



PORT WASHINGTON POLICE DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORT

December 31, 2022

PORT WASHINGTON POLICE DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Police Commissioners
Port Washington Police District

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund and Special Revenue Funds of Port Washington Police District (the "District"), a component unit of the Town of North Hempstead, New York, as of and for the year ended December 31, 2022 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 and the General Fund and Special Revenue Funds of the District as of December 31, 2022 and the respective changes in 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 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability), Schedule of District Pension Contributions and Schedule of Changes in the District's Total Other Post-Employment Benefits (OPEB) Liability and Related Ratios, on pages 4-14 and 42-47, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 24, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

Sheehan & Company C.P.A., P.C.

Brightwaters, New York
May 24, 2023

**PORT WASHINGTON POLICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Port Washington Police District's (District) discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2022, in comparison with the year ended December 31, 2021, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2022 are as follows:

- The District's total net position (deficit), as reflected in the government-wide financial statements, decreased by \$8,121,303. This was due to an excess of revenues over expenses based on the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the government-wide financial statements, totaled \$17,379,783. Of this amount, \$91,262 was offset by program revenues consisting of police fees and reimbursements, and operating grants. General revenues of \$25,409,824 amount to 99.6% of total revenues.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$2,198,976 to \$18,395,249 at December 31, 2022. This was due to an excess of revenues over expenditures based on the current financial resources measurement focus and the modified accrual basis of accounting.
- The District's 2022 budgeted property tax levy of \$22,672,145 was a 2.82% increase over the 2021 tax levy of \$22,050,238, which was equal to the District's property tax cap.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (MD&A), the financial statements, and required supplementary information other than MD&A. The financial statements consist of government-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



A. Government-Wide Financial Statements

The government-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District, as a whole, in a manner similar to a private sector business. There are two government-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

PORT WASHINGTON POLICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's buildings and other capital assets.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds.

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, compensated absences and termination benefits, pension costs, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on shorter-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

PORT WASHINGTON POLICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four governmental funds: the general fund, special revenue fund – asset forfeiture, special revenue fund – grants, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net (deficit) decreased by \$8,121,303 between fiscal year December 31, 2022 and 2021. The deficit decrease is due to revenues in excess of expenses based on the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2022	2021	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 19,703,219	\$ 17,354,058	\$ 2,349,161	13.54 %
Capital Assets, Net	1,363,908	1,409,555	(45,647)	(3.24)%
Net Pension Assets - Proportionate Share	256,643	-	256,643	N/A
Total Assets	21,323,770	18,763,613	2,560,157	13.64 %
Deferred Outflows of Resources	12,711,670	31,483,266	(18,771,596)	(59.62)%
Liabilities				
Current and Other Liabilities	274,923	228,771	46,152	20.17 %
Long-Term Liabilities	9,233,480	8,911,345	322,135	3.61 %
Net Pension Liabilities - Proportionate Share	1,322,146	3,932,088	(2,609,942)	(66.38)%
Total OPEB Liability	48,309,510	88,682,680	(40,373,170)	(45.53)%
Total Liabilities	59,140,059	101,754,884	(42,614,825)	(41.88)%
Deferred Inflows of Resources	35,198,174	16,916,091	18,282,083	108.08 %
Net Position (Deficit)				
Net Investment in Capital Assets	1,357,886	1,393,881	(35,995)	(2.58)%
Restricted	1,248,634	882,747	365,887	41.45 %
Unrestricted (Deficit)	(62,909,313)	(70,700,724)	7,791,411	11.02 %
Total Net Position (deficit)	\$ (60,302,793)	\$ (68,424,096)	\$ 8,121,303	11.87 %

The increase in current and other assets is primarily related to increases in cash.

PORT WASHINGTON POLICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The decrease in capital assets, net is due to depreciation/amortization expense in excess of capital asset additions. The accompanying Notes to Financial Statements, Note 7 "Capital Assets" provides additional information.

Net pension assets – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's collective net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate share shifted from a liability to an asset.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement date and actuarial adjustments of the pension plans that will be amortized in future years.

The increase in current and other liabilities is mainly due to an increase in accounts payable.

The increase in long-term liabilities is due to the increase in compensated absences and termination benefits payable and the inclusion of lease liabilities, net of the repayment of the current maturity of indebtedness.

Net pension liabilities – proportionate share represents the District's share of the New York State and Local Retirement System's and the New York State and Local Police and Fire Retirement System's collective net pension liabilities, at the measurement date of the respective year. The decrease is due to the shift of the New York State and Local Employees' Retirement System from net pension liabilities in the prior year to net pension assets in the current year. The accompanying Notes to Financial Statements, Note 10 "Pension Plans – New York State", provides additional information.

The total OPEB liability decrease is based on the actuarial valuation of the plan. The accompanying Note to Financial Statements, Note 12 "Postemployment Healthcare Benefits" provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years. This category also includes an amount reserved for the excess property tax levy resulting from the receipt of unanticipated restored property taxes during 2020.

The net investment in capital assets, is the investment in capital assets at cost, net of accumulated depreciation/amortization, and related outstanding debt. This balance as of December 31, 2022, is computed as follows:

Capital assets, net	\$ 1,363,908
Deduct:	
Leases	<u>(6,022)</u>
	<u>\$ 1,357,886</u>

The increase in the restricted component of net position mainly relates to the District's reserves for asset forfeiture and the restriction of net position for net pension assets.

The unrestricted (deficit) amount relates to the balance in the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis and is not permitted to accumulate funds for the OPEB liability.

PORT WASHINGTON POLICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Police fees and reimbursements	\$ 5,729	\$ 5,174	\$ 555	10.73 %
Operating grants	118,893	77,069	41,824	54.27 %
General Revenues				
Real property taxes	22,672,187	22,050,821	621,366	2.82 %
Other tax items	2,243,507	1,946,601	296,906	15.25 %
Use of money and property	215,505	96,296	119,209	123.79 %
Other	245,265	115,568	129,697	112.23 %
Total Revenues	<u>25,501,086</u>	<u>24,291,529</u>	<u>1,209,557</u>	4.98 %
Program Expenses				
Personal services	12,605,468	12,169,153	436,315	3.59 %
Contractual expenditures	1,266,032	1,436,546	(170,514)	(11.87)%
Employee benefits	2,908,534	14,995,038	(12,086,504)	(80.60)%
Other	45,542	48,549	(3,007)	(6.19)%
Depreciation/ amortization	554,207	501,165	53,042	10.58 %
Total Expenses	<u>17,379,783</u>	<u>29,150,451</u>	<u>(11,770,668)</u>	(40.38)%
Change in Net Position	<u>\$ 8,121,303</u>	<u>\$ (4,858,922)</u>	<u>\$ 12,980,225</u>	267.14 %

The District's total net position increased by \$8,121,303 and decreased \$4,858,922 for the years ended December 31, 2022 and 2021, respectively.

The District's revenues increased when compared to the prior year, primarily due to the following changes:

- Real property taxes were increased to fund anticipated increases in appropriations in the 2022 budget.
- Other tax items increased as a result of additional tax abatements resulting in additional payments in lieu of taxes (PILOT), as well as the receipt of additional LIPA PILOT funds.
- Other revenues increased as a result of the District receiving more in asset forfeitures funds than it had in the prior year.
- Use of money and property increased due to the rise in interest rates that resulted in increased earnings.

