Craig, Fitzsimmons & Meyer, LLP

CERTIFIED PUBLIC ACCOUNTANTS

South Hempstead Fire District

Regulatory Basis

Financial Statements

With Independent Auditor's Report

December 31, 2024

SOUTH HEMPSTEAD FIRE DISTRICT

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DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners of
South Hempstead Fire District
555 May Street
South Hempstead, NY 11550

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements (regulatory basis) of the South Hempstead Fire District (the "District") as of and for the year ended December 31, 2024, as listed in the table of contents, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements (regulatory basis) referred to in the first paragraph present fairly, in all material respects, the respective financial position of the General Fund, Non-Current Government Assets and Non-Current Government Liabilities Account Groups of the District, as of December 31, 2024 and its changes in the Governmental Fund's financial position for the year then ended, in accordance with the financial reporting provisions of the Office of the New York State Comptroller's Uniform System of Accounts as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" section of our report, the accompanying financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the District as of December 31, 2024, or the changes in net position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 unmodified audit opinion on the regulatory basis of accounting and our adverse opinion on U.S. generally accepted accounting principles.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the District in accordance with the financial reporting provisions of the Office of the New York State Comptroller's Uniform System of Accounts, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Office of the New York State Comptroller. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Office of the New York State Comptroller's Uniform System of Accounts, and 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements that collectively comprise the District's financial statements as a whole. The Supplemental Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – General Operating Fund – Regulatory Basis included in this report is not a required part of the regulatory basis financial statements under the regulatory basis of accounting described in Note 1. This statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2025 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 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.

Smithtown, NY
June 19, 2025

South Hempstead Fire District

Regulatory Basis

Financial Statements

December 31, 2024

SOUTH HEMPSTEAD FIRE DISTRICT

COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS AND ACCOUNT GROUPS - REGULATORY BASIS

DECEMBER 31, 2024

	Governmental Funds				Account Groups	
	----------General----------					
	Operating	Capital Reserve	Service Award Program	Total Governmental Funds	Non-Current Government Assets	Non-Current Government Liabilities
ASSETS						
Cash	$ 667,237	$ 789,244	$ -	$ 1,456,481	$ -	$ -
Due from other funds	4,683	-	-	4,683	-	-
Prepaid expenditures	45,224	-	-	45,224	-	-
Accounts receivable	210	-	-	210	-	-
Service award program assets	-	-	1,662,202	1,662,202	-	-
Land, buildings and equipment	-	-	-	-	4,351,670	-
Intangible lease asset	-	-	-	-	15,415	-
Amounts to be provided for in future budgets	-	-	-	-	-	1,961,079
Total assets	$ 717,354	$ 789,244	$ 1,662,202	$ 3,168,800	$ 4,367,085	$ 1,961,079
LIABILITIES						
Accounts payable	$ 27,045	$ -	$ -	$ 27,045	$ -	$ -
Accrued expenditures	4,450	-	-	4,450	-	-
Due to other funds	-	4,683	-	4,683	-	-
Net pension liability - proportionate share	-	-	-	-	-	33,054
Lease liability	-	-	-	-	-	1,406
Service award program payable	-	-	-	-	-	1,926,619
Total liabilities	31,495	4,683	-	36,178	-	1,961,079
FUND BALANCES						
Non-current government assets	-	-	-	-	4,367,085	-
Restricted funds						
Building reserve	-	208,809	-	208,809	-	-
Apparatus reserve	-	575,752	-	575,752	-	-
Service award program	-	-	1,662,202	1,662,202	-	-
Non-spendable	45,224	-	-	45,224	-	-
Unassigned	640,635	-	-	640,635	-	-
Total fund balances	685,859	784,561	1,662,202	3,132,622	4,367,085	-
Total liabilities and fund balances	$ 717,354	$ 789,244	$ 1,662,202	$ 3,168,800	$ 4,367,085	$ 1,961,079

The accompanying notes are an integral part of these financial statements.

