

TOWN OF WATERTOWN
FIRE DISTRICT

FINANCIAL STATEMENTS
December 31, 2024

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TOWN OF WATERTOWN FIRE DISTRICT

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INDEPENDENT AUDITOR’S REPORT

TO THE BOARD OF FIRE COMMISSIONERS TOWN OF WATERTOWN FIRE DISTRICT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Watertown Fire District (the “District”), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Watertown Fire District, as of December 31, 2024, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Town of Watertown Fire District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Town of Watertown Fire District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Town of Watertown Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Watertown Fire District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

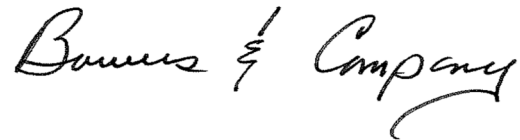
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5-12), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund (page 49), Schedule of District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan (page 50), and Schedule of District's Contributions – NYSLRS Pension Plan (page 51) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Watertown Fire District's basic financial statements. The Schedule of Annual Financial Report Fire District Questionnaire (page 52) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Annual Financial Report Fire District Questionnaire (page 52) is fairly stated, in all material respects, in relation to the basic 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 April 4, 2025 on our consideration of the Town of Watertown Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Watertown Fire District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Watertown Fire District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Banner & Company". The script is cursive and fluid, with the ampersand being a simple loop.

Watertown, New York
April 4, 2025

TOWN OF WATERTOWN FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

INTRODUCTION

The following is a discussion and analysis of the Town of Watertown Fire District's (the "District") financial performance for the fiscal year ended December 31, 2024. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section. Responsibility for completeness and fairness of the information contained rests with the District.

FINANCIAL HIGHLIGHTS

The District's purpose is to provide fire protection services to those living in the Town of Watertown area. The Board of Fire Commissioners is the governing body elected by the residents of the District. The following are financial highlights of the District.

- For the year ending December 31, 2024, the government-wide total revenues of \$1,673,302 were \$330,271 more than the \$1,343,031 in expenses. The increase of \$330,271 was added to the net position beginning of the year balance of \$2,880,887 for an ending net position balance of \$3,211,158 at December 31, 2024.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in more detail than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed such as fire protection in the *short term* as well as what remains for future spending.

TOWN OF WATERTOWN FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

OVERVIEW OF FINANCIAL STATEMENTS - Continued

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's revenues and expenses budget to actual for the year.

The following summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Table A-1	Major Features of the District-Wide and Fund Financial Statement	
		Fund Financial Statements
	District-Wide	Governmental Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not fiduciary, such as public safety or building maintenance
Required Financial Statements	1. Statement of Net Position 2. Statement of Activities	3. Balance Sheet 4. Statement of Revenues, Expenditures, and Changes in Fund Balance
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of Asset / Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of Inflow / Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

OVERVIEW OF FINANCIAL STATEMENTS - Continued

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how it has changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of buildings and other facilities.

In the district-wide financial statements, the District's activities are shown as *Governmental Activities*: The District's basic service is public safety. Property taxes finance most of this activity.

TOWN OF WATERTOWN FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

FINANCIAL HIGHLIGHTS

Statement of Net Position: The District's combined net position was \$3,211,158 at December 31, 2024. The following table presents a summary of the net position for the year 2024 compared to 2023.

Condensed Statement of Net Position

	Governmental Activities		
	2024	2023	%
Assets			
Current and Other Assets	\$ 2,127,933	\$ 2,371,987	-10%
Capital Assets, Net	<u>3,469,312</u>	<u>3,102,292</u>	12%
Total Assets	<u><u>\$ 5,597,245</u></u>	<u><u>\$ 5,474,279</u></u>	2%
Deferred Outflows			
Deferred Charge on Bond Refunding	\$ 6,750	\$ 7,500	-10%
Pensions	<u>56,429</u>	<u>74,431</u>	-24%
Total Deferred Outflows	<u><u>\$ 63,179</u></u>	<u><u>\$ 81,931</u></u>	-23%
Liabilities			
Current and Other Liabilities	\$ 290,109	\$ 275,767	5%
Long-Term Debt Outstanding	1,733,100	1,970,200	-12%
Net Pension Liability- Proportionate Share	52,999	88,119	-40%
LOSAP Pension Liability	<u>332,373</u>	<u>326,859</u>	2%
Total Liabilities	<u><u>\$ 2,408,581</u></u>	<u><u>\$ 2,660,945</u></u>	-9%
Deferred Inflows			
Pensions	<u>\$ 40,685</u>	<u>\$ 14,378</u>	183%
Total Deferred Inflows	<u><u>\$ 40,685</u></u>	<u><u>\$ 14,378</u></u>	183%
Net Position			
Net Investment in Capital Assets	\$ 1,505,862	\$ 904,492	66%
Restricted	1,760,306	1,858,680	-5%
Unrestricted (Deficit)	<u>(55,010)</u>	<u>117,715</u>	-147%
Total Net Position	<u><u>\$ 3,211,158</u></u>	<u><u>\$ 2,880,887</u></u>	11%

TOWN OF WATERTOWN FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

FINANCIAL HIGHLIGHTS - Continued

A portion of the District's net position (55%) represents resources that are subject to external restrictions on how they may be used. The restricted net position amount is restricted for a capital reserve.

The Change in Net Position is an increase of \$330,271 for the year ended December 31, 2024, due mainly to the increase in real property taxes and interest revenue.