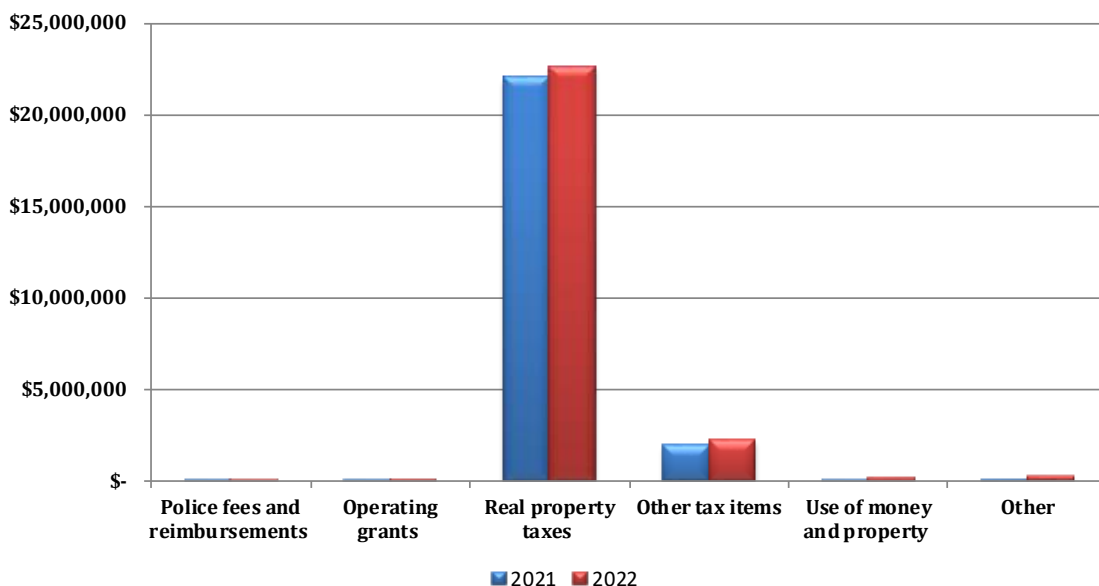
The District's expenses decreased when compared to the prior year, primarily due to the following changes:

- Employee benefits decreased based on the impact of the net change in actuarially determined OPEB costs and pension costs.
- Personal services increased based on contractual obligations.

As indicated on the graphs that follow, real property taxes is the largest component of revenues recognized (i.e., 88.9% and 90.8% of the total for the years 2022 and 2021, respectively). Personal services and employee benefits are the largest categories of expenses incurred (i.e., 89.2% and 93.2% of the total for the years 2022 and 2021, respectively).

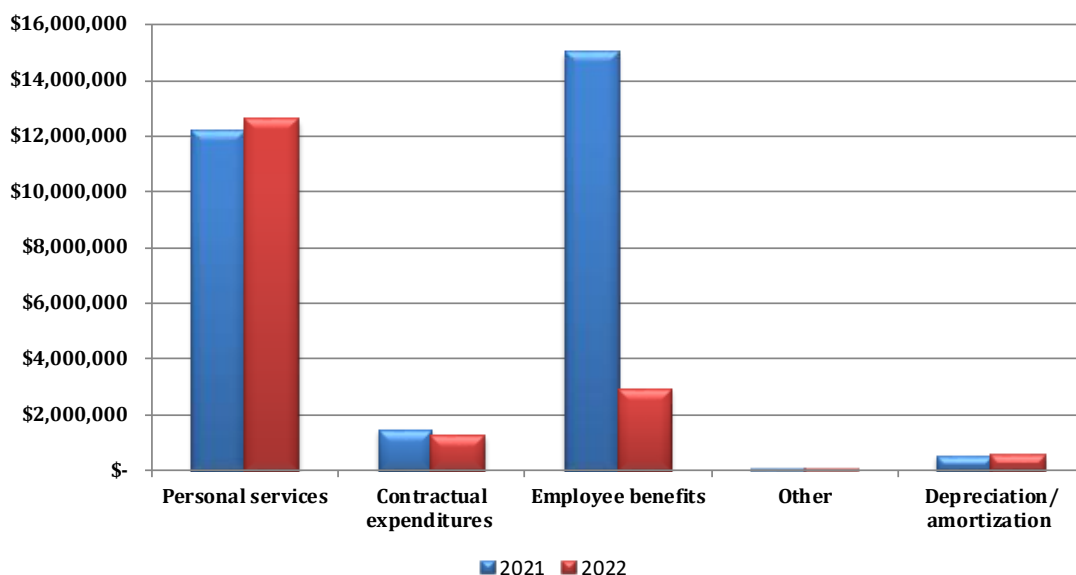
PORT WASHINGTON POLICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A graphic display of the distribution of revenues for the two years follows:



	Police fees and reimbursements	Operating grants	Real property taxes	Other tax items	Use of money and property	Other
2021	0.0%	0.3%	90.8%	8.0%	0.4%	0.5%
2022	0.0%	0.5%	88.9%	8.8%	0.8%	1.0%

A graphic display of the distribution of expenses for the two years follows:



	Personal services	Contractual expenditures	Employee benefits	Other	Depreciation/amortization
2021	41.8%	4.9%	51.4%	0.2%	1.7%
2022	72.5%	7.3%	16.7%	0.3%	3.2%

PORT WASHINGTON POLICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At December 31, 2022, the District's governmental funds reported a combined fund balance of \$19,383,732, which is an increase of \$2,308,157 over the prior year. This increase is due to an excess of revenues over expenditures using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in fund balance by fund is as follows:

	2022	2021	Changes	Percentage Change
General Fund				
Nonspendable: Prepaids	\$ 1,209,773	\$ 1,220,502	\$ (10,729)	(0.88)%
Restricted:				
Retirement contribution	3,508	3,445	63	1.83 %
Assigned:				
Unappropriated fund balance	190,459	161,237	29,222	18.12 %
Sick leave and termination benefits	10,218,145	9,430,495	787,650	8.35 %
Capital	2,059,422	2,022,611	36,811	1.82 %
Unassigned: Fund balance	4,713,942	3,357,983	1,355,959	40.38 %
	<u>18,395,249</u>	<u>16,196,273</u>	<u>2,198,976</u>	13.58 %
Asset Forfeiture Fund				
Restricted: Asset forfeiture	988,483	879,302	109,181	12.42 %
	<u>\$ 19,383,732</u>	<u>\$ 17,075,575</u>	<u>\$ 2,308,157</u>	13.52 %

A. General Fund

The general fund – fund balance is a net increase of \$2,198,976, compared to a net increase of \$2,669,931 in 2021. This resulted from revenues in excess of expenditures.

Revenues increased by \$335,538 or 1.34%, as compared to the prior year. The following is a summary of the major changes that resulted in revenues increasing over the prior year:

- Real property taxes increased due to an increase in the tax levy in accordance with the 2022 budget.
- Other tax items increased as a result of additional tax abatements resulting in additional payments in lieu of taxes (PILOT) as well as the receipt of additional LIPA PILOT funds.
- Use of money and property increased due to the rise in interest rates that resulted in increased earnings.
- In the prior year, sale of property and compensation for loss included revenue from the sale of property; however, the District did not recognize a similar revenue in the current year.

Expenditures increased by \$806,493 or 3.61%, as compared to the prior year. The following is a summary of the major changes that resulted in expenditures increasing over the prior year:

- Personal services increased based on contractual obligations.
- Employee benefits increased due to higher premiums for health insurance, as well as a net increase in pension contributions for the year.

The decrease in nonspendable prepaids is due to the prepayment of the PBA Welfare Fund not being included due to timing of payment at December 31, 2022.

PORT WASHINGTON POLICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The increase in amounts restricted for retirement contributions is due to interest earned on the reserve.

The increase in the amount assigned for sick leave and termination benefits reflects the Board-authorized additional assignment (\$1,246,757) and interest earnings (\$171,635), offset partially by the appropriation from the reserve for retirement payouts (\$630,742). The increase in assigned for capital reflects interest earnings (\$36,811).

