MONTHLY MEETING: August 11, 2026

Present:
- Comm. Charles Moseman
- Comm. Martin McGannon
- Comm. David Klaus
- Comm. Jason Swart
- Comm. Joseph Schneider
- Secy/Treas. Jeanmarie Klaus
- Atty. Tara Tully
- Chief Paul Liberatore

Absent:
- Asst. Chief Tim Mentrasti
- Asst. Chief Matthew Lauria

Meeting opened by Chm. Moseman at 7:30 p.m.

VOUCHERS:
Motion: Comm. McGannon to audit the attached submitted vouchers and authorize payment of those approved
Second: Comm. Swart
All voting aye

MINUTES:
Motion: Comm. McGannon to accept the July monthly meeting & Special minutes as amended
Second: Comm. Klaus
All voting aye

NEW CONSTRUCTION:
Assistant Building Inspectors, Matthew Gullo, appeared before the Board. He wanted to introduce himself & stated he is here to help. Discussed Underhill Farms briefly.

BIDS:
5 bids were received for the temporary fire station:
RCJ Welding & Fabricating $125,000
Landcor $410,400
Steve Giordano Builders Inc $479,235
TWF Contracting Inc $295,000
Dutchess Lawns & Masonry $197,543.40
Special Meeting Tuesday at 6:00 pm to review & compare the bids & other construction related items.
Motion: Comm. McGannon to hold a special meeting Tuesday, August 18, 2026 at 6 pm to review bids, discussions relating to construction projects & ongoing operations.
Second: Comm. Klaus
All voting aye

SECRETARY/TREASURER'S REPORT:
1. Bank Balances as of 7/31/2026 – Reconciled

| | |
|---|---|
| **Operating Fund:** | |
| Bank Balance | $1,289,372.34 |
| Outstanding Checks/Deposits | 30,404.20 |
| **Operating Fund Balance** | **$1,319,776.54** |
| **Surplus MM** | **$449,369.65** |

| | |
|---|---|
| **Apparatus MM** | **$747,872.10** |
| **Construction Bond Checking** | **$11,355,430.48** |
| **Construction Bond CD** | **$125,284.47** |
| **Reserve Funds:** | |
| Apparatus | $1,983,667.40 |
| Communications | 307,130.43 |
| Repair | 353,631.95 |
| Station #3 Construction | 97,985.66 |
| Ladder | 949,104.43 |
| **Total Reserve Funds Balance** | **$3,691,519.86** |

| | |
|---|---|
| Register Balance as of 08/11/2026 -unreconciled | |
| Operating Fund Balance | $1,147,802.29 |
| Surplus MM | 449,369.65 |
| Apparatus MM | 747,872.10 |
| Construction Bond Checking | 11,151,204.38 |
| Construction Bond CD | 125,284.47 |
| Apparatus Fund Balance | 1,951,945.27 |
| Communications Fund Balance | 307,130.43 |
| Repair Fund Balance | 330,582.80 |
| Station #3 Construction Fund Balance | 59,664.39 |
| Ladder Fund Balance | 949,104.43 |

2. Assigned – Unassigned Surplus as of 8/11/2026

Total Assigned Surplus

| | |
|---|---|
| 0.00 | Training Center |
| 100,727.08 | Chiefs' Vehicles |
| 0.00 | Chiefs' Vehicles Accessories |
| 100,727.08 | Balance Assigned Surplus as of 08/11/2026 |

Total Unassigned Surplus

| | |
|---|---|
| 18,000.00 | 2022 Assigned Professional Fees expended |
| 19,272.92 | 2024 Assigned 2 Chiefs Vehicles expended |
| 73,988.71 | 2025 Assigned 2 Chiefs Vehicles Accessories expended 7/14/26 |
| 24,675.81 | 2026 Assigned 2 Chiefs Vehicles Accessories expended 8/11/26 |
| 2,493.01 | 2025 Training Center expended Assigned expended as of 7/14/26 |
| 21,596.00 | 2026 Training Center money expended from Assigned expended 7/14/2026 |
| 81,178.73 | 2026 Training Center money expended from Assigned expended 8/11/2026 |
| 106,990.93 | 2025 Surplus to be allocated - includes $2,206.78 adj to balance Retained Earnings |
| 348,196.11 | Balance Unassigned Surplus as of 08/11/2026 |

CHIEFS REPORT:

1. Alarms for the month were reported
2. See attached
   - Firefighters Kashian & Nogueira completed EVOC
     Motion: Comm. McGannon to put Firefighter Kashian & Firefighter Nogueira on the driver training list
     Second: Comm. Schneider
     All voting aye

DIVE TEAM:

Joint drill may be Friday with Carmel PD & Monday night with Bedford Hills

APPARATUS:

1. Ladder 51 taken to Hudson Valley for repairs
2. Testing out new apparatus for “bugs”
3. MA8 taken to Hudson Valley for repairs
4. Discussed getting a pallet of DEF off state bid. If under $1,500 Comm. McGannon will order the pallet

JUNIOR CORPS:

18 members

COMMUNICATIONS:

1. Pagers are in
2. APX6000 have been ordered
3. Replacement parts for French Hill have been ordered
4. Repeater at Underhill Farms – the Chief is waiting for a response to emails

BUILDINGS & GROUNDS:

1. Tanks have been installed
2. Oil tank removal last week of August
3. Discussion on using garage doors from main house on temporary building.
4. Comm. McGannon talked to electrician about bringing electric from pole to training facility
5. There was a request to put a water fountain with bottle filler at Station #2
   Motion: Comm. McGannon to purchase water fountain, not to exceed $3,700
   Second: Comm. Swart
   All voting aye

AUDIT:

The draft audit was distributed last month for review.
Motion: Comm. Schneider to approve the final audit
Second: Comm. Swart
All voting aye

NEW CONSTRCTION:

1. Meeting with Peter Helmes to discuss lighting & costs Friday
2. PLA projected savings $735,419. There was a discussion on PLA savings versus supply increases due to PLA. Hiring an attorney for negotiations would cause a delay / delay could create an increase in supply costs. There was a discussion on the procedure. If the Board signs union’s template, it could be done quickly. Comm. McGannon suggested tabling it until Tuesday’s meeting.
3. There was a discussion on title insurance.

BUDGET:

1. A draft budget will be emailed to the Board in preparation of September's meeting. A proposed budget is due to the Town by September 29th.
2. The Budget Hearing is October 20th & the final Budget for 2027 has to be submitted to the Town by November 7th.

ADJOURNMENT:
Motion: Comm. McGannon to adjourn at 9:06 pm
Second: Comm. Swart
All voting aye

**Yorktown Heights Fire District**
**2026 Payout Record**

Month: Aug-26 | Page No.: 15

| Vo.# | Claimant (Name & Address) | Appropriation Acct.# | Invoice Amount | Check Amount | Number |
|---|---|---|---|---|---|
| 266 | NYS E & G | A3410.4 | 792.68 | 792.68 | auto |
| 267 | Capital One Bank | A3410.4 | 2,606.80 | 2,606.80 | auto |
| 268 | Con Ed | A3410.4 | 577.13 | 577.13 | auto |
| 269 | Con Ed - Dell | A3410.4 | 77.50 | 77.50 | auto |
| 270 | AT&T | A3410.4 | 232.00 | 232.00 | auto |
| 271 | Standard Life Insurance Company of NY | A3410.4 | 3,130.10 | 3,130.10 | 5842 |
| 272 | Verizon 6445 | A3410.4 | 215.05 | 215.05 | 5843 |
| 273 | Verizon Broadband | A3410.4 | 37.99 | 37.99 | 5844 |
| 274 | Tully Law Office PC | A3410.4 | 2,666.67 | 2,666.67 | 5845 |
| 275 | McNeil & Company | A3410.4 | 875.72 | 875.72 | 5846 |
| 276 | Goosetown Communications | A3410.4 | 4,975.10 | 4,975.10 | 5847 |
| 277 | Hub International New England | A3410.4 | 1,750.00 | 1,750.00 | 5848 |
| 278 | Androsko Landscape Contractors Inc. | A9045.8 | 535.90 | 535.90 | 5849 |
| 279 | Munistat Services | A3410.4 | 1,200.00 | 1,200.00 | 5850 |
| 280 | The Journal News | A3410.4 | 311.60 | 311.60 | 5852 |
| 281 | Water Dept. | A3410.4 | 91.70 | 91.70 | 5853 |
| 282 | Almeida Oil Co. | A3410.4 | 5,249.97 | 5,249.97 | 5854 |
| 283 | Optimum | A3410.4 | 9.45 | 9.45 | 5855 |
| 284 | MES-New York | A3410.4 | 514.14 | 514.14 | 5856 |
| 285 | Optum Medical Care PC | A3410.4 | 130.00 | 130.00 | 5857 |
| 286 | Verizon | A3410.4 | 516.03 | 516.03 | 5858 |
| 287 | Marshall Alarm Systems | A3410.4 | 1,199.25 | 1,199.25 | 5859 |
| 288 | Hudson Valley Fire Equipment LLC | A3410.4 | 4,730.16 | 4,730.16 | 5860 |
| 289 | RFC Emergency Lighting | A3410.4 | 29,235.64 | 29,235.64 | 5861 |
| 290 | Hill Signs | A3410.4 | 674.00 | 674.00 | 5862 |
| 291 | RDF Tire & Automotive | A3410.4 | 302.49 | 302.49 | 5863 |
| 292 | Kencal Maintenance Corp. | A3410.4 | 650.00 | 650.00 | 5864 |
| 293 | DAS 3 Yorktown | A3410.4 | 115.90 | 115.90 | 5865 |
| 294 | AAA Emergency Supply Co. Inc. | A3410.4 | 11,883.97 | 11,883.97 | 5866 |
| 295 | RCJ Welding & Fabricating | A3410.4 | 81,178.73 | 81,178.73 | 5867 |
| 296 | Locksmith on Wheels | A3410.4 | 525.00 | 525.00 | 5868 |
| 297 | Fiber1Solutions LLC | A3410.4 | 1,050.34 | 1,050.34 | 5869 |
| | | | | | |
| | | | | | |
| | TOTALS | | **158,041.01** | **158,041.01** | |

I certify these claims were audited and allowed by the Fire District Commissioners. Each claimant was paid the amount opposite his name.

Date Aug-26 Jeanmarie Klaus Fire District Sec/Treas.

