HENRIETTA FIRE DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2025

HENRIETTA FIRE DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Fire Commissioners
Henrietta Fire District
West Henrietta, New York

Opinions

We have audited the accompanying regulatory basis financial statements of Henrietta Fire District (the Fire District), which comprise the balance sheets - regulatory basis - all fund types and account groups as of December 31, 2025, and the related statements of operations and change in fund balance - regulatory basis - general and capital projects funds, and the statement of budget summary - regulatory basis - general fund for the year then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each fund type and account group of the Henrietta Fire District as of December 31, 2025, and the results of its operations for the general and capital projects funds and the budget summary of the general fund for the year then ended, in accordance with the financial reporting provisions of the New York State Office of the State Comptroller as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Henrietta Fire District, as of December 31, 2025, or changes in fund balance, for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fire District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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

As described more fully in Note 1, the financial statements are prepared by the Fire District on the basis of the financial reporting provisions of the NYS Office of the State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the NYS Office of the State Comptroller. The effect on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the NYS Office of the State Comptroller described in Note 1. Management is also responsible 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.

Auditors' 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 auditors' report that includes our opinion. 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 Fire District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2026, on our consideration of Henrietta Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Henrietta Fire District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Henrietta Fire District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York
June 24, 2026

HENRIETTA FIRE DISTRICT
Balance Sheets - Regulatory Basis
All Fund Types and Account Groups
December 31, 2025

	Funds			Account Groups	
	General	Capital Projects	Custodial	General Fixed Assets	General Long-Term Debt
Current Assets					
Cash	$ 278,585	$ -	$ -	$ -	$ -
Cash in time deposits	4,656,352	300,301	-	-	-
Cash - restricted	1,898,390	-	-	-	-
Restricted investments	2,387,254	-	9,314,824	-	-
Prepaid expenses	805,147	-	-	-	-
Total current assets	10,025,728	300,301	9,314,824	-	-
General Fixed Assets	-	-	-	31,848,728	-
Total Assets	$ 10,025,728	$ 300,301	$ 9,314,824	$ 31,848,728	$ -
Liabilities					
Accounts payable	$ 141,114	$ -	$ -	$ -	$ -
Bonds payable	-	-	-	-	10,490,000
Deferred compensation	-	-	9,314,824	-	-
Accrued liabilities	49,430	-	-	-	-
Net pension liability - ERS	-	-	-	-	536,016
Net pension liability - PFRS	-	-	-	-	12,961,619
Total liabilities	190,544	-	9,314,824	-	23,987,635
Fund Balance					
Investment in general fixed assets	-	-	-	31,848,728	-
Provision for long-term debt	-	-	-	-	(23,987,635)
Nonspendable	805,147	-	-	-	-
Restricted -					
Truck reserve	856,887	-	-	-	-
Land and building reserve	1,041,503	-	-	-	-
Length of service awards program	2,387,254	-	-	-	-
Total restricted	4,285,644	-	-	-	-
Assigned	1,317,000	300,301	-	-	-
Unassigned	3,427,393	-	-	-	-
Total fund balance	9,835,184	300,301	-	31,848,728	(23,987,635)
Total Liabilities and Fund Balance	$ 10,025,728	$ 300,301	$ 9,314,824	$ 31,848,728	$ -

HENRIETTA FIRE DISTRICT
Statements of Operations and Change in Fund Balance - Regulatory Basis
General and Capital Projects Funds
For the Year Ended December 31, 2025

