. Prepaid Expenditures*

Prepaid expenditures within the General Fund are composed of pension contributions and health insurance paid in 2023 that pertain to the 2024 reporting period. These amounts will be amortized into pension expense and insurance in the subsequent reporting period.

#### *h. Fixed Assets*

Fixed assets, which include land, buildings and improvements, and machinery and equipment, are reported in the non-current governmental assets account group at historical cost. Fixed assets are defined by the Fire District as assets with an initial individual cost exceeding \$5,000 and an estimated useful life in excess of five years. Donated fixed assets are recorded at estimated fair value at the date of donation.

# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *i. Deferred Outflows and Inflows of Resources*

In addition to assets, the Fire District 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 (expenditure) until then. The Fire District reports deferred outflows of resources related to various pension and other post-employment benefit transactions as detailed in Notes 4 and 5.

A deferred inflow of resources is reported when potential revenues do not meet the availability criterion for recognition in the current period, these amounts are recorded as deferred inflows of resources in the governmental funds. In subsequent periods, when the availability criterion is met, deferred inflows of resources are reclassified as revenues. The Fire District reports deferred inflows of resources related to various pension and other post-employment benefit transactions as detailed in Notes 4 and 5.

#### *j. Compensated Absences*

Compensated absences include amounts for earned and unused vacation and personal time along with terminal pay, which constitutes two months' salary. Upon termination, an employee is paid for accumulated vacation leave and terminal leave at his or her rate of pay at the time of termination. Only employees with greater than twenty years of service are eligible to receive this benefit upon termination.

Firefighters, captains, and lieutenants may accumulate up to 120 days of sick leave, which will not be paid upon retirement. Vacation time is taken in the year following the year it is earned. Upon retirement, the employee is granted the option of either two months' terminal leave, or the employee can work two months at time and one half as a firefighter mechanic. Currently, most employees opt for two months' terminal leave; therefore, this amount has been included in compensated absences as of December 31, 2023.

#### *k. Fund Balance*

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

- Nonspendable - Amounts that cannot be spent because they are either: (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.
- Restricted - Amounts that have restraints that are either: (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Fund balance restricted by the Board may only be used subject to permissive referendum in accordance with New York State law.
- Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.

# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

*k. Fund Balance - Continued*

- Assigned - Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.
- Unassigned - The residual amount in the General Fund after all of the other classifications have been established. In a special revenue fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

Note 2 provides further details regarding the Fire District's fund balance classifications.

The Fire District's fund balance policy is set by the Board, the highest level of decision-making authority. The Fire District considers "formal action" for a committed fund balance to be the passing of a Board resolution. The Board has delegated the ability to assign fund balance to the Treasurer. The Fire District considers fund balance spent in the order of restricted, committed, assigned, and unassigned.

*l. Real Property Taxes*

Annually, the Fire District prepares and files with the budget officers of the Town of Eastchester detailed estimates of amounts of revenues to be received and expenditures to be made in the upcoming year.

*m. Donated Services*

The value of services provided by the volunteer firefighters has not been determined or reflected in these financial statements.

*n. Subsequent Events*

The Fire District has evaluated subsequent events for potential recognition or disclosure through July 5, 2024, the date the financial statements were available to be issued.

### Note 2 - Fund Balances

A summary of the Fire District's fund balances is as follows:

	December 31, 2023
Non-spendable	
Prepaid expenditures	\$ 976,374
Restricted	
House capital reserve	558,524
Assigned	
2024 Budget appropriations	515,163
2023 Budget encumbrances	1,623,342
Liquidity reserve	5,625,000
Total assigned	7,763,505
Unassigned	1,490,890
Total fund balances	\$ 10,789,293

# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 2 - Fund Balances - Continued

The Fire District has established a capital reserve in accordance with New York General Municipal Law § 6-g, for the purposes of financing future building repairs and improvements.

