

OYSTER BAY WATER DISTRICT
AUDITED FINANCIAL STATEMENTS
Year Ended December 31, 2022

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CERTIFIED PUBLIC ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the
Oyster Bay Water District:

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Oyster Bay Water District (the "District") a component unit of the Town of Oyster Bay, New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

NawrockiSmith

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Changes in Accounting Principles

As described in Note B to the financial statements, in fiscal 2022 the District adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement No. 87, Leases. The effect of GASB Statement No. 87 did not require a restatement to the financial statements. Our opinion is not modified with respect to this matter.

NawrockiSmith

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 4-9, and 39-44, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hauppauge, New York
April 26, 2023

Nawrocki Smith LLP

OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2022

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, 2022 in comparison with the year ended December 31, 2021, 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, 2022

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>2022</u>	<u>2021</u>
Assets		
Current and other assets	\$ 8,568,951	\$ 1,746,025
Capital assets	<u>11,808,098</u>	<u>10,966,944</u>
Total Assets	<u>20,377,049</u>	<u>12,712,969</u>
 Deferred Outflows of Resources	 <u>699,338</u>	 <u>1,178,891</u>
 Liabilities		
Current liabilities	2,147,979	962,368
Noncurrent liabilities	<u>6,106,206</u>	<u>7,275,066</u>
Total Liabilities	<u>8,254,185</u>	<u>8,237,434</u>
 Deferred Inflows of Resources	 <u>7,646,709</u>	 <u>735,443</u>
 Net Position		
Net investment in capital assets	7,788,334	7,856,110
Restricted	1,006,170	1,151,737
Unrestricted	<u>(3,619,011)</u>	<u>(4,088,864)</u>
Total Net Position	<u>\$ 5,175,493</u>	<u>\$ 4,918,983</u>

OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2022

CONDENSED FINANCIAL INFORMATION (continued)

Changes in Net Position

for the years ended December 31,

	2022	2021
Program Revenues		
Charges for services	\$ 1,162,660	\$ 1,071,819
Total Program Revenues	1,162,660	1,071,819
General Revenues		
Real property taxes	1,040,284	978,357
Other real property tax items	27,807	26,905
Use of money and property	607,228	449,434
Sale of property and compensation for loss	12,122	2,611
Other local sources	23,138	27,513
Total General Revenues	1,710,579	1,484,820
Total Revenues	2,873,239	2,556,639
Expenses - Water Supply Services	2,616,729	2,696,627
Changes in Net Position	\$ 256,510	\$ (139,988)

FINANCIAL HIGHLIGHTS

The District's total assets and deferred outflows of resources at December 31, 2022 were \$21,076,387, an increase of \$7,184,527 from the prior year. The increase is due to increases in capital assets due to additions being greater than the depreciation expense, increases in the amount due from the Town of Oyster Bay, the recognition of a net pension asset, as well as the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 87, Leases, which required the District (a lessor) to record both leases receivable and deferred inflows of resources as of January 1, 2022. These increases were offset by decreases in the deferred outflows of resources for the net pension - proportionate share and other postemployment benefit liabilities. Total liabilities and deferred inflows of resources at December 31, 2022 were \$15,900,894, an increase of \$6,928,017 from the prior year. This increase is primarily due to increases in the amount due to the Town of Oyster Bay for temporarily financed capital projects expenditures and a deferred inflow of resources for leases recorded under GASB Statement No. 87. These increases were offset by decreases in other postemployment benefits payable and general obligation bonds payable.

The District's net position as of December 31, 2022 was \$5,175,493, an increase of \$256,510 from the prior year. Of the District's total net position, \$7,788,334 was a net investment in capital assets, \$1,006,170 was restricted for acquisition of capital assets and \$3,619,011 was unrestricted deficit.

OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Year Ended December 31, 2022

FINANCIAL HIGHLIGHTS (continued)

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.