Condensed Statement of Activities**Governmental Activities**

	2024	2023	% Change
Revenues			
Real Property Taxes	\$1,465,478	\$ 1,276,573	15%
Gain on Disposal	47,640	31,042	53%
Miscellaneous Income	23,665	785	2915%
Interest and Earnings	<u>136,519</u>	<u>42,629</u>	220%
Total Revenues	<u>1,673,302</u>	<u>1,351,029</u>	24%
Expenses			
Fire Protection	1,311,606	829,711	58%
Debt Service	<u>31,425</u>	<u>33,142</u>	-5%
Total Expenses	<u>1,343,031</u>	<u>862,853</u>	56%
Increase in Net Position	<u>\$ 330,271</u>	<u>\$ 488,176</u>	-32%

TOWN OF WATERTOWN FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

FINANCIAL HIGHLIGHTS - Continued

Capital Assets**Governmental Activities**

	2024	2023	% Change
Land	\$ 166,370	\$ 166,370	0%
Work in Process	1,193,948	943,948	26%
Buildings and Improvements	2,936,091	2,936,091	0%
Fire Apparatus	2,981,479	2,764,407	8%
Fire Equipment	256,118	256,118	0%
Rescue Equipment	96,590	96,590	0%
Communications Equipment	51,908	51,908	0%
Office Equipment	11,166	11,166	0%
Less: Accumulated Depreciation	<u>(4,224,358)</u>	<u>(4,124,306)</u>	2%
Capital Assets, Net	<u>\$ 3,469,312</u>	<u>\$ 3,102,292</u>	12%

Capital asset additions were \$543,441 in 2024.

Outstanding Long-Term Debt**Governmental Activities**

	2024	2023	% Change
Serial Bonds	<u>\$ 1,970,200</u>	<u>\$ 2,205,300</u>	-11%
Total	<u>\$ 1,970,200</u>	<u>\$ 2,205,300</u>	-11%

The decrease in long-term debt is the result of principal payments on the serial bonds.

TOWN OF WATERTOWN FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's general fund budget is prepared according to New York State law.

The General fund actual revenues were under budget by \$67,832.

	Budgeted	Actual	Variance
Real Property Taxes	\$ 1,465,478	\$ 1,465,478	\$ -
Sale of Equipment	-	47,640	47,640
Miscellaneous Income	60,000	23,665	(36,335)
Interest and Earnings	-	119,168	119,168
Interfund Transfer	-	6,695	6,695
Appropriated Fund Balance	205,000	-	(205,000)
	<u>\$ 1,730,478</u>	<u>\$ 1,662,646</u>	<u>\$ (67,832)</u>

General fund actual expenditures were over budget by \$199,644 resulting primarily from increased salary and benefit payments made over budgeted amounts.

	Budgeted	Actual	Variance
Fire Protection	\$ 1,138,506	\$ 1,210,333	\$ (71,827)
Employee Benefits	126,033	203,590	(77,557)
Debt Service	266,939	266,199	740
Interfund Transfers	199,000	250,000	(51,000)
	<u>\$ 1,730,478</u>	<u>\$ 1,930,122</u>	<u>\$ (199,644)</u>

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
 - The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts).
-

TOWN OF WATERTOWN FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2024

FUND FINANCIAL STATEMENTS - Continued

The District has one fund type:

- **Governmental Funds:** The District's basic services are included in governmental fund, which generally focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, a reconciliation of the governmental funds statements explains the relationship between them.

ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund is used to operate the District's Fire Protection Program. This fund relies on real property taxes for a majority of its funding. At the close of the year, the District had a fund balance of \$1,720,394, a decrease of \$267,476 from the prior year.

The Capital Projects Fund was used to account for the purchase of an aerial truck and a rescue pumper truck.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Despite the enactment of a 2% inflation tax cap by the New York State Legislature, it is expected to have essentially no effect on the District being that having five commissioners, as prescribed by law, any action taken requires a 60% affirmative vote; the legislative threshold for exceeding the 2% tax cap.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances to demonstrate accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Watertown Fire District Board of Commissioners, 22825 County Route 67, Watertown, NY 13601.

TOWN OF WATERTOWN FIRE DISTRICT**AUDITED BASIC FINANCIAL STATEMENTS****STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**

December 31, 2024

ASSETS

Cash	
Unrestricted	\$ 35,254
Restricted	1,760,306
Investments Restricted for LOSAP Plan	332,373
Capital Assets, Net	3,469,312
TOTAL ASSETS	\$ 5,597,245

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Bond Refunding	\$ 6,750
Pensions	56,429
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 63,179

LIABILITIES

Accounts Payable	\$ 9,984
Accrued Payroll	23,434
Accrued Bond Interest	5,900
Accrued Retirement	13,691
Current Portion of Bond Payable	237,100
Bond Payable, Net of Current Portion	1,733,100
Length of Service Awards Program Liability	332,373
Net Pension Liability - Proportionate Share	52,999
TOTAL LIABILITIES	\$ 2,408,581

DEFERRED INFLOWS OF RESOURCES

Pensions	\$ 40,685
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 40,685

NET POSITION

Net Investment in Capital Assets	\$ 1,505,862
Restricted	1,760,306
Unrestricted (Deficit)	(55,010)
TOTAL NET POSITION	\$ 3,211,158

See notes to audited basic financial statements.

TOWN OF WATERTOWN FIRE DISTRICT

STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES

Year Ended December 31, 2024

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
EXPENSES			
Fire Protection	\$ 1,311,606	\$ -	\$ (1,311,606)
Debt Service	31,425	-	(31,425)
Total Expenses	<u>\$ 1,343,031</u>	<u>\$ -</u>	<u>(1,343,031)</u>
GENERAL REVENUES			
Real Property Taxes			1,465,478
Gain on Disposal			47,640
Miscellaneous Income			23,665
Interest and Earnings			<u>136,519</u>
Total General Revenues			<u>1,673,302</u>
Change in Net Position			330,271
Total Net Position - Beginning of Year			<u>2,880,887</u>
Total Net Position - End of Year			<u>\$ 3,211,158</u>

See notes to audited basic financial statements.

TOWN OF WATERTOWN FIRE DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2024

	<u>General</u>	<u>Capital Project</u>	<u>Non Major Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash				
Unrestricted	\$ 35,254	\$ -	\$ -	\$ 35,254
Restricted	1,399,876	360,430	-	1,760,306
Investments Restricted for LOSAP Plan	332,373	-	-	332,373
TOTAL ASSETS	<u>\$ 1,767,503</u>	<u>\$ 360,430</u>	<u>\$ -</u>	<u>\$ 2,127,933</u>
LIABILITIES				
Accounts Payable	\$ 9,984	\$ -	\$ -	\$ 9,984
Accrued Retirement	13,691	-	-	13,691
Accrued Payroll	23,434	-	-	23,434
Total Liabilities	<u>47,109</u>	<u>-</u>	<u>-</u>	<u>47,109</u>
FUND BALANCES				
Restricted	1,732,249	360,430	-	2,092,679
Unassigned (Deficit)	(11,855)	-	-	(11,855)
Total Fund Balance	<u>1,720,394</u>	<u>360,430</u>	<u>-</u>	<u>2,080,824</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,767,503</u>	<u>\$ 360,430</u>	<u>\$ -</u>	<u>\$ 2,127,933</u>

See notes to audited basic financial statements.

