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**RIDGE FIRE DISTRICT**  
**FINANCIAL STATEMENTS (REGULATORY BASIS)**  
**(WITH INDEPENDENT AUDITORS' REPORT THEREON)**  
**YEAR ENDED DECEMBER 31, 2022**

RIDGE FIRE DISTRICT  
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RIDGE FIRE DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS AND ACCOUNT GROUPS  
DECEMBER 31, 2022

	GOVERNMENTAL FUNDS		ACCOUNT GROUPS		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	NON-CURRENT GOVERNMENTAL ASSETS	NON-CURRENT GOVERNMENTAL LIABILITIES	
<b>ASSETS</b>					
Cash and Cash Equivalents:					
Unrestricted Cash	\$ 440,778	\$ -	\$ -	\$ -	\$ 440,778
Restricted Cash	1,114,907	471,424	-	-	1,586,331
Prepaid Expenses	124,213	-	-	-	124,213
Service Award Program Assets	3,998,129	-	-	-	3,998,129
General Fixed Assets	-	-	22,290,838	-	22,290,838
Net Pension Asset - Proportionate Share	-	-	290,498	-	290,498
Amounts to be Provided in Future Budgets	-	-	-	12,690,000	12,690,000
<b>TOTAL ASSETS</b>	<b>\$ 5,678,027</b>	<b>\$ 471,424</b>	<b>\$ 22,581,336</b>	<b>\$ 12,690,000</b>	<b>\$ 41,420,787</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 60,030	\$ -	\$ -	\$ -	\$ 60,030
Accrued Liabilities	3,201	80,734	-	-	83,935
Bonds Payable	-	-	-	12,690,000	12,690,000
<b>TOTAL LIABILITIES</b>	<b>63,231</b>	<b>80,734</b>	<b>-</b>	<b>12,690,000</b>	<b>12,833,965</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows of Resources	236,095	-	-	-	236,095
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>236,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>236,095</b>
<b>FUND BALANCES</b>					
Non-Current Governmental Assets	-	-	22,581,336	-	22,581,336
Not in Spendable Form	124,213	-	-	-	124,213
Restricted:					
Reserves	1,114,907	-	-	-	1,114,907
Service Award Program	3,998,129	390,690	-	-	3,998,129
Assigned Appropriated	-	-	-	-	390,690
Unassigned (Operating)	141,452	-	-	-	141,452
<b>TOTAL FUND BALANCES</b>	<b>5,378,701</b>	<b>390,690</b>	<b>22,581,336</b>	<b>-</b>	<b>28,350,727</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 5,678,027</b>	<b>\$ 471,424</b>	<b>\$ 22,581,336</b>	<b>\$ 12,690,000</b>	<b>\$ 41,420,787</b>

See notes to financial statements.