	Funds	
	General	Capital Projects
Revenues		
Real property tax items	$ 20,999,941	$ -
Interest and earnings	865,075	11,016
Insurance recoveries	112,411	-
Gifts and donations	2,571	-
Grants	21,467	-
RIT contribution	45,000	-
Proceeds from sale of equipment	105,999	-
Miscellaneous	39,422	-
Total revenues	22,191,886	11,016
Other Financing Sources		
Interfund transfers	250,000	-
Total Revenues and Other Financing Sources	22,441,886	11,016
Expenditures		
Personnel services	10,495,706	-
Equipment and capital outlay	1,857,206	-
Contractual expenditures	1,285,006	-
State retirement system	152,762	-
Police and firemen retirement system	2,791,035	-
Length of service award program	228,452	-
Social security	779,423	-
Workers' compensation	185,548	-
Life insurance	54,807	-
Retirement for disabled firefighters	27,316	-
Health and dental insurance	2,369,406	-
Debt principal, serial bonds	415,000	-
Debt interest, serial bonds	372,794	-
Total expenditures	21,014,461	-
Other Financing Uses		
Interfund transfers	-	250,000
Total Expenditures and Other Financing Uses	21,014,461	250,000
Excess of Revenues Over (Under) Expenditures	1,427,425	(238,984)
Fund Balance - Beginning	8,407,759	539,285
Fund Balance - Ending	$ 9,835,184	$ 300,301

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

HENRIETTA FIRE DISTRICT
Statement of Budget Summary - Regulatory Basis
General Fund
For the Year Ended December 31, 2025

	Modified Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Real property tax items	$ 20,996,910	$ 20,999,941	$ 3,031
Interest and earnings	200,000	865,075	665,075
Insurance recoveries	30,000	112,411	82,411
Gifts and donations	-	2,571	2,571
Grant	-	21,467	21,467
RIT contribution	50,000	45,000	(5,000)
Proceeds from sale of equipment	-	105,999	105,999
Miscellaneous	-	39,422	39,422
Total revenues	21,276,910	22,191,886	914,976
Other Financing Sources			
Interfund transfer	250,000	250,000	-
Total Revenues and Other Financing Sources	21,526,910	22,441,886	914,976
Expenditures			
Personnel services	10,504,200	10,495,706	8,494
Equipment and capital outlay	1,284,898	1,857,206	(572,308)
Contractual expenditures	1,633,652	1,285,006	348,646
State retirement system	161,000	152,762	8,238
Police and firemen retirement system	2,906,800	2,791,035	115,765
Length of service award program	164,000	228,452	(64,452)
Social security	825,760	779,423	46,337
Workers' compensation	185,700	185,548	152
Life insurance	72,000	54,807	17,193
Disability insurance	2,000	-	2,000
Retirement for disabled firefighters	39,800	27,316	12,484
Health and dental insurance	2,959,200	2,369,406	589,794
Debt principal, serial bonds	415,000	415,000	-
Debt interest, serial bonds	372,900	372,794	106
Total expenditures	21,526,910	21,014,461	512,449
Excess of Revenues Over Expenditures	-	1,427,425	$ 1,427,425
Fund Balance - Beginning	8,407,759	8,407,759	
Fund Balance - Ending	$ 8,407,759	$ 9,835,184	

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

Note 1. Summary of Significant Accounting Policies and Nature of Entity

Nature of Entity - The Henrietta Fire District (Fire District) is a political subdivision and district corporation of the State of New York, autonomous from the Town of Henrietta in which it is located. The Fire District operates pursuant to various provisions of New York State statutes, including General Municipal Law and provisions of the Town Law. Fire Commissioners, other officers and employees of the Fire District are employees and officers of the Fire District and not officers and employees of the Town of Henrietta or any other political subdivision.

Effective January 1, 2022, the Town of Brighton approved an amended Elector Initiated Dissolution Plan for the West Brighton Fire Protection District, which included the dissolution of the West Brighton Fire Protection District and the expansion of the boundaries of the Henrietta Fire District to include those areas previously known as the West Brighton Fire Protection District.