Management of the Fire District has assigned fund balance for the following purposes:

- 2024 Budget Appropriation - The Fire District plans to finance certain general operating expenses anticipated in 2024 with current financial resources.
- Liquidity Reserve - The Fire District generally receives its property tax receipt from the Town of Eastchester in May. Accordingly, the first four months of each fiscal year are financed with current financial resources.

### Note 3 - Fixed Assets

The following is a reconciliation of the Fire District's fixed assets:

	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Land	\$ 23,400	\$ -	\$ -	\$ 23,400
Buildings and improvements	3,090,961	831,477	-	3,922,438
Machinery and equipment	5,803,119	177,342	-	5,980,461
Total fixed assets	\$ 8,917,480	1,008,819	\$ -	\$ 9,926,299

### Note 4 - Retirement Systems

#### *Plan Description*

The Fire District participates in the following plans administered by the Office of the New York State Comptroller: 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 (the System). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. ERS and PFRS are cost-sharing, multiple- employer, defined benefit pension plans. The Public Employees' Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. For financial reporting purposes, GLIP amounts are apportioned to and included as part of either ERS or PFRS.

The System issues a publicly available financial report that includes financial statements, expanded disclosures, and required supplementary information for the System. The report may be obtained by writing to the New York State and Local Retirement System, Office of the State Comptroller, 110 State Street, Albany, New York, 12244-0001 or electronically online at the System's website [osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information](https://osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information).

# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 4 - Retirement Systems

#### *Plan Benefits*

The System provides retirement benefits as well as death and disability benefits. Retirement benefits are established by the New York State Retirement and Social Security Law (RSSL) and are dependent upon the point in time at which the employees last joined the System. The RSSL has established distinct classes of membership.

The System uses a tier concept within ERS and PFRS to distinguish these groups, as follows:

#### ERS

- Tier 1 - Those persons who last became members before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 - Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

#### PFRS

- Tier 1 - Those persons who last became members before July 31, 1973.
- Tier 2 - Those persons who last became members on or after July 31, 1973, but before July 1, 2009.
- Tier 3 - Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
- Tier 4 - Not applicable.
- Tier 5 - Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

Generally, members of ERS and PFRS may retire at age 55; however, members of Tiers 2, 3 and 4 will receive a reduced benefit if they retire before age 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members. Tier 6 members with 10 years of service or more can retire as early as age 55 with reduced benefits.

# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 4 - Retirement Systems - Continued

#### *Plan Description - Continued*

A member with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. All members need five years of service to be 100 percent vested.

Typically, the benefit for members in all Tiers within ERS and PFRS is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a Tier 1 or 2 member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4 or 5 member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Final average salary for Tiers 1 through 5 is the average of the wages earned in the three highest consecutive years of employment. Each year used in the final average salary calculation is limited to no more than 20 percent of the previous year (Tier 1) or no more than 20 percent of the average of the previous two years (Tier 2). For Tier 3, 4 and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent of the average of the previous two years. The benefit for Tier 6 members who retire with 20 years of service is 1.75 percent of final average salary for each year of service. If a Tier 6 member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied to each year of service over 20 years. The final average salary for a Tier 6 member is computed as the average of the wages earned in the five highest consecutive years. Each year of final average salary is limited to no more than 10 percent of the average of the previous four years. The Fire District has adopted the provisions of Section 384-e, which applies to PFRS Tier 2, 3, 5 and 6 members. This provision provides an additional benefit of 1.66 percent of the members' final average salary (FAS) for each year of creditable service beyond 20 years. Members may work up to the age of 65 and have a maximum pension benefit of 70% of their FAS.

An automatic post-employment benefit is provided annually to pensioners who have attained age 62 and have been retired for five years; to pensioners who have attained age 55 and have been retired for ten years; to all disability pensioners, regardless of age, who have been retired for five years; to ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or greater than 3 percent.