**Yorktown Heights Fire District**
**2026 Payout Record**

Month: Aug-26 | Page No.: 16

| Vo.# | Claimant (Name & Address) | Appropriation Acct.# | Invoice Amount | Check Amount | Number |
|---|---|---|---|---|---|
| | Previous Balance | | 158,041.01 | 158,041.01 | |
| | | | | | |
| 298 | Yorktown Heights Engine Co. #1 | A3410.4 | 6,750.00 | 6,750.00 | 5870 |
| 299 | AAA Emergency Supply Co. Inc. | A3410.4 | 627.97 | 627.97 | 5871 |
| 300 | Hudson Valley Fire Equipment LLC | A3410.4 | 2,230.86 | 2,230.86 | 5872 |
| 301 | DeNooyer | A3410.4 | 60,812.46 | 60,812.46 | 5873 |
| 302 | Verizon 6445 | A3410.4 | 215.07 | 215.07 | 5874 |
| 303 | U.S. Treasury | A601/A9030.8 | 2,503.09 | 2,503.09 | 72523810 ph |
| 304 | NYS Employment Taxes | A601 | 699.95 | 699.95 | eft |
| 305 | Klaus, Jeanmarie | A3410.1 | 2,008.00 | 2,008.00 | dd |
| | Void: Check 5841 | | | | |
| | TOTALS | | **233,888.41** | **233,888.41** | |

I certify these claims were audited and allowed by the Fire District Commissioners. Each claimant was paid the amount opposite his name.

Date Aug-26 Jeanmarie Klaus Fire District Sec/Treas.

AUGUST 2026 FIRE DISTRICT MEETING – CHIEFS REPORT

**Training:**

State approved the Aerial class. Going to use YHFD firehouses for class room portion and Yorktown and possibly some spots in Bedford hills for class.
Sept 9,10,14,17,21,27,28
October 4
All nights except 27, 4th

**Purchases**

**Topics of Discussion:**

Pump testing complete, waiting on report, new rigs not tested

Hose testing august 17, 18th at HQ

Miguel and james kainsian completed evoc , placed on driver training list

Under Apparatus, would like to send 270 out to get things repaired so we can have completed training to start'

271 send out for 2 days before goes in service to repair light tower and leaks at pump

Plan for storage of hose, chiefs office, items in barn?

Time Line for building shut down at hq?

Pump testing site for 2027? School or facility can not do grass – will look into other sites

**New:**

**Repair/ Replacement:**

**Dive:**

**Apparatus:**
Car 2531- 37,547 Miles - 2019 Tahoe
Car 2532 – 9100 Miles - 2025 Tahoe
Car 2533 –8,835Miles - 2025 Tahoe
U-83 – 87, 435 Miles - Suburban
U-36- 103,003 Miles- Tahoe

**The following are the fire calls for July 2026**

**Fires – 8**
**HAZ – MAT / Gas – 12**
**EMS / PD assist - 9**
**Non- Emergent Calls- 45**
**Public Service – 2**
**Rescue Calls – 4**

**Total Calls for July - 113**
**Total Calls for 2026 = 472**

**List of Equipment for approved list for up to 7k**

**Approx prices:**
**Lids for buckets – 48 - ordered**
**2 - 8 lb Axe – 252 – AAA - ordered**
**2 Halligans – 600- Amazon - ordered**
**Milwaukee Batteries – 400**
**Rescue ascender – 109 - ordered**
**Single pulley – 143– MES -ordered**
**Double pulley – 210 – MES - ordered**
**15 - Carabiners – 830 - MES - ordered**
**ASAP Belay – 371 – MES - ordered**
**Hook and rope bag for 2 : 1 – 200 AMAZON / AAA**
**2 coolers – 190 - RTIC**
**Chains – 379 - ordered**
**Chain Shackles – 30 - ordered**
**Wood Cribbing – 300 – lowes - ordered**
**Chain Binders – 617 - ordered**
**Cribbing Straps – 125**
**Hydrant Bag – 125**
**Nozzle Nut – Nozzle protectors – 61**
**Nozzles for forestry – 1200 – AAA - ordered**
**Spanner brackets – 800 – AAA ordered**
**Ladder wrap – 500**
**Hard Suction Strainers – 666 – AAA Ordered**
**Hand Tools – 250 – AAA Ordered**

**6789 so far not including coolers or cribbing straps**

**Yorktown Heights Fire District,**

**New York** Regulatory Basis Financial

Statements December 31, 2025

**Yorktown Heights Fire District, New York**

Table of Contents

(This page intentionally left blank)

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

**Independent Auditors' Report**

**Board of Fire Commissioners**
**Yorktown Heights Fire District, New York**

**Report on the Audit of the Regulatory Basis Financial Statements**

***Opinion***

We have audited the accompanying regulatory basis financial statements of the Yorktown Heights Fire District, New York ("District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements as listed in the table of contents.

In our opinion, the regulatory basis financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of December 31, 2025 and the respective changes in financial position for the year then ended in accordance with the regulatory basis of accounting as described in Note 1A.