RIDGE FIRE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

	GENERAL				CAPITAL PROJECTS		TOTAL GOVERNMENTAL FUNDS
	OPERATING	RESERVES	SERVICE AWARD PROGRAM	NOT IN SPENDABLE FORM	TOTAL	ASSIGNED APPROPRIATED	
<b>REVENUES</b>							
Real Property Taxes	\$ 4,890,025	\$ -	\$ -	\$ -	\$ 4,890,025	\$ -	\$ 4,890,025
Interest and Earnings	6,705	-	135,952	-	142,657	-	142,657
Payments in Lieu of Taxes	220,817	-	-	-	220,817	-	220,817
Sale of Equipment	4,500	-	-	-	4,500	-	4,500
Refund of Prior Year Expenditures	617	-	-	-	617	-	617
Insurance Recoveries	43,054	-	-	-	43,054	-	43,054
Rental of Real Property	54,875	56,715	-	-	111,590	-	111,590
<b>TOTAL REVENUES</b>	<b>5,220,593</b>	<b>56,715</b>	<b>135,952</b>	<b>-</b>	<b>5,413,260</b>	<b>-</b>	<b>5,413,260</b>
<b>EXPENDITURES</b>							
Fire Protection	1,599,734	-	-	-	1,599,734	-	1,599,734
Personal Services	1,171,162	-	-	-	1,171,162	-	1,171,162
Equipment and Capital Outlay	301,571	280,260	-	-	581,831	497,256	1,079,087
State Retirement System	135,907	-	-	-	135,907	-	135,907
Service Award Program	-	-	236,141	-	236,141	-	236,141
Social Security	89,446	-	-	-	89,446	-	89,446
Workers' Compensation Insurance	212,715	-	-	-	212,715	-	212,715
Medical and Accident Insurance	288,952	-	-	-	288,952	-	288,952
Disability Insurance	8,756	-	-	-	8,756	-	8,756
Life Insurance	94,110	-	-	-	94,110	-	94,110
Bond Principal	570,000	-	-	-	570,000	-	570,000
Bond Interest	521,306	-	-	-	521,306	-	521,306
<b>TOTAL EXPENDITURES</b>	<b>4,993,659</b>	<b>280,260</b>	<b>236,141</b>	<b>-</b>	<b>5,510,060</b>	<b>497,256</b>	<b>6,007,316</b>
<b>OTHER SOURCES (USES)</b>							
Not in Spendable Form (Prepaid Expenses)	19,222	-	-	(19,222)	-	-	-
Transfers:							
Reserves	(95,185)	95,185	-	-	-	-	-
Service Award Program	(301,896)	-	301,896	-	-	-	-
<b>TOTAL OTHER SOURCES (USES)</b>	<b>(377,859)</b>	<b>95,185</b>	<b>301,896</b>	<b>(19,222)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(150,925)</b>	<b>(128,360)</b>	<b>201,707</b>	<b>(19,222)</b>	<b>(96,800)</b>	<b>(497,256)</b>	<b>(594,056)</b>
<b>FUND BALANCES, BEGINNING</b>	<b>292,377</b>	<b>1,243,267</b>	<b>3,796,422</b>	<b>143,435</b>	<b>5,475,501</b>	<b>887,946</b>	<b>6,363,447</b>
<b>FUND BALANCES, ENDING</b>	<b>\$ 141,452</b>	<b>\$ 1,114,907</b>	<b>\$ 3,998,129</b>	<b>\$ 124,213</b>	<b>\$ 5,378,701</b>	<b>\$ 390,690</b>	<b>\$ 5,769,391</b>

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ridge Fire District (Fire District), as of and for the year ended December 31, 2022, have been prepared in accordance with the financial reporting provisions of the New York State Office of the State Comptroller (NYS OSC), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units (regulatory basis). The financial statements of the Fire District have been prepared using the modified accrual basis of accounting. This method differs from GAAP, which requires the accrual basis of accounting to be used. The accrual basis of accounting requires the capitalization and depreciation of property and equipment and the recording of long-term liabilities. Under the modified accrual basis of accounting, property and equipment are recorded as expenditures when purchased and long-term liabilities are recognized when paid. In addition, GAAP requires the financial statements to be prepared in accordance with the Governmental Accounting Standards Board (GASB) No. 34, *Basic Financial Statements - and Management's Discussions and Analysis - for State and Local Governments*. GASB 34 financial statements require the presentation of government-wide financial statements and management's discussion and analysis. The accounting practices used to prepare these financial statements does not require compliance with GASB 34.

The significant accounting policies of the Fire District are described below:

### **Financial Reporting Entity**

The Fire District is a district corporation and political subdivision of the State of New York, distinct from the municipalities in which it is located. In general, the Fire District is governed by an elected Board of Fire Commissioners (Board) and is required to have a treasurer and secretary. The Fire District has the legal authority to levy taxes on real property and to borrow in its own name. The Fire District is governed by General Municipal Law and other laws of the State of New York and its subdivisions. The scope of activities included in the accompanying financial statements are the transactions which comprise the Fire District's operations and are governed by, or significantly influenced by, the Board of Fire Commissioners.

The primary function of the Fire District is to provide fire-protection and emergency medical services to the community. Services such as firefighting, fire prevention, ambulance and public education support the primary function.

The financial reporting entity includes all funds, functions and organizations over which the Fire District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

### **Basis of Presentation - Fund Accounting**

The Fire District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

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

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**Governmental Fund Types**

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

**General Fund** - The General Fund is the principal operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in other funds.

**Capital Projects Fund** – The Capital Projects Fund is provided to account for capital expenditures financed from the proceeds of bonds, bond anticipation notes and capital notes. This fund must also be used to account for construction projects financed, in whole or in part, from General Fund money.