#### *Funding Policy*

Employee contribution requirements depend upon the point in time at which an employee last joined the System. Most Tier 1 and Tier 2 members are not required to make employee contributions. Employees in Tiers 3, 4, and 5 are required to contribute 3 percent of their salary, however, as a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees who have ten or more years of membership or credited service within the System are not required to contribute. The Tier 6 contribution rate varies from 3 percent to 6 percent depending on salary. Tiers 5 and 6 members are required to contribute for all years of service. Members cannot be required to begin contributing or to make increased contributions beyond what was required when their memberships began.

# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 4 - Retirement Systems - Continued

#### *Funding Policy - Continued*

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller.

The average contribution rate for ERS and PFRS for the fiscal year ended March 31, 2023, was approximately 11.6 percent and 27.0 percent of payroll, respectively.

The required contributions for the current year and the two preceding years were:

	ERS	PFRS
For the year ended December 31,		
2023	\$ 14,394	\$ 2,722,313
2022	8,160	2,639,886
2021	13,728	2,545,111

Contributions made to the Systems were equal to 100% of the contributions required each year.

#### *Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions*

At December 31, 2023, the Fire District reported a net pension liability of \$72,706 and \$11,235,293 for its proportionate share of the ERS and PFRS net pension liability, respectively, of the System. The net pension liability was measured as of March 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided in reports by the System to the Fire District.

At December 31, 2023, the Fire District's proportion was 0.0003391% in ERS and 0.2038899% in PFRS.

For the year ended December 31, 2023, the Fire District's pension expense on an accrual basis was \$30,028 (ERS) and \$3,939,964 (PFRS). At December 31, 2023, the Fire District's accrual basis deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	ERS		PFRS	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 7,744	\$ 2,042	\$ 1,098,137	\$ -
Change of assumptions	35,311	390	5,474,929	-
Net difference between projected and actual earnings on pension plan investments	-	427	19,862	-
Changes in proportion and differences between the Fire District's contributions and proportionate share of contributions	19,661	3,373	1,565,376	237,003
Contributions subsequent to the measurement date	14,394	-	2,722,313	-
	\$ 77,110	\$ 6,232	\$ 10,880,617	\$ 237,003



# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 4 - Retirement Systems - Continued

*Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions - Continued*

Contributions subsequent to the measurement date will be recognized as reductions in the net pension liability in the subsequent reporting period. Other amounts of deferred outflows and inflows of resources related to pensions would be recognized in pension expense on the accrual basis of accounting as follows:

	ERS	PFRS
Plan year ending March 31,		
2024	\$ 15,559	\$ 1,607,116
2025	2,175	74,815
2026	17,513	3,600,877
2027	21,237	2,308,473
2028	-	330,020
	\$ 56,484	\$ 7,921,301

*Actuarial Assumptions*

The total pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to rollforward the total pension liability to March 31, 2023.

The actuarial valuations used the following actuarial assumptions:

	ERS	PFRS
Investment rate of return (net of investment expense, including inflation)	5.9%	5.9%
Salary scale	4.4%	6.2%
Inflation	2.9%	2.9%
Cost of living adjustments	1.5%	1.5%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the April 1, 2022 valuations are based on the results of actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long-term 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 returns net of investment expense 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 each target asset allocation percentage and by adding expected inflation.

# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 4 - Retirement Systems - Continued

#### *Actuarial Assumptions - Continued*

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 are summarized below:

<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Domestic equity	32.00%	4.30%
International equity	15.00%	6.85%
Private equity	10.00%	7.50%
Real estate	9.00%	4.60%
Opportunistic/ARS portfolio	3.00%	5.38%
Credit	4.00%	5.43%
Real assets	3.00%	5.84%
Fixed income	23.00%	1.50%
Cash	1.00%	0.00%
	<u>100.00%</u>	

#### *Discount Rate*

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the 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.

