



PORT WASHINGTON POLICE DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORT**

December 31, 2025

PORT WASHINGTON POLICE DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Police Commissioners
Port Washington Police District
Port Washington, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund, Special Revenue Funds, Capital Project Fund and Debt Service Fund 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, 2025, 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, Special Revenue Funds, Capital Project Fund and Debt Service Fund of the District as of December 31, 2025, 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 45-50, 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 20, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sheehan & Company CPA, P.C.

Brightwaters, New York
May 20, 2026

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

The Port Washington Police District’s (“the 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, 2025, in comparison with the year ended December 31, 2024, 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 2025 are as follows:

- The District’s total net position (deficit), as reflected in the government-wide financial statements, decreased by \$8,050,522. 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 \$21,121,576. Of this amount, \$44,059 was offset by program revenues consisting of police fees and reimbursements, and operating grants. General revenues of \$29,128,039 amount to 99.85% of total revenues.
- The general fund’s total fund balance, as reflected in the fund financial statements, decreased by \$81,599 to \$11,270,663 at December 31, 2025. This was due to an excess of expenditures and other financing uses over revenues based on the current financial resources measurement focus and the modified accrual basis of accounting.
- During 2025, the Town of North Hempstead issued bond anticipation notes (BAN) totaling 15,000,000 on behalf of the District. The purpose of these BANs is to fund ongoing renovations of the police district.
- The District’s 2025 budgeted property tax levy of \$24,573,740 was a 2.62% increase over the 2024 tax levy of \$23,946,141, which was less than 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 (RSI). 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.

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.

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

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 (deficit). Increases or decreases in net position (deficit) 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 flows 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, subscription liabilities, 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.

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

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position (Deficit)

The District's total net position (deficit) decreased by \$8,050,522 between fiscal year December 31, 2025 and 2024. 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:

	2025	2024	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 26,999,679	\$ 12,856,437	\$ 14,143,242	110.01 %
Capital Assets, Net	12,641,968	10,080,203	2,561,765	25.41 %
Total Assets	39,641,647	22,936,640	16,705,007	72.83 %
Deferred Outflows of Resources	17,880,416	13,004,845	4,875,571	37.49 %
Liabilities				
Current and Other Liabilities	11,562,970	428,628	11,134,342	2597.67 %
Long-Term Liabilities	13,009,833	9,072,272	3,937,561	43.40 %
Total OPEB Liability	58,494,146	57,290,345	1,203,801	2.10 %
Net Pension Liabilities -				
Proportionate Share	12,619,349	10,772,716	1,846,633	17.14 %
Total Liabilities	95,686,298	77,563,961	18,122,337	23.36 %
Deferred Inflows of Resources	3,912,574	8,504,855	(4,592,281)	(54.00)%
Net Position (Deficit)				
Net Investment in Capital Assets	8,439,440	10,070,016	(1,630,576)	(16.19)%
Restricted	4,307,533	1,066,574	3,240,959	303.87 %
Unrestricted (Deficit)	(54,823,782)	(61,263,921)	6,440,139	10.51 %
Total Net Position (deficit)	\$ (42,076,809)	\$ (50,127,331)	\$ 8,050,522	16.06 %

The increase in current and other assets is primarily related to increases in amounts due from the Town of North Hempstead related to the District's BAN issuances.

The increase in capital assets, net is due to capital assets additions in excess of depreciation/amortization expense. The "Capital Assets" Note provides additional information.

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

Current and other liabilities increased mainly due to an increase in short term BANs payable.

Long-term liabilities increased mainly due to an increase in long term BANs payable.

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, 2025, is computed as follows:

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

Capital assets, net	\$ 12,641,968
Deduct:	
Capital related accounts payable	(157,075)
Retainage payable	(39,702)
BAN payable	(4,000,000)
Subscriptions	(5,751)
	<u>\$ 8,439,440</u>

The restricted amount relates to the District's reserves, which increased over the prior year, mainly due to unspent BAN proceeds in the current year.

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 (deficit). 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.

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, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Police fees and reimbursements	\$ 6,466	\$ 8,681	\$ (2,215)	(25.52)%
Operating grants	37,593	296,994	(259,401)	(87.34)%
General Revenues				
Real property taxes	24,741,142	23,903,527	837,615	3.50 %
Other tax items	3,426,057	2,621,195	804,862	30.71 %
Use of money and property	602,355	712,712	(110,357)	(15.48)%
Other	358,485	202,204	156,281	77.29 %
Total Revenues	<u>29,172,098</u>	<u>27,745,313</u>	<u>1,426,785</u>	5.14 %
Program Expenses				
Personal services	13,605,689	13,579,507	26,182	0.19 %
Contractual expenditures	1,671,796	2,109,400	(437,604)	(20.75)%
Employee benefits	5,039,843	7,678,359	(2,638,516)	(34.36)%
Other	194,173	152,149	42,024	27.62 %
Depreciation/ amortization	610,075	624,482	(14,407)	(2.31)%
Total Expenses	<u>21,121,576</u>	<u>24,143,897</u>	<u>(3,022,321)</u>	(12.52)%
Change in Net Position	<u>\$ 8,050,522</u>	<u>\$ 3,601,416</u>	<u>\$ 4,449,106</u>	123.54 %

The District's total net position increased by \$8,050,522 and \$3,601,416 for the years ended December 31, 2025 and 2024, respectively.

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

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

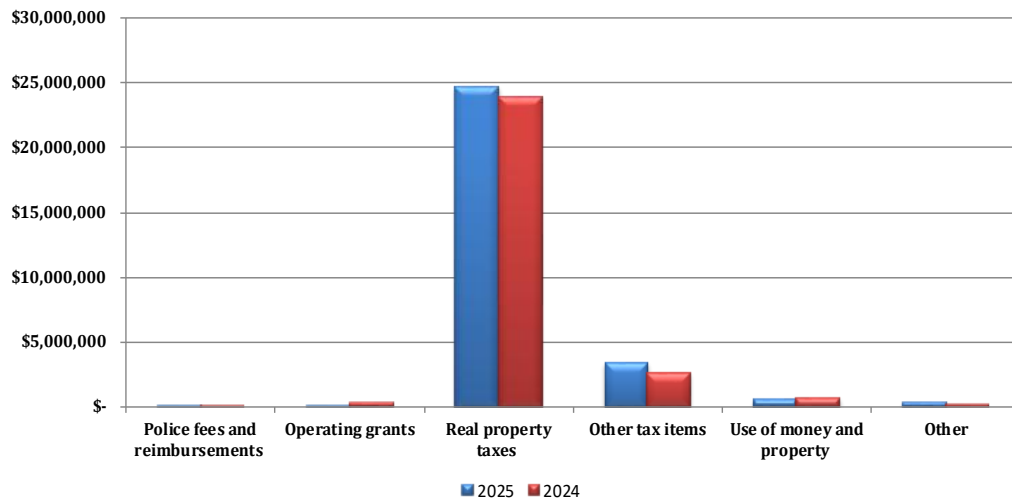
- Real property taxes were increased to fund anticipated increases in appropriations in the 2025 budget.
- Other tax items increased primarily as a result of additional tax abatements resulting in additional payments in lieu of taxes (PILOT).
- Operating grants decreased as a result of one time New York State grants received by the District during 2024.

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

- Employee benefits decreased based on the impact of the net change in actuarially determined OPEB costs and pension costs.