TOWN OF WATERTOWN FIRE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION**

December 31, 2024

Total Fund Balance- Governmental Funds **\$ 2,080,824**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Net Pension Liability - Proportionate Share - ERS is not a current obligation and not reported in the fund statements. (52,999)

Length of Service Awards Program Liability - is not a current obligation and not reported in the fund statements. (332,373)

Deferred inflows of resources - Pensions are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements. (40,685)

Deferred outflows of resources - that are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements.

Deferred Charge on Bond Refunding	\$ 6,750	
Pensions	<u>56,429</u>	63,179

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

The Cost of Capital Assets is	\$ 7,693,670	
Accumulated Depreciation is	<u>(4,224,358)</u>	3,469,312

Long-term liabilities, including bonds payable, are not due in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities, at year end, consist of:

Bonds Payable	\$ 1,970,200	
Accrued Interest on Bonds Payable	<u>5,900</u>	<u>(1,976,100)</u>

Total Net Position- Governmental Activities **\$ 3,211,158**

See notes to audited basic financial statements.

TOWN OF WATERTOWN FIRE DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS**

Year Ended December 31, 2024

	<u>General</u>	<u>Capital Project</u>	<u>Non Major Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Real Property Taxes	\$ 1,465,478	\$ -	\$ -	\$ 1,465,478
Sale of Equipment	47,640	-	-	47,640
Miscellaneous Income	23,665	-	-	23,665
Interest and Earnings	119,168	17,351	-	136,519
	<u>1,655,951</u>	<u>17,351</u>	<u>-</u>	<u>1,673,302</u>
EXPENDITURES				
Fire Protection	1,210,333	250,000	-	1,460,333
Employee Benefits	203,590	-	-	203,590
Debt Service	266,199	-	-	266,199
	<u>1,680,122</u>	<u>250,000</u>	<u>-</u>	<u>1,930,122</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	6,695	250,000	-	256,695
Interfund Transfers (Out)	(250,000)	-	(6,695)	(256,695)
	<u>(243,305)</u>	<u>250,000</u>	<u>(6,695)</u>	<u>-</u>
Total Other Financing Sources (Uses)				
	<u>(267,476)</u>	<u>17,351</u>	<u>(6,695)</u>	<u>(256,820)</u>
Net Change in Fund Balances				
	<u>(267,476)</u>	<u>17,351</u>	<u>(6,695)</u>	<u>(256,820)</u>
Fund Balance - Beginning of Year	<u>1,987,870</u>	<u>343,079</u>	<u>6,695</u>	<u>2,337,644</u>
Fund Balance - End of Year	<u>\$ 1,720,394</u>	<u>\$ 360,430</u>	<u>\$ -</u>	<u>\$ 2,080,824</u>

See notes to audited basic financial statements.

TOWN OF WATERTOWN FIRE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF
ACTIVITIES**

Year Ended December 31, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (256,820)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Capital Outlays	\$ 543,441	
(Loss) on Disposal	(10,945)	
Depreciation Expense	<u>(165,476)</u>	367,020

Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period. 235,100

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is reduced by the increase in accrued interest on bonds and amortization of bond refunding. (326)

(Increases) decreases in Length of Service Awards Program liability, proportionate share of net pension asset (liability) and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. (14,703)

Change in Net Position of Governmental Activities \$ 330,271

TOWN OF WATERTOWN FIRE DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Town of Watertown Fire District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

Reporting Entity

The Town of Watertown Fire District was formed in 1951 and is governed by the laws of New York State. It is a district corporation of the State of New York, distinct and separate from the Town of Watertown, and is governed by a five-member Board of Fire Commissioners elected to five-year terms by the qualified voters living within the Fire District. The District operations, including the financing thereof through real property taxation, are carried out at the direction of the Board of Fire Commissioners.

All governmental activities and functions performed for the Town of Watertown Fire District are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The District’s primary purpose is to provide fire protection services to those living within the Town of Watertown. The boundaries of the District are the Towns of Brownville and Pamela to the North, the Town of Rutland to the East, the Towns of Adams and Rodman to the South, and the Town of Hounsfield to the West, covering an area of sixty-seven square miles.

Basis of Presentation

District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District’s governmental activities, except those that are fiduciary. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes and other exchange and non-exchange transactions.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation - Continued

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Statements

The fund statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities or equipment.

The District reports the following non-major fund:

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the sale of capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding. This fund was closed out in the current year with the remaining cash and fund balance transferred to the general fund to fund remaining debt payments.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Available means collectible within the current period, or soon thereafter, to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for:

- a) Prepaid and inventory-type items are recognized at the time of purchase.
- b) Principal and interest on indebtedness are not recognized as expenditures until due.

Property Taxes

Real property taxes are levied annually by the Town of Watertown and became a lien on December 1, 2023. Taxes are collected during the period January 1, 2024 to February 28, 2024.

Uncollected real property taxes are subsequently enforced by the County of Jefferson, in which the District is located. As such, the District receives its entire real property tax revenue on a current basis.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with the associated legal requirements, many of which are described elsewhere in these notes.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, potential contingent liabilities, and useful lives of long-lived assets.

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and time deposits.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand, time deposits, and certificates of deposits, not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Investments

Investments consist of mutual funds for the District's Length of Service Awards Program (LOSAP) liability and are reported at the fair value as measured by their net asset value as reported by fund managers.

Investment policies provide for an investment manager who has full discretion of assets allocated subject to the overall investment guidelines.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as interfund borrowings. The District typically loans resources between the funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services

Capital Assets

Capital asset acquisitions are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

Depreciation methods and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	Depreciation Method	Estimated Useful Life
Buildings and Improvements	SL	7 - 40 Years
Fire Apparatus	SL	7 Years
Fire Equipment	SL	7 Years
Rescue Equipment	SL	7 Years
Communications Equipment	SL	7 Years
Office Equipment	SL	7 Years

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$3,000.