SOUTH HEMPSTEAD FIRE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND

CHANGE IN FUND BALANCES - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Governmental Funds			
	----------General----------			
	Operating	Capital Reserve	Service Award Program	Total Governmental Funds
REVENUES				
Real property taxes	$ 937,503	$ -	$ -	$ 937,503
Interest and earnings	-	32,434	148,800	181,234
Sale of equipment	19,800	-	-	19,800
Rental of real property	210	-	-	210
Total revenues	957,513	32,434	148,800	1,138,747
EXPENDITURES				
Personal services	65,900	-	-	65,900
Equipment and capital outlay	102,475	216,700	-	319,175
Fire protection - contractual	465,266	-	11,612	476,878
State retirement system	5,043	-	-	5,043
Length of service award program	-	-	90,513	90,513
Social security, employer contribution	5,129	-	-	5,129
Workers' compensation	27,395	-	-	27,395
Life insurance	11,629	-	-	11,629
Disability insurance	6,995	-	-	6,995
Unemployment insurance	9	-	-	9
Hospital and medical insurance	790	-	-	790
Leases, principal	4,078	-	-	4,078
Leases, interest	182	-	-	182
Total expenditures	694,891	216,700	102,125	1,013,716
Excess (deficiency) of revenues over expenditures	262,622	(184,266)	46,675	125,031
OTHER FINANCING SOURCES AND (USES)				
Operating transfers in	-	306,500	97,968	404,468
Operating transfers (out)	(404,468)	-	-	(404,468)
Total other financing sources and (uses)	(404,468)	306,500	97,968	-
Net Change in Fund Balances for Year	(141,846)	122,234	144,643	125,031
Fund Balances - Beginning of Year	827,705	662,327	1,517,559	3,007,591
Fund Balances - End of Year	$ 685,859	$ 784,561	$ 1,662,202	$ 3,132,622

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

The financial statements of the South Hempstead Fire District (Fire District or District) as of and for the year ended December 31, 2024 have been prepared using accounting practices prescribed in the Uniform System of Accounts for Fire Districts (USA) prescribed and permitted by the Office of the New York State Comptroller (OSC), which differ from accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The financial statements of the 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 an expenditure when purchased and the satisfaction of long-term liabilities are recognized as expenditures when paid. In addition, GAAP requires the financial statements to be prepared in accordance with the Governmental Accounting Standards Board (GASB) No. 34, *Basis Financial Statements – and Management's Discussion 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 do not require compliance with GASB No. 34.

A full discussion of the modified accrual basis of accounting as prescribed by the USA is found in the notes which follow.

The significant accounting policies of the District are described below:

a. Financial Reporting Entity

The 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 District is governed by an elected Board of Fire Commissioners (Board) and is required to have a treasurer and secretary. The District has the legal authority to levy taxes on real property and to borrow in its own name. The 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 District's operations and are governed by, or significantly influenced by, the Board of Fire Commissioners. The Board of Fire Commissioners is comprised of five (5) members who are elected to laddered five (5) year terms.

The primary function of the District is to provide fire protection, rescue and other emergency services to the community. Services such as firefighting, fire prevention, fire awareness and public education support this primary function.

The financial reporting entity includes all funds, functions and organizations over which the District's Board exercises 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. No other government organizations have been included or excluded from the reporting entity.

b. Basis of Presentation

Fund Financial Statements

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to assist 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.

1. Summary of Significant Accounting Policies – continued

b. Basis of Presentation – continued

Fund Financial Statements – continued

The fund financial statements provide information about the District's funds and account groups. Combined statements for each fund category and account group are presented. The District's financial statements reflect the following fund types and account groups:

Governmental Fund Types

Governmental Funds - are those through which most governmental functions are financed. The acquisition use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position. The following are the District's fund designations within its General Fund:

I. Operating Fund - the fund is the principal fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

II. Capital Reserve Fund - the capital reserve fund is used to account for the accumulation of financial resources and the disbursements for the acquisition, construction or renovation of major capital facilities, or equipment. These funds were established within the provisions of New York State General Municipal Law. Capital reserve fund expenditures may only be disbursed for the purpose which the fund was established. Expenditures from this "type" of reserve fund require Board resolution, subject to a permissive referendum. Interest earned on reserve fund resources become part of the respective capital reserve fund.

III. Service Award Program Fund - the service award program fund is used to account for the accumulation of financial resources and related expenditures of the defined benefit length of service award program for the South Hempstead Fire Department's active volunteer firefighters. This fund was established within the provisions of New York State General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters.

c. Account Groups

Account groups are used to establish accounting control and accountability for the District's general long-term asset and general long-term liabilities. The two (2) account groups are not "funds". They are accounting entities, not fiscal entities, and are concerned only with the measurement of financial position, not with the results of operations.

I. Non-Current Government Assets Account Group - the non-current government assets account group is used to account for land, buildings, improvements and equipment owned by the District. The District accounts for land, building and equipment at historical cost, which is further detailed in Note 3 to these financial statements. This group is also used to account for intangible lease assets, as applicable.

II. Non-Current Government Liabilities Account Group - the non-current government liabilities account group is used to account for all long-term debt and other obligations of the District. Long-term indebtedness, when present, includes obligations to be funded by future budgets, such as vested or accumulated leave time, obligations under lease/purchase and other financing arrangements, net pension liabilities of the New York State and Local Employees' Retirement System, other post-employment benefits, the actuarial accrued liability of the South Hempstead Fire District Length of Service Award Program, etc.

