

OYSTER BAY WATER DISTRICT  
AUDITED FINANCIAL STATEMENTS  
Year Ended December 31, 2020

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Oyster Bay Water District  
45 Audrey Avenue  
Oyster Bay, New York 11771

We have audited the accompanying financial statements of the governmental activities and each major fund of the Oyster Bay Water District, a component unit of the Town of Oyster Bay, New York, (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Oyster Bay Water District, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information on pages 3 through 7 and pages 35 through 39, respectively, be presented to supplement the basic financial statements. Such information, 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.

  
RYNKAR, VAIL & BARRETT, LLP

Mineola, New York  
April 14, 2021

**OYSTER BAY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2020**

Our discussion and analysis of the Oyster Bay Water District, a component unit of the Town of Oyster Bay, New York (the "District") financial performance provides an overview of the District's financial activities for the year ended December 31, 2020 in comparison with the year ended December 31, 2019, with emphasis on the current year. Please read it in conjunction with the District's financial statements and notes to financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of two sets of financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities - Government-Wide financial statements provide information about the activities of the District as a whole and present a longer-term view of the District's finances. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Governmental Fund Financial Statements

The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds tell how services were financed in the short term as well as what remains for future spending. The governmental fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's general fund and capital projects fund. The District's basic services are reported in funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Positions and the Statement of Activities) and governmental funds in a reconciliation at the bottom of each of the fund financial statements.

**OYSTER BAY WATER DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Year Ended December 31, 2020

**CONDENSED FINANCIAL INFORMATION**

Our analysis below focuses on the net position and changes in net position as set forth in the following condensed financial statement:

**Condensed Statement of Net Position:**  
**as of December 31,**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current and other assets	\$ 1,963,208	\$ 2,003,608
Capital assets	<u>10,856,367</u>	<u>10,959,852</u>
Total Assets	<u>12,819,575</u>	<u>12,963,460</u>
 <b>Deferred Outflows of Resources</b>	 <u>1,034,695</u>	 <u>655,347</u>
 <b>Liabilities</b>		
Current liabilities	741,399	626,387
Noncurrent liabilities	<u>7,624,278</u>	<u>7,272,014</u>
Total Liabilities	<u>8,365,677</u>	<u>7,898,401</u>
 <b>Deferred Inflows of Resources</b>	 <u>429,622</u>	 <u>677,762</u>
 <b>Net Position</b>		
Net investment in capital assets	7,659,179	7,305,651
Restricted	1,364,315	1,067,933
Unrestricted	<u>(3,964,523)</u>	<u>(3,330,940)</u>
Total Net Position	<u>\$ 5,058,971</u>	<u>\$ 5,042,644</u>

**OYSTER BAY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2020**

**CONDENSED FINANCIAL INFORMATION (continued)**

**Changes in Net Position**

**for the years ended December 31,**

	2020	2019*
<b>Program Revenues</b>		
Charges for services	\$ 1,100,208	\$ 1,062,163
Capital grants and contributions	323,920	-0-
Total Program Revenues	1,424,128	1,062,163
<b>General Revenues</b>		
Real property taxes	923,022	907,598
Other real property tax items	31,383	35,124
Use of money and property	443,359	464,685
Sale of property and compensation for loss	2,722	-0-
Other local sources	11,132	14,706
Total General Revenues	1,411,618	1,422,113
Total Revenues	2,835,746	2,484,276
<b>Expenses - Water Supply Services</b>	2,819,419	2,502,384
<b>Changes in Net Position</b>	\$ 16,327	\$ (18,108)

\*Certain reclassifications have been made to conform with the current year presentation.

**FINANCIAL HIGHLIGHTS**

The District's total assets and deferred outflows of resources at December 31, 2020 were \$13,854,270, an increase of \$235,463 from the prior year. The increase is due to increases in the deferred outflows of resources for the net pension - proportionate share and other postemployment benefit liabilities, offset by a decrease in capital assets due to depreciation expense being greater than the additions. Total liabilities and deferred inflows of resources at December 31, 2020 were \$8,795,299, an increase of \$219,136 from the prior year. This increase is primarily due to increases in long-term liabilities for compensated absences, other postemployment benefits and net pension - proportionate share offset by decreases in general obligation bonds payable and the deferred inflows of resources related to the net pension - proportionate share and other postemployment benefit liabilities.

The District's net position as of December 31, 2020 was \$5,058,971, an increase of \$16,327 from the prior year. Of the District's total net position, \$7,659,179 was a net investment in capital assets, \$1,364,315 was restricted for acquisition of capital assets and \$3,964,523 was unrestricted deficit.

The deficit balance of unrestricted net position does not necessarily indicate financial stress. These financial statements include a liability for other postemployment benefits ("OPEB"). OPEB costs must be recognized during the period of the employees' years of service and for benefits already earned by current and former employees. At this time, there is no New York State statute providing local governments with the authority for establishing a postemployment benefits trust.

**OYSTER BAY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2020**

**FINANCIAL HIGHLIGHTS** (continued)

Program revenues were \$1,424,128 in the current year, which were \$361,965 more than the prior year due primarily to increases in metered water sales and a contribution of land by Nassau County in 2020. General revenues were \$1,411,618 in the current year, which were \$10,495 less than the prior year. Total water supply service expenses were \$2,819,419, which were \$317,035 more than the prior year due primarily to increases in expenses related to compensated absences, net pension and other postemployment benefits liabilities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District reported budget and actual in the general fund as follows:

	Original Budget	Final Budget	Actual Amounts	Variance
Revenues	\$ 2,449,467	\$ 2,449,467	\$ 2,450,350	\$ 883
Expenditures	(2,509,244)	(2,737,909)	(2,509,619)	228,290
Other Financing Uses	(300,000)	(71,335)	-0-	71,335
Net Change in Fund Balance	<u>\$ (359,777)</u>	<u>\$ (359,777)</u>	<u>\$ (59,269)</u>	<u>\$ 300,508</u>

The general fund reported expenditures and other uses in excess of revenues this year of \$59,269, decreasing the fund balance to \$1,518,971. Although, the District budgeted an overall use of fund balance of \$359,777, actual revenues were more than budgeted revenues by \$883 and budgeted expenditures and other financing uses were less than actual expenditures by \$299,625.