B. Asset Forfeiture Fund

The net change in the asset forfeiture fund-fund balance is an increase of \$109,181, which reflects the current year's revenues in excess of expenditures.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022 Budget

The District's general fund adopted budget for the year ended December 31, 2022, was \$24,902,408. This amount was increased by encumbrances carried forward from the prior year in the amount of \$161,237, and a budget revision of \$630,742 for the payment of retirement benefits, for a total final budget of \$25,694,387. The majority of the funding source was \$24,631,862 in property taxes and other tax items.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of current and prior years' excess revenues over expenditures, net of transfers to reserves, assignments established by the Board, encumbrances, and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 3,357,983
Revenues Over Budget	432,598
Expenditures and Encumbrances Under Budget	2,367,898
Net Change in Nonspendable Prepaids	10,729
Net Change in Restricted	(63)
Amounts Transferred to Assigned	<u>(1,455,203)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 4,713,942</u></u>

Opening, Unassigned Fund Balance

The \$3,357,983 shown in the table is the portion of the District's December 31, 2021 fund balance that was retained as unassigned.

PORT WASHINGTON POLICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Revenues Over Budget

The 2022 final budget for revenues was \$24,902,408. Actual revenues recognized for the year were \$25,335,006. The surplus of actual revenues over estimated or budgeted revenues was \$432,598. This change contributes directly to the change in the general fund unassigned fund balance from December 31, 2021 to December 31, 2022. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2022 final budget for expenditures was \$25,694,387. Actual expenditures as of December 31, 2022 were \$23,136,030 and outstanding encumbrances were \$190,459. Combined, the expenditures plus encumbrances for 2022 were \$23,326,489. The final budget variance was \$2,367,898. This change contributes directly to the change in the unassigned portion of the general fund-fund balance from December 31, 2021 to December 31, 2022. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Net Change in Nonspendable Prepaids

The District prepaid various insurance premiums, pension costs, and the fixed LPR Project at December 31, 2022. The resulting balance sheet asset (prepaids) cannot be spent because it is not in spendable form, meaning it will not be converted to cash. Accordingly, an equal amount of fund balance is classified as nonspendable. The decrease in nonspendable fund balance increases unassigned fund balance.

Net Change in Restricted

The \$(63) shown in the previous table is the interest earned on the reserve.

Amounts Transferred to Assigned

The \$(1,455,203) shown in the previous table represents an increase in the amounts assigned for sick leave and termination benefits, and capital. In its 2022 budget, the District included funding for the assignment for sick leave and termination benefits in the amount of \$1,246,757. In addition, the assignments had interest earnings of \$171,635 for the sick and termination leave assignment, and \$36,811 for the assignment for capital.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the District will begin 2023 with an unassigned fund balance of \$4,713,942. This is an increase of \$1,355,959 over the prior year.

6. CAPITAL ASSETS, DEBT ADMINISTRATION, AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At December 31, 2022, the District had invested in a broad range of capital assets, as indicated in the following table. The net decrease in capital assets is due to depreciation/amortization expense of \$554,207 in excess of capital asset additions of \$508,560 for the year ended December 31, 2022. A summary of the District's capital assets, net of accumulated depreciation/amortization at December 31, 2022 and 2021 is as follows:

PORT WASHINGTON POLICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2022	2021	Increase (Decrease)
Land	\$ 16,500	\$ 16,500	\$ -
Buildings and improvements	234,101	256,000	(21,899)
Furniture and equipment	1,107,197	1,137,055	(29,858)
Leased equipment	6,110	-	6,110
	<u>6,110</u>	<u>-</u>	<u>6,110</u>
Capital assets, net	<u>\$ 1,363,908</u>	<u>\$ 1,409,555</u>	<u>\$ (45,647)</u>

B. Debt Administration

At December 31, 2022, the District had combined total debt of \$6,022. The decreases in outstanding debt represent principal payments made throughout the year, while increases indicate new issuances. A summary of outstanding debt at December 31, 2022 and 2021 is as follows:

Issue/ Commencement Date	Interest Rate	2022	2021	Increase (Decrease)
Installment Purchase Debt 2018	5.0%	<u>\$ -</u>	<u>\$ 15,674</u>	<u>\$ (15,674)</u>
Leased equipment 2022	0.396%	<u>\$ 6,022</u>	<u>\$ -</u>	<u>\$ 6,022</u>

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences and termination benefits payable which are based on employment contracts, and net pension liability - proportionate share, and total other postemployment benefits liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at December 31, 2022 and 2021 is as follows:

	2022	2021	Increase (Decrease)
Compensated absences and termination benefits payable	\$ 9,227,458	\$ 8,895,671	\$ 331,787
Net pension liability - proportionate share	1,322,146	3,932,088	(2,609,942)
Total OPEB liability	<u>48,309,510</u>	<u>88,682,680</u>	<u>(40,373,170)</u>
	<u>\$ 58,859,114</u>	<u>\$ 101,510,439</u>	<u>\$ (42,651,325)</u>

PORT WASHINGTON POLICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, for the year ending December 31, 2023, is \$25,075,868. This is an increase of \$173,460 or 0.70% over the previous year's budget. This increase is primarily the result of an increase in salaries for employees' employed at the District.

The District estimated revenues other than real property taxes at a decrease of \$464,641 from the prior year's estimate. As a result, real property taxes were increased \$638,101 or 2.81% (tax levy to tax levy).

B. Future Budgets

Significant increases in cost such as energy, pension and health insurance, and the property tax cap may have an impact on the District's future budgets.

C. Tax Cap

New York State Law limits the increase in the property tax levy of municipalities to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. Municipalities may override the tax levy limit by drafting a local law or resolution that overrides the tax levy limit and having it approved by 60% of the governing body. Based on the law, the District's tax levy cap for 2022 is 2.81%. The District's increase of 2.81% was equal to the cap and did not require an override vote.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

Port Washington Police District
500 Port Washington Boulevard
Port Washington, New York 11050-4295

PORT WASHINGTON POLICE DISTRICT**Statement of Net Position**

December 31, 2022

ASSETS

Cash	
Unrestricted	\$ 17,400,503
Restricted	991,991
Accounts receivable	30,289
Due from state	40,655
Due from other governments	30,008
Prepays	1,209,773
Capital assets:	
Not being depreciated/amortized	16,500
Being depreciated/amortized, net of accumulated depreciation/amortization	1,347,408
Net pension assets - proportionate share	256,643
Total Assets	21,323,770

DEFERRED OUTFLOWS OF RESOURCES

Pensions	12,711,670

LIABILITIES

Payables	
Accounts payable	122,760
Accrued liabilities	146,407
Other liabilities	5,756
Long-term liabilities	
Due and payable within one year	
Lease liabilities	3,799
Due and payable after one year	
Lease liabilities	2,223
Compensated absences and termination benefits payable	9,227,458
Net pension liabilities - proportionate share	1,322,146
Total other postemployment benefits liability	48,309,510
Total Liabilities	59,140,059

DEFERRED INFLOWS OF RESOURCES

Reserve for excess property tax levy	44,564
Pensions	12,102,983
Other postemployment benefits	23,050,627
Total Deferred Inflows of Resources	35,198,174

NET POSITION (DEFICIT)

Net investment in capital assets	1,357,886
Restricted:	
Retirement contribution	3,508
Asset forfeiture	988,483
Pension	256,643
Unrestricted (deficit)	(62,909,313)
Total Net Position (Deficit)	\$ (60,302,793)

PORT WASHINGTON POLICE DISTRICT
Statement of Activities
For the Year Ended December 31, 2022

PROGRAM EXPENSES

Personal services	\$ 12,605,468
Contractual expenditures	1,266,032
Employee benefits	2,908,534
Taxes and assessments	45,150
Debt service - Interest	392
Depreciation/amortization	<u>554,207</u>
Total Program Expenses	<u>17,379,783</u>

PROGRAM REVENUES

Police fees and reimbursements	5,729
Operating grants	<u>118,893</u>
Total Program Revenues	<u>124,622</u>
Net Program Expense	<u>17,255,161</u>