***Basis for Opinion***

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

***Basis* of *Accounting***

We draw attention to Note 1A to the financial statements, which describes the basis of accounting. As described in Note 1A, these financial statements were prepared in conformity with the financial statement practices prescribed or permitted by the Office of the State Comptroller of the State of New York ("OSC"), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State Comptroller of the State of New York. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the regulatory basis of accounting prescribed or permitted by the New York State Office of the State Comptroller, which includes determining that this regulatory basis of accounting is an acceptable basis for preparation of the financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

In accordance with *Government Auditing Standards, we* have also issued our report dated August 11, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report **is** an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Restriction on Use**

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

PKF O'Connor Davies, LLP

**PKF O'Connor Davies., LLP**
Harrison, New York
August 11, 2026

**Yorktown Heights Fire District, New York**

**Combined Balance Sheets - Regulatory Basis**
December 31, 2025

| | | | Account Groups | | |
|---|---|---|---|---|---|
| | **General Fund** | Capital Projects Fund | **Non-Current Governmental Assets** | **Non-Current Governmental Liabilities** | Total |
| **ASSETS** | | | | | |
| **Cash and equivalents** | $ 3,859,341 | $ 3,374,652 | $ | $ | $ 7,233,993 |
| **Investments** | 564,675 | | | | 564,675 |
| **Accounts receivable** | 31,754 | | | | 31,754 |
| **State and federal aid receivables** | 127,973 | | | | 127,973 |
| **Due from other funds** | 143,171 | | | | 143,171 |
| **Prepaid expenditures** | 7,816 | | | | 7,816 |
| **Capital assets** | | | 12,300,113 | | 12,300,113 |
| **Amount to be provided for Non-Current Governmental Liabilities** | | | | 2,513,480 | 2,513,480 |
| Total Assets | $ 4,734,730 | $ 3,374,652 | $ 12,300,113 | $ 2,513,480 | $ 22,922,975 |
| **LIABILITIES** | | | | | |
| **Accounts payable** | $ 57,560 | $ | $ | $ | $ 57,560 |
| **Due to other funds** | | 143,171 | | | 143,171 |
| Bonds payable | | | | 2,505,000 | 2,505,000 |
| Net pension liability - ERS | | | | 8,480 | 8,480 |
| Total Liabilities | 57,560 | 143,171 | | 2,513,480 | 2,714,211 |
| **FUND BALANCE** | | | | | |
| **Investment in Non-Current Governmental Assets** | | | 12,300,113 | | 12,300,113 |
| Nonspendable | 7,816 | | | | 7,816 |
| **Restricted** | 4,228,250 | 3,231,481 | | | 7,459,731 |
| **Unassigned** | 441,104 | | | | 441,104 |
| Total Fund Balance | 4,677,170 | 3,231,481 | 12,300,113 | | 20,208,764 |
| Total Liabilities and **Fund Balance** | $ 4,734,730 | $ 3,374,652 | $ 12,300,113 | $ 2,513,480 | $ 22,922,975 |

**See notes to regulatory financial statements.**

**Yorktown Heights Fire District, New York**

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance - Regulatory Basis
Year Ended December 31, 2025

| | General Fund | Capital Projects Fund | Total |
|---|---|---|---|
| **REVENUES** | | | |
| Real property taxes | $ 2,070,428 | $ | $ 2,070,428 |
| Interest and earnings | 132,600 | 148,191 | 280,791 |
| Insurance recoveries | 11,339 | | 11,339 |
| State aid | 225,000 | | 225,000 |
| Sale of property and compensation for loss | 17,500 | | 17,500 |
| Miscellaneous | 5,004 | | 5,004 |
| Total Revenues | 2,461,871 | 148,191 | 2,610,062 |
| **EXPENDITURES** | | | |
| Public safety | | | |
| Personal services | 56,000 | | 56,000 |
| Equipment and capital outlay | 344,859 | 143,171 | 488,030 |
| Contractual | 867,599 | | 867,599 |
| Employee benefits | 146,516 | | 146,516 |
| Debt service | | | |
| Principal | 345,000 | | 345,000 |
| Interest | 87,644 | | 87,644 |
| Total Expenditures | 1,847,618 | 143,171 | 1,990,789 |
| Excess of Revenues Over Expenditures | 614,253 | 5,020 | 619,273 |
| **FUND BALANCE** | | | |
| Beginning of Year | 4,062,917 | 3,226,461 | 7,289,378 |
| End of Year | $ 4,677,170 | $ 3,231,481 | $ 7,908,651 |

See notes to regulatory financial statements.

(This page intentionally left blank)

## Note 1 - Summary of Significant Accounting Policies

The Yorktown Heights Fire District, New York ("District") operates in accordance with various applicable laws of the State of New York. The Board of Fire Commissioners ("Board") is the legislative body responsible for the overall operation of the District. The primary function of the District is to provide fire protection services to residents of the District.

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

The District has elected to prepare its financial statements on the regulatory basis permitted by the New York State Office of the. State Comptroller ("OSC") for annual reports submitted to that office. Under the regulatory basis, the District is required to use the modified accrual basis of accounting. This regulatory basis varies from accounting principles generally accepted in the United States of America ("U.S. GAAP") as established by the Governmental Accounting Standards Board ("GASB") primarily in that under U.S. GAAP:

a) Financial statements include two additional statements; the statement of net position and the statement of activities, collectively referred to as the "district-wide" financial statements which are presented on the full accrual basis of accounting.

b) 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.

c) Fund-based financial statements must be reconciled to the "district-wide" financial statements.

d) Capital assets, other than land, are depreciated and reported on the "district-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.

e) length of Service Award Program ("LOSAP") liabilities would be reported as a component of non-current governmental liabilities in the district-wide financial statements. LOSAP liabilities are not reported under the regulatory basis of accounting.

f) Long-term liabiliti.es would be reported as a component of non-current governmental liabilities in _the district-wide financial statements. Long-term liabilities are reported in the Non-current Governmental Liabilities Account Group under the regulatory basis of accounting.

g) Ott1er supplementary information is required by GASB guidance, including budgetary comparison schedules for the General Fund and Schedules of the District's Proportionate share of the Net Pension liability and schedule of contributions.