As indicated on the graphs that follow, real property taxes is the largest component of revenues recognized (i.e., 84.8% and 86.2% of the total for the years 2025 and 2024, respectively). Personal services and employee benefits are the largest categories of expenses incurred (i.e., 88.3% and 88.1% of the total for the years 2025 and 2024, respectively).

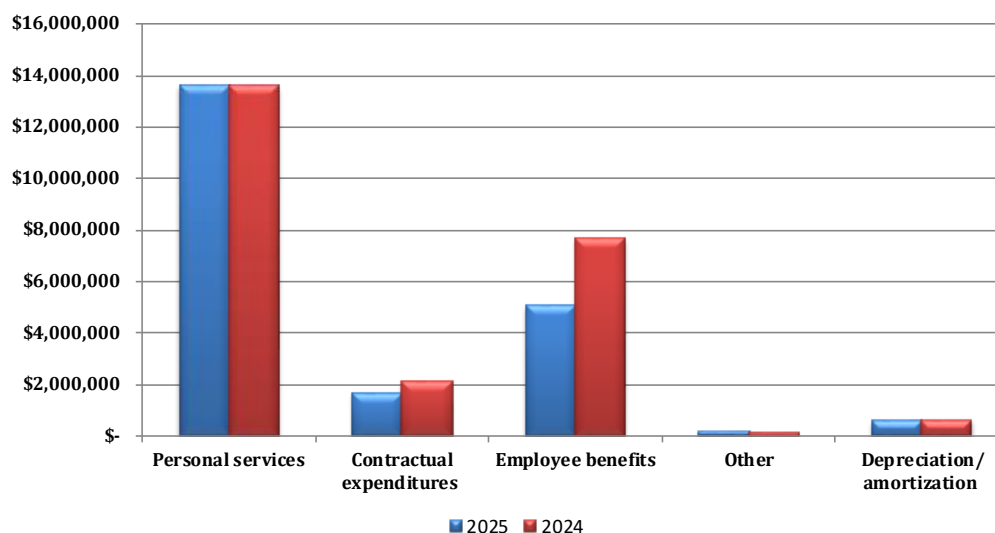
A graphic display of the distribution of revenues for the two years follows:



	Police fees and reimbursements	Operating grants	Real property taxes	Other tax items	Use of money and property	Other
2025	0.0%	0.1%	84.8%	11.7%	2.1%	1.3%
2024	0.0%	1.1%	86.2%	9.4%	2.6%	0.7%

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

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



	Personal services	Contractual expenditures	Employee benefits	Other	Depreciation/ amortization
2025	64.4%	7.9%	23.9%	0.9%	2.9%
2024	56.3%	8.7%	31.8%	0.6%	2.6%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At December 31, 2025, the District's governmental funds reported a combined fund balance of \$15,598,859, which is an increase of \$3,144,299 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses 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:

	2025	As Restated 2024	Changes	Percentage Change
General Fund				
Nonspendable: Prepaids	\$ 1,546,024	\$ 1,467,746	\$ 78,278	5.33 %
Restricted: Retirement contribution	3,712	3,651	61	1.67 %
Assigned:				
Unappropriated fund balance	256,105	169,136	86,969	51.42 %
Sick leave and termination benefits	3,316,987	3,468,747	(151,760)	(4.38)%
Capital	315,096	309,951	5,145	1.66 %
Unassigned: Fund balance	5,832,739	5,933,031	(100,292)	(1.69)%
	<u>11,270,663</u>	<u>11,352,262</u>	<u>(81,599)</u>	<u>(0.72)%</u>
Asset Forfeiture Fund				
Restricted: Asset forfeiture	1,015,948	1,102,298	(86,350)	(7.83)%
Debt Service Fund				
Restricted: Debt	190,999		190,999	N/A
Capital Projects Fund				
Unspent BAN Proceeds	<u>3,121,249</u>		<u>3,121,249</u>	N/A
	<u>\$ 15,598,859</u>	<u>\$ 12,454,560</u>	<u>\$ 3,144,299</u>	25.25 %

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

A. General Fund

The general fund – fund balance is a net decrease of \$81,599, compared to \$59,312 in 2024. This resulted from expenditure and other financing uses exceeding revenues. The prior year was restated to reflect the effects of a \$238,614 decrease in fund balance adjustment related to a transfer to the capital projects fund.

Revenues increased by \$1,300,843 or 4.71%, 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 2025 budget.
- Other tax items increased as a result of additional tax abatements resulting in additional PILOT, as well as the receipt of additional LIPA PILOT funds.
- State sources decreased as a result of less NYS grants received by the District in the current year.

Expenditures and other financing uses increased by \$1,441,754 or 5.23%, as compared to the prior year. The following is a summary of the major changes that resulted in expenditures and other financing uses increasing over the prior year:

- The main increase in expenditures is related to an increase in operating transfers out to the capital projects fund, due to a budgeted transfer to offset construction soft costs incurred by the District.
- Taxes decreased due to one-time retro IRS payments made in 2024.

The increase in nonspendable prepaids is due to the prepayment of the “PERMA” Workers’ Compensation insurance coverage during the current year.

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

The decrease in the assigned: unappropriated fund balance reflects the change in general fund encumbrances from the prior year to the current year.

The decrease in the amount assigned for sick leave and termination benefits reflects the Board-authorized transfer out of \$959,342 appropriation from the reserve for retirement payouts. This decrease was offset by the Board-approved transfer-in of \$750,000 for additional funding and the \$57,580 of interest earned in the current year.

The increase in amounts assigned for capital reflects interest earned in the current year.

B. Asset Forfeiture Fund

The net change in the asset forfeiture fund-fund balance is a decrease of \$86,350, which reflects the current year’s expenditures in excess of revenues.

C. Debt Service Fund

The debt service fund- fund balance net increase is the result of a BAN premium received in the current year.

D. Capital Projects Fund

The capital projects fund- fund balance net increase is the result of BAN proceeds in excess of expenditures related to the new building purchased by the District. The prior year was restated to reflect the effects of a \$238,614 increase in fund balance adjustment related to a transfer from the general fund.

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

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2025 Budget

The District's general fund adopted budget for the year ended December 31, 2025, was \$27,789,110. This amount was increased by encumbrances carried forward from the prior year in the amount of \$169,136, and budget revisions of \$1,465,513 for a total final budget of \$29,423,759. The majority of the funding source was \$26,879,584 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 and other financing uses, 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, as Restated	\$ 5,933,031
Fund Balance Appropriated for Budget Revision	(506,171)
Revenues Over Budget	1,136,514
Expenditures, Other Financing Uses, and Encumbrances Under Budget	160,431
Net Change in Nonspendable Prepaids	(78,278)
Net Change in Restricted	(61)
Amounts Transferred to Assigned	<u>(812,727)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 5,832,739</u></u>

Opening, Unassigned Fund Balance, as Restated

The \$5,933,031 shown in the table is the portion of the District's December 31, 2024 fund balance that was retained as unassigned, including the \$238,614 restatement.

Fund Balance Appropriated for Budget Revision

The District increased appropriations by \$506,171, which was funded by unassigned fund balance. The increase was needed to fund a fuel tank replacement and additional vehicle purchases, which decreases the unassigned portion of the general fund fund balance.