Program revenues were \$1,162,660 in the current year, which were \$90,841 more than the prior year due to a drier summer causing utilization of more water for irrigation purposes. General revenues were \$1,710,579 in the current year, which were \$225,759 more than the prior year, due primarily to increases in use of money and property – tower rentals and real property taxes. Total water supply service expenses were \$2,616,729, which were \$79,898 less than the prior year due primarily to decreases in expenses related to the other postemployment benefits liabilities offset by losses on capital assets and increases in compensated absence expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises the budget as needed so that expenditures do not exceed appropriations. In the general fund, various transfers between appropriations were approved for this purpose. A total increase of \$155,032 in appropriations was made after the original budget was adopted, resulting in a modified budget of \$2,884,906 for December 31, 2022. In 2022, the District modified the budget to make a transfer to the capital projects fund using capital reserve funds.

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

	Original Budget	Final Budget	Actual Amounts	Variance
Revenues	\$ 2,729,874	\$ 2,729,874	\$ 2,851,657	\$ 121,783
Expenditures	(2,429,874)	(2,591,659)	(2,509,087)	82,572
Other Financing Sources			186,903	186,903
Other Financing Uses	(300,000)	(293,247)	(155,032)	138,215
Net Change in Fund Balance	\$ -0-	\$ (155,032)	\$ 374,441	\$ 529,473

The general fund reported revenues and other financing sources in excess of expenditures and other financing uses this year of \$374,441, increasing the fund balance to \$1,711,840. Actual revenues and other financing sources were more than budgeted by \$308,686 and budgeted expenditures and other financing uses were less than actual by \$220,787.

OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Year Ended December 31, 2022

CAPITAL ASSETS AND LONG-TERM DEBT

The District has been financing all capital expenditures from proceeds of general obligation bonds, capital reserve funds and annual budgetary appropriations. During 2022, the District capitalized assets and improvements to the water system totaling as follows:

Construction in progress, net of completed projects	\$	1,253,637
Buildings		11,441
Wells, water tanks and structures		11,637
Water mains		59,362
Equipment		57,560
Office, furniture and equipment		6,298
Computer software		8,085
Vehicles		37,204
		37,204
	\$	1,445,224

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 \$7,400,000 of capital expenditures over the next four years.

Construction in progress commitments for equipment purchases and other capital acquisition commitments amounting to \$4,704,329 have been recorded as encumbrances in the capital projects fund. It is anticipated that these projects will be paid for by the issuance of general obligation bonds.

At year-end, the District had \$2,469,423 of general obligation bonds outstanding.

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
2022	391,077	\$	1,004,575
2021	404,017		930,769
2020	408,692		936,884
2019	368,378		933,591
2018	367,874		818,607

OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

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. For the 2022 year, the District's property tax levy was \$29,282 above the property tax levy limit and approved by the Board of Commissioners.

The 2023 budget includes an increase in real property tax revenue and a decrease in special assessment revenue that overall does not exceed the property tax cap imposed by New York State. The 2023 tax levy of \$1,006,000 (a decrease of 3.13% from 2022) was below the levy limit which included tax base growth factor. Budgeted expenditures decreased 3.64% due to decreases in budgeted expenditures for water transmission and distribution, amounts required to service debt and employee benefit expenditures.

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, 2022

Assets

Current assets:

Cash and investments	\$	1,279,961
Accounts receivable		321,417
Receivables - other		67,932
Due from Town of Oyster Bay		202,592
Prepaid expenses		3,990
Inventory of materials and supplies		37,243
Leases receivable within one year		299,005
		2,212,140

Noncurrent assets:

Leases receivable less current portion		6,216,585
Net pension asset - proportionate share		140,226
Non-depreciable capital assets		2,088,398
Depreciable capital assets, net of depreciation		9,719,700
		18,164,909
Total Noncurrent Assets		18,164,909
	Total Assets	20,377,049

Deferred Outflows of Resources

Pensions		388,963
Other postemployment benefits		310,375
		699,338
Total Deferred Outflows of Resources		699,338

Liabilities

Current liabilities:

Accounts payable and accrued expenses		439,156
Accrued interest payable		33,936
Developer deposits		35,646
Due to Town of Oyster Bay		1,351,332
Other liabilities		1,307
Current portion of long-term liabilities		286,602
		2,147,979
Total Current Liabilities		2,147,979

Noncurrent liabilities:

General obligation bonds payable, inclusive of premiums		2,284,081
Compensated absences		238,855
Other postemployment benefits payable		3,583,270
		6,106,206
Total Noncurrent Liabilities		6,106,206
	Total Liabilities	8,254,185

Deferred Inflows of Resources

Leases		6,379,308
Pensions		492,895
Other postemployment benefits		774,506
		7,646,709
Total Deferred Inflows of Resources		7,646,709

Net Position

Net investment in capital assets		7,788,334
Restricted		1,006,170
Unrestricted (deficit)		(3,619,011)
		5,175,493
Total Net Position	\$	5,175,493

OYSTER BAY WATER DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
December 31, 2022

Governmental Activities

Home and Community Service - Water supply services \$ 2,616,729

Program revenues:

Charges for services 1,162,660

Net Program Expense (1,454,069)

General revenues:

Real property taxes 1,040,284

Other real property tax items 27,807

Use of money and property 607,228

Sale of property and compensation for loss 12,122

Other local sources 23,138

Total General Revenues 1,710,579

Change in Net Position 256,510

Net Position - Beginning of the Year 4,918,983

Net Position - End of the Year \$ 5,175,493

OYSTER BAY WATER DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
 December 31, 2022

	General	Capital Projects	Total
Assets			
Cash and investments	\$ 1,279,961		\$ 1,279,961
Accounts receivable	321,417		321,417
Receivables - other	67,932		67,932
Due from Town of Oyster Bay	202,592		202,592
Prepays	3,990		3,990
Inventory of materials and supplies	37,243		37,243
Leases receivable	6,515,590		6,515,590
Total Assets	\$ 8,428,725	\$ -0-	\$ 8,428,725
Liabilities			
Accounts payable and accrued liabilities	\$ 141,933	\$ 245,462	\$ 387,395
Developer deposits	35,646		35,646
Due to Town of Oyster Bay		1,351,332	1,351,332
Other liabilities	1,307		1,307
Total Liabilities	178,886	1,596,794	1,775,680
Deferred Inflows of Resources			
Water rents	138,691		138,691
Rental and other income	20,000		20,000
Leases	6,379,308		6,379,308
Total Deferred Inflows of Resources	6,537,999	-0-	6,537,999
Fund Equity			
Nonspendable	41,233		41,233
Restricted	1,193,073		1,193,073
Unassigned	477,534	(1,596,794)	(1,119,260)
Total Fund Equity	1,711,840	(1,596,794)	115,046
Total Liabilities, Deferred Inflows of Resources and Fund Equity	\$ 8,428,725	\$ -0-	\$ 8,428,725
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position			
Total Governmental Fund Balances			\$ 115,046
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.			158,691
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.			11,808,098
The District's proportionate share of long-term assets and deferred outflows for pensions and other postemployment benefits payable are not considered current available resources, and therefore are not reported in the funds.			839,564
Liabilities that are not due and payable in the current period, and therefore, are not reported in the funds:			
Retainage payable			(51,761)
Accrued interest payable			(33,936)
General obligation bonds payable, inclusive of premiums			(2,558,112)
Compensated absences			(251,426)
Other postemployment benefits payable			(3,583,270)
Deferred inflows of resources related to pension plans and other postemployment benefits payable are included in the Statement of Net Position			(1,267,401)
Net Position of Governmental Activities			\$ 5,175,493

OYSTER BAY WATER DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
December 31, 2022