**CAPITAL ASSETS AND LONG-TERM DEBT**

The District has been financing all capital expenditures from proceeds of general obligation bonds and annual budgetary appropriations. During 2020, the District capitalized assets and improvements to the water system totaling as follows:

Land	\$ 323,920
Buildings	9,300
Equipment	42,011
Office, furniture and equipment	<u>10,309</u>
	<u>\$ 385,540</u>

In addition to the capital improvements described above, the District is committed to the long-term maintenance of the water system and plans significant capital expenditures on a regular basis. The District maintains a running capital budget which amounts to approximately \$9.1 million of capital expenditures over the next five years.

At year-end, the District had \$3,413,459 of general obligation bonds outstanding.

**OYSTER BAY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2020**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District derives a significant portion of their revenues from metered water sales. For water utilities, water revenues are dependent on the amount of rainfall, particularly during the summer months. As such, these revenues are unpredictable and very volatile. Water revenues for the District can vary significantly from a rainy year to a dry year. Water revenues are budgeted on the conservative side, which is in anticipation of a rainy year. However, actual water revenues can still fall far short of the District's estimates. The District also believes that such adverse weather conditions can easily recur over two or more consecutive years. Gallons pumped and metered revenues for the past five years are as follows:

	Gallons pumped In 000's		Revenue
2020	408,692	\$	936,884
2019	368,378		933,591
2018	367,874		818,607
2017	379,929		855,771
2016	410,426		944,737

New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. No local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however, local governments can exceed the tax levy limit by a 60% vote of the governing body. The Board of Commissioners, by unanimous vote, approves the annual budget, as well as the property taxes levy to be assessed each year.

The 2021 budget includes an overall increase in real property tax revenue that exceeds the property tax cap imposed by New York State. The 2021 tax levy of \$858,295 (an increase of 7% from 2020) was above the levy limit which included tax base growth factor and additional carryover balances from prior years. Budgeted expenditures decreased 1.8% due to decreases in expenditures for the purchase of vehicles and amounts required to service debt.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Secretary to the Board at Oyster Bay Water District, 45 Audrey Avenue, Oyster Bay, New York 11771.

**BASIC FINANCIAL STATEMENTS**

**OYSTER BAY WATER DISTRICT**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITION**  
 December 31, 2020

<b>Assets</b>	
Current assets:	
Cash and investments	\$ 1,367,766
Accounts receivable	269,821
Receivables - other	26,281
Due from Town of Oyster Bay	239,009
Prepaid expenses	26,134
Inventory of materials and supplies	34,197
	Total Current Assets 1,963,208
Noncurrent assets:	
Non-depreciable capital assets	409,475
Depreciable capital assets, net of depreciation	10,446,892
	Total Noncurrent Assets 10,856,367
	Total Assets 12,819,575
<b>Deferred Outflows of Resources</b>	
Pensions	416,518
Other postemployment benefits	618,177
	Total Deferred Outflows of Resources 1,034,695
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued expenses	46,598
Accrued interest payable	44,734
Developer deposits	35,646
Current portion of long-term liabilities	614,421
	Total Current Liabilities 741,399
Noncurrent liabilities:	
General obligation bonds payable	2,982,538
Compensated absences	190,107
Other postemployment benefits payable	3,945,294
Net pension liability - proportionate share	506,339
	Total Noncurrent Liabilities 7,624,278
	Total Liabilities 8,365,677
<b>Deferred Inflows of Resources</b>	
Water rents	3,812
Pensions	15,244
Other postemployment benefits	410,566
	Total Deferred Inflows of Resources 429,622
<b>Net Position</b>	
Net investment in capital assets	7,659,179
Restricted	1,364,315
Unrestricted (deficit)	(3,964,523)
	Total Net Position \$ 5,058,971

See notes to financial statements.

**OYSTER BAY WATER DISTRICT**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**  
**STATEMENT OF ACTIVITIES**  
December 31, 2020

**Governmental Activities**

Home and Community Service - Water supply services \$ 2,819,419

**Program revenues:**

Charges for services 1,100,208  
Capital grants and contributions 323,920

Total Program revenues 1,424,128

Net Program Expense (1,395,291)

**General revenues:**

Real property taxes 923,022  
Other real property tax items 31,383  
Use of money and property 443,359  
Sale of property and compensation for loss 2,722  
Other local sources 11,132

Total General Revenues 1,411,618

Change in Net Position 16,327

Net Position - Beginning of the Year 5,042,644

Net Position - End of the Year \$ 5,058,971

**OYSTER BAY WATER DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
December 31, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments	\$ 1,367,766		\$ 1,367,766
Accounts receivable	269,821		269,821
Receivables - other	26,281		26,281
Due from Town of Oyster Bay	22,738	\$ 216,271	239,009
Prepays	26,134		26,134
Inventory of materials and supplies	34,197		34,197
Total Assets	<u>\$ 1,746,937</u>	<u>\$ 216,271</u>	<u>\$ 1,963,208</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 46,598		\$ 46,598
Developer deposits	35,646		35,646
Total Liabilities	<u>82,244</u>	<u>\$ -0-</u>	<u>82,244</u>
<b>Deferred Inflows of Resources</b>			
Water rents	128,546		128,546
Rental and other income	17,176		17,176
Total Deferred Inflows of Resources	<u>145,722</u>	<u>-0-</u>	<u>145,722</u>
<b>Fund Equity</b>			
Nonspendable	60,331		60,331
Restricted	1,148,044	216,271	1,364,315
Assigned	244,001		244,001
Unassigned	66,595		66,595
Total Fund Equity	<u>1,518,971</u>	<u>216,271</u>	<u>1,735,242</u>
Total Liabilities, Deferred Inflows of Resources and Fund Equity	<u>\$ 1,746,937</u>	<u>\$ 216,271</u>	<u>\$ 1,963,208</u>

**Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Position**

Total Governmental Fund Balances	\$ 1,735,242
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	141,910
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	10,856,367
Amounts reported for the District's deferred outflows for pensions and other postemployment benefits payable are not considered current available resources, and therefore are not reported in the funds.	1,034,695
Some current liabilities that are not due and payable in the current period, and therefore, are not reported in the funds:	
Accrued interest payable	(44,734)
General obligation bonds payable	(3,413,459)
Compensated absences	(373,607)
Other postemployment benefits payable	(3,945,294)
Net pension liability-proportionate share	(506,339)
Deferred inflows of resources related to pension plans and other postemployment benefits payable are included in the Statement of Net Position	(425,810)
Net Position of Governmental Activities	<u>\$ 5,058,971</u>

See notes to financial statements.