Method of Accounting - The Fire District maintains its records and issues reports to the State of New York on the basis of accounting prescribed by the State's mandated Uniform System of Accounts for Fire Districts, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The accompanying financial statements have been prepared in accordance with this mandated system. As such the statements do not present either financial position or results of operation in accordance with GAAP, which requires the following:

- Management's Discussion and Analysis and compliance with the other reporting requirements included in the financial reporting model defined by the Government Accounting Standards Board Statement No. 34.
- A government-wide presentation prepared on the full accrual basis of accounting including governmental activities and, if applicable, business-type activities.
- Recording of property and equipment, along with depreciation expense, in the government-wide financial statements rather than presenting property and equipment amounts in the general fixed asset account group.
- Recording of bonds payable in the government-wide financial statements rather than presenting them in the general long-term debt account group.
- Recording of a net pension asset or liability in the government-wide financial statements rather than presenting them in the general long-term debt account group.
- The liability for postemployment benefits obligations has not been recorded by the Fire District as required by GAAP.

Property and Equipment - Fixed asset acquisitions are expended in the general and capital projects funds when incurred. For accountability purposes, fixed assets are maintained in the general fixed asset account group.

Accounting and Financial Reporting for Pensions - The Fire District complies with GASB Statement No. 68 *Accounting and Financial Reporting for Pensions - An Amendment to GASB Statement No. 27*. Certain aspects of this statement relating to recording net pension liabilities were adopted by the Office of the State Comptroller of the State of New York, and are therefore applied to these financial statements.

The primary objective of the statement is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the statement requires the Fire District to report as a liability its portion of the collective pension (asset) liability in the New York State and Local Employees' Retirement System and the Police and Fire Retirement System.

Governmental Fund Types

The accounts of the Fire District are organized on the basis of funds or account groups. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types and account groups are used:

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

General Fund - The general fund is the general operating fund of the Fire District. The fund is used to account for all financial resources except for those required to be accounted for in a separate fund.

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisitions, construction or renovation of major capital facilities.

Custodial Fund - The custodial fund is used to account for financial resources relating to the deferred compensation plan. See Note 4.

Account Groups

Account groups are established to account for the assets and liabilities that are not included in the governmental funds because of their measurement focus.

The General Fixed Assets Account Group - The general fixed assets account group is used to account for land, buildings, and equipment utilized for general government purposes.

The General Long-Term Debt Account Group - The general long-term debt account group is used to account for all long-term debt and long-term obligations of the Fire District. Long-term indebtedness includes obligations such as serial bonds. Other obligations include estimated retirement liabilities.

Restricted Cash - The Fire District maintains restricted cash accounts for the truck reserve and land and building reserve. The reserve accounts are both accounted for in the general fund. The balance of the truck reserve at December 31, 2025 was $856,887. The balance of the land and building reserve at December 31, 2025 was $1,041,503.

Investment Policy - The Fire District has a written investment policy approved by the Board of Commissioners. This policy has been established in accordance with New York State municipal law. Accordingly, funds must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured accounts. The policy also requires financial institutions to provide securities for all deposits in excess of maximum FDIC coverage. The Board of Commissioners is also authorized to invest excess funds in instruments permitted under New York State municipal law and within the Fire District's investment policy.

Governmental Fund Financial Statements - The Fire District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement was also adopted by the Office of the State Comptroller of the State of New York and is therefore applied to these financial statements. This improves the usefulness and clarity of fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications described the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact.

Restricted Fund Balance - amounts with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments.

Committed Fund Balance - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned Fund Balance - amounts a government intended to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the Board delegates the authority.

Unassigned Fund Balance - amounts that are available for any purpose.

The following is a summary of the Fire District's fund balance classifications and categories within those classifications. Restricted and assigned fund balance categories as available to the Fire District. Any capital gains or interest earned on a restricted or assigned fund resource becomes a part of the respective restricted or assigned fund balance category. While a separate bank account is not necessary for each restricted or assigned fund, a separate identity for each reserve fund must be maintained.

Nonspendable Fund Balance

- Represents amounts that are not in spendable form (such as prepaids) or are required to be maintained intact.