Revenues Over Budget

The 2025 final budget for revenues was \$27,789,110. Actual revenues recognized for the year were \$28,925,624. The surplus of actual revenues over estimated or budgeted revenues was \$1,136,514. This change contributes directly to the change in the general fund unassigned fund balance from December 31, 2024 to December 31, 2025. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2025 final budget for expenditures and other financing uses was \$29,423,759. Actual expenditures as of December 31, 2025 were \$29,007,223 and outstanding encumbrances were \$256,105. Combined, the expenditures plus encumbrances for 2025 were \$29,263,328. The final budget variance was \$160,431. This

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

change contributes directly to the change in the unassigned portion of the general fund-fund balance from December 31, 2024 to December 31, 2025. 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, 2025. 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 increase in nonspendable fund balance decreases unassigned fund balance.

Net Change in Restricted

The \$61 shown in the previous table is the interest earned on the reserve.

Amounts Transferred to Assigned

The \$812,727 shown in the previous table represents an increase in the amounts assigned for sick leave and termination benefits, and capital. In its 2025 budget, the District included funding for the assignment for sick leave and termination benefits in the amount of \$750,000. In addition, the assignments had interest earnings of \$57,581 for the sick and termination leave assignment, and \$5,146 for the assignment for capital.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the District will begin 2026 with an unassigned fund balance of \$5,832,739. This is a decrease of \$100,292 from the prior year, as restated.

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

A. Capital Assets

At December 31, 2025, the District had invested in a broad range of capital assets, as indicated in the following table. The net increase in capital assets is due to capital outlays and other additions of \$3,171,840 in excess of depreciation/amortization expense of \$610,075 for the year ended December 31, 2025. A summary of the District's capital assets, net of accumulated depreciation/amortization at December 31, 2025 and 2024 is as follows:

	2025	2024	Increase (Decrease)
Land	\$ 1,809,020	\$ 1,809,020	\$ -
Construction in progress	2,563,332	238,614	2,324,718
Buildings and improvements	7,302,142	7,130,638	171,504
Furniture and equipment	903,605	812,431	91,174
Leased equipment	-	-	-
Subscription assets	63,869	89,500	(25,631)
Capital assets, net	<u>\$ 12,641,968</u>	<u>\$ 10,080,203</u>	<u>\$ 2,561,765</u>

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

B. Debt Administration

At December 31, 2025, the District had combined total debt of \$4,005,751. The increase in outstanding debt represents a long-term BAN issued by the Town of North Hempstead for the benefit of the District, while the decrease in outstanding debt represents principal payments made throughout the year. A summary of outstanding debt at December 31, 2025 and 2024 is as follows:

Issue/ Commencement Date	Interest Rate	2025	2024	Increase (Decrease)
BANs Payable				
2025	2.650%	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ 4,000,000</u>
Subscriptions				
2023	2.589%	<u>\$ 5,751</u>	<u>\$ 10,187</u>	<u>\$ (4,436)</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, 2025 and 2024 is as follows:

	2025	2024	Increase (Decrease)
Compensated absences and termination benefits payable	\$ 9,004,082	\$ 9,062,085	\$ (58,003)
Total OPEB liability	58,494,146	57,290,345	1,203,801
Net pension liability - proportionate share	<u>12,619,349</u>	<u>10,772,716</u>	<u>1,846,633</u>
	<u>\$ 80,117,577</u>	<u>\$ 77,125,146</u>	<u>\$ 2,992,431</u>

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, 2026, is \$28,419,053. This is an increase of \$629,943 or 2.27% over the previous year's budget. This increase is primarily the result of an increase in expenses related to the payment of BAN interest related to the construction on the building project.

The District estimated revenues other than real property taxes at a decrease of \$98,153 from the prior year's estimate. As a result, real property taxes were increased \$728,096 or 2.96% (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.

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

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 cap for 2026 is 3.42%. The District's increase of 2.96% was less than 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, 2025

ASSETS

Cash	
Unrestricted	\$ 9,711,043
Restricted	1,186,284
Accounts receivable	5,629
Due from other governments	14,566,669
Prepays	1,530,054
Capital assets:	
Not being depreciated	4,372,352
Being depreciated/amortized, net of accumulated depreciation/amortization	<u>8,269,616</u>
Total Assets	<u>39,641,647</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	11,803,737
Other postemployment benefits	<u>6,076,679</u>
Total Deferred Outflows of Resources	<u>17,880,416</u>

LIABILITIES

Payables	
Accounts payable	229,498
Accrued liabilities	285,706
Retainage payable	39,702
Other liabilities	8,064
Notes Payable	
Bond anticipation note	11,000,000
Long-term liabilities	
Due and payable within one year	
Subscription liabilities	5,751
Compensated absences and termination benefits payable	451,978
Total other postemployment benefits liability	2,135,779
Due and payable after one year	
Bond anticipation note	4,000,000
Compensated absences and termination benefits payable	8,552,104
Total other postemployment benefits liability	56,358,367
Net pension liabilities - proportionate share	<u>12,619,349</u>
Total Liabilities	<u>95,686,298</u>

DEFERRED INFLOWS OF RESOURCES

Reserve for excess property tax levy	44,564
Pensions	602,217
Other postemployment benefits	<u>3,265,793</u>
Total Deferred Inflows of Resources	<u>3,912,574</u>

NET POSITION (DEFICIT)

Net investment in capital assets	8,439,440
Restricted:	
Retirement contribution	3,712
Asset forfeiture	991,573
Debt	190,999
Unspent BAN proceeds	3,121,249
Unrestricted (deficit)	<u>(54,823,782)</u>
Total Net Position (Deficit)	<u>\$ (42,076,809)</u>

PORT WASHINGTON POLICE DISTRICT
Statement of Activities
For the Year Ended December 31, 2025

PROGRAM EXPENSES

Personal services	\$ 13,605,689
Contractual expenditures	1,671,796
Employee benefits	5,039,843
Taxes and assessments	67,242
Debt service - interest	126,931
Depreciation/amortization	<u>610,075</u>
Total Program Expenses	<u>21,121,576</u>

PROGRAM REVENUES

Police fees and reimbursements	6,466
Operating grants	<u>37,593</u>
Total Program Revenues	<u>44,059</u>
Net Program Expense	<u>21,077,517</u>

GENERAL REVENUES

Real property taxes	24,741,142
Other tax items	3,426,057
Use of money and property	602,355
Sale of property and compensation for loss	121,816
Miscellaneous	<u>236,669</u>
Total General Revenues	<u>29,128,039</u>
Change in Net Position	8,050,522
Total Net Position (Deficit) - Beginning of Year	<u>(50,127,331)</u>
Total Net Position (Deficit) - End of Year	<u><u>\$ (42,076,809)</u></u>

PORT WASHINGTON POLICE DISTRICT
Balance Sheet - Governmental Funds
December 31, 2025