The District does not possess any infrastructure assets.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows and Inflows of Resources - Continued

The second item is the District's contributions to the pension system subsequent to the measurement date. The third item is the deferred charge on a bond refunding. A deferred charge on a bond refunding results from the difference in the carrying value of refunding debt and its reacquisition price. In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. The item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect or the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense.

Other Benefits

Eligible district employees participate in the New York State Employees' Retirement System.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and other payables that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due. Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

Equity ClassificationsDistrict-Wide Statements

In the district-wide statements there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvement of those assets.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

District-Wide Statements - Continued

Restricted Net Position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund Statements

In the fund basis statements there are five classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

The District has established the following restricted fund balances:

Capital Reserve

According to General Municipal Law §6-g, the reserve must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, and the types of improvements or equipment to be financed by the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the governing body. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §6-g of the General Municipal Law. According to constraints placed on the use of resources established by approved capital projects, the resources must be used for the specific purpose outlined in the approved proposition. This reserve is accounted for in the General Fund.

TOWN OF WATERTOWN FIRE DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications - Continued

Fund Statements - Continued

Retirement Contributions

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System or the New York State and Local Police and Fire Retirement System. This reserve is established by Board resolution and if funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. This reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

Capital Projects Fund

According to constraints placed on the use of resources established by approved capital projects, these funds must be used for the specific purpose outlined in the approved proposition. These monies are accounted for in the capital projects fund.

Restricted fund balance includes the following at December 31, 2024:

General Fund	
Capital Reserve	\$1,397,716
Retirement Contribution Reserve	2,160
Length of Service Awards Program (LOSAP)	332,373
Capital Projects Fund	<u>360,430</u>
 Total Restricted Funds	 <u><u>\$2,092,679</u></u>

Committed – Includes amounts that can only be used for the specific purpose pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, (e.g. the Board of Fire Commissioners). The District has no committed fund balances as of December 31, 2024.

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. The treasurer is authorized to assign encumbrances while the Board of Commissioners is authorized to appropriate fund balance.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications - Continued

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications that are deemed to be available for general use by the District.

Order of Use of Fund Balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, assigned fund balance, and unassigned fund balance at the end of the calendar year. For all funds, nonspendable fund balances are determined first. Any remaining fund balance amounts are classified as restricted fund balance. In the General Fund, assigned fund balance is determined next. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2024, the District implemented the following new statement issued by GASB:

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, effective for the year ended December 31, 2024

Future New Accounting Standards

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ended December 31, 2025.

GASB has issued Statement No. 102, *Certain Risk Disclosures*, effective for the year ended December 31, 2025

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ended December 31, 2026.

The District will evaluate the impact these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Date of Management’s Review

Management has evaluated subsequent events and transactions that occurred between December 31, 2024 and April 4, 2025 the date which the financial statements were available to be issued, and has determined that there are no additional adjustments and/or disclosures necessary.

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN FUND STATEMENTS AND DISTRICT-WIDE
STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the funds statements and the district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the district-wide statements, compared with the current financial resources focus of the governmental funds.

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District’s governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance Sheets.

Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories. The amounts shown below represent

1. Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN FUND STATEMENTS AND DISTRICT-WIDE
STATEMENTS - Continued**

**Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities
- Continued**

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension Differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset (liability) and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY**

Budgets

The District's policy relating to budgetary information as shown in the accompanying required supplementary information is as follows:

A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Fire Commissioners.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY - Continued**

Budgets - Continued

Appropriations established by the adoption of the budget constitutes a limitation on expenditures (and encumbrances) that may be incurred. 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 are increased by the planned use of specific reserves and budget amendments approved by the Board of Commissioners as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Excess of Expenditures over Appropriations

The Fire Protection expense line item exceeded budgeted appropriations by \$71,827 due to unanticipated increases in salaries and wages. The Employee Benefit line item exceeded budgeted appropriations by \$77,557 corresponding with the increase in salaries and wages and the initial participation cost in the New York State and Local Police and Fire Retirement System. The Interfund Transfers line item exceeded budgeted appropriations by \$51,000 due to down payment on a new rescue pumper.

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 4 - CASH AND CASH EQUIVALENTS

During the year ended December 31, 2024, the District limited its investments to demand and savings accounts.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 4 - CASH AND CASH EQUIVALENTS - Continued

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed above.

Collateral is required for demand and savings deposits and certificates of deposit for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State, its municipalities and districts, and other obligations as outlined in the District's investment policy.

Deposits – Deposits are disclosed as to custodial risk as follows:

- a) Insured by FDIC or by collateral held by the District or by the District's agent in the District's name; or
- b) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name; or
- c) Uncollateralized.

Total financial institution (bank) balances at December 31, 2024 per the banks were \$1,393,647. These deposits are categorized as follows:

(a)	(b)	(c)
\$ 250,000	\$ 1,143,647	\$ 0

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$1,760,306 in the governmental funds.

Investment Pool

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, § 119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. The investment pool is categorically exempt from the New York State collateral requirements. At December 31, 2024, the District held \$1,142,568 in the General Fund and \$360,351 in the Capital Projects Fund, through the cooperative as unrestricted and restricted cash and cash equivalents. Amounts represent the cost of the investment pool shares and are considered to approximate net asset value. Additional information concerning the cooperative is presented in the annual report of NY Class.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 5 - INVESTMENTS

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. All of the District's investments are valued based on Level 1 of the hierarchy.

The following is a description of the valuation methodologies used for investments measured at fair value:

Cash and cash equivalents: Valued at cost plus accrued interest, which approximates fair market value.

Common stocks and mutual funds: Valued at the net assets value (NAV) of shares held at year end. The NAV is the closing price reported on the open market on which the securities are traded.