Restricted Fund Balance

- Restricted for truck reserve - This fund is restricted for the use of purchasing fire trucks and is accounted for in the general fund.
- Restricted for land and building reserve - This fund is restricted for the use of purchasing land and buildings and is accounted for in the general fund.
- Restricted for length of service awards program (LOSAP) - This fund is restricted for the use of recording activity related to the LOSAP and is accounted for in the general fund.

Assigned Fund Balance

- Represents the general fund balance appropriated for the 2026 budget and the fund balance in the capital projects fund.

Unassigned Fund Balance

- Represents excess funds in the general fund that have not been classified in the previous categories.

Property Taxes - Real property taxes are levied annually by the Town Board. Uncollected real property taxes are subsequently enforced by the County of Monroe in which the Town is located. As such, the Fire District receives its entire real property tax levy on a current basis.

Note 2. Cash and Investments

The Fire District's investment policies are governed by State statutes. Fire District monies must be deposited in Federal Deposit Insurance Corporation insured commercial banks or trust companies located within the State. Permissible investments include demand accounts, savings accounts, certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Collateral is required for demand, savings and certificates of deposit of at least 102% of all deposits not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

	Carrying Amount	Bank Balance
Cash and cash equivalents	$ 7,133,628	$ 7,188,977
Collateralized with securities held by the Fire District or by its agent in the Fire District's name		$ 6,822,757
Covered by FDIC insurance		750,000
Total collateralization and FDIC coverage		$ 7,572,757
Collateralization %		105%

Investments Measured at Fair Value

In accordance with the authoritative guidance on fair value measurements and disclosures under GASB Statement No. 72, the Fire District discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities the Fire District has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Mutual funds and exchange traded products classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input this is significant to the fair value measurement.

Investments measured at fair value consisted of the following at December 31, 2025:

	Amount	Fair Value (Level 1)
Cash Equivalents	$ 447,829	$ 447,829
Mutual Funds	1,939,425	1,939,425
Total investments at fair value	$ 2,387,254	$ 2,387,254

Interest Rate Risk - In accordance with its investment policy, the Fire District manages its exposure by requiring the Board of Commissioners to manage its investments in accordance with the investment policy and legal requirements. A disclosure of the Fire District's investments is incorporated into the monthly reporting, presented at the Board of Commissioners meetings.

Credit Risk - The Fire District's investment policy states that the Fire District is to only invest with a commercial bank that is authorized to do business in New York State. Each investment shall be invested for a period of time to receive the maximum income for the Fire District. The Fire District is responsible for maintaining adequate collateral pledging the investment.

Concentration of Credit Risk - The Fire District's investment policy places no limit on the amount the Fire District may invest in any one issuer. The Fire District's portfolio consisted of cash equivalents and mutual funds at December 31, 2025.

Note 3. Property and Equipment

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost in the general fixed assets account group. The Fire District does not capitalize interest costs incurred during construction. Contributed fixed assets are recorded at fair market value at the date received. No depreciation has been provided on fixed assets.

A summary of changes in the general fixed asset account group is as follows:

	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Land and buildings	$ 14,483,644	$ -	$ -	$ 14,483,644
Building improvements	7,768,849	-	-	7,768,849
Equipment and vehicles	8,523,218	1,073,017	-	9,596,235
Total	$ 30,775,711	$ 1,073,017	$ -	$ 31,848,728

Note 4. Deferred Compensation Plan

The Fire District has a deferred compensation plan which allows employees to tax defer a portion of their compensation. An employee is eligible to participate upon enrollment, at which time they may contribute up to the maximum amount allowed pursuant to Section 457(e)(15) of the Internal Revenue Service Code. The deferred compensation plan is 100% employee funded. The provisions and contribution requirements of the deferred compensation plan may be amended by the Fire District.

During the year ended December 31, 2025, there were 69 plan members and employee contributions to the plan totaled $140,475.