		Special Revenue Funds				Total
	General	Asset Forfeiture	Grants	Debt Service	Capital Projects	Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 9,711,043	\$	\$	\$	\$	\$ 9,711,043
Restricted	205,019	981,265				1,186,284
Accounts receivable	5,629					5,629
Due from other governments	445,420				14,121,249	14,566,669
Due from other funds		10,308		190,999	157,075	358,382
Prepays	1,546,024	24,375				1,570,399
Total Assets	<u>\$ 11,913,135</u>	<u>\$ 1,015,948</u>	<u>\$ -</u>	<u>\$ 190,999</u>	<u>\$ 14,278,324</u>	<u>\$ 27,398,406</u>
LIABILITIES						
Payables						
Accounts payable	\$ 72,423	\$	\$	\$	\$ 157,075	\$ 229,498
Accrued liabilities	159,039					159,039
Due to other funds	358,382					358,382
Other liabilities	8,064					8,064
Notes Payable						
Bond anticipation note					11,000,000	11,000,000
Total Liabilities	<u>597,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,157,075</u>	<u>11,754,983</u>
DEFERRED INFLOWS OF RESOURCES						
Reserve for excess property tax levy	<u>44,564</u>					<u>44,564</u>
FUND BALANCES						
Nonspendable: Prepays	1,546,024	24,375				1,570,399
Restricted:						
Retirement contribution	3,712					3,712
Asset forfeiture		991,573				991,573
Debt				190,999		190,999
Unspent BAN proceeds					3,121,249	3,121,249
Assigned:						
Special purposes	3,316,987					3,316,987
Capital	315,096					315,096
Unappropriated	256,105					256,105
Unassigned: Fund balance	<u>5,832,739</u>					<u>5,832,739</u>
Total Fund Balances	<u>11,270,663</u>	<u>1,015,948</u>	<u>-</u>	<u>190,999</u>	<u>3,121,249</u>	<u>15,598,859</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,913,135</u>	<u>\$ 1,015,948</u>	<u>\$ -</u>	<u>\$ 190,999</u>	<u>\$ 14,278,324</u>	<u>\$ 27,398,406</u>

PORT WASHINGTON POLICE DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
December 31, 2025

Total Governmental Fund Balances	\$ 15,598,859
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The costs of building, acquiring, or the right-to-use 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	\$ 18,958,597	
Less: Accumulated depreciation/amortization	<u>(6,316,629)</u>	
		12,641,968

Prepayments for subscription-based information technology arrangements are reported as prepaid expenditures, an asset on the Balance Sheet; however, on the Statement of Net Position, those prepaid costs are reclassified as capital assets.	(40,345)
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Proportionate share of long-term liabilities, as well as deferred outflows and inflows, associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources - pension	11,803,737	
Net pension liability - employees' retirement system	(476,611)	
Net pension liability - police and fire retirement system	(12,142,738)	
Deferred inflows of resources - pension	<u>(602,217)</u>	
		(1,417,829)

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.

Deferred Outflows of resources	6,076,679	
Total other postemployment benefits liability	(58,494,146)	
Deferred inflows of resources	<u>(3,265,793)</u>	
		(55,683,260)

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:

Accrued interest on debt	(126,667)	
Retainage payable	(39,702)	
BANs payable	(4,000,000)	
Subscription liabilities	(5,751)	
Compensated absences and termination benefits payable	<u>(9,004,082)</u>	
		<u>(13,176,202)</u>

Total Net Position (Deficit)	<u>\$ (42,076,809)</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, 2025

		Special Revenue Funds				Total
	General	Asset Forfeiture	Grants	Debt Service	Capital Projects	Governmental Funds
REVENUES						
Real property taxes	\$ 24,741,142	\$	\$	\$	\$	\$ 24,741,142
Other tax items	3,426,057					3,426,057
Police fees and reimbursements	6,466					6,466
Use of money and property	582,847	19,508				602,355
Operating grants	11,923		17,849			29,772
Sale of property and compensation for loss	121,816					121,816
Miscellaneous	27,552	18,118				45,670
State sources	7,821					7,821
Total Revenues	28,925,624	37,626	17,849	-	-	28,981,099
EXPENDITURES						
Personal services	13,587,840		17,849			13,605,689
Contractual expenditures	1,635,558	9,295				1,644,853
Employee benefits	11,515,264					11,515,264
Taxes and assessments	67,242					67,242
Capital outlay	790,354	114,681			2,285,016	3,190,051
Debt service						
Principal	4,436					4,436
Interest	264					264
Total Expenditures	27,600,958	123,976	17,849	-	2,285,016	30,027,799
Excess (Deficiency) of Revenues Over Expenditures	1,324,666	(86,350)	-	-	(2,285,016)	(1,046,700)
OTHER FINANCING SOURCES (USES)						
BAN proceeds					4,000,000	4,000,000
Premium on obligation				190,999		190,999
Operating transfers in					1,406,265	1,406,265
Operating transfers (out)	(1,406,265)					(1,406,265)
Total Other Financing Sources (Uses)	(1,406,265)	-	-	190,999	5,406,265	4,190,999
Net Change in Fund Balances	(81,599)	(86,350)	-	190,999	3,121,249	3,144,299
Fund Balances (Deficit) - Beginning of Year, as Previously Reported	11,590,876	1,102,298	-	-	(238,614)	12,454,560
Error Correction	(238,614)				238,614	-
Fund Balances - Beginning of Year, as Restated	11,352,262	1,102,298	-	-	-	12,454,560
Fund Balances - End of year	\$ 11,270,663	\$ 1,015,948	\$ -	\$ 190,999	\$ 3,121,249	\$ 15,598,859

PORT WASHINGTON POLICE DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended December 31, 2025

Net Change in Fund Balances \$ 3,144,299

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

Long-Term Revenue and Expense Differences

Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.

Decrease in compensated absences and termination benefits payable 58,003

Capital Related Differences

Capital outlays to purchase, build, or the right-to-use 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 capital outlays and other additions exceeded depreciation/amortization expense in the period.

Capital outlays and other additions	\$ 3,171,840	
Depreciation/amortization expense	<u>(610,075)</u>	
		2,561,765

Retainage payable is withheld from progress payments to contractors for ongoing capital projects until satisfactory completion. It is not a liability in the governmental funds until it is due and payable because it does not require the use of current financial resources, but it is a liability in the Statement of Net Position. Retainage payable increased over the prior year by: (39,702)

Prepaid subscriptions are reported as an expenditure in the year the services are consumed in the governmental funds, however; in the Statement of Net Position the subscriptions are recorded as an intangible asset in the year acquired. This is the amount of expenditures reported in the governmental funds. 30,970

Long-Term Debt Transactions Differences

Proceeds from the issuance of debt are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities. (4,000,000)

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.

Subscription liabilities 4,436

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 accrued, regardless of when it is due. This is the amount by which accrued interest increased from December 31, 2024 to December 31, 2025. (126,667)
(4,122,231)

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	531,964	
Police and fire retirement system	51,133	
Other postemployment benefits	<u>5,834,321</u>	
		<u>6,417,418</u>

Change in Net Position (Deficit) of Governmental Activities \$ 8,050,522

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Port Washington Police District ("the 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 ("the 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 are generally 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:

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:

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 ("the 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, major repair of, or the right-to-use capital facilities and other capital and intangible assets.

Debt Service Fund - accounts for accumulation of resources for, and the payment of, principal and interest on long-term general obligation debt of governmental activities.

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.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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, subscription liabilities, compensated absences and termination benefits, pension costs, and OPEB, 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.

E. 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 payments are not the result of tax abatement agreements as defined by GASB, 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.

F. 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.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. 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 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, payables, transfers in, and transfers out activity is provided subsequently in these Notes to Financial Statements.

H. Use of Estimates

The preparation of financial statements in conformity with GAAP 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, OPEB, pensions costs, potential contingent liabilities and useful lives of capital assets and intangible assets.

I. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, bank deposits and investments with an original maturity date of 90 days or less from the date of acquisition.

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

J. Receivables

Receivables are recorded when the transaction takes place, and the respective revenues are recognized as earned in the government-wide financial statements, and when available in the fund financial statements. 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.

K. 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.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

L. Capital and Intangible Assets

The government-wide financial statements report both capital and intangible assets, such as right-to-use leased and subscription-based information technology 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. Intangible assets are reported based on the estimated lease and subscription liabilities calculated in accordance with GASB standards.