**OYSTER BAY WATER DISTRICT**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
 December 31, 2020

	General	Capital Projects	Total
<b>Revenues</b>			
Real property taxes	\$ 923,022		\$ 923,022
Other real property tax items	31,383		31,383
Departmental income	1,055,908		1,055,908
Use of money and property	433,359		433,359
Sale of property and compensation for loss	2,722		2,722
Other local sources	3,956		3,956
<b>Total Revenues</b>	<b>2,450,350</b>	<b>\$ -0-</b>	<b>2,450,350</b>
<b>Expenditures</b>			
Home and Community Service - Water Supply Services:			
Administration	503,660		503,660
Source of supply, power and pumping	173,267		173,267
Purification	58,190		58,190
Transmission and distribution	741,588		741,588
Employee benefits	447,318		447,318
Debt service	585,596		585,596
<b>Total Expenditures</b>	<b>2,509,619</b>	<b>-0-</b>	<b>2,509,619</b>
<b>Net Change in Fund Balance</b>	<b>(59,269)</b>	<b>-0-</b>	<b>(59,269)</b>
<b>Fund Balance Beginning of Year</b>	<b>1,578,240</b>	<b>216,271</b>	<b>1,794,511</b>
<b>Fund Balance End of Year</b>	<b>\$ 1,518,971</b>	<b>\$ 216,271</b>	<b>\$ 1,735,242</b>

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities**

Net Changes in Fund Balances - Total Governmental Funds	\$ (59,269)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital assets	385,540
Depreciation expense	(487,800)
Loss on sale of capital assets	(1,225)
The issuance of long-term debt provide current financial resources, while the repayment of bond principal consumes the current financial resources in the governmental funds:	
Payment of bond principal	457,013
(Increases)/decreases in the proportionate share of net pension assets/liabilities, prepaids and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require the use of current financial resources, and therefore, are not reported as revenues or expenditures in the governmental funds.	(102,461)
(Increases)/decreases in the OPEB liability and related deferred inflows and outflows of resources reported in the Statement of Activities do not provide for or require the use of current financial resources, and therefore, are not reported as revenues or expenditures in the governmental funds.	(162,427)
Certain revenues and expenses reported in the Statement of Activities are not reported as revenues or expenditures in governmental funds:	
Deferred inflows of resources - unavailable revenue	61,476
Accrued interest	6,379
Compensated absences	(80,899)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 16,327</b>

See notes to financial statements.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**A. Summary of Significant Accounting Policies**

The (the "District") is governed by Town Law and other general laws of the State of New York. The Board of Commissioners is the legislative body responsible for overall operations. The Board of Commissioners consists of three members, all of whom are elected by the residents of the District for terms of three years. The primary function of the District is to provide water service to district residents.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The District's more significant accounting policies are described below.

**1. Financial Reporting**

The Town of Oyster Bay, New York (the "Town") is financially accountable as a result of fiscal dependency for the District. Long-term debt of the District, which is backed by the full faith and credit of the Town, and other fiscal matters results in fiscal interdependency with the Town. Accordingly, the District has been determined to be a component unit of the Town.

**2. Basis of Presentation**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds).

**Government-wide Financial Statements**

The government-wide financial statements report information on the District as a whole.

In the government-wide Statement of Net Position, the District's governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables and deferred outflows of resources as well as long-term debt obligations and deferred inflows of resources. The District's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of the District's function (home and community service - water supply services), which are otherwise supported by general revenues (real property taxes, use of money and property, sale of property and compensation for loss, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues to produce the net cost of each program. Program revenues include (a) charges for services, and (b) operating and capital grants and contributions that are directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants reflect capital-specific grants. The net cost is normally covered by general revenues. This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**A. Summary of Significant Accounting Policies (continued)**

**2. Basis of Presentation (continued)**

**Fund Financial Statements**

The emphasis in the fund financial statements is on the major funds. The District considers all funds to be major funds.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, 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 various funds are presented by type in the fund financial statements. Accordingly, the District maintains the following fund types:

**Governmental Funds** - 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. Governmental funds are further classified as major funds.

The District reports the following major governmental funds:

General Fund - is the principal operating fund of the District. This fund is used to account for all financial resources not accounted for and reported in another fund.

Capital Projects Fund - is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

**3. Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

In the government-wide Statement of Net Position and the Statement of Activities governmental activities are presented using the economic resources measurement focus and are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Interfund transactions have been eliminated from the government-wide financial statements.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**A. Summary of Significant Accounting Policies (continued)**

**3. Measurement Focus/Basis of Accounting (continued)**

In the funds statement, governmental activities use a current financial resource measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the year end except for grant revenue pursuant to a reimbursable grant arrangement which is recorded when eligible expenditures are incurred.

Expenditures are recorded when incurred except that:

- a. Principal and interest on indebtedness are not recognized as expenditures until due.
- b. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as expenditures when paid.

**4. Property Taxes and Delinquent Water Bills**

Property taxes and delinquent water bills are collected by the Town of Oyster Bay Receiver of Taxes on behalf of the District. The Town of Oyster Bay Receiver of Taxes collects all real property taxes for the Town, Nassau County, Town Special Districts and School Districts. Town and County taxes are levied on January 1 and are due in two installments payable by February 10 and August 10. The Town remits 100% of the amount of real property tax levied and the delinquent water bills to the District. Responsibility for the collection of unpaid taxes rests with Nassau County.

**5. 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.

**6. Accounts Receivable**

Accounts receivables include amounts due from customers and unbilled water usage. In the fund financial statements receivables are recorded in the same manner as the government wide financial statements however, revenues are recognized to the extent they are available. Revenues are available if collected within 60 days after year end. At December 31, 2020, the District considered all remaining accounts receivable to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

**7. Inventory of Materials and Supplies**

The District records inventory using the consumption method. Inventory is valued at cost utilizing the latest invoice price, which approximates the first-in, first-out method.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**A. Summary of Significant Accounting Policies (continued)**

**8. Prepaid Expenses**

Prepays represent retirement benefits that will benefit a future period.