Note 5. Commitments

The Fire District has entered into lease agreements for the rental of truck bays and other space at Henrietta Fire Stations #1, #2 and #3. These leases are for a length of one calendar year and are renewed annually. The total lease expense was $72,000 for the year ended December 31, 2025, and is included in contractual expenditures on the statement of operations and change in fund balance - regulatory basis.

Effective October 2024, the Board of Fire Commissioners authorized general obligation serial bonds (the bonds) to finance the acquisition of fire trucks. The maximum cost of the trucks to the Fire District is estimated to be $3.7M. The bonds will be used to finance the difference between the cost of the trucks and the current funds available for such acquisitions, which are currently estimated to be $1.2M. The delivery of the apparatus is estimated at 32 to 48 months. As of the date of the issued financial statements, the bonds have not been issued.

Note 6. Pension Plans

Plan Description and Funding Policy

The Fire District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Henrietta Fire District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS	PFRS
2025	$ 160,552	$ 2,867,854
2024	$ 129,393	$ 2,557,260
2023	$ 102,699	$ 2,099,410

Employee's Retirement System (ERS) - Pension Liability

The total pension liability used to calculate the net pension (asset) liability was determined by an actuarial valuation. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS system in reports provided to the Fire District. At December 31, 2025, the Fire District reported the following (asset) liability for its proportionate share of the net pension (asset) liability for the System, which was measured as of March 31, 2025:

Actuarial valuation date	4/1/2024
Net pension liability	$536,016
Fire District's proportionate share of the Plan's total net pension liability	0.0031262%
Change in proportionate share	(0.0000453)%

Police and Fire Retirement System (PFRS) - Pension Liability

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the PFRS system in reports provided to the Fire District. At December 31, 2025, the Fire District reported the following liability for its proportionate share of the net pension liability for the System, which was measured as of March 31, 2025:

Actuarial valuation date	4/1/2024
Net pension liability	$ 12,961,619
Fire District's proportionate share of the Plan's total net pension liability	0.2132947%
Change in proportionate share	(0.0094358)%

Actuarial Assumptions for ERS and PFRS

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:

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	3/31/2025
Actuarial valuation date	4/1/2024
Interest rate	5.9%
Salary scale	4.3% average in ERS, 6.0% average in PFRS
Inflation	2.9%
Decrement table	April 1, 2015 - March 31, 2020 System's Experience

Demographic assumptions used in the April 1, 2024 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on 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.

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

Asset Type	Target Allocation		Long-Term Expected Real Rate*	
Domestic equity	25.0	%	3.5	%
International equity	14.0		6.6	
Private equity	15.0		7.3	
Real estate	12.0		5.0	
Opportunistic/ARS portfolio	3.0		5.3	
Credit	4.0		5.4	
Real assets	4.0		5.6	
Fixed income	22.0		2.0	
Cash	1.0		0.3	
Total	100.0	%		

*The real rate of return is net of long-term inflation assumption of 2.90% for 2025.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for the year ended December 31, 2025. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension (Assets) Liabilities to Changes in the Discount Rate Assumption

The following presents the Fire District's proportionate share of the net pension (assets) liabilities calculated using the discount rate of 5.9% per annum (the "current rate"), as well as what the Fire 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% point higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Fire District's proportionate share of the ERS Net Pension (Asset) Liability	$ 1,551,298	$ 536,016	$ (311,745)
Fire District's proportionate share of the PFRS Net Pension (Asset) Liability	$ 27,330,121	$ 12,961,619	$ 1,102,486

Pension Plan Fiduciary Net Position

The components of the current year net pension asset/liability of the employers as of the valuation date was as follows::

	ERS	PFRS
Valuation date	4/1/2024	4/1/2024
Employers' total pension liability	$ 247,600,239,000	$ 48,718,477,000
Plan net position	230,454,512,000	42,641,620,000
Employers' net pension (asset) liability	$ 17,145,727,000	$ 6,076,857,000
Ratio of plan net position to the employers' total pension liability	93.08%	87.53%

Note 7. Length of Service Awards Program - LOSAP

The Fire District established a defined benefit Service Award Program (referred to as a "LOSAP" - length of service award program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1992 for the active volunteer firefighter members of the Henrietta Fire District Volunteer Fire Companies. The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Fire District is the Sponsor of the Program and the Program administrator.