1. Summary of Significant Accounting Policies - continued

d. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures and the related assets, deferred outflows, liabilities and deferred inflows 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 or expenses).

Modified Accrual (Regulatory) Basis - The governmental fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus in accordance with the USA.

Under this basis of accounting, revenues are recognized when measurable and available. The 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 sixty (60) days after the end of 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 payment is due; unfunded claims and judgments, and other post-employment benefits are charged as expenditures when payment is due.

e. Cash

The District's cash consists of cash on hand and monies in demand deposit checking or savings accounts.

f. Cash in Time Deposits

Cash in time deposits consists of monies held in an interest-bearing account with restrictions or penalties for withdrawal, such as money market accounts, and short-term investments with original maturities of three (3) months or less from the date of acquisition.

g. Cash in Reserves

Cash balances in capital reserves are considered to be restricted, because their use is restricted by New York State General Municipal Law. While separate bank accounts are not required to be maintained, the separate identity of each reserve fund must be maintained.

h. Restricted Length of Service Award Program Assets

The District sponsors the South Hempstead Fire District Length of Service Award Program, a pension like defined benefit plan for volunteer members of the South Hempstead Fire Department. The service award program assets are restricted for the purpose of providing benefits to the participants of the plan. The Plan assets are reported at their held to maturity value.

i. Property Taxes

Real property taxes are levied annually by the District no later than November 1st and become a lien on December 1st. Taxes are collected during the period December 1st to May 31st. The District's tax levy is collected by the Town of Hempstead and they in turn remit it to the District. The County of Nassau is responsible for all uncollected taxes.

j. Accounts Receivable

Accounts receivable are recorded according to the contracted terms, which in the opinion of the District is the net realizable value. Management reviews accounts receivable annually and if amounts are considered uncollectible, they are charged to the General Operating Fund.

1. Summary of Significant Accounting Policies - continued

k. Prepaid Expenditures

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

l. Interfund Transfers

The operations of the District give rise to certain transactions between the governmental funds, including transfers of expenditures and revenues to provide services and construct assets. Interfund transfers and the related receivables and payables (i.e., due from/to other funds) have been recorded in the funds where applicable.

The amounts reported on the Combined Balance Sheet – Governmental Funds and Account Groupings – Regulatory Basis for due to and due from other funds represent amounts due between different governmental fund types.

m. Land, Buildings and Equipment

The modified accrual basis of accounting requires that land, buildings and equipment purchased in the current year be recorded as an expenditure in the respective governmental funds at the time of purchase.

Current year purchases with a useful life of one (1) year or more are recorded as additions and assets removed from inventory are deleted at their historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, are reported as follows:

	Capitalization Threshold
Vehicles and apparatus	$1,000
Building improvements	$1,000

n. Accounts Payable, Accrued Liabilities and Long-Term Obligations

In the fund financial statements, liabilities are reported only to the extent that expenses have been incurred and they are due for payment, requiring outflow of financial resources. Long-term obligations (when present) are accounted for in the Non-Current Government Liabilities Account Group and the expenditures related to these long-term obligations are recognized only when payment is due.

o. Fund Balance and Equity Classifications

The District has implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). GASB 54 changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriation. Fund balance is broken down into five (5) different classifications: non-spendable, restricted, committed, assigned, and unassigned.

Non-spendable consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

1. Summary of Significant Accounting Policies - continued

o. Fund Balance and Equity Classifications - continued

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. Restricted funds include capital reserves which are used to finance all or part of the cost of construction, reconstruction or acquisition of a specific or type of capital improvement or acquisition of a specific item or items or type of equipment.

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

Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The Board of Fire Commissioners by resolution has authorized the District Treasurer to assign fund balance.

Unassigned represents the residual classification for the government's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is only used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the District spends funds in the following order: restricted, committed, assigned, unassigned.

The District has, by resolution, adopted a fund balance policy that states the District must maintain a minimum unrestricted (the total of committed, assigned, and unassigned) fund balance of at least 2/12 of the annual budget. Unrestricted fund balance below the minimum should be replenished within the succeeding fiscal year.

p. Total Columns of the Financial Statements

The total columns in the combined financial statements are presented only to facilitate financial analysis. Data in these columns do not represent the financial position, results of operations or changes in financial position in conformity with accounting principles generally accepted in the United States of America, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

q. Use of Estimates

The preparation of financial statements on the regulatory basis requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows (when present), liabilities and deferred inflows (when present) and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenditures 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, and potential contingent liabilities.