### B. Financial Reporting Entity

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

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the District'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, there are no other entities which would be included in the financial statements.

### C. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The District maintains the minimum number of funds consistent with legal and managerial requirements. The District's resources are reflected in the fund financial statements within one broad fund category and two Account Groups, in accordance with the regulatory basis of accounting as follows:

**Fund Categories**

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 District's governmental funds:

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

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

***Account Group***

. An account group is used to establish accounting control and accountability for the District's Non-Current Governmental Assets and Liabilities.

Non-Current Governmental Assets - This account group is established to account for the land, .buildings, improvements, and other equipment utilized by the District for general operating purposes.

Non-Current Governmental Liabilities - This account group is established to account for certain long-term obligations as determined by OSC.

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

## 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and 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 accrued when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. 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 pensions are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt are reported as other financing sources.

## E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and 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 District's investment policies are governed by State statutes. The District has adopted its own written investment policy to provide for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The District is authorized by State statutes 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 District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

**Investments** - (except Service Award Investments which are discussed in Note 3D) - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

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

The District follows the provisions of GASB Statement No. 72, *"Fair Value Measurement 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 District will incur losses in fair value caused by changing interest rates. The District 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 District 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 District'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 securities held by the pledging financial institution's trust department but not in the District's name. The District's aggregate bank balances that were not covered by depository insurance were exposed to custodial credit risk at December 31, 2025 in the amount of $2,680,877.

**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 District 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 District's investment policy limits the amount on deposit at each of its banking institutions.

**Taxes Receivable** - The Town of Yorktown, New York ("Town") collects the District's taxes. The Town remits the entire levy to the District in accordance with a mutually agreed upon payment schedule.

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

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

**Inventory** - There are no inventory values presented in the balance sheets of the respective funds of the District. Purchases of inventoriable items are recorded as expenditures at the time of purchase and year-end balances are not material.

**Prepaid Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in the financial statements. Prepaid expenditures consist of employee retirement and insurance costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in the financial statements are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Capital Assets** - Capital assets used in governmental fund type operations (general capital assets) are accounted for in the Non-Current Governmental Assets Account Group, rather than in governmental funds and are valued at historical cost or estimated historical cost if actual cost is not available. Donated assets are recorded at acquisition value on the date donated. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. No provision for depreciation is made on general capital assets. Interest incurred during construction is not capitalized in general capital assets.

The cost cf normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not included in the General Capital Assets.

**Long-Term Liabilities** - The District records long-term debt of governmental funds at face value in the Non-Current Governmental Liabilities Account Group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the Non-Current Governmental Liabilities Account Group.

**Leases** - The District is a lessee for noncancellable leases of building space. The District recognizes a lease liability in the Non-Current Governmental Liabilities Account Group and an intangible right-to-use lease asset ("lease asset") in the Non-Current Governmental Assets Account Group.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as this initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

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

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments and purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain chan,1es occur that are expected to significantly affect the amount of the lease liability.

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

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

The District does not report any deferred outflows/inflows of resources.

**Net Pension Liability (Asset)** - The net pension liability (asset) represents the District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' 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 Dale".*

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

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

Restricted fund balance is 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 Board of Fire Commissioners is the highest level of decision making authority for the District that can, by the adoption of a resolution prior to the end of its fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or

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

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 District's Board.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board for amounts assigned for balancing the subsequent year's budget or a person with delegated authority from the governing board to assign amounts for a specific purpose. 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.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned.

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

**F. Use of Estimates**

The preparation of the financial statements under the modified accrual basis of accounting 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 during the reporting period. Actual results could differ from those estimates.

**G. 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 appropriation, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

**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 is August 11, 2026.

## Note 2 - Stewardship, Compliance and Accountability

### A. Budgetary Data

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

a) The District budget shall be in the form described in Section 107 of Town Law and shall be adopted in the manner provided in Section 181 of Town Law.

b) On or before the 21st day prior to the budget hearing, the Board must adopt the proposed budget, file a copy with the town clerk of the town in which the District is located and post the budget on the District's website, if they maintain one.

c) No sooner than the 20th day prior to the budget hearing, the District must post a notice of the budget hearing for 15 days on the District's website, if they maintain one and sign board and provide a copy of the notice of the budget hearing to the town clerk of the town in which the District is located and in which the District contracts.

d) On or before 15 days prior to the budget hearing, the District must publish a notice of the budget hearing in its official newspaper, post a published notice on the District's website, if they maintain one, and provide a copy of the proposed budget for public inspection to the town clerk of the town in which the District is located.

e) During the third week of October, the Board shall hold a public hearing to discuss the contents of the proposed budget. The hearing shall be conducted and scheduled in a manner that maximizes participation. At such hearing, any person may be heard in favor of or against the proposed budget as compiled, or for or against any item or items therein contained.

f) After the public hearing, the Board may adopt changes, alterations and revisions to the proposed budget, except that the Board shall not add or increase an appropriation to a capital reserve fund not contained in the proposed budget.

g) On or before November 4th, the Board shall adopt the District's annual budget.

h) On or before November 7th, the District's secretary shall deliver two certified copies of the District's annual budget to the Town Clerk of the town in which the District is located.

i) Formal budgetary integration is employed during the year as a management control device for the General Fund.

j) The General Fund budget is legally adopted annually on a basis consistent with the modified accrual basis of accounting.

k) The 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 Board. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

l) Appropriations in the General Fund 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.