Program Description

Participation, Vesting and Service Credit - In a defined benefit LOSAP, participating volunteers begin to be paid a Service Award upon attainment of the Program's Entitlement Age. An eligible Program Participant is defined by the Program Sponsor to be an active volunteer firefighter who is at least 18 years of age and has earned 1 year of Service Award Program Service Credit. The amount of the Service Award paid to a participant is based upon the number of years of Service Credit the volunteer earned under the Program for performing active volunteer firefighter activities.

Participants acquire a non-forfeitable right to be paid a Service Award after earning credit for 5 years of service or upon attaining the Program's Entitlement Age while an active volunteer. The Program's Entitlement Age is age 65. An active volunteer firefighter earns a year of Service Award Program Service Credit for each calendar year after the establishment of the Program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values. A Participant may also receive Service Award Program Service Credit for 5 years of active volunteer firefighting service rendered prior to the establishment of the Program as an active volunteer firefighter member of the Henrietta Fire District Volunteer Fire Companies.

Benefits - A participant's service award benefit is paid as a ten-year certain and continuous monthly payment life annuity. The amount payable each month equals $20 multiplied by the total number of years of Service Award Program Service Credit earned by the Participant under the point system. The maximum number of years of Service Credit a Participant may earn under the Program is 40 years.

Currently, there are no other forms of payment of a volunteer's earned Service Award under the Program. Except in the case of Pre-Entitlement Age death or total and permanent disablement, a Participant's Service Award will not be paid until he or she attains the Entitlement Age. Volunteers who continue to be active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Program credit and to thereby increase their Service Award payments.

The Pre-Entitlement Age death and disability benefit is equal to the actuarial value of the Participant's earned Service Award at the time of death or disablement. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self-insured and are paid from the Program Trust Fund.

For a complete explanation of the Program, see the Program Document (a copy of which is available from the Fire District Secretary).

Fiduciary Investment and Control

After the end of each calendar year, the Fire District prepares and certifies a list of names of all persons who were active volunteer members of the Fire District during the year, indicating which volunteers earned fifty points. The certified list is delivered to the Board of Fire Commissioners for the Board's review and approval. The Fire District must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Board of Fire Commissioners.

The Board of Fire Commissioners has retained Penflex, Inc. to assist in the administration of the Program. The services provided by Penflex, Inc. are described in an agreement between Penflex Inc. and the Fire District, a copy of which is available from the Fire District Secretary.

Based on the certified calendar year volunteer firefighter listings, Penflex, Inc. determines and certifies in writing to the Board of Fire Commissioners the amount of the service award to be paid to a Participant or to a Participant's designated beneficiary. The person(s) authorized by the Board of Fire Commissioners then authorizes, in writing, the custodian of the Fire District's LOSAP Trust Funds to pay the Service Award. No Service Award benefit payment is made without the written certification from Penflex, Inc. and the written directive from the authorized representative of the Board of Fire Commissioners.

Penflex bills the Fire District for the services it provides. Penflex's invoices are authorized for payment by the Board of Fire Commissioners in the same manner as any other invoice presented to the Fire District for payment. The Fire District pays Penflex invoices from the Service Award Program Trust Fund and then reimburses the Trust Fund for the amount paid.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to Participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Program. The Board of Fire Commissioners created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Fire District Secretary. The Board of Fire Commissioners is the Program Trustee.

Authority to invest Program assets is vested in the Program Trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Board of Fire Commissioners.

The Board of Fire Commissioners has retained RBC Wealth Management to provide investment management and custodial services and Comerica Bank to pay benefits to participants.