TOWN OF WATERTOWN FIRE DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 5 – INVESTMENTS - Continued

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

At year-end, the District held \$332,373 in investments, detailed as follows:

Investment Fund	LOSAP Plan Investment
Carrying Amount Fair Value	\$ 332,373
Type of Investment	Cash and Mutual Funds

TOWN OF WATERTOWN FIRE DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2024 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities				
Capital Assets Not Depreciated				
Land	\$ 166,370	\$ -	\$ -	\$ 166,370
Work in Process	943,948	250,000	-	1,193,948
Total Capital Assets Not Depreciated	<u>1,110,318</u>	<u>250,000</u>	<u>-</u>	<u>1,360,318</u>
Capital Assets Depreciated				
Fire Apparatus	2,764,407	293,441	76,369	2,981,479
Buildings	2,749,193	-	-	2,749,193
Building Improvements	186,898	-	-	186,898
Fire Equipment	256,118	-	-	256,118
Communications Equipment	51,908	-	-	51,908
Rescue Equipment	96,590	-	-	96,590
Office Equipment	11,166	-	-	11,166
Total Capital Assets Depreciated	<u>6,116,280</u>	<u>293,441</u>	<u>76,369</u>	<u>6,333,352</u>
Less: Accumulated Depreciation				
Fire Apparatus	2,606,618	80,471	65,424	2,621,665
Buildings	1,085,800	56,780	-	1,142,580
Building Improvements	78,221	12,669	-	90,890
Fire Equipment	246,014	3,209	-	249,223
Communications Equipment	36,982	2,867	-	39,849
Rescue Equipment	61,617	8,634	-	70,251
Office Equipment	9,054	846	-	9,900
Total Accumulated Depreciation	<u>4,124,306</u>	<u>165,476</u>	<u>65,424</u>	<u>4,224,358</u>
Capital Assets, Net	<u>\$ 3,102,292</u>	<u>\$ 377,965</u>	<u>\$ 10,945</u>	<u>\$ 3,469,312</u>

Depreciation expense was charged to governmental functions as follows:

Fire Protection	<u>\$ 165,476</u>
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NOTE 7 – SHORT-TERM DEBT

There were no short-term debt transactions during the year ended December 31, 2024.

TOWN OF WATERTOWN FIRE DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 8 - LONG-TERM DEBT OBLIGATIONS

Transactions in long-term debt for the year are summarized below:

	Maturity	Interest Rate (%)	Beginning Balance	Issued	Redeemed	Ending Balance	Amount Due Within One Year
Refunding Serial							
Bond	9/15/2033	1.54%	\$ 1,155,000	\$ -	\$ 109,000	\$ 1,046,000	\$ 110,000
Serial Bond	9/24/2031	1.45%	1,050,300	-	126,100	924,200	127,100
			<u>\$ 2,205,300</u>	<u>\$ -</u>	<u>\$ 235,100</u>	<u>\$ 1,970,200</u>	<u>\$ 237,100</u>
Other Liabilities:							
Length of Service Awards Program Liability			\$ 326,859	\$ 5,514	\$ -	\$ 332,373	\$ -
Net Pension Liability - Proportionate Share			<u>88,119</u>	<u>-</u>	<u>35,120</u>	<u>52,999</u>	<u>-</u>
Total			<u>\$ 414,978</u>	<u>\$ 5,514</u>	<u>\$ 35,120</u>	<u>\$ 385,372</u>	<u>\$ -</u>

Interest on long-term debt for the year was composed of:

Interest Paid	\$ 31,099
Less: Interest Accrued in the Prior Year	(6,324)
Plus: Interest Accrued in the Current Year	5,900
Plus: Amortization of Deferred Charge on Bond Refunding	<u>750</u>
Total Interest Expense	<u>\$ 31,425</u>

At December 31, 2024, future maturities of long-term debt were as follows:

	Principal	Interest	Total
2025	\$ 237,100	\$ 29,101	\$ 266,201
2026	239,400	26,730	266,130
2027	243,000	23,968	266,968
2028	245,600	20,809	266,409
2029	249,600	17,305	266,905
2030-2033	<u>755,500</u>	<u>29,933</u>	<u>785,433</u>
Totals	<u>\$ 1,970,200</u>	<u>\$ 147,846</u>	<u>\$ 2,118,046</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

**NOTE 9 – RETIREMENT BENEFITS - LENGTH OF SERVICE
AWARDS PROGRAM**

GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for pensions that are not administered through a trust meeting certain criteria, and thus are outside the Scope of Statements 67 and 68. Statement 73 is effective for fiscal years beginning after June 15, 2015 except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District implemented the provision of this accounting standard.

The District financial statements are for the year ended December 31, 2024. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on December 31, 2023, which is the most recent plan year for which complete information is available.

Plan Description

The District established a defined contribution Length of Service Award Program (LOSAP) for active volunteer firefighters of the Town of Watertown Fire District. The program took effect on January 1, 1993. 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 the retention of active volunteer firefighters. The Town of Watertown Fire District is the sponsor of the program.

Participating, 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 nonforfeitable right to a service award after being credited with five (5) years of firefighting service or upon attaining the program's entitlement age. The plan participants are fully vested after five (5) years of credited service or upon reaching entitlement age. The program's entitlement age is sixty (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 years of firefighting service rendered prior to the establishment of the program.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 9 – RETIREMENT BENEFITS - LENGTH OF SERVICE

AWARDS PROGRAM - Continued

Benefits

A participant's benefit under the program is the amount resulting from the contributions made by the sponsor on behalf of the participant, plus interest and/or other earnings resulting from the investment of contributions. Contributions in the amount of \$700 are made on behalf of each participant who is credited with a year of firefighting service. The maximum number of years of firefighting service for which a participant may receive a contribution is forty (40) years. Except in a case of disability or death; benefits are payable when a participant reaches entitlement age. The program provides statutorily mandatory disability and death benefits.