1. Summary of Significant Accounting Policies - continued

r. Reclassifications

Certain amounts presented in these co-existing financial statements have been reclassified from the Annual Financial Report submitted to the OSC. Management believes that the financial statement presentation, while different than the Annual Financial Report, conforms in all material respects to the accounting practices as set forth in the USA, prescribed and permitted by the OSC, which is a comprehensive basis of accounting other than GAAP.

s. Stewardship, Compliance and Accountability

i. Budgetary Procedures

The District is required to annually adopt a budget and, subject to certain public hearing requirements, hold a public hearing on the proposed budget during the third week in October.

The proposed budget must be adopted by resolution of the Board on or before the 21st day prior to the public hearing. The proposed budget must include estimates of revenues, the appropriation required for expenditures, and fund balance. After the public hearing, the Board must file or submit the District's budget and fund balance statement to the town clerk of the Town by November 7th.

Budgets are adopted on the basis of the financial reporting provisions of the State of New York Uniform System of Accounts for Fire Districts. Any revisions to the annual budget are approved by a resolution of the Board of Fire Commissioners.

In April 2019 New York State made permanent the provisions of Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the Fire District in a particular year. The growth of the District's annual levy is limited to the lesser of two percent (2%) or the annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments. The District's annual levy for 2024 did not exceed the New York State Tax Cap.

ii. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the general fund and capital projects fund. Encumbrances outstanding at year end are reported as reservations, restrictions, committed or assignments of fund balance since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred. At December 31, 2024, the District had no encumbrances.

iii. Budget Basis of Accounting

Budgets are adopted annually by the Board in accordance with the laws of New York State. Appropriations authorized for the current year are increased by the amount of encumbrances, commitments or assignments carried forward from the prior year.

1. Summary of Significant Accounting Policies - continued

t. Deferred Outflows/Inflows of Resources

The District adopted the requirements of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* These standards define and classify deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of fund balance that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of fund balance that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

u. Intangible Lease Assets

Intangible lease assets are reported at the present value of the total future lease payments due at the inception of the lease term. The discount rate utilized Is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. These intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts), amortization methods, and estimated useful lives of intangible lease assets follow the same thresholds as noted for capital assets.

v. Leases

GASB No. 87 *Accounting and Financial Reporting for Leases* is applicable to the District. According to guidance published by the OSC, GASB 87 is to be applied in the Regulatory Basis of Accounting when those leases of the local government are deemed to be material. The District has determined it has material leases. As such, the recognition of the leases under the GASB 87 standard has been applied (see Note 9).

2. Deposits with Financial Institutions and Investments

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The Governmental Accounting Standards Board (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 District's name.

None of the District's aggregate bank balances, not covered by depository insurance, were exposed to custodial credit risk as described above at year-end. The District's general operating fund and general capital reserve funds do not purchase investments for a long enough duration for it to be considered to be exposed to a material interest rate risk.

3. Land, Buildings, Equipment, and Intangible Lease Assets

a. Land, Buildings and Equipment

Additions and deletions to capital assets are reflected at historical cost. A summary of capital asset balances and activity as of and for the year ended December 31, 2024 is as follows:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
Land	$ 148,600	$ -	$ -	$ 148,600
Buildings	1,410,785	-	-	1,410,785
Improvements other than buildings	112,612	278,444	-	391,056
Apparatus and equipment	2,423,261	44,529	(66,561)	2,401,229
Total general fixed assets	$ 4,095,258	$ 322,973	$ (66,561)	$ 4,351,670

b. Intangible Lease Assets

A summary of intangible lease asset balances and activities as of and for the year ended December 31, 2024 follows:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
Intangible lease assets				
Copier	$ 15,415	$ -	$ -	$ 15,415

4. Interfund Transactions

As of and for the year ended December 31, 2024, the interfund transactions and balances are detailed as follows:

	Interfund Revenues	Interfund Expenditures	Interfund Receivable	Interfund Payable
General operating fund	$ -	$ 404,468	$ 4,683	$ -
Building reserve fund	120,000	-	-	-
Apparatus reserve fund	186,500	-	-	4,683
Service award program	97,968	-	-	-
Total	$ 404,468	$ 404,468	$ 4,683	$ 4,683

The District transfers from the general operating fund to the reserve and service award program funds in accordance with the general fund budget. The District may also transfer general operating fund surplus based on Board resolution.