The Board of Fire Commissioners is required to retain an actuary to determine the amount of the Fire District's contributions to the Plan. The actuary retained by the Fire District for this purpose is Jay Lee of Penflex, Inc.; Mr. Lee is an Associate of the American Society of Actuaries. Portions of the following information are derived from a report prepared by the actuary dated April 23, 2026.

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Benefits at December 31, 2025			$ 3,072,407
Less: assets available for benefits			
Cash and money market funds	18.2%	$ 430,849	
U.S. equities	33.7%	799,729	
International equities	10.9%	258,626	
Fixed income	35.0%	829,104	
Other assets	2.2%	51,966	
	100.0%		
Benefits payable		16,980	
Total net assets available for benefits			2,387,254
Total unfunded benefits			685,153
Less - unfunded liability for separately amortized costs			(277,734)
Unfunded normal liability			$ (407,419)

Receipts and Disbursements

Plan Net Assets - Beginning		$ 2,202,648
Changes during the year:		
Sponsor contributions	$ 163,115	
Investment income earned	99,279	
Changes in fair market value of investments	152,472	
Change in investment income receivable	(1,689)	
Investment expense	(17,095)	
Administrative fees	(8,976)	
Benefits/change in benefits payable	(202,500)	
		184,606
Plan Net Assets - Ending		$ 2,387,254

Contributions

Contribution recommended by actuary	$ 163,115
Actual contribution made by the Sponsor	$ 163,115

Administration Fees

Fee paid to administrative/actuarial services provider	$ 8,147
Fee paid for investment management	$ 17,095
Other administration fees	$ 829

Funding Methodology and Actuarial Assumptions

Normal Costs - The actuarial valuation methodology used by the actuary to determine the Fire District's contribution is the Attained Age Normal Frozen Initial Liability method. The assumptions used by the actuary to determine the Fire District's contribution and the actuarial present value of benefits are:

Assumed rate of return on program investments	5.25%
Tables used for:	
Post-entitlement age mortality	RP-2014 Male Mortality Table without projection
Pre-entitlement age mortality	None
Pre-entitlement age disability	None
Pre-entitlement age withdrawal	None
Pre-entitlement age service credit accruals	100% to entitlement age for active participants who have earned at least one year of service credit in the prior 3 years; 0% otherwise

For program cost calculation purposes, all pre-entitlement age active volunteer firefighter participants are assumed to: survive to the entitlement age and begin to be paid service awards upon attainment of the entitlement age.

Note 8. Short-term and Long-term Debt

Serial Bond - During 2021, the Fire District issued a bond anticipation note (BAN) in the amount of $4,800,000 bearing interest at 1.00%. The note matured August 2022 and the proceeds were used to fund the construction of station #6. During 2022, the Fire District issued an additional bond anticipation note in the amount of $3,628,688 bearing interest at 2.00%. The note matured August 2022 and the proceeds were used to fund the construction of station #6. The Fire District received a premium of $20,939 on the issuance. The BANs were converted to a serial bond, totaling $8,428,688, bearing interest at 3.00% - 4.00%. At December 31, 2025 the balance was $7,440,000.

Serial Bond - In 2017 the Fire District issued a serial bond in the amount of $4,600,000 bearing interest at 2.375% - 3.000%. The bond matures December 2035 and the proceeds were used to fund the construction of station #5. At December 31, 2025 the outstanding balance was $3,050,000.

Future debt service requirements are as follows for the year ending December 31:

	Principal	Interest
2026	$ 430,000	$ 361,501
2027	445,000	349,788
2028	455,000	337,688
2029	475,000	325,063
2030	495,000	310,163
2031-2035	2,740,000	1,301,476
2036-2040	2,675,000	827,774
2041-2045	2,265,000	381,000
2046	510,000	20,400
Total	$ 10,490,000	$ 4,214,853

Note 9. Legal Proceedings and Claims

In the ordinary course of business, the Fire District may be subject to certain legal proceedings and claims. For any actions that are not otherwise covered by liability insurance, management believes that the resulting outcome of any such actions will not have a material adverse effect on the financial condition or results of operations of the Fire District.