	General	Capital Projects	Total
Revenues			
Real property taxes	\$ 1,040,284		\$ 1,040,284
Other real property tax items	27,807		27,807
Departmental income	1,155,860		1,155,860
Use of money and property	607,228		607,228
Sale of property and compensation for loss	12,122		12,122
Other local sources	8,356		8,356
Total Revenues	2,851,657	\$ -0-	2,851,657
Expenditures			
Home and Community Service - Water Supply Services:			
Administration	498,148		498,148
Source of supply, power and pumping	223,967		223,967
Purification	83,723		83,723
Transmission and distribution	674,342		674,342
Employee benefits	503,733		503,733
Debt service	525,174		525,174
Capital outlay		1,355,908	1,355,908
Total Expenditures	2,509,087	1,355,908	3,864,995
Excess (Deficiency) of Revenues over (under) Expenditures	342,570	(1,355,908)	(1,013,338)
Other Financing Sources (Uses)			
Interfund transfers in	186,903	155,032	341,935
Interfund transfers (out)	(155,032)	(186,903)	(341,935)
Total Other Financing Sources (Uses)	31,871	(31,871)	-0-
Net Change in Fund Balance	374,441	(1,387,779)	(1,013,338)
Fund Balance Beginning of Year	1,337,399	(209,015)	1,128,384
Fund Balance End of Year	\$ 1,711,840	\$ (1,596,794)	\$ 115,046
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			\$ (1,013,338)
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			1,445,224
Depreciation expense			(504,501)
Loss on sale of capital assets			(99,569)
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			432,396
Premium on obligations			14,782
(Increases)/decreases in the proportionate share of net pension assets/liabilities 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.			68,687
(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.			(23,088)
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			6,800
Retainage payable			(51,761)
Accrued interest			4,093
Compensated absences			(23,215)
Change in Net Position of Governmental Activities			\$ 256,510

See notes to financial statements.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

A. Summary of Significant Accounting Policies

The Oyster Bay Water District (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, 2022

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, 2022

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 and liened 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, 2022, the District considered all remaining accounts receivable to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

7. Leases receivable

Leases receivable are measured at the present value of lease payments expected to be received during the lease term.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

A. Summary of Significant Accounting Policies (continued)

8. 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.

9. Prepaid Expenses

Prepays represent retirement benefits, insurance and other fees that will benefit a future period.

10. 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 (asset) 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 I for more details. The second item is related to other postemployment benefits liability. This represents the differences between expected and actual experience and changes in assumptions. See Note J 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 four items that qualifies for reporting in this category. For the first item, the District reports unavailable revenue from water rents, rental and other income. 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 the differences between expected and actual experience, the changes in 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 its proportionate share of contributions. See Note I 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 J for more details. The last item reported in the governmental funds and government-wide Statement of Net Position is related to the long-term leases receivable for space that the District leases to third parties. Income will be recognized systematically over the terms of the lease agreements. Variable payments, if applicable, are recorded as an inflow of resources in the period the payment is received. See Note F for more details.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

A. Summary of Significant Accounting Policies (continued)

11. 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.

12. 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 - 25 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.

13. 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.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

A. Summary of Significant Accounting Policies (continued)

14. 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.

15. 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.

16. 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.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

A. Summary of Significant Accounting Policies (continued)

17. 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.

18. 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 inventory of materials and supplies and prepaids recorded in the general fund.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

A. Summary of Significant Accounting Policies (continued)

18. Net Position and Fund Equity Classifications(continued)

Fund Financial Statements (continued)

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. The District has established the following restricted fund balances:

Capital Projects - Water System Improvements – Capital reserve was established pursuant to section 6-c of the General Municipal Law of the State of New York. This reserve is a reserve for improvements as defined by the District. This reserve is accounted for in the general fund.

Capital Projects - Unspent Bond Proceeds – Unspent long-term debt proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the general fund.

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 include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

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.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

A. Summary of Significant Accounting Policies (continued)

19. 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.

B. Changes in Accounting Principles

For the year ended December 31, 2022, the District implemented GASB Statement No. 87, Leases, which enhances the 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. As of January 1, 2022, the District had lessor transactions which had no effect on beginning net position or beginning fund balance as the deferred inflows equaled the lease receivable amount of \$6,805,756.

C. Future Accounting Standards

The District has adopted all the current Statements of the GASB that are applicable. The following is not an all-inclusive list of GASB statements issued, but the statements that the District feels may have a future impact on these financial statements.