**9. Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first is related to the net pension liability reported in the government-wide Statement of Net Position. This represents the differences between expected and actual experience, changes of assumptions, the net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between the District's contributions and proportionate share of contributions. This amount also includes the District contributions to the pension systems subsequent to the measurement date. See Note F for more details. The second item is related to other postemployment benefits liability. This represents the changes in assumptions. See Note G for more details.

In addition to liabilities, the Statement of Net Position and Balance Sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualifies for reporting in this category. For the first item, the District reports unavailable revenue from water rents, rental and other income, as well as, water rents that were received in advance of the 2021 assessment year. The unavailable income is deferred and will be recognized in the governmental funds as an inflow of resources in the period that the amounts become available. The second item is related to the pension reported in the government-wide Statement of Net Position. This represents changes in assumptions and the change in proportion and differences between the District's contributions and its proportionate share of contributions. See Note F for more details. The third item is related to the other postemployment benefits liability reported in the government-wide Statement of Net Position. This represents the differences between expected and actual experience and the changes in assumptions. See Note G for more details.

**10. Interfund Receivables, Payables and Transfers**

Typically, interfund receivable and payable balances for the District represent primarily the payment of financing sources and uses that will be reimbursed subsequent to year end. Interfund transfer balances represent the funding of capital expenditures through general fund appropriations and residual capital project balances used to service the debt. In 2020, there were no interfund transactions.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**A. Summary of Significant Accounting Policies (continued)**

**11. Capital Assets**

In the government-wide financial statements, capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their acquisition value at the date of donation. Capital assets purchased or acquired with an original cost of \$1,000 or more are capitalized and included as capital assets in the government-wide financial statements. Prior to December 31, 2002, infrastructure assets consisting of water mains were capitalized at estimated historical cost.

Depreciation of all exhaustible capital assets and amortization of all finite intangible assets is recorded as an expense in the Statement of Activities, with accumulated depreciation and amortization reflected in the Statement of Net Position. Depreciation or amortization is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

– Buildings	20 - 40 years
– Improvements	5 - 50 years
– Wells, water tanks and structures	5 - 40 years
– Water mains	50 years
– Machinery and equipment	5 - 20 years
– Office furniture and equipment	5 - 10 years
– Computer software	5 years
– Vehicle	5 - 8 years

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**12. Developer Deposits**

Developer deposits represent funds advanced from real estate developers for the installation of new water mains and connection to the District's water distribution system. Any remaining funds after the installation is completed are refunded to the developer.

**13. Long-Term Debt**

All long-term debt and other long-term liabilities are reported as liabilities in the government-wide statements. Bond premiums and discounts are deferred and amortized over the life of the bonds, when significant. Debt issuance costs are expensed as incurred. Long-term debt and liabilities consist of general obligation bonds, compensated absences, other postemployment benefits payable and the net pension liability - proportionate share.

Only the portion of long-term liabilities expected to be financed from expendable available financial resources is reported as liabilities in governmental fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. Issuance costs are reported as debt service expenditures.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**A. Summary of Significant Accounting Policies** (continued)

**14. Compensated Absences**

District employees earn vacation and sick leave in varying amounts. In the event of separation from service (except termination for cause), employees are paid for accumulated unused vacation and sick leave subject to certain limitations.

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends and expected retirements subsequent to year end. In the fund financial statements, only the compensated absence liability payable from expendable available financial resources is recorded as a liability in the governmental fund statements.

**15. Other Benefits**

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

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

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially, all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care and survivor's benefits are in accordance with New York State Health Insurance Rules and Regulations (administered by the New York State Department of Civil Service) and are provided through the New York State Empire Plan (the "Empire Plan") whose premiums are based on the benefits paid throughout the State during the year.

The District recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the governmental funds in the year paid. The liability for these other postemployment benefits payable is recorded as a long-term liability in the government-wide statements.

**16. Insurance**

The District purchases insurance against liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired, or a liability not covered by insurance has been incurred and the amount of loss can be reasonably estimated. There have been no settlements in excess of insurance coverage over the last three years.

OYSTER BAY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

A. Summary of Significant Accounting Policies (continued)

17. Net Position and Fund Equity Classifications

**Government-wide Financial Statements**

In government-wide financial statements equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use; it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Fund Financial Statements**

In the fund financial statements governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources; they are nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form, not available within a year, or legally or contractually required to be maintained intact. Nonspendable fund balance includes the prepaid expenses and inventory of materials and supplies recorded in the general fund.

Restricted fund balance includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority. The Board of Commissioners is not empowered to establish local law; accordingly, the District will not have committed fund balances.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The Board of Commissioners has the authority to assign amounts to be used for specific purposes. Assigned fund balances including all remaining amounts (except negative balances) that are not reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**A. Summary of Significant Accounting Policies (continued)**

**17. Net Position and Fund Equity Classifications (continued)**

**Fund Financial Statements (continued)**

Unassigned fund balance includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. It is also used to report negative fund balances in other governmental funds.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves), 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. It is the intention of the Board of Commissioners that the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to assigned fund balance to the extent that there is an assignment, and then to the unassigned fund balance.

**18. Use of Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**19. New Accounting Principle**

The District has adopted all of the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable.

**B. Stewardship, Compliance and Accountability**

**Budgetary Data**

The District's budget policies are as follows:

The District prepares an annual budget for the general fund, which is approved by the Board of Commissioners. The budget is then submitted to the Town of Oyster Bay for inclusion in the Town Budget and a public hearing is held thereon. The budget is not subject to referendum. The annual budget lapses at year-end and any revisions are adopted by resolution of the Board of Commissioners.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purpose, is employed in the governmental funds. Encumbrances are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in period in which the liability is incurred.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2020

**B. Stewardship, Compliance and Accountability (continued)**

**Budgetary Data (continued)**

Budget(s) are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances (if any) carried forward from the prior year.

In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. No local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. The Board of Commissioners approves the annual budget as well as the property taxes levy to be assessed each year.