All capital assets, except land and construction in progress, are depreciated on a straight line basis over their estimated useful lives. , intangible assets are amortized on a straight-line basis over the term of their underlying agreements, as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	15 - 39 yrs.
Furniture and equipment	5,000	5 yrs
Leased equipment	5,000	5 yrs
Subscription-based information technology arrangements	15,000	Duration of the subscription

M. 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 two items that qualify for reporting in this category. First 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 and the District's contributions to the pension system (NYSLRS) subsequent to the measurement date. The second item is related to OPEB and represents the change in the total OPEB liability not included in the OPEB expense.

N. Short-Term Debt

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve month period thereafter.

BANs that are replaced with long-term financing, or renewed subsequent to the year end, and before the issuance of the financial statements, are treated as long-term liabilities, as these notes will not require the use of working capital during that period.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

O. 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. 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.

In the government-wide financial statements, the District recognizes a liability for compensated absences, including sick leave, training and comp time, when employees have earned the right to the leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability is measured at the employee's pay rate at the reporting date, including salary-related payments, such as social security and Medicare taxes.

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.

The District uses the first-in, first-out (FIFO) method to determine which leave balances are used first.

P. 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.

Consistent with GASB, 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.

Q. 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 (NYSLRS).

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

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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 as set forth by GASB.

R. Long-Term Debt

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The repayment of principal and interest will be in the general fund.

In the fund financial statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the government-wide financial statements, premiums received on long-term debt issuances are reported in miscellaneous revenue.

S. Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is a contract that conveys control of the right-to-use another party's information technology software, alone or in combination with tangible capital assets, for a period of time in an exchange of exchange-like transaction. At the commencement of the subscription term, the District initially measures the subscription liability at the present value of expected subscription payments over the subscription term, discounted using an interest rate the vendor charges or at the District's incremental borrowing rate if the vendor rate cannot be determined. Subsequently, the SBITA liability is reduced by the principal portion of the payments made. The SBITA asset is measured as the initial subscription liability plus any direct implementation costs that are eligible for capitalization, minus any incentives received from the vendor. The subscription asset is amortized over the subscription term.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

T. 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.

U. 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 and intangible assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, improvement of, and the right-to-use those assets.

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 are recorded in the general fund and asset forfeiture 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 ERS and PFRS. 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.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Restricted for Debt – Unexpended balances of proceeds of borrowings for capital projects, interest and earnings from investing proceeds of debt, and premiums and accrued interest on long-term borrowings are recorded in the debt service fund and held until appropriated for debt payments. These restricted amounts are accounted for in the debt service fund.

Restricted – Unspent BAN Proceeds – Unspent long-term BAN proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

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.

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. 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 pronouncements and implement them, as applicable, if material.

Effective for the Year Ending	Statement
December 31, 2026	GASB No. 103 – <i>Financial Reporting Model Improvements</i>
December 31, 2026	GASB No. 104 – <i>Disclosure of Certain Capital Assets</i>
December 31, 2027	GASB No. 105 – <i>Subsequent Events</i>

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
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GASB Statement No. 103 was issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

GASB Statement No. 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible right-to-use assets, and assets held for sale.

GASB Statement No. 105 was issued to improve financial reporting related to subsequent events by clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events, and by specifying the information items that are required to be disclosed about subsequent events.

3. 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, 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 acquisition 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 payments 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.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

OPEB 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 OPEB costs as they 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.

4. 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	\$ 959,342
Fuel tank replacement funded by fund balance	400,000
Additional vehicles purchased using fund balance	<u>106,171</u>
	<u>\$ 1,465,513</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.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
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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.

C. Net Position Deficit

As of December 31, 2025, the governmental activities reported a deficit in unrestricted net position of \$54,823,782. This deficit is primarily the result of unfunded liabilities such as the District recognizing its proportionate share of the net pension liabilities and total OPEB liabilities on the statement of net position. The accumulated effect of these required recognitions, coupled with the limitations from the state on funding the OPEB liabilities on a “pay as you go” basis, has resulted in a negative unrestricted net position. The District remains committed to its employees and retirees by continuing to make all required contributions to the pension plans and including these amounts in its annual budget to cover its share of the costs of postemployment health insurance coverage.

5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

Custodial credit risk is the risk that in the event of a bank failure, the District 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.

Investment Pool:

The District participates in the New York Cooperative Liquid Assets Securities System (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to GML Articles 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. NYCLASS is rated AAAm by S&P Global Ratings. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with GML §10.

The District’s investments in NYCLASS consisted of repurchase agreements, U.S. Treasury Securities, and collateralized bank deposits, with various interest rates and due dates. The dollar weighted average days to maturity (WAM) of NYCLASS at December 31, 2025, was 38 days and the weighted average life (WAL) was

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

72 days. These investments are included in cash and cash equivalents in the general fund with a carrying amount of \$9,046,531.

Securities, other than repurchase agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities. Repurchase agreements are recorded at cost, which approximates fair value. The lead participant of NYCLASS is the Village of Rhinebeck. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

6. DUE FROM OTHER GOVERNMENTS

Due from other governments at December 31, 2025, consists of \$14,566,669 due from the Town of North Hempstead. Of this amount, \$14,121,249 relates to BAN's issued as of year end, but not yet expended by the District.

7. CAPITAL ASSETS AND INTANGIBLE ASSETS

A. Changes

Capital assets and intangible assets balances and activity for the year ended December 31, 2025, were as follows:

	Balance December 31, 2024	Additions	Reductions	Balance December 31, 2025
Governmental activities				
Capital assets not being depreciated/amortized:				
Land	\$ 1,809,020	\$	\$	\$ 1,809,020
Construction in progress	238,614	2,324,718		2,563,332
Total capital assets not being depreciated/amortized	2,047,634	2,324,718	-	4,372,352
Capital assets being depreciated/amortized:				
Buildings and improvements	9,101,836	400,000		9,501,836
Furniture and equipment	4,525,109	447,122	(38,143)	4,934,088
Leased equipment	9,807			9,807
Subscription assets	140,514			140,514
Total capital assets being depreciated/amortized	13,777,266	847,122	(38,143)	14,586,245
Less accumulated depreciation/amortization for:				
Buildings and improvements	1,971,198	228,496		2,199,694
Furniture and equipment	3,712,678	355,948	(38,143)	4,030,483
Leased equipment	9,807			9,807
Subscription assets	51,014	25,631		76,645
Total accumulated depreciation/ amortization	5,744,697	610,075	(38,143)	6,316,629
Total capital assets being depreciated/amortized, net	8,032,569	237,047	-	8,269,616
Capital assets, net	<u>\$ 10,080,203</u>	<u>\$ 2,561,765</u>	<u>\$ -</u>	<u>\$ 12,641,968</u>

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Lease Assets

The District has entered into various lease arrangements whose terms vary between years. These leases are included in leased equipment as shown in the previous table. The District has not provided any residual value guarantees related to these leased capital assets.

C. Subscription Assets

The District has entered into a subscription agreement whose term spans 48 months with an interest rate of 2.589%. The intangible right-to-use these assets is included in the subscription assets in the previous table. There are no residual value guarantees in the arrangement provisions.

D. 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, 2025, the District had not recorded any such impairment losses.