Note 10. Stewardship, Compliance, Accountability

Material Violations of Finance-Related Provisions

Expenditures exceeding the budget are explained as follows:

General Fund

Expenditures for length of service award program exceeded the budgeted amount. This is due to the current year adjustment to account for expenditure activity noted in the year-end report.

Expenditures for equipment and capital outlay exceeded the budgeted amount. This is due to the purchase of two pieces of equipment, utilizing reserve funds.

Note 11. Certain Risk Disclosures

Constraint: Limitations on Raising Revenue - The District's ability to raise revenue through property taxes is subject to legislation establishing a tax levy limit. The annual increase in the property tax levy generally cannot increase by more than 2% of the prior year levy, or the rate of inflation, whichever is less. However, the law allows local governments to levy an additional amount for excludable expenditures. The District can override the tax cap by passing a resolution; with a vote of 60% of the total voting power of the Board of Fire Commissioners.

Constraint: Limitations on Spending - The Board of Fire Commissioners is required annually to adopt a budget setting detailed estimates of the amount of revenue to be received and expenditures to be made during the fiscal year per Section 181 of the New York State Town Law for Fire Districts. The budget serves as a spending limit for the District's annual appropriations. Section 181-a requires that whenever during a fiscal year it shall appear probable to the District Treasurer that the moneys available for such year will be insufficient to meet the amounts appropriated, he or she shall forthwith notify the Board of Fire Commissioners of such fact, stating the probable amount of such deficiency. Moneys therefore may be provided by transfer from the unexpended balance of an appropriation, from unappropriated unreserved fund balance, or unanticipated revenues, or by borrowing pursuant to the local finance law.

Note 12. Budget Modifications

The Fire District's original budgeted receipts and disbursements were modified as follows:

	Original Budget	Change	Modified Budget
Revenues			
Real property tax items	$ 20,996,910	$ -	$ 20,996,910
Interest and earnings	200,000	-	200,000
Insurance recoveries	30,000	-	30,000
RIT contribution	50,000	-	50,000
Miscellaneous	-	-	-
Total revenues	21,276,910	-	21,276,910
Other Financing Sources			
Interfund transfer	250,000	-	250,000
Total Revenues and Other Financing Sources	21,526,910	-	21,526,910
Expenditures			
Personnel services	10,420,100	84,100	10,504,200
Equipment and capital outlay	1,298,000	(13,102)	1,284,898
Contractual expenditures	1,637,450	(3,798)	1,633,652
State retirement system	187,000	(26,000)	161,000
Police and firemen retirement system	2,957,200	(50,400)	2,906,800
Length of service award program	164,000	-	164,000
Social security	825,760	-	825,760
Workers' compensation	185,700	-	185,700
Life insurance	72,000	-	72,000
Disability insurance	2,000	-	2,000
Retirement for disabled firefighters	39,800	-	39,800
Health and dental insurance	2,950,000	9,200	2,959,200
Debt principal, serial bonds	415,000	-	415,000
Debt interest, serial bonds	372,900	-	372,900
Total expenditures	21,526,910	-	21,526,910
Excess of Revenues Over Expenditures	-	$ -	-
Fund Balance - Beginning	8,407,759		8,407,759
Fund Balance - Ending	$ 8,407,759		$ 8,407,759

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

To the Board of Fire Commissioners
Henrietta Fire District
West Henrietta, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the balance sheets - regulatory basis - all fund types and account groups as of December 31, 2025, and the related statements of operations and change in fund balance - regulatory basis – general and capital projects funds, and the statement of budget summary - regulatory basis - general fund for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Henrietta Fire District's basic financial statements, and have issued our report thereon dated June 24, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henrietta Fire District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York
June 24, 2026