GENERAL REVENUES

Real property taxes	22,672,187
Other tax items	2,243,507
Use of money and property	215,505
Sale of property and compensation for loss	90,734
Miscellaneous	<u>154,531</u>
Total General Revenues	<u>25,376,464</u>
Change in Net Position	8,121,303
Net Position (Deficit) - Beginning of Year	<u>(68,424,096)</u>
Net Position (Deficit) - End of Year	<u>\$ (60,302,793)</u>

PORT WASHINGTON POLICE DISTRICT
Balance Sheet - Governmental Funds
December 31, 2022

	General	Special Revenue Funds		Capital Projects	Total Governmental Funds
		Asset Forfeiture	Grants		
ASSETS					
Cash					
Unrestricted	\$ 17,372,645	\$ 27,858	\$	\$	\$ 17,400,503
Restricted	3,508	988,483			991,991
Accounts receivable	30,289				30,289
Due from state	29,730		10,925		40,655
Due from other governments	30,008				30,008
Due from other funds	10,925	11,992			22,917
Prepays	1,209,773				1,209,773
Total Assets	<u>\$ 18,686,878</u>	<u>\$ 1,028,333</u>	<u>\$ 10,925</u>	<u>\$ -</u>	<u>\$ 19,726,136</u>
LIABILITIES					
Payables					
Accounts payable	\$ 82,910	\$ 39,850	\$	\$	\$ 122,760
Accrued liabilities	146,407				146,407
Due to other funds	11,992		10,925		22,917
Other liabilities	5,756				5,756
Total Liabilities	<u>247,065</u>	<u>39,850</u>	<u>10,925</u>	<u>-</u>	<u>297,840</u>
DEFERRED INFLOWS OF RESOURCES					
Reserve for excess property tax levy	44,564				44,564
FUND BALANCES					
Nonspendable: Prepays	1,209,773				1,209,773
Restricted:					
Retirement contribution	3,508				3,508
Asset forfeiture		988,483			988,483
Assigned:					
Special purposes	10,218,145				10,218,145
Capital	2,059,422				2,059,422
Unappropriated	190,459				190,459
Unassigned: Fund balance	4,713,942				4,713,942
Total Fund Balances	<u>18,395,249</u>	<u>988,483</u>	<u>-</u>	<u>-</u>	<u>19,383,732</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,686,878</u>	<u>\$ 1,028,333</u>	<u>\$ 10,925</u>	<u>\$ -</u>	<u>\$ 19,726,136</u>

PORT WASHINGTON POLICE DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2022

Total Governmental Fund Balances	\$ 19,383,732
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The costs of building, acquiring, and leasing capital assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 6,101,057	
Less: Accumulated depreciation/amortization	<u>(4,737,149)</u>	
		1,363,908

Proportionate share of long-term assets and liabilities, as well as deferred outflows and inflows, associated with participation in the state retirement systems are not current financial resources or assets/(liabilities) and are not reported in the funds.

Net pension asset - employees' retirement system	256,643	
Deferred outflows of resources - pension	12,711,670	
Net pension liability - police and fire retirement system	(1,322,146)	
Deferred inflows of resources - pension	<u>(12,102,983)</u>	
		(456,816)

Total other postemployment benefits liability, as well as deferred inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.

Total other postemployment benefits liability	(48,309,510)	
Deferred inflows of resources	<u>(23,050,627)</u>	
		(71,360,137)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Lease liabilities	(6,022)	
Compensated absences and termination benefits payable	<u>(9,227,458)</u>	
		<u>(9,233,480)</u>

Total Net Position (Deficit)	<u><u>\$ (60,302,793)</u></u>
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PORT WASHINGTON POLICE DISTRICT
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2022

	General	Special Revenue Funds		Capital Projects	Total Governmental Funds
		Asset Forfeiture	Grants		
REVENUES					
Real property taxes	\$ 22,672,187	\$	\$	\$	\$ 22,672,187
Other tax items	2,243,507				2,243,507
Police fees and reimbursements	5,729				5,729
Use of money and property	209,241	6,264			215,505
Operating grants	80,148		10,925		91,073
Sale of property and compensation for loss	90,734				90,734
Miscellaneous	100	154,431			154,531
State sources	18,173				18,173
Federal sources	15,187				15,187
Total Revenues	25,335,006	160,695	10,925	-	25,506,626
EXPENDITURES					
Personal services	12,594,543		10,925		12,605,468
Contractual expenditures	1,251,070	7,223			1,258,293
Employee benefits	8,762,821				8,762,821
Taxes and assessments	45,150				45,150
Capital outlay	462,203	44,291		9,807	516,301
Debt service					
Principal	19,459				19,459
Interest	784				784
Total Expenditures	23,136,030	51,514	10,925	9,807	23,208,276
Excess (Deficiency) of Revenues Over Expenditures	2,198,976	109,181	-	(9,807)	2,298,350
OTHER FINANCING SOURCES (USES)					
Proceeds of obligations				9,807	9,807
Net Change in Fund Balance	2,198,976	109,181	-	-	2,308,157
Fund Balances - Beginning of year	16,196,273	879,302	-	-	17,075,575
Fund Balances - End of year	\$ 18,395,249	\$ 988,483	\$ -	\$ -	\$ 19,383,732

PORT WASHINGTON POLICE DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2022

Net Change in Fund Balances \$ 2,308,157

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

Long-Term Revenue and Expense Differences

Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned. \$ (5,540)

Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.

Increase in compensated absences and termination benefits payable (331,787)
(337,327)

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation/amortization expense in the Statement of Activities. This is the amount by which depreciation/amortization expense exceeded capital outlays and other additions in the period.

Capital outlays and other additions 508,560
Depreciation/amortization expense (554,207)
(45,647)

Long-Term Debt Transactions Differences

Proceeds from the issuance of leases is an other financing source in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (9,807)

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Repayment of installment purchase debt 15,674
Repayment of lease liabilities 3,785

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 due, 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 due. This is the amount by which accrued interest decreased from December 31, 2021 to December 31, 2022. 392

10,044

Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

Employees' retirement system 1,295,300
Police and fire retirement system 93,376
Other postemployment benefits 4,797,400
6,186,076

Change in Net Position (Deficit) of Governmental Activities \$ 8,121,303

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Port Washington Police District (District) is organized under the provisions of the State of New York. The District is governed by the Nassau County Civil Divisions Act, as amended in March 1998, and the laws of the State of New York.

The District is a component unit of the Town of North Hempstead (Town) and accordingly, the financial statements of the District are included in the financial statements of the Town. The Town board has the authority to reduce, increase, or otherwise change the adopted estimate of proposed expenditures and revenues only to the extent that it relates to the repayment of bonds and interest guaranteed by the Town.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

A. Reporting Entity

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity is the primary government, the District, as well as component units and other organizational entities determined to be includable in the District's financial reporting entity, based on the nature and significance of their relationship with the District. The accompanying financial statements present the activities of the District. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities which would be included in the District's reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, asset forfeiture funds and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

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 the District's governmental activities. Program revenues include (a) police fees and reimbursements and (b) grants that are restricted to meeting the operational or capital requirements. Revenues that are not classified as program revenues, including real property taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds. The District's financial statements present the following fund type:

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds - are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either governments that provide the funds or outside parties. The Asset Forfeiture Fund is accounted for in the special revenue funds as required by the New York State Comptroller's Directive. Revenues (asset forfeiture funds) from the U.S. Departments of Justice and Treasury (Departments) and Nassau County represent the District's share of federal and local forfeited property. Expenditures from such revenues can only be made in accordance with the respective guidelines promulgated by the Departments. Expenditures, which supplant the budget, are unallowable. In general, expenditures may be made for law enforcement purposes. The Grant Fund is used to account for proceeds of specific revenue sources the District receives in which funds are restricted in their use.