8. INTERFUND TRANSACTIONS

Interfund balances at December 31, 2025, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General fund	\$	\$ 358,382	\$	\$ 1,406,265
Asset forfeiture fund	10,308			
Debt service fund	190,999			
Capital projects fund	157,075		1,406,265	
	<u>\$ 358,382</u>	<u>\$ 358,382</u>	<u>\$ 1,406,265</u>	<u>\$ 1,406,265</u>

The transfer from the general fund to the capital projects fund represents the amount budgeted by the District to offset building construction soft-costs reflected in the capital projects fund.

9. SHORT-TERM DEBT

Short-term debt activity for the year is summarized below:

Purpose	Authorization		Borrowed to Date	Redeemed to Date	Outstanding at December 31, 2025
	Date	Amount			
Building construction	9/18/2025	\$ 11,000,000	\$ 11,000,000	\$ -	<u>\$ 11,000,000</u>

The BAN was issued to provide cash for the District's capital projects.

The District received a premium of \$141,198, which is included in other financing sources revenue in the debt service fund. In the government-wide financial statements, these premiums are reported as miscellaneous revenues.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

10. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity for the year, excluding pensions, are summarized below:

	Balance December 31, 2024	Additions	Reductions	Balance December 31, 2025	Amounts Due Within One Year
<u>Long-term debt:</u>					
BANs payable	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000	\$ -
Premium on obligation		190,999	(190,999)		
Subscription liabilities	10,187		(4,436)	5,751	5,751
<u>Other long-term liabilities:</u>					
Compensated absences and termination benefits	9,062,085		(58,003)	9,004,082	451,978
Total OPEB liability	57,290,345	1,203,801		58,494,146	2,135,779
	<u>\$ 66,362,617</u>	<u>\$ 5,394,800</u>	<u>\$ (253,438)</u>	<u>\$ 71,503,979</u>	<u>\$ 2,593,508</u>

The general fund has typically been used to liquidate other long-term liabilities.

Additions and reductions to compensated absences are shown net. The maturity of compensated absences is not determinable.

For total OPEB liability, please see "Postemployment Healthcare Benefits" Note for additional information.

B. Bond Anticipation Notes Payable

Bond anticipation notes payable is comprised of the following:

Purpose	Authorization		Borrowed to Date	Redeemed to Date	Outstanding at December 31, 2025
	Date	Amount			
Building construction	3/20/2025	\$ 4,000,000	\$ 4,000,000	\$ -	<u>\$ 4,000,000</u>

The District received a premium of \$49,801, which is included in other financing sources revenue in the debt service fund. In the government-wide financial statements, these premiums are reported as miscellaneous revenues.

C. Subscription liabilities

Subscription liabilities is comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at December 31, 2025
Debtbook	3/3/2023	3/3/2026	2.589%	<u>\$ 5,751</u>

The following is a summary of debt service requirements for subscription liabilities:

Year Ending December 31,	Principal	Interest	Total
2026	<u>\$ 5,751</u>	<u>\$ 149</u>	<u>\$ 5,900</u>

There were no additional subscription commitments entered into by the District after December 31, 2025.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Interest Expense

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

Interest paid	\$ 264
Plus interest accrued in the current year	<u>126,667</u>
Total interest expense on long-term debt	<u>\$ 126,931</u>

E. Authorized and Unissued Debt

In 2024, the District received authorization from the Town of North Hempstead to issue serial bonds in the amount of \$32,000,000 for improvement of facilities of the Port Washington Police District. As of December 31, 2025, the District issued \$15,000,000 in BANs through the Town that will be used to fund the project, and \$17,000,000 remains unissued.

11. 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 ("the 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 Comptroller's 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 16.2% for ERS and 33.0% for PFRS of covered payroll for the NYSLRS' fiscal year ended March 31, 2025.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District's share of the required contributions, based on covered payroll for the current year ended December 31, 2025, was \$168,244 for the ERS and \$4,051,734 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, 2025, 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, 2025 for both ERS and PFRS. The total pension 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, 2025	March 31, 2025
District's proportionate share of the net pension liability	\$ (476,611)	\$ (12,142,738)
District's portion of the Plan's net pension liability	0.0027798%	0.1998193%
Change in proportion since the prior measurement date	0.0000424	(0.0188198)

For the year ended December 31, 2025, the District recognized pension expense of \$117,111 for ERS and \$3,519,770 for PFRS. At December 31, 2025, 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	\$ 118,298	\$ 4,044,585	\$ 5,580	\$
Changes of assumptions	19,988	1,823,371		
Net difference between projected and actual earnings on pension plan investments	37,394	466,728		
Changes in proportion and differences between the District's contributions and proportionate share of contributions	59,942	2,012,905	16,705	579,932
District contributions subsequent to the measurement date	127,451	3,093,075		
Total	<u>\$ 363,073</u>	<u>\$ 11,440,664</u>	<u>\$ 22,285</u>	<u>\$ 579,932</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, 2026. 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
2026	\$ 100,689	\$ 3,638,901
2027	132,504	2,293,331
2028	(31,851)	387,654
2029	11,995	993,067
2030	454,704	454,704
	<u>\$ 213,337</u>	<u>\$ 7,767,657</u>

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2025	March 31, 2025
Actuarial valuation date	April 1, 2024	April 1, 2024
Inflation	2.9%	2.9%
Salary increases	4.3%	6.0%
Investment rate of return (net of investment expense, including inflation)	5.9%	5.9%
Cost of living adjustments	1.5%	1.5%

Demographic assumptions are primarily based on the System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021. Demographic assumptions used in the April 1, 2024 actuarial valuation are based on the results of an actuarial experience study completed April 1, 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, 2025
Asset type		
Domestic equity	25.0%	3.54%
International equity	14.0%	6.57%
Real estate equity	12.0%	4.95%
Private equity	15.0%	7.25%
Alternative investments	11.0%	5.25-5.55%
Fixed income	22.0%	2.00%
Cash	1.0%	0.25%
	100.0%	

The real rate of return is net of the long-term inflation assumption of 2.90%.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

ERS	1% Decrease 4.90 %	Current Assumption 5.90 %	1% Increase 6.90 %
District's proportionate share of the net pension asset (liability)	<u>\$ (1,379,372)</u>	<u>\$ (476,611)</u>	<u>\$ 277,195</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>\$ (25,603,477)</u>	<u>\$ (12,142,738)</u>	<u>\$ (1,032,833)</u>

Pension Plan Fiduciary Net Position

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

	ERS	PFRS
	<i>(Dollars in Thousands)</i>	
Measurement date	March 31, 2025	March 31, 2025
Employers' total pension liability	\$ (247,600,239)	\$ (48,718,477)
Plan fiduciary net position	<u>230,454,512</u>	<u>42,641,620</u>
Employers' net pension liability	<u>\$ (17,145,727)</u>	<u>\$ (6,076,857)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	93.08%	87.53%

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 November. This resulted in a prepayment of \$1,073,509 for the period of January 1, 2025 through March 31, 2025. Employee contributions are remitted monthly.

12. 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, 2025 totaled \$979,726 into §457 plans, and \$210,660 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. Contributions were made to the plan on behalf of eligible employees for the year ended December 31, 2025 totaled \$777,000.

13. 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.

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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	97
Active employees	<u>81</u>
	<u><u>178</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$58,494,146 was measured as of December 31, 2025, and was determined by an actuarial valuation as of January 1, 2024. Update procedures were used to roll forward the total OPEB liability to the measurement date.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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	4.40%	
Healthcare cost trend rates (pre65/post 65)	7.40%/3.40%	decreasing to an ultimate rate of 3.40% by 2032
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 High Grade Municipal Bond Index as of December 31, 2025 per S&P Global.