5. Capital Reserve Activity

Capital reserve fund balances at December 31, 2024 consisted of the following:

	Building	Apparatus	Total
Fund Balance - Beginning of Year	$ 289,306	$ 373,021	$ 662,327
Equipment and capital outlay	(210,000)	(6,700)	(216,700)
Interest & earnings	9,503	22,931	32,434
Operating transfers in	120,000	186,500	306,500
Fund Balance - End of Year	$ 208,809	$ 575,752	$ 784,561

6. Pension Plans

New York State and Local Employees' Retirement System

Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS or System). The System is a cost-sharing, multiple-employer, defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in the fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the New York State Retirement and Social Security Law (NYSRSSL). Once an 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 State stature. 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 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 obtained in writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244 or may be found at http://www.osc.state.ny.us/retire/publications/index.php.

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age fifty-five (55) to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five (5) years of service and be at least age fifty-five (55) to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is fifty-five (55), and the full benefit age for Tier 2 is sixty-two (62).

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than twenty (20) years. If the member retires with twenty (20) or more years of service, the benefit is two percent (2%) of final average salary for each year of service. Tier 2 members with five (5) or more years of service can retire as early as age fifty-five (55) with reduced benefits. Tier 2 members age fifty-five (55) or older with thirty (30) or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of twenty-four (24) additional months.

Final average salary is the average of the wages earned in the three (3) highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than twenty percent (20%) of the previous year. For Tier 2 members, each year of final average salary is limited to no more than twenty percent (20%) of the average of the previous two (2) years.

6. Pension Plans - continued

New York State and Local Employees' Retirement System - continued

Benefits Provided - continued

Tiers 3, 4, and 5

Eligibility: Tier 3, 4 and 5 members, with the exception of those retiring under special retirement plans, must have five (5) years of service and be at least age fifty-five (55) to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is sixty-two (62).

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than twenty (20) years. If a member retires with between twenty (20) and thirty (30) years of service, the benefit is two percent (2%) of final average salary for each year of service. If a member retires with more than thirty (30) years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over thirty (30) years. Tier 3, 4, and 5 members with five (5) or more years of service can retire as early as age fifty-five (55) with reduced benefits. Tier 3 and 4 members age fifty-five (55) or older with thirty (30) or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three (3) highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than ten percent (10%) of the average of the previous two (2) years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have five (5) years of service and be at least age fifty-five (55) to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is sixty-three (63) for ERS members and sixty-two (62) for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than twenty (20) years. If a member retires with twenty (20) years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than twenty (20) years of service, an additional benefit of two percent (2%) of final average salary is applied for each year of service over twenty (20) years. Tier 6 members with five (5) or more years of service can retire as early as age fifty-five (55) with reduced benefits.

Final average salary is the average of the wages earned in the three (3) highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than ten percent (10%) of the average of the previous four (4) years.

Special Plans

The 25-Year Plans allow a retirement after twenty-five (25) years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after twenty (20) years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten (10) years of service; in some cases, they are provided after five (5) years of service.

6. Pension Plans - continued

New York State and Local Employees' Retirement System - continued

Benefits Provided - continued

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of seventy-five percent (75%) of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefits available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age sixty-two (62) and have been retired for five (5) years; (ii) all pensioners who have attained age fifty-five (55) and have been retired for ten (10) years; (iii) all disability pensioners, regardless of age, who have been retired for five (5) years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five (5) years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be fifty percent (50%) of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than one percent (1%) or exceed three percent (3%).

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute three percent (3%) of their salary for the first ten (10) years of membership and employees who joined on or after January 1, 2010 who generally contribute three percent (3%) of their salary for the entire length of service. For Tier 6 members, the contribution rate varies from three percent (3%) to six percent (6%) depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The District joined the System in 2016. Contributions for the current year and the preceding two (2) years were equal to one hundred percent (100%) of the contributions required, and were as follows:

	2024	2023	2022
District contributions	$ 5,043	$ 5,533	$ 5,201

The District's contribution to the System is actuarially determined and is established and may be amended by the ERS Board of Trustees.

6. Pension Plans - continued

New York State and Local Employees' Retirement System - continued

Contributions - continued

Chapter 57 of the Laws of 2010 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for ten (10) years in accordance with the following stipulations:

- For State fiscal year 2010-2011, the amount in excess of the graded rate of 9.5 percent of employee's covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent (1%) depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- The interest rate will be set annually and will be comparable to taxable fixed income investments of a similar duration.
- For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

Chapter 57 of the Laws of 2013 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for up to twelve (12) years in accordance with the following stipulations:

- The maximum amount an employer can amortize is the difference between the normal annual contribution (total bill, excluding payments for deficiency, group life, previous amortizations, incentive costs, and prior year adjustments) and the graded contribution.
- For subsequent State fiscal years (SFYs), the graded rate will increase or decrease by up to one-half of one percent (1%) depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- The interest rate will be set annually and will be comparable to a 12-year US Treasury Bond plus one percent (1%).
- For subsequent SFYs in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program.