#### *Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption*

The following presents the Fire District's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Fire District'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 (4.9%) or 1-percentage point higher (6.9%) than the current rate:

	<u>1% Decrease (4.9%)</u>	<u>Current Assumption (5.9%)</u>	<u>1% Increase (6.9%)</u>
ERS net pension liability (asset)	\$ 175,700	\$ 72,706	\$ (13,357)
PFRS net pension liability	23,420,495	11,235,293	1,145,215

# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 4 - Retirement Systems - Continued

#### *Pension Plan Fiduciary Net Position - Continued*

The components of the current-year net pension liability of the employers as of the valuation date were as follows (Dollars in thousands):

	March 31, 2023	
	ERS	PFRS
Employers' total pension liability	\$ 232,627,259	\$ 43,835,333
Fiduciary net position	(211,183,223)	(38,324,863)
Employers' net pension liability	\$21,444,036	\$ 5,510,470
 Ratio of plan net position to the Employers' total pension liability	90.78%	87.43%

### Note 5 - Other Postemployment Benefits

#### *Plan Description*

The Fire District provides certain health care benefits for retired employees through a single-employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Fire District may vary depending on length of service. The cost of providing postemployment health care benefits is shared between the Fire District and the retired employee. All of the Fire District's full-time employees may become eligible for benefits if they reach normal retirement age while working for the Fire District. The cost of the retiree health care benefits is recognized as an expenditure as claims are paid in the fund financial statements.

The number of participants as of December 31, 2023 was as follows:

	Actives	Inactives Receiving Benefits	Total Census
Female	1	11	12
Male	77	53	130
Total	78	64	142

The Fire District reports an accrual in the non-current governmental liabilities account group for the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the plan has been established on a pay-as-you-go basis.

# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 5 - Other Postemployment Benefits - Continued

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At December 31, 2023, the Fire District reported a liability of \$27,504,852 for its OPEB liability. The OPEB liability was measured as of December 31, 2023 by an actuarial valuation as of January 1, 2022. For the year ended December 31, 2023, the Fire District's OPEB expense on the accrual basis of accounting was \$1,747,457, compared to \$1,242,521 (contributions) recognized on the modified accrual basis of accounting in the General Fund. At December 31, 2023, the Fire District reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Assumptions	\$ 4,230,307	\$ 4,824,489

Deferred outflows of resources and deferred inflows of resources related to OPEB would be recognized in expense on the accrual basis of accounting as follows:

Year ending December 31,		
2024	\$	366,664
2025		366,664
2026		366,660
2027		(229,177)
2028		(553,062)
Thereafter		(911,931)
		\$ (594,182)

#### *Actuarial Assumptions*

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	Factor
Discount Rate	3.88%
Measurement Date	December 31, 2023
Salary Scale	3.00%
Mortality	Society of Actuaries Mortality Improvement Scale MP-2021
Actuarial Cost Method	Entry age normal, as a level percentage of salary.
Coverage Election	100% of all eligible employees.

# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 5 - Other Postemployment Benefits - Continued

	Healthcare Cost Trend Rates		
	Year	Pre-65	Post 65
Year 1 Trend	January 1, 2024	7.00%	7.00%
Ultimate Trend	January 1, 2034 & Later	4.50%	4.50%
Grading Per Year		0.25%	0.25%

The discount rate used to measure the liability as of December 31, 2023, was 3.88% and is based on a review of the yield derived from the Bond Buyer-20 Bond GO, S&P Municipal Bond 20-year High Grade Rate Index and Fidelity GA AA 20 years.