**Fund Balance**

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of nonspendable fund balances, as well as the purposes for restricted and assigned fund balance. The unassigned fund balance is also shown.

	General Fund	Capital Projects Funds	Total
Nonspendable:			
Prepays	\$ 26,134		\$ 26,134
Inventory of materials and supplies	34,197		34,197
Total Nonspendable	60,331	\$ -0-	60,331
Restricted for:			
Capital projects - water system improvements	1,148,044		1,148,044
Capital projects - unspent bond proceeds		216,271	216,271
Total Restricted	1,148,044	216,271	1,364,315
Assigned to:			
Subsequent year's budget	244,001		244,001
Total Assigned	244,001	-0-	244,001
Unassigned	66,595		66,595
Total Fund Balances	\$ 1,518,971	\$ 216,271	\$ 1,735,242

**Capital Projects Reserve**

The District received a settlement for the possible contamination related to the gasoline additive Methyl Tertiary Butyl Ether with which the Board of Commissioners established a capital reserve fund. This reserve fund will be used to finance the cost of construction, replacement or acquisition of water mains, tanks, land, buildings, related equipment and machinery, any of which may be necessitated as a result of the any detection of contaminants in the water supply, wells or any other facilities of the District.

OYSTER BAY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**B. Stewardship, Compliance and Accountability (continued)**

**Capital Projects Reserve (continued)**

A summary of activity in this capital reserve is as follows:

Balance - 1/1/2020	\$ 718,068
Interest	<u>7,281</u>
Balance - 12/31/2020	<u>\$ 725,349</u>

The Board of Commissioners also established a capital reserve fund for general improvements to the system.

Balance - 1/1/2020	\$ 349,865
Interest	1,495
Increases	<u>71,335</u>
Balance - 12/31/2020	<u>\$ 422,695</u>

**C. Cash and Investments**

The District's investment policies are governed by state statutes. In addition, the District has its own written investment policy. District monies must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the state. The Treasurer is authorized to use savings accounts, demand accounts, money market accounts and certificates of deposit. 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 deposits not covered by FDIC. Obligations that may be pledged as collateral are obligations of the United States and its agencies, and obligations of the State and its municipalities.

**Custodial Credit Risk - Deposits/Investments** - Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Deposits and investments are to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either (a) collateralized with securities held by the pledging financial institution, (b) collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name, or (c) uncollateralized.

At December 31, 2020, the District's cash and cash equivalents totaled \$1,367,766, inclusive of \$100 in petty cash. The District's bank deposit balances were \$1,405,901, of which \$1,248,203 was covered by the Federal Deposit Insurance Corporation and \$157,698 was covered by collateral held by the District's agent, a third-party financial institution, in the District's name.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2020

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
Capital assets not being depreciated:				
Land	\$ 85,555	\$ 323,920		\$ 409,475
Total Capital Assets Not Being Depreciated	<u>85,555</u>	<u>323,920</u>	\$ -0-	<u>409,475</u>
Depreciable capital assets:				
Buildings	1,304,523	9,300		1,313,823
Improvements	1,457,310			1,457,310
Wells, water tanks and structures	8,529,359			8,529,359
Water mains	7,016,405			7,016,405
Machinery and equipment	1,143,173			1,143,173
Equipment	423,170	42,011	50,091	415,090
Office, furniture and equipment	81,615	10,309	8,135	83,789
Computer software	23,749			23,749
Vehicles	344,650			344,650
Total Depreciable Capital Assets	<u>20,323,954</u>	<u>61,620</u>	<u>58,226</u>	<u>20,327,348</u>
Accumulated depreciation:				
Buildings	654,687	28,705		683,392
Improvements	838,746	63,215		901,961
Wells, water tanks and structures	2,758,365	200,374		2,958,739
Water mains	3,967,897	121,876		4,089,773
Machinery and equipment	472,496	44,087		516,583
Equipment	382,238	15,898	48,866	349,270
Office, furniture and equipment	79,756	1,265	8,135	72,886
Computer software	23,749			23,749
Vehicles	271,723	12,380		284,103
Total Accumulated Depreciation	<u>\$9,449,657</u>	<u>\$ 487,800</u>	<u>\$ 57,001</u>	<u>9,880,456</u>
Total Net Depreciable Capital Assets				<u>10,446,892</u>
Total Capital Assets				<u>\$10,856,367</u>

Depreciation and amortization expense of \$487,800 was charged to water supply services expense for the year.

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of capital assets 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, 2020, the District has not recorded any such impairment losses.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2020

**E. Indebtedness**

Long-Term Debt

The following is a summary of changes in long-term liabilities for the year ended December 31, 2020:

	Balance 1/1/2020	Increases	Reductions	Balance 12/31/2020	Non-current Liabilities Due Within One Year
General obligation bonds	\$ 3,870,472		\$ (457,013)	\$ 3,413,459	\$ 430,921
Compensated absences	292,708	\$ 138,297	(57,398)	373,607	183,500
Other postemployment benefits	3,440,700	591,722	(87,128)	3,945,294	-0-
Net pension liability	139,782	466,705	(100,148)	506,339	-0-
<b>Totals</b>	<b>\$ 7,743,662</b>	<b>\$ 1,196,724</b>	<b>\$ (701,687)</b>	<b>\$ 8,238,699</b>	<b>\$ 614,421</b>

General Obligation Serial Bonds - The District periodically borrows money in order to acquire land or equipment or construct buildings and 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, which are full faith and credit debt of the Town of Oyster Bay, bear interest at rates ranging from 3.0% to 5.0%.

Compensated Absences - Represents the value of the earned and unused portion of the liability for compensated absences.

Other Postemployment Benefits - Represents the cost of postemployment healthcare in the year when the employee services are received and provides information useful in assessing potential demands on the District's future cash flows.

Net Pension Liability - Proportionate Share - Represents the District's proportionate share of the NYS ERS net pension liability.

Principal and interest payments to maturity of the general obligation serial bonds as of December 31, 2020 are as follows:

	Principal	Interest	Total
Years Ending December 31, 2021	\$ 430,921	\$ 110,954	\$ 541,875
2022	448,115	94,446	542,561
2023	271,249	81,896	353,145
2024	281,163	72,966	354,129
2025	290,806	63,801	354,607
2026-2030	1,188,205	174,896	1,363,101
2031-2033	503,000	28,123	531,123
	<b>\$ 3,413,459</b>	<b>\$ 627,082</b>	<b>\$ 4,040,541</b>

Interest expense of \$122,204 has been included in water supply service expense in the Statement of Activities.