The District's required pension contribution for 2024 was paid as of December 31, 2024.

Pension Liabilities (Asset), Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At December 31, 2024, the District reported a liability of $33,054 for its proportionate share of net pension liability in the Long-Term Debt Account Group. The net pension liability was measured as of March 31, 2024, and the total 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 projection of the District's long-term share to the pension plan relative to the projected contributions of all participating members, actuarially determined.

6. Pension Plans - continued

New York State and Local Employees' Retirement System - continued

Pension Liabilities (Asset), Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions - continued

At December 31, 2024 the District's proportion was .0002245%. For the year ended December 31, 2024, the District recognized pension expenditure of $5,043. The District made a contribution subsequent to the measurement date in the amount of $5,261; under a GAAP presentation this would be considered a deferred outflow of resources. However, under the modified accrual basis of accounting $3,946 of this payment was expensed and $1,315 was recorded as a prepaid expense in the general fund. Under a GAAP presentation the District would have reported deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2024 from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,647	$ 901
Net difference between projected and actual investment earnings on pension plan investments	-	16,147
Changes of assumptions	12,497	-
Changes in proportion and differences between employer contribution and proportionate share of contributions	17,325	23,051
District contributions subsequent to the measurement date	5,261	-
Total	$ 45,730	$ 40,099

The contributions made subsequent to measurement date will be recognized as a reduction of the net pension liability in the plan year ending March 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized as pension expense under a GAAP basis as follows:

Years ending December 31,:	
2025	$ (7,645)
2026	5,195
2027	5,797
2028	(2,977)
Total	$ 370

6. Pension Plans - continued

New York State and Local Employees' Retirement System - continued

Actuarial Assumptions

The total pension liability at March 31, 2024 was determined by using an actuarial valuation as of April 1, 2023, with update procedures used to roll forward the total pension liability to March 31, 2024. The significant actuarial assumptions used in the April 1, 2023 valuation were as follows:

Inflation rate	2.9%
Salary scale	
ERS	4.4%
Investment rate of return, including inflation	5.9% compounded annually, net of investment expenses
Cost of living adjustments	1.5% annually
Decrement tables	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2021

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021.

The actuarial assumptions used in the April 1, 2023 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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2024 are summarized below:

Long Term Expected Rate of Return 2024

Asset Type	Long Term Expected Real Rate	Target Allocation
Domestic Equity	4.00%	32%
International Equity	6.65%	15%
Private Equity	7.25%	10%
Real Estate	4.60%	9%
Opportunistic/ARS Portfolio	5.25%	3%
Credit	5.40%	4%
Real Assets	5.79%	3%
Fixed Income	1.50%	23%
Cash	0.25%	1%
		100%

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

6. Pension Plans - continued

New York State and Local Employees' Retirement System - continued

Discount Rate

The discount rate used to calculate the total pension liability was (5.9%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of (5.9%), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent (1%) lower (i.e.,4.9%) or one percent (1%) higher (i.e.,6.9%) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
District's proportionate share of the net pension liability (asset)	$ 103,926	$ 33,054	$ (26,138)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2024, were as follows:

	(Dollars in Thousands) Employees' Retirement System
Employers' total pension liability	$ 240,696,851
Plan net position	(225,972,801)
Employers' net pension liability	$ 14,724,050
Ratio of plan net position to the employers' total pension liability	93.88%

7. Length of Service Awards Program - LOSAP

The District established a defined benefit LOSAP for the active volunteer firefighters of the South Hempstead Fire Department. The Program took effect on January 1, 1992. 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 District is the sponsor of the Program and the Plan's administrator.

Program Description

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of eighteen (18) and who have completed one (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 five (5) years of firefighting service or upon attaining the Program's entitlement age. The Program's entitlement age is the anniversary date on or after age sixty-two (62). 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 (50) 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 five (5) years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to $20 multiplied by the person's total number of years of firefighting service. Participants may elect optional actuarially equivalent forms of payment including certain-only payments, and other forms. The maximum number of years of service credit a participant may earn is forty (40) years under the program. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The Program provides statutorily mandated death and disability benefits.

Fiduciary Investment and Control

After the end of each calendar year, the 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 fifty (50) points. The certified list is delivered to the Board of Fire Commissioners for the Board's review and approval. The fire department must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Board of Fire Commissioners.