#### *Schedule of Changes in Net OPEB Liability*

The following table presents the changes in the net OPEB liability:

Balance at January 1, 2023	\$ 26,075,913
<i>Changes for the year</i>	
Service cost	393,152
Interest	987,641
Changes in assumptions and other inputs	1,290,667
Benefit payments	(1,242,521)
Net changes	1,428,939
Balance at December 31, 2023	\$ 27,504,852

#### *Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Trend Rate and Discount Rate*

The following presents the OPEB liability of the plan as of December 31, 2023 using current health care cost trend rates as well as what the OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower and 1% higher than the current rates:

	1% Decrease	Current Healthcare Trend Rates	1% Increase
Total OPEB Liability	\$ 23,224,614	\$ 27,504,852	\$ 33,179,086

# Eastchester Fire District

## Notes to Regulatory Financial Statements December 31, 2023

### Note 5 - Other Postemployment Benefits - Continued

*Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Trend Rate and Discount Rate - Continued*

The following presents the OPEB liability of the plan as of December 31, 2023, calculated using the discount rate of 3.88%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.88%) or 1-percentage-point higher (4.88%) than the current rate:

	1% Decrease 2.88%	Current Discount Rate 3.88%	1% Increase 4.88%
Total OPEB Liability	\$ 32,511,125	\$ 27,504,852	\$ 23,691,153



**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
Government Auditing Standards**

**Independent Auditor's Report**

Board of Fire Commissioners  
Eastchester Fire District  
Eastchester, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental fund and each account group of the Eastchester Fire District (Fire District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Fire District's regulatory basis financial statements, and have issued our report thereon dated July 5, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fire District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control.

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fire District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

**BST + Co. CPAs, LLP**

Latham, New York  
July 5, 2024







July 5, 2024

Board of Fire Commissioners  
Eastchester Fire District  
225 Main Street  
Eastchester, New York 10709

Dear Members of the Board:

We are pleased to present this report related to our audit of the regulatory basis financial statements of the Eastchester Fire District (Fire District) as of and for the year ended December 31, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Fire District's financial reporting process.

This report is intended solely for the information and use of the Board of Fire Commissioners and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Fire District.

Very truly yours,

BST & Co. CPAs, LLP

A handwritten signature in black ink that reads "Brendan K. Kennedy". The signature is written in a cursive, flowing style.

Brendan K. Kennedy, Partner

## TABLE OF CONTENTS

Required Communications .....	1-3
Significant Accounting Estimates .....	4
Recorded Audit Adjustments .....	5
Uncorrected Misstatements .....	6

### EXHIBITS

Exhibit A - Significant Written Communications Between Management and Our Firm .....	7
• Representation Letter	



## REQUIRED COMMUNICATIONS

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

### **Our Responsibilities With Regard to the Financial Statement Audit**

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated January 9, 2024. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

### **Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication dated February 27, 2024, regarding the planned scope and timing of our audit and identified significant risks.

### **Accounting Policies and Practices**

#### **Preferability of Accounting Policies and Practices**

While the New York State Office of the State Comptroller (OSC) believes that financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34 result in improved financial reporting by local governments, it recognizes that implementation requires additional resources, which may not be cost justified. Accordingly, the OSC encourages, but does not require, all local governments to implement the provisions of GASB No. 34 to meet the reporting requirements of General Municipal Law. Management has determined that the regulatory basis of accounting, which does not meet the requirements of GASB No. 34, as amended, is the appropriate basis of accounting for the Fire District based on the specific needs and requirements of the oversight agency it reports to, and the limitations on resources allocated to accounting and financial reporting.

#### **Adoption of, or Change in, Accounting Policies**

Management has the ultimate responsibility for the appropriateness of the accounting policies used by Fire District. The Fire District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

#### **Significant Accounting Policies**

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### **Significant or Unusual Transactions**

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.



## REQUIRED COMMUNICATIONS - CONTINUED

### **Accounting Policies and Practices - Continued**

#### **Management's Judgments and Accounting Estimates**

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the Summary of Significant Accounting Estimates.

#### **Audit Adjustments and Uncorrected Misstatements**

Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the District are shown in the list of Recorded Audit Adjustments.

Uncorrected misstatements are summarized in the list of Uncorrected Misstatements. Uncorrected misstatements or matters underlying these uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

#### **Observations About the Audit Process**

##### **Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the regulatory financial statements.

##### **Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

##### **Significant Issues Discussed with Management**

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

##### **Significant Difficulties Encountered in Performing the Audit**

We did not encounter any significant difficulties in dealing with management during the audit.