All long-term liabilities are paid from the general fund.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**F. Retirement System**

Plan Description and Benefits Provided

The District participates in the New York State and Local Employees' Retirement System ("System"). This is a cost-sharing multiple-employer retirement system. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2018, he was elected for a new term commencing January 1, 2020. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at: [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

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

*Tiers 1 and 2*

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

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

**Final average salary** is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20% greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than the average of the previous two years.

OYSTER BAY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

F. Retirement System (continued)

Plan Description and Benefits Provided (continued)

*Tiers 3, 4 and 5*

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

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

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tiers 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10% greater than the average of the previous two years.

*Tier 6*

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

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10% greater than the average of the previous four years.

*Disability Retirement Benefits*

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

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**F. Retirement System (continued)**

Plan Description and Benefits Provided (continued)

*Ordinary Death Benefits*

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

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: (1) all pensioners who have attained age 62 and have been retired for five years; (2) all pensioners who have attained age 55 and have been retired for ten years; (3) all disability pensioners, regardless of age, who have been retired for five years; (4) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and (5) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual consumer price index as published by the U.S. Bureau of Labor but cannot be less than 1% or exceed 3%.

Contributions

Generally, Tiers 3, 4 and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tiers 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tiers 5 and 6 members are required to contribute for all years of service.

Under the authority of the New York State Retirement and Social Security Law, the Comptroller annually adopts the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The contribution paid during the current year was equal to 100% of the required payment. The contractually required contribution for the year ended December 31, 2020 was \$78,401.

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

At December 31, 2020, the District reported the following liability for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2020

**F. Retirement System (continued)**

Below is the District's proportionate share of the net pension liability of the System and its related employer allocation percentage.

Actuarial valuation date	April 1, 2019
Net pension liability/(asset)	\$ 506,339
District's portion of the Plan's total net pension liability/(asset)	0.0019121%
Change in allocation of the ERS System's total net pension liability since the prior measurement date	-0.0000607%

There was no significant change in the District's portion of the Plan's total net pension liability from March 31, 2019 to March 31, 2020.

For the year ended December 31, 2020, the District's recognized pension expense of \$180,862 in the Statement of Activities. At December 31, 2020, the District's reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,800	
Changes of assumptions	10,195	\$ 8,803
Net difference between projected and actual earnings on pension plan investments	259,574	-0-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	38,548	6,441
District's contributions subsequent to the measurement date	<u>78,401</u>	<u>-0-</u>
Total	<u>\$ 416,518</u>	<u>\$ 15,244</u>

The District's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as increases/(decreases) in pension expense as follows:

Years Ending December 31, 2021	\$ 59,313
2022	82,619
2023	101,165
2024	<u>79,776</u>
	<u>\$ 322,873</u>

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2020

**F. Retirement System (continued)**

Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Measurement date	March 31, 2020
Actuarial valuation date	April 1, 2019
Investment rate of return (net of investment expense)	6.8%
Salary increases	4.2%
Cost of living adjustments	1.3%
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. The previous actuarial valuation as of April 1, 2018 used the Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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 previous actuarial valuation as of April 1, 2018 used a long-term expected rate of return of 7.0%.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

Asset Type:	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36.0%	4.05%
International equity	14.0%	6.15%
Private equity	10.0%	6.75%
Real estate	10.0%	4.95%
Absolute return strategies*	2.0%	3.25%
Opportunistic portfolio	3.0%	4.65%
Real assets	3.0%	5.95%
Bonds and mortgages	17.0%	0.75%
Cash	1.0%	0.00%
Inflation indexed bonds	4.0%	0.50%
	100.0%	

The real rate of return is net of the long-term inflation assumption of 2.50%.

\* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2020

**F. Retirement System (continued)**

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8%) or 1-percentage point higher (7.8%) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
District's proportionate share of the net pension liability/(asset)	\$ 929,275	\$ 506,339	\$ 116,813

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers participating in the System as of March 31, 2020 were as follows (in thousands):

	ERS
Employers' total pension liability	\$ 194,596,261
Plan fiduciary net position	168,115,682
Employers' net pension asset/(liability)	\$ 26,480,579
Ratio of plan fiduciary net position to the Employers' total pension liability	86.39%

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial statements.

OYSTER BAY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**G. Postemployment Benefits (Obligations for Health Insurance)**

Plan Description

The District established and administers a single-employer defined benefit OPEB plan for its employees. Article 11 of the State Compiled Statues grants the authority to establish and amend the benefit terms and financial requirements to the Board of Commissioners. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The District, per its contracts with employees, will pay the full premium costs for the medical insurance coverage (currently provided by Empire Plan Plus Enhancements of the New York State Government Employees Health Insurance Program) for an employee of the District at retirement, provided the employee has reached age 55 and has been employed by the District for at least 5 years prior to the date of retirement. Commissioners may become eligible for these benefits if they reach age 60 with 10 years of service while working for the District. These contracts will be renegotiated at various times in the future. The retiree is also eligible for Medicare reimbursement in the amount of \$1,735 per year. Upon death of an active employee with ten years of service, the District will pay eighty percent, or an amount determined by the Commissioners based on the circumstances of the District, of the cost to continue coverage for the non-remarried spouse and dependents of the employee.

Employees Covered by Benefit Terms

The number of participants as of January 1, 2019, the effective date of the most recent actuarial valuation, follows. There have been no significant changes in the number or the type of coverage since that date.

Active employees	8
Inactives receiving benefits	<u>7</u>
Total	<u>15</u>

Contributions

The District pays the cost of basic single and family coverage for both medical and dental as those premiums come due each year along with Medicare Part B premiums. During the year ended December 31, 2020, the District paid \$73,248 for retiree insurance premiums and \$13,880 Medicare Part B premiums.

Total OPEB Liability

The District' total OPEB liability of \$3,945,294 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2019, with updated procedures used to rollforward the OPEB liability to the measurement date.