**Account Groups**

Account groups are used to establish accounting control and accountability for the Fire District's fixed assets and general long-term obligations. The two account groups are not "funds". They are accounting entities, not fiscal entities, and are concerned only with the measurement of financial position, and not with the results of operations.

**Non-Current Governmental Assets Account Group** – The Non-Current Governmental Assets Account Group is used to account for land, buildings, improvements and equipment owned by the Fire District.

**Non-Current Governmental Liabilities Account Group** – The Non-Current Governmental Liabilities Account Group is used to account for all long-term debt and other obligations of the Fire District.

**Fund Balance Classifications**

The Fire District classifies general fund balance to focus on the constraints imposed on resources in governmental funds.

General fund balance classifications are described below:

**Not in Spendable Form** - consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

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

The Fire District includes reserves in restricted fund balance. Reserves are used to finance all or part of the cost of construction, reconstruction, or acquisition of a specific type of capital improvement, or acquisition of a specific item or items, or type of equipment.

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**Committed** – consist of amounts that are subject to a purpose constraint imposed by a formal action of the Fire District’s highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, by a formal action prior to the end of the year, commit fund balance.

**Assigned** – consists of amounts that are subject to a purpose constraint that represents an intended use established by the Fire District’s highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes encumbrances not classified as restricted at the end of the fiscal year.

**Unassigned** - represents the residual classification for the general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Unassigned (operating) fund balance is the Fire District’s residual fund balance.

When resources are available from multiple classifications, the Fire District spends fund balances in the following order: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance, unless a Board resolution is passed otherwise.

#### **Basis of Accounting and Measurement Focus**

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

**Modified Accrual Basis** - The governmental fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus.

Under this method, revenues are recognized when measurable and available. The Fire District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within 90 days after the calendar year.

Expenditures are recorded when the related fund liability is incurred, except for prepaid expenses which are recognized in the period of benefit; principal and interest on general long-term debt are not funded as expenditures until due; unfunded claims and judgments and unfunded compensated absences are recognized as expenditures to the extent they have been paid. General capital asset acquisitions are reported as expenditures in governmental funds.

#### **Interfund Transactions**

The operations of the Fire District give rise to certain transactions between funds, including transfers of expenditures and revenues to provide services and construct assets. Interfund transfers and the related receivables and payables have been recorded in the funds where applicable.

### **Use of Estimates**

The preparation of financial statements on the modified accrual basis requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and actuarial assumptions and methods underlying pension reporting.

### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded for budgetary control purposes, is utilized by the general fund. Encumbrances are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

### **Cash and Cash Equivalents**

Cash and cash equivalents (including restricted cash) consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

### **Prepaid Expenses**

Prepaid expenses represent payments made by the Fire District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. A current asset for the prepaid amounts is recorded at the time of purchase and the expenditure is reported in the year the goods or services are consumed.

### **Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities consist of various expenses that have been incurred but not yet remitted to various vendors.

### **General Fixed Assets**

General fixed assets are reported in the non-current governmental assets account group at original cost, when the information is available, or estimated historical cost based on professional third-party information. The Fire District's policy for general fixed assets is to capitalize items over \$500.

### **Deferred Inflows of Resources**

In addition to liabilities on the balance sheet, there is a separate section for deferred inflows of resources. Deferred inflows of resources is an acquisition of fund balance that applies to a future period, and as such will not be recognized as an inflow of resources (revenue) until that time. As of December 31, 2022, the Fire District had \$236,095 of deferred inflows of resources related to real property taxes for the next fiscal year.

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**Property Taxes**

Real property taxes are levied annually by the Fire District in November and become a lien in December. The Fire District's tax levy is collected by the Town of Brookhaven and then remitted to the Fire District. Suffolk County is responsible for all uncollected taxes.

In accordance with New York State Law Chapter 97 of 2011 (Tax Cap Law), the amount of real property taxes that may be levied by the Fire District are restricted. The growth in the annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments.

**Other Benefits**

Eligible employees of the Fire District participate in the New York State and Local Employee's Retirement System. Eligible volunteer firefighters, EMS and ambulance volunteers participate in the Fire District's sponsored Length of Service Award Program and cancer insurance.