##### **Difficult or Contentious Matters That Required Consultation**

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.



## REQUIRED COMMUNICATIONS - CONTINUED

### Shared Responsibilities for Independence

Independence is a joint responsibility and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA and *Government Accountability Office* (GAO) independence rules. For BST to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and BST each play an important role.

#### Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. BST is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

#### The Fire District's Responsibilities

- Timely inform BST, before the effective date of transactions or other business changes, of the following:
  - New affiliates, directors, officers, or person in financial reporting and compliance oversight roles.
  - Changes in the reporting entity impacting affiliates such as partnerships, related entities, investments, or joint ventures.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Fire District and its officers, directors, or persons in a decision-making capacity, engagement in business relationships with BST.
- Not entering into arrangements of nonaudit services resulting in BST being involved in making management decisions on behalf of the Agency.
- Not entering into relationships resulting in BST, BST covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting, or compliance oversight role at the Fire District.

### Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Fire District, including the representation letter provided to us by management, are attached as Exhibit A.



## SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Fire District's December 31, 2023 regulatory financial statements:

### Significant Accounting Estimates

#### Other Postemployment Benefit Plan (OPEB) Liability

<b>Accounting Policy</b>	The New York State Office of the State Comptroller requires fire districts to include a footnote to disclose specific financial and non-financial information related to the OPEB.
<b>Management's Estimation Process</b>	<p>The Fire District has engaged an actuary to develop an estimate of the amount of benefits that will be paid to participants and the Fire District's contribution.</p> <p>The actuary uses a projected pay-as-you-go method to determine the Fire District's OPEB contribution.</p>

#### Net Pension (Asset)/Liability - Proportionate Share

<b>Accounting Policy</b>	The Fire District recognizes its proportionate share of the New York State and Local Employees' Retirement System net pension (asset)/liability on the accrual basis of accounting in its non-current governmental liabilities account group.
<b>Management's Estimation Process</b>	The Fire District's net pension liability is estimated by the New York State Office of the State Comptroller using census data supplied by participating employers and various actuarial assumptions, including but not limited to rate of return, mortality, and inflation. The Agency's proportionate percentage of the net pension liability is determined on an annual basis.

We have evaluated management's significant accounting estimates noted above as part of our audit and concluded that management's estimates and the estimation process appear reasonable in the context of the regulatory financial statements taken as a whole.

## RECORDED AUDIT ADJUSTMENTS

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Fund Balance	Revenue	Expense
<b>General Fund</b>					
To record error identified within AP testing	\$ -	\$ 95,326	\$ -	\$ -	\$ 95,326
Total Statement of Revenues, Expenditures and Changes in Fund Balance Effect			(95,326)	-	95,326
Total Balance Sheet Effect	\$ -	\$ 95,326	\$ (95,326)		



## UNCORRECTED MISSTATEMENTS

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Fund Balance	Revenue	Expense
<b>General Fund</b>					
To record projected misstatement for error found within AP testing	\$ -	\$ 70,255	\$ -	\$ -	\$ 70,255
Total Statement of Revenues, Expenditures and Changes in Fund Balance Effect			(70,255)	-	70,255
Total Balance Sheet Effect	\$ -	\$ 70,255	\$ (70,255)		





**EXHIBIT A**  
**SIGNIFICANT WRITTEN COMMUNICATIONS**  
**BETWEEN MANAGEMENT AND OUR FIRM**

Representation Letter



**BOARD OF  
FIRE COMMISSIONERS**

Paul J. Carlo, Chairman  
Brian E. Keating  
Paul M. Ranellone  
Anthony J. Lore, Sr.  
Tony Cerasi