Funding Policy

The District currently pays for other postemployment health care benefits on a pay-as-you-go basis.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2020

**G. Postemployment Benefits (Obligations for Health Insurance) (continued)**

Actuarial Assumptions and Other Inputs

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point.

The total OPEB liability in the January 1, 2019 valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.50%
Discount Rate	2.12%
Healthcare cost trend rates	6.50% for 2020, decreasing .5% per year to an ultimate rate of 5.0% in 2023

The discount rate was based on the December 31, 2020 Bond Buyer's 20 Bond Index. A discount rate of 2.74% was used as of December 31, 2019.

Mortality rates were based on the RPH-2014 Total Dataset mortality table projected full generationally using projection scale MP-2019.

The decrement tables used for this valuation are based on the New York State Employees' Retirement System (ERS).

The actuarial assumptions used in the January 1, 2019 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable.

Changes in the Total OPEB Liability

The following table shows the components of the District's other postemployment benefits liability:

Balance at December 31, 2019	\$ 3,440,700
Changes for the year:	
Service cost	115,272
Interest	96,355
Changes in assumptions and other inputs	380,095
Benefit payments	<u>(87,128)</u>
Balance at December 31, 2020	<u>\$ 3,945,294</u>

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2020

**G. Postemployment Benefits (Obligations for Health Insurance) (continued)**

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 (1.12%) or 1-percentage-point higher (3.12%) than the current rate:

1% Decrease (1.12%)	Discount Rate (2.12%)	1% Increase (3.12%)
\$ 4,696,862	\$ 3,945,294	\$ 3,358,812

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rates that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current discount rate:

1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
\$ 3,267,520	\$ 3,945,294	\$ 4,838,141

For the year ended December 31, 2020, the District recognized OPEB expense of \$249,555. At December 31, 2020, the District reported deferred outflows or inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -0-	\$ 297,764
Changes of assumptions	618,177	112,802
Total	\$ 618,177	\$ 410,566

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31, 2021	\$ 37,928
2022	81,800
2023	87,883
	\$ 207,611

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**H. Commitments and Contingencies**

Litigation

The District is subject to litigation in the ordinary conduct of its affairs. Management does not believe, however, that such litigation, individually or in the aggregate, is likely to have a material adverse effect on the financial condition of the District.

COVID-19

The World Health Organization characterized the COVID-19 virus as a global pandemic on March 11, 2020. The duration and economic impact of this pandemic are uncertain. Currently, management is unable to quantify its future effects on the operations and financial performance of the District.

**I. New Pronouncements**

Statement No. 87, Leases, the objective of which is to improve accounting and financial reporting for leases by governments. This Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for the year ending December 31, 2022.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, the objective of which is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for the year ending December 31, 2021.

Statement No. 91, Conduit Debt Obligations, the objective of which are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for the year ending December 31, 2022.

Statement No. 92, Omnibus 2020, was issued to enhance comparability in accounting and financial reporting and consistency of authoritative language on various topics. The remaining requirements of this Statement are effective for the year ending December 31, 2022.

Statement No. 93, Replacement of Interbank Offered Rates, amends certain provisions of GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments as amended and 87, Leases. It has been issued to address the various accounting and reporting implications that will result from the replacement of LIBOR, as LIBOR will cease to exist in 2021. The requirements of this Statement are effective for the year ending December 31, 2022.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**I. New Pronouncements (continued)**

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, this Statement has been issued to improve financial reporting by addressing issues related to public private and public-public partnership arrangements, in which one a government (transferor) contracts with an operator (governmental or nongovernmental entity) to provide public services by conveying the right to operate or use a nonfinancial assets. The requirements of this Statement are effective for the year ending December 31, 2023.

Statement No. 96, Subscription-Based Information Technology Arrangements, this Statement has been issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are effective for the year ending December 31, 2023.

Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, the portion of this statement that is not effective immediately has been issued to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for the year ending December 31, 2022.

The District is currently evaluating the impact of the above pronouncements.

**J. Subsequent Events**

The District evaluated its December 31, 2020 financial statements for subsequent events through the date the financial statements were issued and noted the following subsequent events to be disclosed:

On February 3, 2021, the Town of Oyster Bay on the District's behalf issued \$689,000 in public improvement refunding bonds, which refunded the District's 2014 Series A general obligation bonds. The public improvement refunding bonds will mature on March 1, 2028 and bear interest rates ranging from 2.0% to 4.0%.

**OYSTER BAY WATER DISTRICT**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**December 31, 2020**

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
<b>Real Property Taxes</b>				
Ad valorem	\$ 802,145	\$ 802,145	\$ 802,137	\$ (8)
Special assessments	120,886	120,886	120,885	(1)
Total Real Property Taxes	923,031	923,031	923,022	(9)
<b>Other Real Property Tax Items</b>				
Payments in lieu of taxes	40,000	40,000	31,383	(8,617)
Total Other Real Property Tax Items	40,000	40,000	31,383	(8,617)
<b>Departmental Income</b>				
Metered water sales	900,000	900,000	936,884	36,884
Installation charges	8,000	8,000	3,029	(4,971)
Hydrant rentals and sprinkler charges	65,000	65,000	63,500	(1,500)
Interest and penalties - water rents	8,000	8,000	7,945	(55)
Other water charges	45,500	45,500	44,550	(950)
Total Departmental Income	1,026,500	1,026,500	1,055,908	29,408
<b>Use of Money and Property</b>				
Interest earnings	20,000	20,000	10,908	(9,092)
Tower rental	439,936	439,936	422,451	(17,485)
Total Use of Money and Property	459,936	459,936	433,359	(26,577)
<b>Sale of Property and Compensation for Loss</b>				
Insurance recoveries			2,722	2,722
Total Sale of Property and Compensation for Loss	-0-	-0-	2,722	2,722
<b>Other Local Sources</b>				
Miscellaneous			3,956	3,956
Total Other Local Sources	-0-	-0-	3,956	3,956
Total Revenues	2,449,467	2,449,467	2,450,350	883
<b>Expenditures</b>				
<b>Administration</b>				
Office salaries	188,000	188,265	187,840	425
Commissioners' fees	43,000	46,300	45,100	1,200
Office equipment	1,500	1,500	292	1,208
Computerization and software	7,000	22,900	18,119	4,781
Office utilities	9,000	7,339	7,161	178
Accounting and auditing	49,000	49,000	45,748	3,252
Legal	60,000	60,000	52,650	7,350
Insurance	48,000	45,548	45,547	1
Notices and advertising	2,000	606	606	-0-
Office maintenance and service contracts	70,000	106,500	88,783	17,717
Postage	7,000	7,181	7,180	1
Conferences, meetings and conventions	20,000	3,360	3,360	-0-
Dues and subscriptions		2,000	1,158	842
Miscellaneous		1,000	116	884
Contingencies	25,000	25,000		25,000
Total Administration	529,500	566,499	503,660	62,839