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

**B. Property Tax Limitation**

Under New York State Town Law, the District is not limited as to the maximum amount of real property taxes which may be raised. However, Chapter 97 of the New York State Laws of 2011, as amended ("Tax Levy Limitation Law") modified previous law by imposing a limit on the amount of real property taxes a local government may levy. The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and _the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the District to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of two percent or the "Inflation Factor" provided, however, that in no case shall the levy growth factor be less than one. The Inflation Factor is the percentage change in the twelve month average National Consumer Price Indexes determined by the United States Department of Labor calculated six months before the start of the new fiscal year.

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

**C. Expenditure Limitation**

The District, pursuant to Section 176(18) of Town Law, is subject to an expenditure limitation. The limitation is calculated on a formula which includes the full value of taxable real estate and certain statutory exclusions.

**D. New Accounting Pronouncement**

GASB Statement No. 102, *"Certain Risk Disclosures",* provides guidance on disclosure for risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. Under this Statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of GASB Statement No. 102 are effective

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

for the District's fiscal year ended December 31, 2025. Management has determined that no events have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

## Note 3 - Detailed Notes on All Funds and Account Groups

### A. Capital Assets

A summary of changes in the general capital assets during fiscal year 2025 follows:

| Class | Balance January 1, 2025 | Additions | Deletions | Balance December 31, 2025 |
|---|---|---|---|---|
| Land | $ 156,526 | $ | $ | $ 156,526 |
| Buildings | 5,521,558 | 280,043 | | 5,801,601 |
| Machinery and equipment | 6,390,871 | 279,067 | 327,952 | 6,341,986 |
| Right-to-use leased building | 386,914 | | 386,914 | |
| Total Capital Assets | $ 12,455,869 | $ 559,110 | $ 714,866 | $ 12,300,113 |

### B. Long-Term Liabilities

The following table summarizes changes in the District's long-term liabilities for the year ended December 31, 2025.

| | Balance January 1, 2025 | New Issues/ Additions | Maturities and/or Payments | Balance December 31, 2025 |
|---|---|---|---|---|
| Bonds payable | $ 2,850,000 | $ | $ 345,000 | $ 2,505,000 |
| Net Pension Liability - ERS | 8,948 | | 468 | 8,480 |
| Lease liability | 386,914 | | 386,914 | |
| | $ 3,245,862 | $ | $ 732,382 | $ 2,513,480 |

#### General Obligation Bonds

General obligation bonds payable at December 31, 2025 are comprised of the following individual issues:

| Purpose | Year of Issue | Original Issue Amount | Final Maturity | Interest Rates | Amount Outstanding at December 31, 2025 |
|---|---|---|---|---|---|
| Equipment | 2022 | $ 3,000,000 | May2037 | 3.25 - 3.50 % | $ 2,505,000 |

Interest expenditures of $87,644 was recorded in the fund financial statements.

**Note 3 - Detailed Notes on All Funds and Account Groups (Continued)**

**Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding as of December 31, 2025 including interest payments of $534,857 are as follows:

| Year Ending December 31, | General Obligation Bonds Principal | General Obligation Bonds Interest |
|---|---|---|
| 2026 | $ 175,000 | $ 80,069 |
| 2027 | 180,000 | 74,300 |
| 2028 | 185,000 | 68,369 |
| 2029 | 190,000 | 62,275 |
| 2030 | 200,000 | 55,938 |
| 2031-2035 | 1,090,000 | 176,844 |
| 2036-2037 | 485,000 | 17,062 |
| | $ 2,505,000 | $ 534,857 |

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

**Pension Plan**

*New York State and Local Retirement System*

The District participates in the New York State and Local Employees' Retirement System ("ERS") which is also referred to as the New York State and Local Retirement System ("System"). This is a cost-sharing, multiple-employer defined benefit pension plan. 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 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 District 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/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 1·10 State Street, Albany, NY 12244.

**Note 3 - Detailed Notes on All Funds and Account Groups (Continued)**

Employees who joined ERS before January 1, 2010 contribute 3% of their salary for the first ten years of membership while those who joined on or after January 1, 2010, 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 2026 are as follows:

| | Tier/Plan/Option | Rate |
|---|---|---|
| ERS | 4 A15 | 19,3% |

At December 31, 2025, the District reported the following for its proportionate share of the net pension liability for ERS:

| | ERS |
|---|---|
| Measurement Date | March 31, 2025 |
| Net pension liability | $ 8,480 |
| District's proportion of the net pension liability | 0.0000495% |
| Change in proportion since the prior measurement date | (0.0000113%) |

The net pension liability was measured as of March 31, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District'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, 2025, the District recognized pension expenditures of $10,462 for ERS which were reported in the fund financial statements and were charged to General Fund.

The District is not required to report deferred outflows and deferred inflows of resources related to pensions.