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. 101, Compensated Absences, this Statement has been issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the year ending December 31, 2024.

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

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

D. 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 purposes, 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 the period in which the liability is incurred.

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
	<u> </u>	<u> </u>	<u> </u>
Nonspendable:			
Prepays	\$ 3,990		\$ 3,990
Inventory of materials and supplies	37,243		37,243
Total Nonspendable	<u>41,233</u>	<u>\$ -0-</u>	<u>41,233</u>
Restricted for:			
Capital projects - water system improvements	1,006,170		1,006,170
Capital projects - unspent bond proceeds	186,903		186,903
Total Restricted	<u>1,193,073</u>	<u>-0-</u>	<u>1,193,073</u>
Unassigned	<u>477,534</u>	<u>(1,596,794)</u>	<u>(1,119,260)</u>
Total Fund Balances	<u>\$ 1,711,840</u>	<u>\$(1,596,794)</u>	<u>\$ 115,046</u>

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

D. Stewardship, Compliance and Accountability (continued)

Fund Balance (continued)

Deficit Fund Equity

The capital projects fund deficit resulted from differences in timing between project expenditures and the recognition of additional permanent financing sources. This deficit will be eliminated when long-term bonds or bond anticipation notes payable are issued to redeem temporary borrowings.

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.

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

Balance - 1/1/2022	\$ 727,741
Interest	7,160
Expenditures	<u>(6,657)</u>
Balance - 12/31/2022	<u><u>\$ 728,244</u></u>

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

Balance - 1/1/2022	\$ 423,996
Interest	2,305
Expenditures	<u>(148,375)</u>
Balance - 12/31/2022	<u><u>\$ 277,926</u></u>

E. 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.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

E. Cash and Investments (continued)

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, 2022, the District's cash and cash equivalents totaled \$1,279,961, inclusive of \$100 in petty cash. The District's bank deposit balances were \$1,305,659, of which \$1,231,995 was covered by the Federal Deposit Insurance Corporation and \$73,664 was collateralized by a third-party financial institution, in the District's name.

F. Leases Receivable

The District has entered into various agreements to lease space on District water tanks to companies for their cellular antennas and equipment. As of January 1, 2022, the implementation date of GASB Statement No. 87, Leases, the District as a lessor had:

1. A 326-month lease with Verizon Wireless for their right-to-use space on the District's water tank at Schoolhouse Place. This term provides the lessee with five extension options, each for 60 months. An initial lease receivable and deferred inflow of resources was recorded in the amount of \$1,551,117. As of December 31, 2022, the value of the lease receivable was \$1,523,574 and the deferred inflow of resources was \$1,494,020. The lessee is required to make monthly fixed payments of \$4,213, which was increased to \$4,300 in November 2022 and is subject to 2.75% annual escalations. The lease has an interest rate of 1.7210%. For the year ended December 31, 2022, the District recognized lease revenue of \$57,096 and interest income of \$24,238.
2. A 280-month lease with T-Mobile Northeast LLC for their right-to-use space on the District's water tank at Plant #8. This term provides the lessee with four extension options, each for 60 months. An initial lease receivable and deferred inflow of resources was recorded in the amount of \$1,937,368. As of December 31, 2022, the value of the lease receivable was \$1,897,669 and the deferred inflow of resources was \$1,854,506. The lessee is required to make monthly fixed payments of \$5,581, which is subject to 3.00% annual escalations. The lease has an interest rate of 1.6530%. For the year ended December 31, 2022, the District recognized lease revenue of \$82,862 and interest income of \$29,044.
3. A 233-month lease with Verizon Wireless for their right-to-use space on the District's water tank at Plant #8. This term provides the lessee with three extension options, each for 60 months. An initial lease receivable and deferred inflow of resources was recorded in the amount of \$1,406,392. As of December 31, 2022, the value of the lease receivable was \$1,361,948 and the deferred inflow of resources was \$1,333,959. The lessee is required to make monthly fixed payments of \$5,217, which is subject to 3.00% annual escalations. The lease has an interest rate of 1.5180%. For the year ended December 31, 2022, the District recognized lease revenue of \$72,432 and interest income of \$19,253.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