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.

The actuarial assumptions used in the January 1, 2024 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 2024 Report.

C. Changes in the Total OPEB Liability

Balance at January 1, 2025	<u>\$ 57,290,345</u>
Changes for the year	
Service cost	1,756,554
Interest on total OPEB liability	2,417,566
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(834,540)
Benefit payments	<u>(2,135,779)</u>
	<u>1,203,801</u>
Balance at December 31, 2025	<u><u>\$ 58,494,146</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.30% in 2024 to 4.40% in 2025.

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 (3.40%) or 1 percentage point higher (5.40%) than the current discount rate:

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

OPEB	1% Decrease 3.40%	Discount Rate 4.40%	1% Increase 5.40%
Total OPEB liability	<u>\$ (67,787,968)</u>	<u>\$ (58,494,146)</u>	<u>\$ (51,104,240)</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 (6.40% to 2.40%) or 1 percentage point higher (8.40% to 4.40%) than the current healthcare cost trend rate:

OPEB	1% Decrease 6.40% decreasing to 2.40%	Healthcare Cost Trend Rates 7.40% decreasing to 3.40%	1% Increase 8.40% decreasing to 4.40%
Total OPEB liability	<u>\$ (49,746,179)</u>	<u>\$ (58,494,146)</u>	<u>\$ (69,677,870)</u>

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

For the year ended December 31, 2025, the District recognized OPEB expense credit of \$3,698,542. At December 31, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,036,273	\$
Changes of assumptions	<u>2,040,406</u>	<u>3,265,793</u>
Total	<u>\$ 6,076,679</u>	<u>\$ 3,265,793</u>

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

Year Ending December 31,	Amount
2026	\$ 1,601,123
2027	688,335
2028	688,336
2029	<u>(166,908)</u>
	<u>\$ 2,810,886</u>

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 consists of \$61,938 in workers' compensation reimbursements, which are reported in revenues – sale of property and compensation for loss.

16. CORRECTION OF AN ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During the year ended December 31, 2025, the District recorded a prior period adjustment to properly reflect the correction of an error in reporting between the general fund and capital projects fund. This change decreases the total fund balance in the general fund by \$238,614 and increases the total fund balance in the capital projects fund. This adjustment properly reflects the transfer to offset soft cost expenditures related to the District's capital projects.

	<u>General</u>	<u>Capital Projects</u>
Fund Balance (Deficit) - Beginning of Year, as Previously Reported	\$ 11,590,876	\$ (238,614)
Error correction	<u>(238,614)</u>	<u>238,614</u>
Fund Balance - Beginning of Year, as Restated	<u>\$ 11,352,262</u>	<u>\$ -</u>

17. ASSIGNED FUND BALANCE

Assigned fund balance for special purposes consists of \$3,316,987 assigned for sick leave and termination benefits and \$315,096 for future capital needs.

18. 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 \$3,302,671. The District received payments in lieu of taxes (PILOT) totaling \$2,326,177.

The District also recognized \$802,082 in LIPA PILOT revenue. These LIPA payments are not the result of tax abatement agreements as defined by GASB.

PORT WASHINGTON POLICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

19. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At December 31, 2025, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance:

General Fund

Contractual expenditures	\$ 35,827
Capital outlay	<u>220,278</u>

	<u><u>\$ 256,105</u></u>
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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.

D. Construction Contracts

During 2025, The District entered into various contracts for construction related to the building upgrades. As of December 31, 2025, these contract commitments total \$574,676, which includes \$39,702 of retainage payable.

20. 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, except for the following:

Issuance of BANs

On March 19, 2026, the Town of North Hempstead issued bond anticipation notes on behalf of the District in the amount of \$11,500,000, which are due March 19, 2027, and bear interest at rates ranging from 2.20% to 4.00%. This \$11,500,000 includes \$4,000,000 which had previously been issued in March 2025, as well as an additional \$7,500,000 in new funding.

Construction Contract

In May 2026, the District approved and entered into a construction contract related to its building project for \$27,826,766. No amounts related to this contract have been recognized in the accompanying financial statements, as the contract was entered into after the date of the Statement of Net Position and the Balance Sheet – Governmental Funds.

PORT WASHINGTON POLICE DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 24,573,740	\$ 24,573,740	\$ 24,741,142	\$ 167,402
Other tax items	2,305,844	2,305,844	3,426,057	1,120,213
Police fees and reimbursements	7,500	7,500	6,466	(1,034)
Use of money and property	892,000	892,000	582,847	(309,153)
Operating grants			11,923	11,923
Sale of property and compensation for loss	8,000	8,000	121,816	113,816
Miscellaneous	2,026	2,026	27,552	25,526
	<u>27,789,110</u>	<u>27,789,110</u>	<u>28,917,803</u>	<u>1,128,693</u>
State sources			7,821	7,821
Total Revenues	<u>27,789,110</u>	<u>27,789,110</u>	<u>28,925,624</u>	<u>\$ 1,136,514</u>
APPROPRIATED FUND BALANCE				
Prior Years' Surplus		1,465,513		
Prior Year's Encumbrances	<u>169,136</u>	<u>169,136</u>		
Total Appropriated Fund Balance	<u>169,136</u>	<u>1,634,649</u>		
Total Revenues and Appropriated Fund Balance	<u>\$ 27,958,246</u>	<u>\$ 29,423,759</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, 2025

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
Personal services					
Personal services	\$ 12,713,878	\$ 13,533,878	\$ 13,533,840	\$	\$ 38
Commissioners fees	54,000	54,000	54,000		-
Total Personal Services	12,767,878	13,587,878	13,587,840	-	38
Contractual expenditures					
Stationery and printing	4,010	6,710	6,683		27
Publicity	25,649	12,449	12,371		78
Books and publications	500	500	337		163
Office supplies and expenses	12,003	16,503	16,165		338
Data processing/computer	347,371	333,271	329,089	4,101	81
Telephone and communications	80,000	59,810	59,808		2
Electric/Gas	46,000	41,900	41,715		185
Water	1,012	1,512	1,382		130
Insurance	375,000	362,800	362,709		91
Conferences, meetings and training	60,000	53,000	52,707	114	179
Election	4,000	5,500	5,079		421
Auditing	26,000	37,200	37,200		-
Accounting contractual	26,000	36,200	36,200		-
Actuary	8,000	7,900	7,900		-
Legal	82,000	67,030	67,022		8
Legal, contractual	45,000	40,300	40,238		62
Professional services	50,000	55,250	55,250		-
Medical, contractual	5,000	5,400	5,400		-
Medical, reimbursements	5,000	-			-
Labor management	41,500	45,200	45,120		80
Uniforms and equipment	154,000	153,626	129,126	23,555	945
Gasoline	100,000	52,850	52,842		8
Patrol supplies and ammunition	100,000	43,160	38,284	4,872	4
Repair and maintenance					
Operating equipment	109,065	115,065	112,209	2,828	28
Plant and grounds	50,608	48,518	48,157	357	4
Office equipment	5,000	-			-
Legal notices	2,000	2,600	2,578		22
Miscellaneous	17,500	70,000	69,987		13
Total Contractual Expenditures	1,782,218	1,674,254	1,635,558	35,827	2,869
Employee benefits					
Provisions for retirement	750,000	959,342	959,342		-
Police & civilian retirement	3,997,809	4,220,009	4,219,978		31
Social security & Medicare	850,000	876,600	876,583		17
PBA Welfare fund	144,000	120,300	120,300		-
Unemployment insurance	25,000	9,710	9,708		2
Disability insurance	1,200	700	684		16
Hospital & medical insurance	4,300,000	4,893,964	4,893,964		-
Dental insurance	42,000	35,827	35,827		-
Perma contract	510,000	398,900	398,878		22
Total Employee Benefits	10,620,009	11,515,352	11,515,264	-	88