The Fire District provides health insurance and workers compensation coverage for active employees pursuant to collective bargaining agreements, individual employment contract, employee handbook and the Fire District's policy.

**New Accounting Pronouncements**

NYS OSC has adopted GASB Statement 87, *Leases* (GASB No. 87), which was effective for fiscal years beginning after June 15, 2021. GASB No. 87 amends the current reporting model for local governments and school districts in New York State and re-defines the term "lease". GASB No. 87 requires the recognition of certain assets and liabilities for leases that were previously classified as operating leases. For leases with terms in-excess of 12 months, GASB No. 87 requires the lessee to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources. Leases with a term of 12 months or less will be accounted for in a manner similar to previous guidance for operating leases.

The new pronouncement will be implemented by the Fire District in 2023.

**Subsequent Events**

In preparing these financial statements, the Fire District has evaluated subsequent events for possible recognition or disclosure in the financial statements through May 25, 2023, the date the financial statements were available to be issued. The Fire District has determined, with the exception to the matter discussed in Note 8, no events have occurred during this period that would require additional recognition or disclosure in the financial statements.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

The Fire District administration prepares a proposed budget for approval by the Board for the general fund, the only fund with a legally adopted budget. Budgets are adopted annually on the modified accrual basis of accounting.

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NOTES TO FINANCIAL STATEMENTS  
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Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves and can be increased by budget amendments approved by the Board of Fire Commissioners as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board of Fire Commissioners approves them because of a need that exists which was not determined at the time the budget was adopted. The Fire District's general fund operating budget as approved by the Board of Fire Commissioners was \$4,889,953.

#### **Over Expenditure of Certain Appropriations**

Certain general fund appropriations were over expended. These were in the following appropriation categories of the budget: fire protection, personal services, equipment and capital outlay, state retirement system, social security, workers compensation insurance and disability insurance. The general fund budget in total was over expended by \$500,787.

### **3. DEPOSITS WITH FINANCIAL INSTITUTIONS**

The Fire District's investment policies are governed by State statutes and Fire District policy. The Fire District's monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The treasurer is authorized to use time and demand accounts and certificates of deposit. Permissible investments include obligations of the United States (U.S.) Treasury and its subdivisions, repurchase agreements, and obligations of New York State and its subdivisions.

Collateral is required for demand and time deposits as well as certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities. Custodial credit risk is the risk that in the event of a bank failure, the Fire District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- A. Uncollateralized,
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the Fire District's name.

The Fire District's bank balances, not covered by depository insurance, were fully collateralized under category B. The Fire District did not have any investments at year-end or during the year. Consequently, the Fire District was not exposed to any material interest rate risk.

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 NOTES TO FINANCIAL STATEMENTS  
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**4. GENERAL FIXED ASSETS**

A summary of changes in general fixed assets valued at replacement cost together with additions and disposals at cost through December 31, 2022, are shown below.

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Ending</u>
Buildings	\$16,238,665	\$ 787,393	\$ -	\$17,026,058
Equipment	<u>5,149,656</u>	<u>265,124</u>	<u>(150,000)</u>	<u>5,264,780</u>
Total Fixed Assets	<u>\$21,388,321</u>	<u>\$ 1,052,517</u>	<u>\$ (150,000)</u>	<u>\$22,290,838</u>

**5. NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM PENSION PLAN**

**Plan Description**

The Fire District participates in the New York State and Local Employees' Retirement System (System), which is a cost-sharing multiple-employer defined benefit pension plan and the Public Employees' Group Life Insurance Plan, collectively (Plan). The System provides retirement benefits, as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as a sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information.

That report may be found on the website of the Office of the New York State Comptroller or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

**Funding Policy**

Plan members who joined the System before July 27, 1976, are not required to make contributions. Those joining after July 27, 1976, and before January 1, 2010, with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary for the System's members throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% depending upon their salary, throughout active membership. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Fire District is required to contribute at an actuarially determined rate. During the year ended December 31, 2022, the Fire District paid \$135,907 to the System for its regular pension contribution.

The Fire District's contribution to the System was equal to 100% of the contributions required for each year.

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**Pension Asset, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**

At December 31, 2022, the Fire District reported a non-current governmental asset of \$290,498 for its proportionate share of the net pension asset of the System. The net pension asset was measured as of March 31, 2022 for the System. The total pension liability used to calculate the net pension asset was determined by the actuarial valuation. The Fire District's proportion of the net pension asset 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 by the System. Below is the Fire District's proportionate share of the net pension asset of the System and its related employer allocation percentage.