F. Leases Receivable (continued)

4. An 86-month lease with T-Mobile Northeast LLC for their right-to-use space on the District's water tank at Mill River. This term provides the lessee with one extension option for 60 months. An initial lease receivable and deferred inflow of resources was recorded in the amount of \$512,050. As of December 31, 2022, the value of the lease receivable was \$449,715 and the deferred inflow of resources was \$440,877. The lessee is required to make monthly fixed payments of \$5,418, which is subject to 3.00% annual escalations. The lease has an interest rate of 0.9780%. For the year ended December 31, 2022, the District recognized lease revenue of \$71,173 and interest income of \$4,311.

5. A 26-month lease with Sprint Spectrum, L.P. for their right-to-use space on the District's water tank at Plant #8. An initial lease receivable and deferred inflow of resources was recorded in the amount of \$160,871. As of December 31, 2022, the value of the lease receivable was \$90,742 and the deferred inflow of resources was \$88,839. The lessee is required to make monthly fixed payments of \$5,748, which is subject to 3.00% annual escalations. The lease has an interest rate of 0.3300%. For the year ended December 31, 2022, the District recognized lease revenue of \$72,032 and interest income of \$403.

6. A 209-month lease with New Cingular Wireless PCS, LLC for their right-to-use space on the District's water tank at Schoolhouse Place. This term provides the lessee with three extension options, each for 60 months. An initial lease receivable and deferred inflow of resources was recorded in the amount of \$1,237,958. As of December 31, 2022, the value of the lease receivable was \$1,191,942 and the deferred inflow of resources was \$1,167,107. The lessee is required to make monthly fixed payments of \$5,165, which is subject to 3.00% annual escalations. The lease has an interest rate of 1.4420%. For the year ended December 31, 2022, the District recognized lease revenue of \$70,853 and interest income of \$17,052.

The following is the amortization schedule for the lease receivable:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years Ending December 31,	2023	\$ 299,005	\$ 98,607	\$ 397,612
	2024	257,702	95,177	352,879
	2025	252,760	91,729	344,489
	2026	266,594	88,093	354,687
	2027	280,933	84,254	365,187
	2028 - 2032	1,310,199	361,738	1,671,937
	2033 - 2037	1,565,313	252,879	1,818,192
	2038 - 2042	1,402,199	126,133	1,528,332
	2043 - 2047	762,850	36,911	799,761
	2048 - 2049	118,035	1,278	119,313
			<u>\$ 6,515,590</u>	<u>\$ 1,236,799</u>

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

G. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance 1/1/2022	Additions	Deletions	Balance 12/31/2022
Capital assets not being depreciated:				
Land	\$ 409,475			\$ 409,475
Construction in progress	425,286	\$ 1,407,669	\$ 154,032	1,678,923
Total Capital Assets Not Being Depreciated	834,761	1,407,669	154,032	2,088,398
Depreciable capital assets:				
Buildings	1,319,200	11,441		1,330,641
Improvements	1,457,310		43,053	1,414,257
Wells, water tanks and structures	8,536,760	11,637	260,026	8,288,371
Water mains	7,029,808	59,362		7,089,170
Machinery and equipment	1,123,173			1,123,173
Equipment	427,942	57,560	62,428	423,074
Office, furniture and equipment	77,296	6,298	10,730	72,864
Computer software	25,481	8,085		33,566
Vehicles	344,650	37,204	2,505	379,349
Total Depreciable Capital Assets	20,341,620	191,587	378,742	20,154,465
Accumulated depreciation:				
Buildings	712,616	29,429		742,045
Improvements	965,152	62,971	40,964	987,159
Wells, water tanks and structures	3,076,276	219,793	162,546	3,133,523
Water mains	4,210,729	121,606		4,332,335
Machinery and equipment	532,659	35,338		567,997
Equipment	325,948	18,726	62,428	282,246
Office, furniture and equipment	68,893	2,815	10,730	60,978
Computer software	23,864	751		24,615
Vehicles	293,300	13,072	2,505	303,867
Total Accumulated Depreciation	\$ 10,209,437	\$ 504,501	\$ 279,173	10,434,765
Total Net Depreciable Capital Assets				9,719,700
Total Capital Assets				\$ 11,808,098