Capital Projects Fund - is used to account for the financial resources used for the acquisition, construction, renovation or major repair of capital facilities and other capital assets.

C. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

The government-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 real property taxes, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. An availability period of approximately 180 days is used for recognition for governmental fund revenues, except for real property taxes, which shall not exceed 60 days. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences and termination benefits, other postemployment benefits, and pension costs, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

D. Real Property Taxes

Calendar

Property taxes are collected by the Town of North Hempstead Receiver of Taxes on behalf of the District. The Town of North Hempstead Receiver of Taxes collects all property taxes for the Town, Nassau County, Town Special Districts and School Districts. Town, County, and Town Special District taxes are levied on January 1, and are due in two installments payable by February 10 and August 10.

Enforcement

The Town remits 100% of the amount of real property tax levied to the District. Responsibility for collection of unpaid taxes is assumed by Nassau County.

Payments in Lieu of Taxes (PILOT)

The District reports PILOT revenues in the general fund as part of other tax items revenue. These PILOT revenues are often the results of tax abatements granted by industrial development agencies of the town and/or the county to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected PILOT to the District.

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-2016 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law Section 1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$739,820 in LIPA PILOT revenue during the 2022 fiscal year.

E. Restricted Resources

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

F. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the government-wide statements, eliminations have been made for all interfund receivables and payables between the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables and payables is provided subsequently in these Notes to Financial Statements.

G. Use of 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 and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, compensated absences and termination benefits, other postemployment benefits, pensions costs, potential contingent liabilities and useful lives of capital assets.

H. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank deposits and investments with a maturity date of three months or less from the date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves.

I. Receivables

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

J. Prepaid Items

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method. Under the consumption method, a current asset for the prepaid item is recorded at the time of payment and an expense/expenditure is reported in the year the services are consumed.

A portion of fund balance has been classified as nonspendable to indicate that prepaid items do not constitute available spendable resources.

K. Capital Assets

Capital assets are reflected in the government-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

All capital assets, except land and construction in progress, are depreciated/amortized on a straight line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 1,000	15 - 39 yrs
Furniture and equipment	1,000	5 yrs
Leased equipment	1,000	5 yrs

L. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category, which is related to pensions and consists of the District's proportionate share of changes in the collective net pension liability not included in collective pension expense, as well as the District's contributions to the pension system (NYSLRS) subsequent to the measurement date.

M. Employee Benefits – Compensated Absences

Compensated absences consist of unpaid accumulated sick leave and unpaid compensation hours.

Sick leave eligibility and accumulation is specified in collective bargaining agreements. Unused vacation time is converted to unpaid compensation hours at the end of the year. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave and unpaid compensation hours. Employees covered under the Police Benevolent Association, Inc. (PBA) contract are entitled to a lump-sum payment of accumulated and unused sick leave to the extent of 50 percent thereof, but not to exceed 230 working days pay. Employees are vested for this benefit after 10 years of service.

In addition, training time owed can be used as days off or may be included in final payouts upon retiring. Training time owed cannot exceed 40 hours.

The liability for compensated absences has been calculated using the vesting method and an accrual for that liability is included in the government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by December 31st.

N. Employee Benefits – Termination Benefits

Upon separation from service after 20 years, for any reason other than cause, or upon death in service of any employee or upon retirement qualifying for either ordinary or accidental disability under the Retirement and Social Security Law of New York State, each employee covered under the Police Benevolent Association, Inc. (PBA) contract is entitled to a termination benefit payment of five days for each year (as defined) of completed service.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Consistent with GASB Statement No. 47, *Accounting for Termination Benefits*, the liability has been included in the government-wide financial statements. The termination benefits liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources.

O. Other Benefits

Eligible District employees participate in the New York State and Local Employees' Retirement System or the New York State and Local Police and Fire Retirement System.

District employees may choose to participate in the District's elective deferred compensation plan established under Internal Revenue Code Section 457.

District employees, who are also members of the Port Washington Police Benevolent Association (PBA), are required to participate in the District's deferred compensation plan established under Internal Revenue Code Section 401(a) effective January 1, 2022. These employees may submit a dated written irrevocable notice of a specific date of retirement/separation between one and five years from the notification date. The District will, within sixty calendar days of its receipt of notice, begin to deposit, on behalf of the employee, up to the maximum annual amounts permissible under state and federal law, of the employee's plan payout. The plan payout consists of 50% of the employee's accrued but unused sick leave up to the contractual maximum of 460 days (i.e. maximum of 230 days) based on the daily rate of pay at the time of the notice and the entire value of the employees accrued terminal leave is based on five eight-hour days for each year of completed service, capped at 32 years and paid based on daily rate of pay in effect at the time of notice.

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is borne by the District. The District recognizes the cost of providing health insurance by recording insurance premiums paid as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the government-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

P. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenues/expense credit) until that time. The District has three items that qualify for reporting in this category. The first item is the reserve for excess property tax levy, which is associated with unanticipated restored property taxes received from the Town in excess of the District's tax levy. The money will be used to reduce the tax levy in future years. The second item is related to pensions reported in the government-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension liability not included in collective pension expense. The third item is related to OPEB and represents the change in the total other postemployment benefits liability not included in OPEB expense.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Q. Equity Classifications

Government-Wide Statements

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

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets, net of any unexpended proceeds.

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

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of prepaid items, which is recorded in the general fund.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Retirement Contribution - Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Retirement System and the New York State and Local Police and Fire Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The reserve is accounted for in the general fund.

Asset Forfeiture - The use of asset forfeiture funds is subject to various guidelines depending upon the source of the funds. This reserve is accounted for in the special revenue fund for asset forfeiture.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board of Commissioners. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual, positive amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, when applicable, and encumbrances not classified as restricted at the end of the fiscal year, as well as the following:

Sick Leave and Termination Benefits - The balance represents amounts set aside for sick leave and termination benefits, and is primarily funded through budgetary provisions in the general fund. This balance is accounted for in the general fund.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital – Amounts in the general fund assigned for capital represent monies earmarked for future capital needs.

Unassigned – Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit fund balance resulting from the overspending of available resources.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Commissioners if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Commissioners.

The Board of Commissioners shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the Board of Commissioners will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

2. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended December 31, 2022, the District implemented GASB Statement No. 87, *Leases*, which provides guidance for identifying certain leased assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on payment provisions of the contract.

3. FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) Statements are issued to set generally accepted accounting principles (GAAP) for state and local governments. The following is not an all-inclusive list of GASB statements issued, but the statements that the District feels may have a future impact on these financial statements. The District will evaluate the impact of these pronouncement and implement them, as applicable, if material.

Effective for the Year Ending	Statement
December 31, 2023	GASB No. 96 – <i>Subscription Based Information Technology Arrangements</i>
December 31, 2024	GASB No. 101 – <i>Compensated Absences</i>

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.

GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the government-wide statements and the governmental fund statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

A. 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 long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental funds Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

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

Differences between the Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

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 current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on 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 fund statements and depreciation/amortization expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and other postemployment benefit costs as they

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The procedures used in establishing the budgetary data reflected in the basic financial statements are as follows:

The Chief of Police submits to the Board of Commissioners a proposed operating budget for the general fund, the only fund with a legally adopted budget, for the fiscal year commencing January 1st. The operating budget includes proposed expenditures and the means of financing them.

Public workshops are conducted by the District to obtain the public's comments on the proposed budget. On or before September 15th, the Board of Police Commissioners legally adopts the District's budget at a public hearing. The Town of North Hempstead is the legal entity with budget approval authority and has the right to modify the budget in certain circumstances; actual expenditures and operating transfers out may not legally exceed budget appropriations at the individual fund level.

Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Appropriations are established by adoption of the budget, are adopted at the program line item level and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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. The following supplemental appropriations occurred during the year:

Sick leave and termination benefits	<u>\$ 630,742</u>
-------------------------------------	-------------------

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. 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 part of assigned fund balance, unless classified as restricted, 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.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Custodial credit risk is the risk that in the event of a bank failure, the District may be able to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the District's behalf at year end.

The District did not have any investments at year-end or during the year. Consequently, the District was not exposed to any material interest rate risk or foreign currency risk.

7. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2022, were as follows:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022
Governmental activities				
Capital assets not being depreciated/amortized:				
Land	\$ 16,500	\$	\$	\$ 16,500
Capital assets being depreciated/amortized:				
Buildings and improvements	1,906,833	24,924		1,931,757
Furniture and equipment	4,524,583	473,829	(855,419)	4,142,993
Leased equipment	-	9,807		9,807
Total capital assets being depreciated/amortized	6,431,416	508,560	(855,419)	6,084,557
Less accumulated depreciation/amortization for:				
Buildings and improvements	1,650,833	46,823		1,697,656
Furniture and equipment	3,387,528	503,687	(855,419)	3,035,796
Leased equipment	-	3,697		3,697
Total accumulated depreciation/ amortization	5,038,361	554,207	(855,419)	4,737,149
Total capital assets being depreciated/amortized, net	1,393,055	(45,647)	-	1,347,408
Capital assets, net	\$ 1,409,555	\$ (45,647)	\$ -	\$ 1,363,908

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

A. Lease Liabilities

The District has entered into one lease arrangement that is subject to GASB Statement No. 87. The terms of this lease is for 31 months with an interest rate of 0.396%. This lease is included in the leased equipment in the previous table.

The District has not provided any residual value guarantees related to the leased capital assets included in the previous table.

B. Impairment Losses

The District evaluated prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At December 31, 2022, the District has not recorded any such impairment losses.

8. INTERFUND TRANSACTIONS

Interfund balances at December 31, 2022, are as follows:

	Interfund	
	Receivable	Payable
General fund	\$ 10,925	\$ 11,992
Asset forfeiture fund	11,992	
Special revenue fund		10,925
	<u>\$ 22,917</u>	<u>\$ 22,917</u>

9. LONG-TERM LIABILITIES

A. Changes

The following table summarizes the changes in governmental activities in long-term liabilities, excluding pensions and other postemployment benefits liabilities, for the year ended December 31, 2022:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Amounts Due Within One Year
<u>Long-term debt:</u>					
Installment purchase					
debt payable	\$ 15,674	\$	\$ (15,674)	\$ -	\$
Lease liabilities	-	9,807	(3,785)	6,022	3,799
<u>Other long-term liabilities:</u>					
Compensated absences					
and termination benefits	8,895,671	331,787		9,227,458	
	<u>\$ 8,911,345</u>	<u>\$ 341,594</u>	<u>\$ (19,459)</u>	<u>\$ 9,233,480</u>	<u>\$ 3,799</u>

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Lease Liabilities

Lease liabilities are comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at December 31, 2022
Kyocera 2021 copier	1/1/2022	10/1/2024	0.396%	<u>\$ 6,022</u>

The following summary of debt service requirements for lease liabilities:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 3,799	\$ 17	\$ 3,816
2024	<u>2,223</u>	<u>3</u>	<u>2,226</u>
	<u>\$ 6,022</u>	<u>\$ 20</u>	<u>\$ 6,042</u>

There were no additional lease commitments entered into by the District after December 31, 2022.

C. Interest Expense

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

Interest paid	\$ 784
Less interest accrued in the previous year	<u>(392)</u>
Total interest expense on long-term debt	<u>\$ 392</u>

10. PENSION PLANS – NEW YORK STATE

A. Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Local Police and Fire Retirement System (PFRS), collectively known as NYSLRS. These are cost-sharing multiple-employer, defined benefit, public employee retirement systems. The NYSLRS provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The net position of the NYSLRS 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 NYSLRS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the NYSLRS. Once a public employer elects to participate in NYSLRS, 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 NYSLRS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found on the NYS Comptroller's

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

website 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.

B. Funding Policy

The NYSLRS is noncontributory except for employees who joined after July 27, 1976 with less than ten years of credited service, who contribute 3% of their salary, or joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) and before April 1, 2012, who contribute 3% of their salary throughout active membership. For employees hired on or after April 1, 2012, employee contribution rates are dependent upon salaries and range from 3% to 6% of salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by February 1st. The District paid 100% of the required contributions as billed by the NYSLRS for the current year. The District's average contribution rate was 15.74% for ERS and 24.31% for PFRS of covered payroll for the NYSLRS' fiscal year ended March 31, 2022.

The District's share of the required contributions, based on covered payroll for the current year ended December 31, 2022, was \$128,655 for the ERS and \$2,955,372 for the PFRS.

C. Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for the NYSLRS. The net pension asset/(liability) was measured as of March 31, 2022 for both ERS and PFRS. 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 NYSLRS relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSLRS in reports provided to the District.

	ERS	PFRS
Measurement date	March 31, 2022	March 31, 2022
District's proportionate share of the net pension asset/(liability)	\$ 256,643	\$ (1,322,146)
District's portion of the Plan's total net pension liability	0.0031395%	0.2327539%
Change in proportion since the prior measurement date	0.0002661	0.0064519

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

For the year ended December 31, 2022, the District recognized pension expense of \$35,282 for ERS and \$1,683,425 for PFRS. At December 31, 2022, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$ 19,436	\$ 712,778	\$ 25,210	\$
Changes of assumptions	428,309	7,913,328	7,227	
Net difference between projected and actual earnings on pension plan investments			840,399	11,109,477
Changes in proportion and differences between the District's contributions and proportionate share of contributions	80,134	1,254,768	42,244	78,426
District contributions subsequent to the measurement date	88,609	2,214,308		
Total	<u>\$ 616,488</u>	<u>\$ 12,095,182</u>	<u>\$ 915,080</u>	<u>\$ 11,187,903</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS	PFRS
2023	\$ (47,801)	\$ (177,808)
2024	(86,272)	(586,722)
2025	(216,086)	(2,352,127)
2026	(37,042)	1,681,107
2027	-	128,521
	<u>\$ (387,201)</u>	<u>\$ (1,307,029)</u>

Actuarial Assumptions

The total pension 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. The actuarial valuations used the following actuarial assumptions:

	ERS	PFRS
Measurement date	March 31, 2022	March 31, 2022
Actuarial valuation date	April 1, 2021	April 1, 2021
Inflation	2.7%	2.7%
Salary increases	4.4%	6.2%
Investment rate of return (net of investment expense, including inflation)	5.9%	5.9%
Cost of living adjustments	1.4%	1.4%

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2020 used the same assumptions for the measurement of total pension liability. The actual assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	NYSLRS	
	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		March 31, 2022
Asset type		
Domestic equity	32.0%	3.30%
International equity	15.0%	5.85%
Real estate equity	9.0%	5.00%
Private equity	10.0%	6.50%
Alternative investments	10.0%	3.78-5.58%
Fixed income	23.0%	0.00%
Cash	1.0%	-1.00%
	100.0%	

Real rates of return are net of a long-term inflation assumption of 2.5%.

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension 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:

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

ERS	1% Decrease 4.90 %	Current Assumption 5.90 %	1% Increase 6.90 %
District's proportionate share of the net pension asset (liability)	<u>\$ (660,597)</u>	<u>\$ 256,643</u>	<u>\$ 1,023,871</u>
PFRS	1% Decrease 4.90 %	Current Assumption 5.90 %	1% Increase 6.90 %
District's proportionate share of the net pension asset (liability)	<u>\$ (14,706,831)</u>	<u>\$ (1,322,146)</u>	<u>\$ 9,756,820</u>

Pension Plan Fiduciary Net Position

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

	ERS	PFRS
	<i>(Dollars in Thousands)</i>	
Measurement date	March 31, 2022	March 31, 2022
Employers' total pension liability	\$ (223,874,888)	\$ (42,237,292)
Plan fiduciary net position	<u>232,049,473</u>	<u>41,669,250</u>
Employers' net pension asset/(liability)	<u>\$ 8,174,585</u>	<u>\$ (568,042)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	103.65%	98.66%

Prepayments to the Pension Plan

For ERS and PFRS, employer contributions are paid annually based on the NYSLRS' fiscal year, which ends on March 31st. Annual payments are due February 1st. An employer can elect to prepay the amount due by December 15th to receive a 1% discount. The District paid the annual invoice in December. This resulted in a prepayment of \$767,639 for the period of January 1, 2023 through March 31, 2023. Employee contributions are remitted monthly.