	<u>2022</u>
System's Actuarial Valuation Date	April 1, 2021
Net Pension Asset	\$ 290,498
Fire District's Proportion of the System's Total Net Pension Asset	0.0035537%

There was no significant change in the Fire District's proportion for March 31, 2022.

For the year ended December 31, 2022, the Fire District recognized a pension expense of \$135,907 in the statement of revenues, expenditures and changes in fund balance – governmental funds. At December 31, 2022, the Fire District's reported deferred outflows/inflows of resources related to the pension from the sources are as follows:

Deferred Outflows of Resources:	
Differences Between Expected and Actual Experience	\$ 22,000
Change of Assumptions	484,809
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-
Changes in Proportion and Differences Between the Fire District's Contributions and Proportionate Share of Contributions	42,992
Contributions Subsequent to the Measurement Date	<u>-</u>
Total Deferred Outflows of Resources – Pension Amounts	<u>\$ 549,801</u>
Deferred Inflows of Resources:	
Differences Between Expected and Actual Experience	\$ 28,535
Change of Assumptions	8,181
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	951,260
Changes in Proportion and Differences Between the Fire District's Contributions and Proportionate Share of Contributions	120,060
Contributions Subsequent to the Measurement Date	<u>-</u>
Total Deferred Inflows of Resources – Pension Amounts	<u>\$ 1,108,036</u>

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The Fire District did not make a contribution subsequent to the measurement date of March 31, 2022 as of December 31, 2022, and as a result, is not recognizing a deferred outflow for that contribution.

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ended December 31:	
2023	\$ (103,263)
2024	(135,787)
2025	(269,465)
2026	<u>(49,719)</u>
Total	<u>\$ (558,234)</u>

**The System's Actuarial Assumptions**

The total pension liability as of the measurement date was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the System's total pension liability to the measurement date of March 31, 2022.

The System's actuarial valuation used the following actuarial assumptions:

Measurement Date	March 31, 2022
Actuarial Valuation Date	April 1, 2021
Investment Rate of Return, Net	5.90%
Inflation	2.70%
Salary Increases	4.40%
Cost of Living Adjustments	1.40%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience

Annuitant mortality rates are based on April 1, 2015 to March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2020 used the same assumptions for the measure of total pension liability.

The actuarial assumptions used in the April 1, 2021 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. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 are summarized on the following page.

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<u>Asset Class</u>	<u>Target Allocations in %</u>	<u>Long-Term Expected Real Rate of Return in %</u>
Domestic Equity	32	3.30
International Equity	15	5.85
Private Equity	10	6.50
Real Estate	9	5.00
Opportunistic/Absolute Return	3	4.10
Credit	4	3.78
Real Assets	3	5.58
Fixed Income	23	-
Cash	<u>1</u>	(1.00)
	<u>100</u>	

**Discount Rate**

The discount rate used to calculate the total pension liability as of March 31, 2022 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 (Asset) to the Discount Rate Assumption**

The following presents the Fire District's proportionate share of the net pension liability (asset) calculated by the System using the discount rate of 5.9% as of March 31, 2022, 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% lower (4.9%) or 1% higher (6.9%) than the current rate:

	1% Decrease <u>4.9%</u>	Current Discount Rate <u>5.9%</u>	1% Increase <u>6.9%</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ 747,740</u>	<u>\$ (290,498)</u>	<u>\$ (1,158,934)</u>

**Pension Plan Fiduciary Net Position**

The components of the System's net pension liability (asset) of the employers as of the measurement date of March 31, 2022 is as follows:

Employers' Total Pension Liability	\$ 223,874,888,000
Less: System's Net Position	<u>(232,049,473,000)</u>
Employers' Net Pension Liability (Asset)	<u>\$ 8,174,585,000</u>
Ratio of System's Net Position to the Employers' Total Pension Liability	103.65%

## 6. LENGTH OF SERVICE AWARDS PROGRAM - LOSAP

The Fire District established a defined benefit LOSAP for the active volunteer firefighters of the Fire District. The program took effect on January 1, 1990. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Fire District is the sponsor of the program.