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, 2025

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES (Continued)					
Taxes					
MTA tax	\$ 45,000	\$ 64,150	\$ 64,131	\$	\$ 19
Taxes and assessments	205,211	3,111	3,111		-
Total Taxes	250,211	67,261	67,242	-	19
Capital outlay					
Building	2,000,000	414,700	400,000	14,680	20
Office equipment	25,000	900	892		8
Operating equipment	496,430	752,445	389,462	205,598	157,385
Total Capital Outlay	2,521,430	1,168,045	790,354	220,278	157,413
Debt Service					
Principal	16,500	4,440	4,436		4
Interest		264	264		-
Total Debt Service	16,500	4,704	4,700	-	4
Total Expenditures	27,958,246	28,017,494	27,600,958	256,105	160,431
OTHER FINANCING USES					
Operating Transfers Out		1,406,265	1,406,265		-
Total Expenditures and Other Uses	<u>\$ 27,958,246</u>	<u>\$ 29,423,759</u>	<u>\$ 29,007,223</u>	<u>\$ 256,105</u>	<u>\$ 160,431</u>
Net Change in Fund Balance			(81,599)		
Fund Balance - Beginning of Year, as Previously Reported			11,590,876		
Correction of an Error			(238,614)		
Fund Balance - Beginning of Year, as Restated			11,352,262		
Fund Balance - End of Year			<u>\$ 11,270,663</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 Ten Fiscal Years

<i>Employees' Retirement System</i>										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.0027798%	0.0027374%	0.0029612%	0.0031395%	0.0028734%	0.0034459%	0.0031549%	0.0034776%	0.0037022%	0.0035807%
District's proportionate share of the net pension asset/(liability)	\$ (476,611)	\$ (403,049)	\$ (634,994)	\$ 256,643	\$ (2,861)	\$ (912,486)	\$ (223,535)	\$ (112,239)	\$ (347,869)	\$ (574,713)
District's covered payroll	\$ 1,035,059	\$ 1,066,018	\$ 995,891	\$ 1,050,298	\$ 1,018,161	\$ 1,054,943	\$ 1,011,976	\$ 1,207,312	\$ 1,164,328	\$ 1,126,494
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	46.05%	37.81%	63.76%	24.44%	0.28%	86.50%	22.09%	9.30%	29.88%	51.02%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%
<i>Police and Fire Retirement System</i>										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.1998193%	0.2186391%	0.2151479%	0.2327539%	0.2263020%	0.2195459%	0.2299099%	0.2355811%	0.2222076%	0.2526673%
District's proportionate share of the net pension liability	\$ 12,142,738	\$ 10,369,667	\$ 11,855,662	\$ 1,322,146	\$ 3,929,227	\$ 11,734,592	\$ 3,855,734	\$ 2,381,152	\$ 4,605,590	\$ 7,480,940
District's covered payroll	\$ 12,222,718	\$ 12,034,857	\$ 11,600,246	\$ 10,933,734	\$ 10,345,640	\$ 10,599,436	\$ 10,106,686	\$ 10,246,363	\$ 9,529,998	\$ 9,958,031
District's proportionate share of the net pension liability as a percentage of its covered payroll	99.35%	86.16%	102.20%	12.09%	37.98%	110.71%	38.15%	23.24%	48.33%	75.12%
Plan fiduciary net position as a percentage of the total pension liability	87.53%	89.72%	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.46%	90.24%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%

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

Employees' Retirement System

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 168,244	\$ 154,869	\$ 127,000	\$ 128,655	\$ 158,287	\$ 151,030	\$ 155,668	\$ 182,903	\$ 179,543	\$ 181,738
Contributions in relation to the contractually required contribution	<u>168,244</u>	<u>154,869</u>	<u>127,000</u>	<u>128,655</u>	<u>158,287</u>	<u>151,030</u>	<u>155,668</u>	<u>182,903</u>	<u>179,543</u>	<u>181,738</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,037,863	\$ 1,062,501	\$ 1,020,410	\$ 1,020,652	\$ 1,036,769	\$ 1,018,146	\$ 1,050,137	\$ 1,039,142	\$ 1,211,361	\$ 1,166,034
Contributions as a percentage of covered payroll	16%	15%	12%	13%	15%	15%	15%	18%	15%	16%

Police and Fire Retirement System

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 4,051,734	\$ 3,687,874	\$ 3,173,797	\$ 2,955,372	\$ 2,867,507	\$ 2,521,148	\$ 2,358,191	\$ 2,352,569	\$ 2,305,709	\$ 2,446,021
Contributions in relation to the contractually required contribution	<u>4,051,734</u>	<u>3,687,874</u>	<u>3,173,797</u>	<u>2,955,372</u>	<u>2,867,507</u>	<u>2,521,148</u>	<u>2,358,191</u>	<u>2,352,569</u>	<u>2,305,709</u>	<u>2,446,021</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,282,089	\$ 12,266,282	\$ 11,824,902	\$ 11,446,793	\$ 10,937,280	\$ 10,226,957	\$ 10,501,190	\$ 10,108,316	\$ 10,117,502	\$ 9,596,031
Contributions as a percentage of covered payroll	33%	30%	27%	26%	26%	25%	22%	23%	23%	25%

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 1,756,554	\$ 1,932,066	\$ 1,560,465	\$ 2,841,349	\$ 3,391,652	\$ 2,604,384	\$ 2,002,093	\$ 2,156,599
Interest on total OPEB liability	2,417,566	1,914,909	1,896,774	1,582,369	1,623,472	1,896,864	2,077,622	1,932,078
Changes in benefit terms	-	(149,824)	-	-	-	-	-	-
Differences between expected and actual experience	-	6,727,121	-	(20,844,561)	-	4,750,393	-	-
Changes of assumptions or other inputs	(834,540)	(2,450,905)	1,481,264	(22,405,713)	3,254,827	3,282,300	11,664,197	(4,123,324)
Benefit payments	<u>(2,135,779)</u>	<u>(2,150,704)</u>	<u>(1,780,331)</u>	<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	1,203,801	5,822,663	3,158,172	(40,373,170)	6,748,203	10,826,554	14,168,022	(1,607,914)
Total OPEB liability, beginning	<u>57,290,345</u>	<u>51,467,682</u>	<u>48,309,510</u>	<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>\$ 58,494,146</u></u>	<u><u>\$ 57,290,345</u></u>	<u><u>\$ 51,467,682</u></u>	<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	\$ 11,215,492	\$ 11,215,492	\$ 10,477,968	\$ 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	521.55%	510.81%	491.20%	461.06%	936.36%	865.11%	813.37%	651.31%
Discount Rate	4.40%	4.30%	3.80%	4.00%	1.80%	2.00%	2.70%	3.70%
Healthcare trend rates	7.40% to 3.40% by 2030	9.00% to 4.50% by 2030	5.60% to 4.50% by 2030	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 as set forth by GASB to pay the related benefits