11. PENSION PLANS - OTHER

Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended December 31, 2022 totaled \$931,075 into 457 plans, and \$220,399 into 457 ROTH plans.

In addition, the District has established a deferred compensation plan in accordance with Internal Revenue Code §401(a) for District employees, who are also members of the PBA. No contributions were made to the plan for the year ended December 31, 2022.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

12. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District provides OPEB for eligible retired employees. The benefits provided to employees upon retirement are based on provisions in various contracts that the District has in place with different classification of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided – The District provides medical and Medicare Part B reimbursement coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At January 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	101
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>82</u>
	<u><u>183</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$48,309,510 was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2022. Updated procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs – The total OPEB liability, as of the measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.50% average, including inflation
Discount rate	4.00%
Healthcare cost trend rates	7.00% for 2022, decreasing to an ultimate rate of 4.50% by 2030
Retirees' share of benefit-related costs	0.00% of projected health insurance premiums for retirees

The discount rate was based on a review of the yield derived from the 20 Year AA Municipal GO Bond Rate Index as of December 31, 2022 per Fidelity Investments.

Mortality rates were based on the Society of Actuaries' RP-2014 Total Dataset, as appropriate, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The actuarial assumptions used in the January 1, 2022 valuation were based on the experience of the New York State and Local Employees' Retirement System and the New York State Police and Fire Retirement System as outlined in Aon's New York State/SUNY – Development of Recommended Actuarial Assumptions for Other Postemployment Benefit Plans Actuarial Valuations – Participating District Version – June 2022 Report.

C. Changes in the Total OPEB Liability

Balance at January 1, 2022	<u>\$ 88,682,680</u>
Changes for the year	
Service cost	2,841,349
Interest on total OPEB liability	1,582,369
Changes of benefit terms	-
Differences between expected and actual experience	(20,844,561)
Changes in assumptions or other inputs	(22,405,713)
Benefit payments	<u>(1,546,614)</u>
	<u>(40,373,170)</u>
Balance at December 31, 2022	<u><u>\$ 48,309,510</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 1.80% in 2021 to 4.00% in 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.00%) or 1 percentage point higher (5.00%) than the current discount rate:

	1% Decrease 3.00%	Discount Rate 4.00%	1% Increase 5.00%
<u>OPEB</u>			
Total OPEB liability	<u>\$ (56,210,977)</u>	<u><u>\$(48,309,510)</u></u>	<u><u>\$(42,061,215)</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.00% to 3.50%) or 1 percentage point higher (8.00% to 5.50%) than the current healthcare cost trend rate:

	1% Decrease 6.00% decreasing to 3.50%	Healthcare Cost Trend Rates 7.00% decreasing to 4.50%	1% Increase 8.00% decreasing to 5.50%
<u>OPEB</u>			
Total OPEB liability	<u><u>\$(41,355,289)</u></u>	<u><u>\$(48,309,510)</u></u>	<u><u>\$ (57,199,120)</u></u>

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the District recognized OPEB expense credit of \$(3,250,786). At December 31, 2022, the District reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,258,224
Changes of assumptions	<u>9,792,403</u>
Total	<u><u>\$ 23,050,627</u></u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ (7,674,502)
2024	(6,987,284)
2025	(8,931,313)
2026	<u>542,472</u>
	<u><u>\$(23,050,627)</u></u>

13. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources, at December 31 2022, consists of unanticipated restored property taxes in the amount of \$44,564.

14. RISK FINANCING AND RELATED INSURANCE

The District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and other losses. The District currently reports all of its risk management activities in the general fund. These risks are currently covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

15. INSURANCE RECOVERIES

Insurance recoveries consist of \$51,271 in workers' compensation reimbursements, which are reported in revenues – sale of property and compensation for loss.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

16. ASSIGNED FUND BALANCE

Assigned fund balance for special purposes consists of \$10,218,145 assigned for sick leave and termination benefits and \$2,059,422 for future capital needs.

17. TAX ABATEMENTS

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development under New York State Real Property Tax Law §412-a. The amount by which the District's property tax revenue was reduced as a result of these abatements was \$2,592,039. The District received payments in lieu of taxes (PILOT) payments totaling \$1,487,556.

The District also recognized \$739,820 in LIPA PILOT revenue. As indicated in Note 1D, these LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*.

18. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At December 31, 2022, the District encumbered the following amounts:

Restricted:

Asset Forfeiture Fund

Contractual expenditures	\$ 15,000
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Assigned: Unappropriated Fund Balance:

General Fund

Contractual expenditures	38,352
Capital outlay	152,107
	<u>190,459</u>
	<u>\$ 205,459</u>

B. Grants

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. The District believes disallowances, if any, would be immaterial.

C. Litigation

The District is involved in lawsuits arising from the normal conduct of affairs. The District believes that the outcome of any matters will not have a material effect on these financial statements.

19. SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements.

PORT WASHINGTON POLICE DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 22,672,145	\$ 22,672,145	\$ 22,672,187	\$ 42
Other tax items	1,959,717	1,959,717	2,243,507	283,790
Police fees and reimbursements	6,000	6,000	5,729	(271)
Use of money and property	154,546	154,546	209,241	54,695
Operating grants			80,148	80,148
Sale of property and compensation for loss	5,000	5,000	90,734	85,734
Miscellaneous	105,000	105,000	100	(104,900)
	<u>24,902,408</u>	<u>24,902,408</u>	<u>25,301,646</u>	<u>399,238</u>
State sources			18,173	18,173
Federal sources			<u>15,187</u>	<u>15,187</u>
Total Revenues	<u>24,902,408</u>	<u>24,902,408</u>	<u>25,335,006</u>	<u>\$ 432,598</u>
APPROPRIATED FUND BALANCE				
Prior Years' Surplus		630,742		
Prior Year's Encumbrances	<u>161,237</u>	<u>161,237</u>		
Total Appropriated Fund Balance	<u>161,237</u>	<u>791,979</u>		
Total Revenues and Appropriated Fund Balance	<u>\$ 25,063,645</u>	<u>\$ 25,694,387</u>		

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.