Program Financial Condition

The following table shows the components of the District's LOSAP financial condition, the amount actually contributed to the plan and changes during the year. The financial statements for the LOSAP are for the year ended December 31, 2023, which is the most recent plan year for which complete information is available:

TOWN OF WATERTOWN FIRE DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 9 – RETIREMENT BENEFITS - LENGTH OF SERVICE**AWARDS PROGRAM - Continued**

Assets and Liabilities:

Assets Available for Benefits – Mutual Funds	\$ 332,373
Total Net Assets Available for Benefits	<u>332,373</u>
Unfunded Liability for Prior Service	<u>\$ -</u>

Receipts and Disbursements:

Plan Net Assets, Beginning of the Year	\$ 326,859
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Changes During the Year:

Income

Change in sponsor contribution receivable	\$ (9,928)	
Earnings on Investments	<u>25,407</u>	
Total Income		15,479

Expenses

Distributions	\$ (7,732)	
Plan Service Fee	<u>(2,233)</u>	
Total Expenses		<u>(9,965)</u>

Plan Net Assets, End of Year	<u>\$ 332,373</u>
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Contributions:

Amount of Sponsor's Required Contribution	<u>\$ 9,800</u>
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Amount of Sponsor's Actual Contribution	<u>\$ 9,800</u>
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Administrative Fees:

Fees Paid for Investment Management	<u>\$ 2,233</u>
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NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 9 - RETIREMENT BENEFITS - LENGTH OF SERVICE

AWARDS PROGRAM - Continued

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 Penflex Inc. to assist in the administration of the program. The designated program administrator's functions include creating a report at year end that includes the plan specifications, census, participant reconciliation, account balance statement, asset statement, and individual participant statements. Disbursements for the payment of benefits or administrative expenses must be approved by the Board of Fire Commissioners. Initially, the Fire Chief will send a list of individuals who qualify for the plan to the Insurance Agent. In return the agent will send the Board the amount they are required to pay. Upon receipt, the Board will vote whether or not to pay the amount.

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 operation and administration of the program. The trust agreement is dated January 1, 1993, and the trustee is the Town of Watertown Fire District.

Authority to invest program assets is vested in RBC Wealth Management. Program assets are invested in accordance with a statutory "prudent person" rule.

NOTE 10 – RETIREMENT PLAN - ERS

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan 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 provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 10 – RETIREMENT PLAN - ERS – Continued

That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

At December 31, 2024, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for the System. The net pension asset (liability) was measured as of March 31, 2024. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the District.

Measurement Date	March 31, 2024
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (52,999)
District's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0003599%
Change in Proportion Since the Prior Measurement Date	-0.0000510%

TOWN OF WATERTOWN FIRE DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 10 – RETIREMENT PLAN - ERS – Continued

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

For the year ended December 31, 2024, the District's recognized pension expense of \$9,189 for ERS. At December 31, 2024, the District's reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 17,071	\$ 1,445
Changes of Assumptions	20,038	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	25,890
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	5,629	13,350
District's Contributions Subsequent to the Measurement Date	13,691	-
Total	<u>\$ 56,429</u>	<u>\$ 40,685</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense for the year ended as follows:

2025	\$ (11,541)
2026	7,830
2027	13,125
2028	(7,361)
2029	-
Thereafter	-

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 10 – RETIREMENT PLAN - ERS – Continued

Actuarial Assumptions

The total pension asset (liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

Measurement Date	March 31, 2024
Actuarial Valuation Date	April 1, 2023
Interest Rate	5.9%
Salary Scale	4.4%
Decrement Tables	April 1, 2015 - March 31, 2020
	System's Experience
Inflation Rate	2.9%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale 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 rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 10 – RETIREMENT PLAN - ERS – Continued

Actuarial Assumptions - Continued

Measurement Date	March 31, 2024
Asset Type	
Domestic Equity	4.00%
International Equity	6.65%
Private Equity	7.25%
Real Estate	4.60%
Opportunistic/Absolute Return Strategies Portfolio	5.25%
Credit	5.40%
Real Assets	5.79%
Fixed Income	1.50%
Cash	0.25%

Discount Rate

The discount rate used to calculate the total pension asset (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 Systems' 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 asset (liability).

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

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

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (166,634)	\$ (52,999)	\$ 41,910

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 10 – RETIREMENT PLAN - ERS – Continued

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of the employers as of the respective measurement date, was as follows:

Measurement Date	March 31, 2024
Employers' Total Pension Liability	\$ (240,696,851)
Plan Net Position	<u>225,972,801</u>
Employers' Net Pension Asset	<u>\$ (14,724,050)</u>
Ratio of Plan Net Position to the Employers' Total Pension Liability	93.88%

Payable to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year end which ends on March 31. The District's accrued retirement contributions as of December 31, 2024 amounted to \$13,691 for the period April 1, 2024 through December 31, 2024.

ERS Benefits Provided

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

Tier 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 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 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 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 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members aged 55 or older with 30 or more years of service can retire with no reduction in benefits.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 10 – RETIREMENT PLAN - ERS – Continued

ERS Benefits Provided - Continued

Tier 1 and 2 - Continued

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 24 additional months.

Final average salary is the average of the wages earned in the three 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 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tier 3, 4, and 5

Eligibility: Tier 3, 4 and 5 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 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 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members aged 55 or older with 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 highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary calculation is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 10 – RETIREMENT PLAN - ERS – Continued

ERS Benefits Provided - Continued

Tier 6 - Continued

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 20 years. If a member retires with 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 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 5 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Vested Benefits

Members who joined the System prior to January 1, 2010 need 5 years of service to be 100 percent vested. Members who joined on or after January 1, 2010 required 10 years of service credit to be 100 percent vested. As of April 9, 2022, legislation was passed that reduced the number of years of service credit from 10 years to 5 years. Therefore, all Members are vested when they reach 5 years of service credit.

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

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 benefit available.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 10 – RETIREMENT PLAN - ERS – Continued

ERS Benefits Provided - Continued

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 5 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five 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 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Funding Policies

The System is noncontributory except for employees who joined after July 27, 1976, who contribute three (3) percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

The District is required to contribute at a rate determined actuarially by the Systems. The District's contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were:

2024	\$	10,731
2023		7,251
2022		9,583

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 11 – RETIREMENT PLAN - PFRS

The District participates in the New York State and Local Police and Fire Retirement System (PFRS) becoming a member on November 1, 2024. This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund, which was established to hold all net assets and record changes in plan 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. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. Dinapoli has served as Comptroller since February 7, 2007.

In November 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

Effective November 1, 2024, the District paid the initial participation fee of \$84,735 to join the PFRS system. The valuation in the system will be calculated at March 31, 2025.