The Board of Fire Commissioners has retained and designated Firefly Admin Inc. as third-party administrator to assist the Board to carry out the Board's duties as administrator of the program. Additionally, Firefly Admin Inc. provides actuarial services for the program, including calculating the annual contributions to the Trust Fund. The specific functions performed by Firefly Admin Inc. are designated in an engagement letter signed between Firefly Admin Inc. and the Board. Firefly Admin Inc. presents invoices for its services to the Board, and the Board approves payment of such invoices from the general fund in the same manner as other vendor invoices.

Based on the certified calendar year volunteer firefighter listings and the form of payment selected by the participant or beneficiary, Firefly Admin, Inc. determines and certifies in writing to the Board of Fire Commissioners the amount of the service award to be paid to a participant or to a participant's designated beneficiary.

7. Length of Service Awards Program - LOSAP - continued

Program Description - continued

Fiduciary Investment and Control - continued

Firefly Admin, Inc. bills the South Hempstead Fire District for the services it provides. Firefly Admin, Inc.'s invoices are authorized for payment by the Board of Fire Commissioners in the same manner as any other invoice presented to the District for payment. The District pays Firefly Admin, Inc.'s administrative fees from its General Operating Fund.

Program assets are required to be held in trust by Article 11-A of General Municipal Law, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Program. The Board of Fire Commissioners created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Fire District Secretary. The Board of Fire Commissioners is the Program Trustee. Authority to invest the Program assets is vested in the Program Trustee. Program assets are invested in accordance with the program document and the statutory prudent person rule and in accordance with an investment policy adopted by the Board of Fire Commissioners. The Board of Fire Commissioners has the Program's assets managed by East End Financial Group. Disbursements are handled by Comerica at the direction of the Plan administrator. The assets are held in a custodial account with Pershing LLC.

The Board of Fire Commissioners is required to retain an actuary to determine the amount of the Fire District's contributions to the plan. The actuarial firm retained by the District for this purpose is Firefly Admin, Inc. Portions of the following information are derived from a report prepared by the actuary dated June 5, 2025.

Program Financial Condition

Assets and Liabilities

Actuarial present value of benefits at December 31, 2024			$ 1,926,619
Less: assets available for benefits			
	% of total		
Cash and cash equivalents	0.90%	$ 14,935	
Fixed income	5.33%	88,574	
Mutual funds	90.48%	1,504,020	
Exchange traded funds	2.92%	48,584	
Prepaid plan benefits	0.37%	6,089	1,662,202
Total unfunded benefits at December 31, 2024			$ 264,417

The unfunded liability as of January 1, 2020 has been amortized over 20 years at a rate of 5.0%. At December 31, 2024 15 years remain.

7. Length of Service Awards Program - LOSAP - continued

Receipts and Disbursements

Plan net assets, beginning of year - January 1, 2024	$ 1,517,559
Changes during the year:	
+ Plan contributions	97,968
+ Investment income earned	148,800
- Plan benefit withdrawals	(90,513)
- Administrative and other fees/charges	(11,612)
Plan net assets, end of year - December 31, 2024	$ 1,662,202

Contributions

Sponsor's contribution recommended by Actuary for 2024:	$97,968
Amount of Sponsor's actual contribution:	$97,968
Sponsor's 2025 contribution recommended by Actuary:	$98,107

Administration Fees

Fees paid to designated program administrator for 2024:	11,612

Normal Costs

The actuarial valuation methodology used by the actuary to determine the actuarial present value of benefits and recommended contribution is the unit credit cost method.

Assumed rate of return on Program investments, net of investment expenses is 5.00%

Funding Methodology and Actuarial Assumptions

Mortality Tables used for:

Post entitlement	RP-2014 Healthy Annuitant, Gender Specific Mortality Table without projection
Pre-entitlement withdrawal	None
Pre-entitlement disability	None
Pre-entitlement mortality	None
Pre-entitlement service credit accruals	None

*For Program cost calculation purposes, all Pre-Entitlement Age active volunteer firefighter Participants are assumed to survive to the Entitlement Age, remain active, and begin to be paid Service Awards upon attainment of the Entitlement Age.

8. Risk Management and Uncertainties

Claims

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

9. Long-Term Liabilities

Long-term liability balances and activities for the year are summarized below:

	Balance 01/01/24	Additions	Reductions	Balance 12/31/24
Net pension liability - proportionate share	$ 32,322	$ 732	$ -	$ 33,054
Lease liability	5,484	-	(4,078)	1,406
Service award program payable	1,867,730	58,889	-	1,926,619
Total	$ 1,905,536	$ 59,621	$ (4,078)	$ 1,961,079

a. Lease Liability

The District entered into a lease agreement in March 2021, as the lessee of real property, with Canon Solutions America, Inc. The lease began in April of 2021. The term of the lease is for four (4) years. The expiration of the lease is expected to be April 2025. Payments are to be made monthly at a cost of $355 per month.