The total pension liability for the ERS measurement date was determined by using an actuarial valuation date 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:

**Note 3 - Detailed Notes on All Funds and Account Groups (Continued)**

| | ERS |
|---|---|
| Measurement date | March 31, 2025 |
| Actuarial valuation date | April 1, 2024 |
| Investment rate of return | 5.9% * |
| Salary scale | 4.3% |
| Inflation rate | 2.9% |
| Cost of living adjustments | 1.5% |

*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-2021.

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

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.

| Asset Type | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic Equity | 25 % | 3.54 % |
| International Equity | 14 | 6.57 |
| Private Equity | 15 | 7.25 |
| Real Estate | 12 | 4.95 |
| Opportunistic/ARS Portfolio | 3 | 5.25 |
| Credit | 4 | 5.40 |
| Real Assets | 4 | 5.55 |
| Fixed Income | 22 | 2.00 |
| Cash | 1 | 0.25 |
| | 100 % | |

The real rate of return is net of the long-term inflation assumption of 2.9%.

**Note 3 - Detailed Notes on All Funds and Account Groups (Continued)**

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 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 District's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the 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:

| | 1% Decrease (4.9%) | Current Discount Rate (5.9%) | 1% Increase (6.9%) |
|---|---|---|---|
| District's proportionate share of the ERS net pension liability (asset) | $ 24,543 | $ 8,480 | $ (4,932) |

The components of the collective net pension liability as of the March 31, 2025 measurement date were as follows:

| | ERS |
|---|---|
| Total pension liability | $ 247,600,239,000 |
| Fiduciary net position | 230,454,512,000 |
| Employers' net pension liability | $ 17,145,727,000 |
| Fiduciary net position as a percentage of total pension liability | 93.08% |

Employer contributions to ERS 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, 2025 represent the employer contribution for the period of April 1, 2025 through December 31, 2025 based on prior years ERS wages multiplied by the employers' contribution rate by tier.

**Leases**

The District leases space from Yorktown Heights Engine Company No. 1 at 1916 Commerce Street for fire district operations. The original lease expired December 31, 2024, and during 2025 the District exercised a renewal option extending the stated lease term through December 31, 2029; however, the renewal preserved the terms of the existing Use and Access Memorandum of Agreement, which contemplated termination of the lease upon voter approval of the bond

**.Note 3 - Detailed Notes on All Funds and Account Groups (Continued)**

resolution for construction of a new Commerce Street fire station. During 2025, the Board approved the firehouse project, including acquisition of the related real property, and management expects the acquisition to close during 2026. Accordingly, the District has accounted for the lease as a short-term lease as of December 31, 2025, and no lease liability or related rigl1t-to-use lease asset has been recorded. Lease payments for the year ended December 31, 2025 totaled $79,000.

C, **Fund Balanc.es**

| | General Fund | Capital Projects Fund | Total |
|---|---|---|---|
| Nonspendable- Prepaid Expenditures | $ 7,816 | $ | $ 7,816 |
| Re5tricted | | | |
| Building & Grounds | 96,811 | | 96,811 |
| Apparatus & Equipment | 2,868,225 | | 2,868,225 |
| Radio | 321,984 | | 321,984 |
| Repairs | 376,555 | | 376,555 |
| Service Award Program | 564,675 | | 564,675 |
| Capital Projects | | 2,856,829 | 2,856,829 |
| Debt Service | | 374,652 | 374,652 |
| Total Restricted | 4,228,250 | 3,231,481 | 7,459,731 |
| Unassigned | 441,104 | | 441,104 |
| Total Fund Balance | $ 4,677,170 | $ 3,231,481 | $7,908,651 |

Prepaid Expenditures has been established to account for payments made in advance. The amount has been classified as nonspendable to indicate that these funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The Restricted for Building and Grounds, Apparatus and Equipment, Radio and Repairs have been established pursuant to General Municipal Law. The funds are to be used for the financing of all or part of the cost -of construction, acquisition or repair of a building or apparatus. Expenditures can only be n:ado following the adoption of a resolution from the governing board, subject to permissive referendl1m.

Service Award Program has been set aside to be used for LOSAP pension benefits in accordance with /1.rticle ·11-A of the General Municipal Law of the State of New York.

Capital Projects Fund represents the fund balance in the Capital Projects Fund.

Debt service represents assets with constraints placed on their use by the Local Finance Law of the State of New York.

**Not Note 3 - Detailed Notes on All Funds and Account Groups (Continued)**

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned.

**D. Length of Service Award Program - LOSAP**

The District established a defined contribution Service Award Program (referred to as a "LOSAP" -· Length of Service Award Program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1999 for the active volunteer firefighter members of the Yorktown Heights Engine Company No. 1. The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The District is the Sponsor of the Program and the Program administrator.

**Program Description**

***Participation, Vesting and Service Credit***

In a defined contribution LOSAP, each participant has an individual program account. An eligible Program Participant is defined by the Program Sponsor to be an active volunteer firefighter who is at least 18 years of age and has earned one year of Service Credit. The participant is paid his or her account balance upon attainment of the Entitlement Age. The Program's Entitlement Age is age 55. The amount paid will vary depending upon the number of years of service credit earned by the volunteer and the net investment income earned by the program assets.

Participants acquire a non-forfeitable right to be paid a Service Award after earning credit for five years of service or upon attaining the Program's Entitlement Age while an active volunteer, becoming totally and permanently disabled or dying while an active volunteer firefighter. An active volunteer firefighter earns a year of Service Credit for each calendar year after the establishment of the Program in which he or she accumulates 50 points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values. A Participant may also receive Service Credit for five years of active volunteer firefighting service rendered prior to the establishment of the Program as an active volunteer firefighter.