TOWN OF WATERTOWN FIRE DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual
REVENUES				
Local Sources				
Real Property Taxes	\$ 1,465,478	\$ 1,465,478	\$ 1,465,478	\$ -
Sale of Equipment	-	-	47,640	47,640
Miscellaneous Income	60,000	60,000	23,665	(36,335)
Interest and Earnings	-	-	119,168	119,168
Total Local Sources	1,525,478	1,525,478	1,655,951	130,473
Other Financing Sources				
Interfund Transfer	-	-	6,695	6,695
Appropriated Fund Balance	205,000	205,000	-	(205,000)
Total Revenues and Other Financing Sources	1,730,478	1,730,478	1,662,646	(67,832)
EXPENDITURES				
Fire Protection	1,138,506	1,138,506	1,210,333	(71,827)
Employee Benefits	126,033	126,033	203,590	(77,557)
Debt Service	266,939	266,939	266,199	740
Other Financing Uses				
Interfund Transfers	199,000	199,000	250,000	(51,000)
Total Expenditures and Other Financing Uses	1,730,478	1,730,478	1,930,122	\$ (199,644)
Net Change in Fund Balance	-	-	(267,476)	
Fund Balance - Beginning	1,987,870	1,987,870	1,987,870	
Fund Balance - Ending	\$ 1,987,870	\$ 1,987,870	\$ 1,720,394	

Note to required Supplementary Information

Budget Basis of Accounting: Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

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

TOWN OF WATERTOWN FIRE DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSLRS PENSION PLAN

Last Eight Years Ended December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Employees' Retirement System (ERS)								
District's Proportion of the Net Pension Asset (Liability)	0.0003599%	0.0004109%	0.0003423%	0.0002838%	0.0002310%	0.0002748%	0.0003090%	0.0001330%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (52,999)	\$ (88,119)	\$ 27,981	\$ (283)	\$ (61,165)	\$ (19,469)	\$ (9,973)	\$ (12,499)
District's Covered Payroll	\$ 120,736	\$ 81,675	\$ 63,232	\$ 59,856	\$ 55,074	\$ 42,846	\$ 52,986	\$ 63,206
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	<u>43.90%</u>	<u>107.89%</u>	<u>44.25%</u>	<u>0.47%</u>	<u>111.06%</u>	<u>45.44%</u>	<u>18.82%</u>	<u>19.78%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	93.88%	90.78%	103.65%	99.95%	86.39%	98.24%	98.24%	94.70%

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

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

TOWN OF WATERTOWN FIRE DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS - NYSLRS PENSION PLAN

Last Eight Years December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Employees' Retirement System (ERS)								
Contractually Required Contribution	\$ 10,731	\$ 7,251	\$ 9,583	\$ 8,071	\$ 6,654	\$ 7,461	\$ 9,726	\$ 1,446
Contributions in Relation to the Contractually Required	<u>10,731</u>	<u>7,251</u>	<u>9,583</u>	<u>8,071</u>	<u>6,654</u>	<u>7,461</u>	<u>9,726</u>	<u>1,446</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 120,736	\$ 81,675	\$ 63,232	\$ 59,856	\$ 55,074	\$ 42,846	\$ 52,986	\$ 63,206
Contributions as a Percentage of Covered Payroll	8.89%	8.88%	15.16%	13.48%	12.08%	17.41%	18.36%	2.29%

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

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

TOWN OF WATERTOWN FIRE DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF ANNUAL FINANCIAL REPORT FIRE DISTRICT QUESTIONNAIRE

Year Ended December 31, 2024

1) Has your district adopted a written procurement policy and is it complied with?	<u>Y</u>
2) Has your district contracted to have an independent audit of its financial statements?	<u>Y</u>
3) Does your district have a written travel policy and is it complied with?	<u>Y</u>
4) Are monthly bank reconciliations performed?	<u>Y</u>
5) What is your statutory spending limitation margin (amount) for the next fiscal year?	<u>\$ 2,302,290</u>
6) Does your district have a Length of Service Award Program (LOSAP) for volunteer firefighters?	<u>Y</u>
If so, how are LOSAP funds invested?	
Marketable Securities	<u>Y</u>
Annuities	<u>N</u>
Life Insurance	<u>N</u>
Other (Describe)	
7) Has your Fire District adopted an investment policy as required by General Municipal Law, Section 39?	<u>Y</u>

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

**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
TOWN OF WATERTOWN FIRE DISTRICT**

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 financial statements of the governmental activities and each major fund of the Town of Watertown Fire District as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Town of Watertown Fire District’s basic financial statements and have issued our report thereon dated April 4, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the Schedule of Finding and Response that we consider to be a significant deficiency identified as item 2024-1.

Report on Compliance and Other Matters

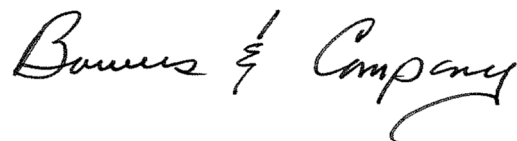
As part of obtaining reasonable assurance about whether the Town of Watertown Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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*.

Town of Watertown Fire District's Response to the Finding

Government Auditing Standards require the auditor to perform limited procedures on the Town of Watertown Fire District's response to the finding identified in our audit and described in the accompanying Schedule of Finding and Response. The Town of Watertown Fire District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Bonner & Company". The signature is written in a cursive, flowing style.

Watertown, New York
April 4, 2025

SCHEDULE OF FINDING AND RESPONSE

Year Ended December 31, 2024

2024-1 Preparation of Financial Statements

Condition: Management is unable to prepare the financial statements in accordance with generally accepted accounting principles (GAAP) and relies on external auditor to prepare the financial statements, which also includes preparation of various journal entries.

Criteria: Management needs to exercise control over the preparation of its financial statements. To exercise control, management must possess the necessary accounting expertise to prevent, detect and correct a potential misstatement in its financial statements.

Effect: Management may not be able to detect and correct potential misstatements in its financial statements.

Recommendation: The Board of Fire Commissioners should be aware that this condition is a significant deficiency and will be in future years unless management is able to prepare their financial statements in accordance with the accrual basis of accounting.