### **Program Description**

Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age 60.

In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program.

### **Benefits**

A participant's benefit under the program is a life annuity with payments guaranteed for at least 10 years equal to \$20 multiplied by the total number of years of firefighting service under the point system. The number of years of firefighting service used to compute the benefit cannot exceed forty. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. Volunteer firefighters who are active after attaining the entitlement age and who may have commenced receiving a service award have the opportunity to earn program credit and to thereby increase their service award payments.

### **Fiduciary Investment and Control**

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained and designated Hometown Insurance Agency to assist in the administration of the program. The designated program administrator's functions include the preparation of the Fire District's Service Award Program's Annual Report. This report consists of plan specifications, census and participation reconciliation, schedule of benefits, valuation statements, an actuarial valuation summary and a composition of assets at the program end date. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by the Fire District's Board of Fire Commissioners.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operations and administration of the program. The trust agreement is dated January 1, 1990, and the trustee is the Fire District.

Authority to invest program assets is vested in the Fire District. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule. The "rule" provides that fiduciaries are required to exercise the same diligence and prudence

RIDGE FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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in the care and management of other people's money as they would their own. In addition, the rule provides that investments should be made in such a manner as to seek a reasonable income while preserving capital. The program document allows for certain types of investments such as marketable securities, annuities, and life insurance. The Board of Fire Commissioners has retained William White of Morgan Stanley Wealth Management to provide investment management and custodial services.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is BPA's Actuarial and Pension Services, LLC. Portions of the following information are derived from a report prepared by the actuary dated March 2023.

**Assets and Liabilities**

Actuarial Present Value of Benefits at 12/31/22		\$ 5,029,176
Less: Assets Available for Benefits		
	<u>% of total</u>	
Trust	0.9%	\$ 34,236
Annuities	93.3%	3,732,148
Insurance Policy	5.8%	<u>231,745</u>
Total Assets Available for Benefits		3,998,129
Less: Benefits Payable		<u>( - )</u>
Total Net Assets Available for Benefits		<u>3,998,129</u>
Total Unfunded Benefits		1,031,047
Less: Unfunded Liability for Prior Service		<u>(1,031,047)</u>
Unfunded Normal Benefits		<u>\$ -</u>

**Prior Service Costs**

Prior service costs are being amortized over a range of 10 to 12 years at a discount rate of 5.00%.

**Contributions**

Amount of Sponsor's contribution recommended by the actuary:		Minimum \$ 260,652
		Maximum \$ 282,651

Amount of Sponsor's actual contribution: \$ 301,896

**Receipts and Disbursements**

Plan Net Assets, Beginning of Year	\$3,796,422
Changes during the year:	
Plan Contributions from Sponsor	301,896
Investment Income Earned	135,952
Distributions to Participants	<u>(236,141)</u>
Plan Net Assets, End of Year	<u>\$3,998,129</u>

RIDGE FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**Funding Methodology and Actuarial Assumptions**

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Unit Credit Cost Method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on investment 5.00%

Mortality Tables used for:

Withdrawal	None
Disability	None
Retirement	RP2000 Combined - Unisex
Death (Actives)	None
Death (Inactives)	None
Other	None

**7. INDEBTEDNESS**

**Serial Bonds**

The Fire District borrowed money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the Fire District, are liquidated from the General Fund. The provision to be made in future budgets for capital indebtedness represents the amount authorized to be collected in future years from taxpayers for liquidation of the long-term liabilities. The Serial Bonds have interest paid semi-annually at 2.125% and 4.0% with principal paid annually with maturity dates of March 1, 2024 and November 15, 2043 respectively.