**FIRE DISTRICT  
OF THE  
TOWN OF EASTCHESTER, N.Y.**

HEADQUARTERS  
255 MAIN STREET  
EASTCHESTER, N.Y. 10709-2901  
Tel: (914) 793-6402  
Fax: (914) 779-2759

**FIRE DISTRICT**

Brian Tween  
FIRE CHIEF  
Jamie Hedstrom  
TREASURER  
Marissa Isang Smith  
SECRETARY to the BOARD

July 5, 2024

BST & Co. CPAs, LLP  
10 British American Blvd.  
Latham, NY 12110

This representation letter is provided in connection with your audit of the regulatory basis financial statements of Eastchester Fire District (the Fire District) as of and for the year ended December 31, 2023 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with the financial reporting provisions of the Fire District Accounting and Report Manual of the New York State Office of the State Comptroller (OSC) (Manual) for the purposes of submitting reports to that office (regulatory basis).

We confirm, to the best of our knowledge and belief, that as of July 5, 2024:

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 9, 2024, for the preparation and fair presentation of the financial statements referred to above in accordance with the Manual.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the Manual, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. The methods, assumptions and data used to determine the Net Pension (Asset)/Liability and Other Postretirement (OPEB) Liability are as noted in the financial statements, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimates. Significant judgments made in making the estimates have taken into account all relevant information of which we are aware. Appropriate specialized skills or expertise has been applied in making the estimates. The assumptions listed in the financial statements properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the Fire District. We have also appropriately considered alternative assumptions or outcomes. All disclosures related to the estimate, including disclosures describing estimation uncertainty, are complete and reasonable in the context of the Manual. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.
6. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of the Manual.

7. The financial statements properly classify all funds and activities in accordance with the Manual.

**Financial Statements - Continued**

8. The Fire District followed either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or following the Manual to determine the fund balance classifications for financial reporting purposes.
9. All events subsequent to the date of the financial statements, and for which the Manual requires adjustment or disclosure, have been adjusted or disclosed.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with the Manual.
11. Management has followed applicable laws and regulations in adopting, approving, and amending budgets.
12. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with requirements of the Manual.
13. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized and reported.
14. Classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
15. The Fire District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted fund balance is available and appropriately disclosed and that fund balance is properly recognized under the policy.
16. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
17. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
18. We have no knowledge of any uncorrected misstatements in the financial statements.

**Information Provided**

19. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the regulatory basis financial statements such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the Fire District from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the Board of Fire Commissioners and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

20. All transactions have been recorded in the accounting records and are reflected in the regulatory basis financial statements.
21. We have disclosed to you the results of our assessment of risk that the regulatory basis financial statements may be materially misstated as a result of fraud.
22. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
23. We have no knowledge of allegations of fraud or suspected fraud affecting the Fire District's regulatory basis financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the regulatory basis financial statements.
24. We have no knowledge of any allegations of fraud or suspected fraud affecting the Fire District's regulatory basis financial statements received in communications from employees, former employees, analysts, regulators, or others.
25. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
26. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements. We have not consulted legal counsel concerning litigation or claims.
27. We have disclosed to you the identity of all of the Fire District's related parties and all the related-party relationships and transactions of which we are aware.
28. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Fire's ability to record, process, summarize and report financial data.
29. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
30. We have made you aware, to the best of our knowledge and belief, of any non-audit services that the Fire District has engaged BST & Co. CPAs, LLP to perform.
31. We agree with the findings of the specialist in evaluating the Net Pension (Asset)/Liability and Other Postretirement (OPEB) Liability and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.

**Information Provided - Continued**

- 32. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.
- 33. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

**Compliance Considerations**

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

- 34. Is responsible for the preparation and fair presentation of the financial statements in accordance with the Manual.
- 35. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the Fire District.
- 36. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
- 37. Is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 38. Acknowledges its responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
- 39. Has a process to track the status of audit findings and recommendations.
- 40. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 41. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

EASTCHESTER FIRE DISTRICT