For the year ended December 31, 2024, the District paid a total of $4,260 in lease payments. Of this amount, $4,078 was recorded as principal and $182 as interest in the General Operating Fund.

The District has calculated the Net Present Value (NPV) of future payments as of December 31, 2024 to be $1,406. The lease liability represents the District's remaining obligation for the copier lease. Future payment is as follows:

Year Ending December 31,	Principal	Interest	Total
2025	$ 1,406	$ 14	$ 1,420

b. Service Award Program Payable

Represents the actuarial present value of service award benefits due to active and retired members of the South Hempstead Fire Department (See note 7 for further details related to the service award program).

10. Related Party Disclosures

Members of the Board of Fire Commissioners are eligible to participate in and receive benefits from the LOSAP outlined in Note 7 if they meet certain criteria. Commissioners are required to periodically vote on resolutions or motions related to the District's LOSAP during the normal course of District operations. This presents a conflict of interest for Commissioners that qualify for the LOSAP which is required to be publicly disclosed.

11. Spending Limitation

The District did not exceed the statutory spending limitation mandated by New York State law for the year ended December 31, 2024.

12. Subsequent Events

In February 2025, the Board of Commissioners approved the purchase of a 2024 Chevrolet Silverado purchased on state contract, totaling $94,455. Also in February 2025, the District entered into an agreement with Proclaim to initiate ambulance billing services on behalf of the District. In April 2025, the District took delivery of a 2022 Chevrolet Tahoe, with a total cost including outfitting of $72,250.

The date through which management has evaluated the impact of subsequent events on these financial statements is June 19, 2025, which is the date the financial statements were available to be issued. No other events have occurred subsequent to December 31, 2024, that would require adjustment or disclosure in the financial statements.

SOUTH HEMPSTEAD FIRE DISTRICT

SUPPLEMENTAL STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN

FUND BALANCE - BUDGET AND ACTUAL - GENERAL OPERATING FUND - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2024

	Original Budget	Final Budget	Actual	Variance to Final Budget Favorable (Unfavorable)
REVENUES				
Real property taxes	$ 937,506	$ 937,503	$ 937,503	$ -
Sale of equipment	-	19,800	19,800	-
Rental of real property	-	210	210	-
Total revenues	937,506	957,513	957,513	-
OTHER FINANCING SOURCES				
Appropriated fund balance - prior year surplus	-	141,846	-	(141,846)
Total revenues and other financing sources	937,506	1,099,359	957,513	(141,846)
EXPENDITURES				
Personal services	63,000	65,900	65,900	-
Equipment and capital outlay	67,500	102,475	102,475	-
Fire protection - contractual	536,539	465,266	465,266	-
State retirement system	10,500	5,043	5,043	-
Length of service award program	-	-	-	-
Social security, employer contribution	4,820	5,129	5,129	-
Workers' compensation	28,181	27,395	27,395	-
Life insurance	11,942	11,629	11,629	-
Disability insurance	6,300	6,995	6,995	-
Unemployment insurance	-	9	9	-
Hospital and medical insurance	1,470	790	790	-
Leases, principal	-	4,078	4,078	-
Leases, interest	-	182	182	-
Total expenditures	730,252	694,891	694,891	$ -
Excess (deficiency) of revenues over expenditures	207,254	404,468	262,622	(141,846)
OTHER FINANCING USES				
Operating transfers out	(207,254)	(404,468)	(404,468)	-
Total other financing uses	(207,254)	(404,468)	(404,468)	-
Net Change in Fund Balance	$ -	$ -	(141,846)	$ (141,846)
Fund Balance - Beginning of Year			827,705	
Fund Balance - End of Year			$ 685,859	

See paragraph on supplementary information included in the independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Fire Commissioners
South Hempstead Fire District
555 May Street
South Hempstead, NY 11550

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 the South Hempstead Fire District (the District) as of and for the year ended December 31, 2024 and the related notes to the financial statements, as listed in the table of contents, which collectively comprise the South Hempstead Fire District's basic financial statements, and have issued our report thereon dated June 19, 2025. As more fully described in Note 1 to the financial statements the District has prepared their financial statements using practices prescribed and permitted by the Office of the New York State Comptroller, which is a comprehensive statutory basis of accounting (referred to as a "Regulatory Basis") for a governmental entity other than accounting principles generally accepted for governmental entities in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the District's internal control over financial reporting ("internal control") as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters – continued

We noted certain other matters that we reported to the Board of Fire Commissioners of the District in a separate letter dated June 19, 2025.

Purpose of this Report

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

Smithtown, NY
June 19, 2025