**Changes in Indebtedness**

The changes in the Fire District's long-term indebtedness during the year ended December 31, 2022 are summarized as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Ending</u>
Serial Bond- HQ Reno	\$ 12,810,000	\$ -	\$ (420,000)	\$ 12,390,000
Serial Bond - Pumpers	<u>450,000</u>	<u>-</u>	<u>(150,000)</u>	<u>300,000</u>
Total	<u>\$ 13,260,000</u>	<u>\$ -</u>	<u>\$ (570,000)</u>	<u>\$ 12,690,000</u>

RIDGE FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

The following is a summary of maturity debt service requirement for the serial bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 580,000	\$ 501,131	\$ 1,081,131
2024	590,000	480,275	1,070,275
2025	455,000	460,800	915,800
2026	465,000	442,600	907,600
2027	480,000	424,000	904,000
Thereafter	<u>10,120,000</u>	<u>3,232,000</u>	<u>13,352,000</u>
Total	<u>\$ 12,690,000</u>	<u>\$ 5,540,806</u>	<u>\$ 18,230,806</u>

**8. COMMITMENTS AND CONTINGENCIES**

The Fire District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

As of December 31, 2022, there were two ongoing litigations against the Fire District. One involves the Fire District's early termination of a contract with a construction management company. The other involves a property line dispute with another Fire District. Both are presently being defended by counsel. In the opinion of the Board of Fire Commissioners, the litigations will not have a material adverse effect on the Fire District's financial conditions or results of operation.

**9. SPENDING LIMITATION**

The Fire District did not exceed the statutory spending limitation imposed by state law for the year ended December 31, 2022.

**10. SUBSEQUENT EVENTS**

As part of the 2022-2023 New York State Budget, Section 209-b of the General Municipal Law was amended to include the EMS Cost Recovery Act. Under the legislation, fire districts are allowed to bill for ambulance services to offset the costs of providing ambulance services starting July 8, 2022. Ridge Fire District did not start billing for ambulance services until 2023. Estimated revenues and expenditures related to the EMS Cost Recovery Act was included in the 2023 budget.

RIDGE FIRE DISTRICT  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>APPROVED BUDGET</u>	<u>OPERATING ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>			
Real Property Taxes	\$ 4,889,953	\$ 4,890,025	\$ 72
Interest and Earnings	-	6,705	6,705
Payments in Lieu of Taxes	-	220,817	220,817
Sale of Equipment	-	4,500	4,500
Refund of Prior Year Expenditures	-	617	617
Insurance Recoveries	-	43,054	43,054
Rental of Real Property	-	54,875	54,875
<b>TOTAL REVENUES</b>	<u>4,889,953</u>	<u>5,220,593</u>	<u>330,640</u>
<b>EXPENDITURES</b>			
Fire Protection	1,317,997	1,599,734	(281,737)
Personal Services	1,133,041	1,171,162	(38,121)
Equipment and Capital Outlay	135,000	301,571	(166,571)
State Retirement System	130,531	135,907	(5,376)
Social Security	86,678	89,446	(2,768)
Workers' Compensation Insurance	182,000	212,715	(30,715)
Medical and Accident Insurance	289,400	288,952	448
Disability Insurance	2,000	8,756	(6,756)
Life Insurance	110,000	94,110	15,890
Bond Principal	570,000	570,000	-
Bond Interest	521,306	521,306	-
<b>TOTAL EXPENDITURES</b>	<u>4,477,953</u>	<u>4,993,659</u>	<u>(515,706)</u>
<b>OTHER SOURCES (USES)</b>			
Not in Spendable Form (Prepaid Expenses)	-	19,222	19,222
Transfers:			
Reserves	(100,000)	(95,185)	4,815
Service Award Program	(312,000)	(301,896)	10,104
<b>TOTAL OTHER SOURCES (USES)</b>	<u>(412,000)</u>	<u>(377,859)</u>	<u>34,141</u>
<b>NET CHANGES IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (150,925)</u>	<u>\$ (150,925)</u>

See independent auditors' report.

Ridge FIRE DISTRICT  
 Fire District Questionnaire  
 For the Fiscal Year Ending 2022

	Response
1) Has your district adopted a written procurement policy and is it complied with?	Y
2) Has your district contracted to have an independent audit of its financial statements? If not, has the Board of Fire Commissioners performed an internal audit of the Treasurer's records and reports?	Y
3) Does your district have a written travel policy and is it complied with?	Y
4) Are monthly bank reconciliations performed?	Y
5) What is your district's statutory spending limitation margin (amount) for the next fiscal	\$26,828
6) Does your district have a Length of Service Award Program (LOSAP) for volunteer firefighters?  If so, how are the LOSAP funds invested?	
Marketable Securities	Y
Annuities	Y
Life Insurance	Y
Other (describe)	
7) Has your Fire District adopted an investment policy as required by General Municipal Law, Section 39?	Y