Management's Response: Due to the size and mission of the Town of Watertown Fire District, as is common with small fire districts, management has decided resources are not sufficient to retain a CPA or a CPA firm to prepare its financial statements in accordance with generally accepted accounting principles. The District has staff to perform daily bookkeeping duties and prepare financial statements using QuickBooks software.

April 4, 2025

To the Board of Fire Commissioners of
The Town of Watertown Fire District

We have audited the financial statements of the governmental activities and each major fund of the Town of Watertown Fire District for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 15, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Watertown Fire District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the Town of Watertown Fire District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town of Watertown Fire District's financial statements were:

Management's estimate of the depreciation of property and equipment is based on estimated useful lives. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management estimates actuarial assumptions that are used to determine pension (asset) liabilities and annual pension costs for the year in accordance with GASB Statement No. 68.

We have evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule of material misstatements, detected as a result of audit procedures were material, either individually or in the aggregate, to each opinion unit's financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 4, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Watertown Fire District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Watertown Fire District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the *Management's Discussion and Analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of Local Government Contributions-NYSLRS Pension Plan* which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI

We were engaged to report on the *Schedule of Annual Update Document Fire District Questionnaire*, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of Board of Fire Commissioners and management of the Town of Watertown Fire District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bowers & Company

Client:	01088.1000 - Town of Watertown Fire District		
Engagement:	2024 Audit - Town of Watertown Fire District		
Period Ending:	12/31/2024		
Trial Balance:	01-02.01 - General Fund TB Database		
Workpaper:	01-03.01 - General Fund Adjusting Journal Entries Report		
Account	Description	Debit	Credit
Adjusting Journal Entries JE # 3			
To correct general fund cash savings account for missed items in reconciliations			
605	Money Transferred	20,000.00	
605	Money Transferred	34,839.00	
605	Money Transferred	80,000.00	
630	Services	14.00	
106	General Funds		14.00
106	General Funds		20,000.00
106	General Funds		34,839.00
106	General Funds		80,000.00
Total		134,853.00	134,853.00
Adjusting Journal Entries JE # 4			
To correct Cash for items double counted			
106	General Funds	180,000.00	
50	Community Bank, N. A. Checking	112.00	
50	Community Bank, N. A. Checking	40,000.00	
50	Community Bank, N. A. Checking	250,000.00	
200	Equipment & Capital Exp.		250,000.00
3900	Beginning Fund Balance		
3900	Beginning Fund Balance		
50	Community Bank, N. A. Checking		40,000.00
50	Community Bank, N. A. Checking		180,000.00
50	Community Bank, N. A. Checking		
50	Community Bank, N. A. Checking		
818	Apparatus & Equipment Repairs		112.00
Total		470,112.00	470,112.00
Adjusting Journal Entries JE # 5			
To post interfund transfer for new truck			
9901V	Interfund Transfer	250,000.00	
200	Equipment & Capital Exp.		250,000.00
Total		250,000.00	250,000.00
Adjusting Journal Entries JE # 6			
To record accrued payroll as of year end			
3410.11	Employee Wages	21,673.00	
2002	Accrued Payroll		21,673.00
Total		21,673.00	21,673.00

Client:		01088.1000 - Town of Watertown Fire District	
Engagement:		2024 Audit - Town of Watertown Fire District	
Period Ending:		12/31/2024	
Trial Balance:		04-02.01 - Capital Projects TB Database	
Workpaper:		04-02.04 - Adjusting Journal Entries Report	
Account	Description	Debit	Credit
Adjusting Journal Entries JE # 2			
To book interfund transfer for new truck			
H3410.2	Fire Capital Outlay	250,000.00	
H9901	Interfund Transfer		250,000.00
Total		250,000.00	250,000.00
	Total Adjusting Journal Entries	250,001.00	250,001.00
	Total All Journal Entries	250,001.00	250,001.00
Client:		01088.1000 - Town of Watertown Fire District	
Engagement:		2024 Audit - Town of Watertown Fire District	
Period Ending:		12/31/2024	
Trial Balance:		03-02.01 - General Long Term Debt TB Database	
Workpaper:		03-02.03 - Combined Journal Entries Report LTD	
Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 2			
To adjust for CY principal payments made in CY			
2002	The Depository Trust Co.	235,100.00	
129	Amount to be provided long term debt		235,100.00
Total		235,100.00	235,100.00
	Total Adjusting Journal Entries	235,100.00	235,100.00
	Total All Journal Entries	235,100.00	235,100.00

Engagement:		2024 Audit - Town of Watertown Fire District		
Period Ending:		12/31/2024		
Trial Balance:		02-02.01 - General Fixed Assets Fund TB Database		
Workpaper:		02-03.01 - Adjusting Journal Entries Report		
Account		Description	Debit	Credit
Adjusting Journal Entries JE # 1				
To include the down payment on the				
K100	Work in Process	250,000.00		
K159	Investment in Fixed Assets			250,000.00
Total		250,000.00		250,000.00
Adjusting Journal Entries JE # 2				
To adjust to include fixed assets purchased in the current year in fixed assets				
K103	Fire Apparatus	293,441.00		
K159	Investment in Fixed Assets			293,441.00
Total		293,441.00		293,441.00
Adjusting Journal Entries JE # 3				
To adjust for fixed asset deletions in the current year				
K103.1	Fire Apparatus:A/D, Fire Apparatus	65,424.00		
K159	Investment in Fixed Assets	10,945.00		
K103	Fire Apparatus			76,369.00
Total		76,369.00		76,369.00
Adjusting Journal Entries JE # 5				
To record CY depreciation				
840	Depreciation Expense	165,476.00		
K111	Accumulated Deprec., Bldgs			56,780.00
K112	A/D, Fire Apparatus			80,471.00
K113	A/D, Fire Equipment, other			3,209.00
K114	A/D Rescue Equipmennt			8,634.00
K115	A/D, Commun. Equip., other			2,867.00
K116.1	Office Equipment:A/D, Office Equipment			846.00
K117	Building Improvements:K117-A/D Building Improvements			12,669.00
Total		165,476.00		165,476.00