***Benefits***

A Participant's benefit under the Program is his or her Program account balance paid upon attainment of the Entitlement Age in a lump sum to the Participant. A participant may elect to be paid in annual installments over 2, 3, 4, or 5 years in lieu of.one lump sum. Effective January 1, 2019, the annual Service Award contribution is $650 for each year of Service Credit earned during calendar years beginning after December 31, 20.18,• The maximum number of years of service credit a Participant may earn under the Program is 40 years. Except in the case of Pre-Entitlement Age death or total and permanent disablement, a Participant's account balance will not be paid until a Participant attains the Entitlement Age. However, a Participant may elect to defer· payment until attainment of age 60, if this election is made ,timely and properly by completing the necessary form. Volunteers who are active volunteer firefighter members after attaining the Entitlement Age continue to have the opportunity to earn Program credit and to thereby be paid additional service awards. The Pre-Entitlement Age death and disability benefit is equal to the Participant's Program account balance as of the December 31 preceding the date of death or disablement. The Program does not provide extra line--of-duty death or disability

**Not Note 3 - Detailed Notes on All Funds and Account Groups (Continued)**

benefits. All death and disability benefits are self insured and are paid from the Program trust fund.

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

***Fiduciary Investment and Control***

After the end of each calendar year, each fire department prepares and certifies a list of names of all persons who were active volunteer members of the fire department during the year indicating which volunteers earned 50 points. The certified list is delivered to the Board for the Board's review and approval. The fire departments must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Board.

The Board has retained Penflex Actuarial Services, LLC to assist in the administration of the Program. The services provided by Penflex are described in the agreement between Penflex and the District.

Based on the certified calendar year volunteer firefighter listings Penflex determines and certifies in writing to the Board the amount of the Service Award to be paid to a Participant or to a Participant's designated beneficiary. As authorized by the Board, Penflex then directs the paying agent to pay the Service Award. No Service Award benefit payment is made without the written certification from Penflex and written directive from the Board.

Penflex bills the District for the services it provides. Penflex invoices are authorized for payment by the Board in the same manner as any other invoice presented to the District for payment. The District pays Penflex invoices from the General fund.

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

Authority to invest the Program assets is vested in the Program Trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Board.

The Board has retained RBC Wealth Management to provide investment management .and custodial services.

| | | |
|---|---|---|
| Assets Available for Benefits | | |
| Cash and money market | $ 78,733 | |
| U.S. equities | 242,505 | |
| Fixed income | 231,529 | |
| Mixed Assets | 11,908 | |
| Total Assets Available for Benefits | | 564,675 |

**Note 3 - Detailed Notes on All Funds and Account Groups (Continued)**

The above investments in U.S. equities, fixed income and mixed assets are valued using level 1 inputs.

***Receipts and Disbursements***

| | | |
|---|---|---|
| Plan Assets, beginning of year | | $ 514,197 |
| Changes during the year: | | |
| Contributions | $ 26,064 | |
| Investment income earned | 57,780 | |
| Investment expense | (3,949) | |
| Benefits paid | (29,417) | 50,478 |
| Plan Assets, end of year | | $ 564,675 |

***Contributions***

| | |
|---|---|
| Contribution recommended by actuary | $ 26,064 |
| Actual contribution made by the sponsor | 26,064 |

**Note 4 - Contingencies**

**A. Risk Management**

The District purchases various conventional insurance policies to reduce its exposure to loss. The general liability policy provides for coverage up to $1 million per occurrence. In addition, the District maintains an umbrella policy with policy limits of $20 million. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. The District purchases conventional workers' compensation insurance with coverage at statutory levels.

**B. Subsequent Events**

Subsequent to year-end, the District entered into a contract of sale with Yorktown Heights Engine Company No. 1 to acquire the property located at 1916 Commerce Street, Yorktown Heights, New York, which is the site of the existing Yorktown Heights Firehouse and the subject of the District's current lease arrangement. The purchase price under the contract is $160,000. The acquisition is part of the District's planned firehouse replacement project, which was approved by bond resolution and voter referendum during 2025 and includes construction of a new firehouse, acquisition of real property, demolition of the existing firehouse, site improvements, and related furnishings and equipment. The bond authorization provides for the issuance of obligations in an amount not to exceed $30,000,000. The property acquisition remains subject to required approvals and closing conditions. No asset or related obligation has been recorded in the December 31, 2025 financial statements related to the property acquisition.

**Note 5 - Recently Issued GASB Pronouncements**

GASS Statement No. 104, *"Disclosure* of *Certain Capital Assets",* has been issued to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

GASS Statement No.105, *"Subsequent Events",* has been issued to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for reporting periods beginning after June 15, 2026.

This is not an all-inclusive list of recently. issued GASS pronouncements but rather a listing of Statements that the District believes will most impact its financial statements. The District will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

* * * * *

(This page intentionally left blank)

PKf' OCONNOR DAVIES
ACCOUNTANTS AND AOVISORIES

**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 Auditors' Report**

**Board of Fire Commissioners**
**Yorktown Heights Fire District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of Yorktown Heights Fire District, New York ("District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's regulatory basis financial statements, and have issued our report thereon dated August 11, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is 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 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

**PKF O'Connor Davies, LLP**
Harrison, New
York August
11, 2026