PORT WASHINGTON POLICE DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
Personal services					
Personal services	\$ 12,480,407	\$ 12,540,543	\$ 12,540,543	\$	\$ -
Commissioners fees	54,000	54,000	54,000		-
Total Personal Services	12,534,407	12,594,543	12,594,543	-	-
Contractual expenditures					
Stationery and printing	5,000	5,000	4,782	32	186
Publicity	15,000	15,000	1,188	182	13,630
Books and publications	1,500	1,500	83	62	1,355
Office supplies and expenses	17,181	17,181	12,159	239	4,783
Data processing/computer	247,525	256,525	225,220	30,400	905
Telephone and communications	67,000	70,146	70,146		-
Electric/Gas	45,000	44,738	41,140		3,598
Water	500	762	762		-
Insurance	240,000	236,854	190,300		46,554
Conferences, meetings and training	60,000	60,000	37,058		22,942
Election	4,000	4,000	3,080		920
Auditing	50,000	50,000	34,900		15,100
Accounting contractual	41,000	41,000	11,950		29,050
Actuary	8,000	8,000	2,500		5,500
Legal	80,500	62,986	51,150		11,836
Legal, contractual	44,000	44,000	39,172		4,828
Professional services	40,000	40,000	9,388		30,612
Medical, contractual	25,000	25,000			25,000
Medical, reimbursements	10,000	10,000			10,000
Labor management	40,500	58,014	58,014		-
Uniforms and equipment	169,810	169,810	157,633		12,177
Gasoline	85,000	97,303	97,303		-
Patrol supplies and ammunition	142,051	129,747	50,014	6,969	72,764
Repair and maintenance					
Operating equipment	118,251	118,251	75,994	63	42,194
Plant and grounds	49,418	49,418	39,560	405	9,453
Office equipment	7,000	7,000	77		6,923
Legal notices	2,000	2,000	1,363		637
Miscellaneous	15,000	36,535	36,134		401
Total Contractual Expenditures	1,630,236	1,660,770	1,251,070	38,352	371,348
Employee benefits					
Provisions for retirement	1,246,757	1,877,499	630,742		1,246,757
Police & civilian retirement	3,372,122	3,372,122	3,084,028		288,094
Social security & Medicare	960,000	960,000	768,645		191,355
PBA Welfare fund	130,325	130,325	122,639		7,686
Unemployment insurance	25,000	25,000			25,000
Disability insurance	2,000	2,000	604		1,396
Hospital & medical insurance	3,900,000	3,802,661	3,658,316		144,345
Dental insurance	38,000	39,725	39,725		-
Perma contract	550,000	489,864	458,122		31,742
Total Employee Benefits	10,224,204	10,699,196	8,762,821	-	1,936,375

PORT WASHINGTON POLICE DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
Taxes					
MTA tax	\$ 48,000	\$ 48,000	\$ 44,522	\$	\$ 3,478
Taxes and assessments	22,772	22,772	628		22,144
Total Taxes	70,772	70,772	45,150	-	25,622
Capital outlay					
Building	170,000	6,250	6,250		-
Office equipment	103,333	83,091	20,209	28,329	34,553
Operating equipment	330,693	559,522	435,744	123,778	-
Total Capital Outlay	604,026	648,863	462,203	152,107	34,553
Debt Service					
Principal		19,459	19,459		-
Interest		784	784		-
Total Debt Service		20,243	20,243	-	-
Total Expenditures	<u>\$ 25,063,645</u>	<u>\$ 25,694,387</u>	<u>23,136,030</u>	<u>\$ 190,459</u>	<u>\$ 2,367,898</u>
Net Change in Fund Balance			2,198,976		
Fund Balance - Beginning of Year			<u>16,196,273</u>		
Fund Balance - End of Year			<u>\$ 18,395,249</u>		

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.

PORT WASHINGTON POLICE DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
Last Eight Fiscal Years

Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0031395%	0.0028734%	0.0034459%	0.0031549%	0.0034776%	0.0037022%	0.0035807%	0.0035245%
District's proportionate share of the net pension asset/(liability)	\$ 256,643	\$ (2,861)	\$ (912,486)	\$ (223,535)	\$ (112,239)	\$ (347,869)	\$ (574,713)	\$ (119,067)
District's covered payroll	\$ 1,050,298	\$ 1,018,161	\$ 1,054,943	\$ 1,011,976	\$ 1,207,312	\$ 1,164,328	\$ 1,126,494	\$ 1,097,548
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	24.44%	0.28%	86.50%	22.09%	9.30%	29.88%	51.02%	10.85%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

Police and Fire Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.2327539%	0.2263020%	0.2195459%	0.2299099%	0.2355811%	0.2222076%	0.2526673%	0.2063531%
District's proportionate share of the net pension liability	\$ 1,322,146	\$ 3,929,227	\$ 11,734,592	\$ 3,855,734	\$ 2,381,152	\$ 4,605,590	\$ 7,480,940	\$ 568,007
District's covered payroll	\$ 10,933,734	\$ 10,345,640	\$ 10,599,436	\$ 10,106,686	\$ 10,246,363	\$ 9,529,998	\$ 9,958,031	\$ 10,192,165
District's proportionate share of the net pension liability as a percentage of its covered payroll	12.09%	37.98%	110.71%	38.15%	23.24%	48.33%	75.12%	5.57%
Plan fiduciary net position as a percentage of the total pension liability	98.66%	95.79%	84.86%	95.09%	96.93%	93.46%	90.24%	99.03%
Discount rate	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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.

PORT WASHINGTON POLICE DISTRICT
Schedule of District Pension Contributions
Last Ten Fiscal Years

Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 128,655	\$ 158,287	\$ 151,030	\$ 155,668	\$ 182,903	\$ 179,543	\$ 181,738	\$ 199,160	\$ 212,619	\$ 237,017
Contributions in relation to the contractually required contribution	128,655	158,287	151,030	155,668	182,903	179,543	181,738	199,160	212,619	237,017
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,020,652	\$ 1,036,769	\$ 1,018,146	\$ 1,050,137	\$ 1,039,142	\$ 1,211,361	\$ 1,166,034	\$ 1,111,461	\$ 1,087,701	\$ 1,044,935
Contributions as a percentage of covered payroll	13%	15%	15%	15%	18%	15%	16%	18%	20%	23%

Police and Fire Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 2,955,372	\$ 2,867,507	\$ 2,521,148	\$ 2,358,191	\$ 2,352,569	\$ 2,305,709	\$ 2,446,021	\$ 2,703,158	\$ 2,058,997	\$ 4,320,656
Contributions in relation to the contractually required contribution	2,955,372	2,867,507	2,521,148	2,358,191	2,352,569	2,305,709	2,446,021	2,703,158	2,058,997	4,320,656
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 11,446,793	\$ 10,937,280	\$ 10,226,957	\$ 10,501,190	\$ 10,108,316	\$ 10,117,502	\$ 9,596,031	\$ 10,135,471	\$ 10,000,432	\$ 9,549,768
Contributions as a percentage of covered payroll	26%	26%	25%	22%	23%	23%	25%	27%	21%	45%

PORT WASHINGTON POLICE DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Five Fiscal Years

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 2,841,349	\$ 3,391,652	\$ 2,604,384	\$ 2,002,093	\$ 2,156,599
Interest on total OPEB liability	1,582,369	1,623,472	1,896,864	2,077,622	1,932,078
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(20,844,561)	-	4,750,393	-	-
Changes of assumptions or other inputs	(22,405,713)	3,254,827	3,282,300	11,664,197	(4,123,324)
Benefit payments	<u>(1,546,614)</u>	<u>(1,521,748)</u>	<u>(1,707,387)</u>	<u>(1,575,890)</u>	<u>(1,573,267)</u>
Net change in total OPEB liability	(40,373,170)	6,748,203	10,826,554	14,168,022	(1,607,914)
Total OPEB liability, beginning	<u>88,682,680</u>	<u>81,934,477</u>	<u>71,107,923</u>	<u>56,939,901</u>	<u>58,547,815</u>
Total OPEB liability, ending	<u><u>\$ 48,309,510</u></u>	<u><u>\$ 88,682,680</u></u>	<u><u>\$ 81,934,477</u></u>	<u><u>\$ 71,107,923</u></u>	<u><u>\$ 56,939,901</u></u>
Covered employee payroll	\$ 10,477,968	\$ 9,471,022	\$ 9,471,022	\$ 8,742,428	\$ 8,742,428
Total OPEB liability as a percentage of covered employee payroll	461.06%	936.36%	865.11%	813.37%	651.31%
Discount Rate	4.00%	1.80%	2.00%	2.70%	3.70%
Healthcare trend rates	7.00% to 4.50% by 2030	8.50% to 4.50% by 2027	8.50% to 4.50% by 2027	9.50% to 5.00% by 2025	9.50% to 5.00% by 2025

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.

Note to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay the related benefits