(continued)

**OYSTER BAY WATER DISTRICT**  
**GENERAL FUND**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**December 31, 2020**

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Source of Supply, Power and Pumping</b>				
Electrical power	165,000	180,000	173,267	6,733
Total Source of Supply, Power and Pumping	165,000	180,000	173,267	6,733
<b>Purification</b>				
Chemical treatment and analysis	42,000	68,000	58,190	9,810
Total Purification	42,000	68,000	58,190	9,810
<b>Transmission and Distribution</b>				
Personal services - plant salaries	530,000	535,000	532,744	2,256
Equipment - vehicles	26,000	26,000		26,000
Equipment - plant	6,000	46,000	35,516	10,484
Repairs and maintenance - plant	54,000	95,600	87,641	7,959
Plant supplies, small tools and equipment	3,000	7,176	3,159	4,017
Plant communications	3,000	3,000	1,470	1,530
Meters and supplies	20,000	39,000	21,788	17,212
Engineering	27,000	51,500	41,245	10,255
Auto expense	15,000	16,000	15,623	377
Miscellaneous	4,000	3,900	2,402	1,498
Total Transmission and Distribution	688,000	823,176	741,588	81,588
<b>Employee Benefits</b>				
State retirement	100,148	104,534	78,401	26,133
Social security	62,000	66,200	65,243	957
Hospital and medical insurance	225,000	236,004	201,782	34,222
Workers compensation insurance	40,000	34,900	34,647	253
Hospital and medical insurance - buy back	72,000	72,000	67,004	4,996
Disability insurance		1,000	241	759
Total Employee Benefits	499,148	514,638	447,318	67,320
<b>Debt Service</b>				
Serial bonds:				
Principal	457,013	457,013	457,013	-0-
Interest	128,583	128,583	128,583	-0-
Total Debt Service	585,596	585,596	585,596	-0-
Total Expenditures	2,509,244	2,737,909	2,509,619	228,290
<b>Other Financing Uses</b>				
Interfund transfers out	300,000	71,335		71,335
Total Other Financing Uses	300,000	71,335	-0-	71,335
Total Expenditures and Other Financing Uses	2,809,244	2,809,244	2,509,619	299,625
<b>Change in Fund Balance</b>	<b>\$ (359,777)</b>	<b>\$ (359,777)</b>	<b>(59,269)</b>	<b>\$ 300,508</b>
<b>Fund Balance at Beginning of Year</b>			<b>1,578,240</b>	
<b>Fund Balance at End of Year</b>			<b>\$ 1,518,971</b>	

**OYSTER BAY WATER DISTRICT**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT**  
**BENEFITS LIABILITY AND RELATED RATIOS**  
 December 31, 2020

	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$ 115,272	\$ 77,801	\$ 110,458
Interest	96,355	114,440	121,665
Differences between expected and actual experience	-0-	(570,944)	-0-
Changes of assumptions	380,095	645,321	(347,813)
Benefit payments	(87,128)	(90,107)	(92,945)
<b>Net Change in Total OPEB Liability</b>	504,594	176,511	(208,635)
<b>Total OPEB Liability - Beginning</b>	3,440,700	3,264,189	3,472,824
<b>Total OPEB Liability - Ending</b>	<u>\$ 3,945,294</u>	<u>\$ 3,440,700</u>	<u>\$ 3,264,189</u>
Covered-employee payroll	\$ 689,819	\$ 672,994	\$ 663,202
Total OPEB liability as a percentage of covered-employee payroll	571.93%	511.25%	492.19%

**Note:**

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

**Notes to Schedule:**

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay other postemployment benefits (OPEB).

The District currently contributed enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

*Changes of Benefit Terms*

None

*Changes of Assumptions*

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Discount rate	2020	2.12%
	2019	2.74%
	2018	4.10%
	2017	3.44%

See independent auditor's report.

**OYSTER BAY WATER DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
 December 31, 2020

NYSERS	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.00191%	0.00197%	0.00202%	0.00205%	0.00219%	0.00241%	0.00241%
District's proportionate share of the net pension liability (asset)	\$ 506,339	\$ 139,782	\$ 65,302	\$ 192,960	\$ 351,492	\$ 81,414	\$ 108,902
District's covered-employee payroll	\$ 704,924	\$ 689,218	\$ 656,656	\$ 628,089	\$ 585,112	\$ 643,019	\$ 654,928
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	71.83%	20.28%	9.94%	30.72%	60.07%	12.66%	16.63%
Plan fiduciary net position as a percentage of the total pension liability coming from plan	86.39%	96.27%	98.24%	94.70%	97.95%	97.95%	97.20%

*Changes of assumptions.*

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in the current and prior period:

2020	6.80%
2019	7.00%

In 2020, the annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. The previous actuarial valuation as of April 1, 2018 used the Society of Actuaries' Scale MP-2014.

See independent auditor's report.

OYSTER BAY WATER DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
December 31, 2020

	NYSERS									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 78,401	\$ 100,148	\$ 95,655	\$ 92,677	\$ 90,749	\$ 93,167	\$ 89,104	\$ 137,135	\$ 127,933	\$ 72,641
Contributions in relation to the contractually required contribution	78,401	100,148	95,655	92,677	90,749	93,167	89,104	137,135	127,933	72,641
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered-employee payroll	\$ 740,417	\$ 702,619	\$ 684,238	\$ 647,063	\$ 659,536	\$ 636,517	\$ 646,965	\$ 691,401	\$ 648,605	\$ 634,604
Contributions as a percentage of covered-employee payroll	10.59%	14.25%	13.98%	14.32%	13.76%	14.64%	13.77%	19.83%	19.72%	11.45%

See independent auditor's report.