Depreciation and amortization expense of \$504,501 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, 2022, the District has not recorded any such impairment losses.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

H. Indebtedness

Long-Term Debt

The following is a summary of changes in long-term liabilities for the year ended December 31, 2022:

	Balance 1/1/2022	Increases	Reductions	Balance 12/31/2022	Non-current Liabilities Due Within One Year
General obligation bonds	\$ 2,901,819		\$ (432,396)	\$ 2,469,423	\$ 259,249
Plus premiums on obligations	103,471		(14,782)	88,689	14,782
Total general obligation bonds	3,005,290	\$ -0-	(447,178)	2,558,112	274,031
Compensated absences	228,211	101,906	(78,691)	251,426	12,571
Net pension liability	1,781		(1,781)	-0-	-0-
Other postemployment benefits	4,498,373	261,361	(1,176,464)	3,583,270	-0-
Totals	<u>\$ 7,733,655</u>	<u>\$ 363,267</u>	<u>\$ (1,704,114)</u>	<u>\$ 6,392,808</u>	<u>\$ 286,602</u>

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 2.0% to 5.0%.

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

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

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.

Principal and interest payments to maturity of the general obligation serial bonds as of December 31, 2022 are as follows:

	Principal	Interest	Total
Years Ending December 31, 2023	\$ 259,249	\$ 82,473	\$ 341,722
2024	270,163	72,974	343,137
2025	279,806	63,314	343,120
2026	288,716	53,141	341,857
2027	299,489	42,431	341,920
2028-2032	899,000	102,409	1,001,409
2033	173,000	3,460	176,460
	<u>\$ 2,469,423</u>	<u>\$ 420,202</u>	<u>\$ 2,889,625</u>

Interest expense of \$88,685 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, 2022

I. 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, 2021. 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 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, 2022

I. 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, 2022

I. 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, 2022 was \$99,553.

Pension (Assets)/Liabilities, Pension Expense and Deferred Outflows of Resources Related to Pensions

At December 31, 2022, the District reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability of the System. The net pension (asset)/liability was measured as of March 31, 2022, and the total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation as of April 1, 2021. The District's proportion of the net pension (asset)/liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

I. Retirement System (continued)

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

Actuarial valuation date	April 1, 2021
Net pension (asset)/liability	\$ (140,228)
District's portion of the Plan's total net pension (asset)/liability	0.0017154%
Change in allocation of the ERS System's total net pension (asset)/liability since the prior measurement date	-0.0000728%

There was no significant change in the District's portion of the Plan's total net pension (asset)/liability from March 31, 2021 to March 31, 2022.

For the year ended December 31, 2022, the District's recognized pension expense of \$30,866 in the Statement of Activities. At December 31, 2022, 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	\$ 10,620	\$ 13,774
Changes of assumptions	234,025	3,949
Net difference between projected and actual earnings on pension plan investments		459,187
Changes in proportion and differences between the District's contributions and proportionate share of contributions	78,543	15,985
District's contributions subsequent to the measurement date	<u>65,775</u>	<u>-0-</u>
Total	<u>\$ 388,963</u>	<u>\$ 492,895</u>

The District's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension (asset)/liability in the year ended December 31, 2023. 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, 2023	\$ (14,516)
2024	(34,037)
2025	(106,048)
2026	<u>(15,106)</u>
	<u>\$ (169,707)</u>

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

I. Retirement System (continued)

Actuarial Assumptions

The total pension (asset)/liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, 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, 2022
Actuarial valuation date	April 1, 2021
Investment rate of return (net of investment expense)	5.9%
Salary increases	4.4%
Cost of living adjustments	1.4%
Inflation rate	2.7%

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

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 are summarized below:

Asset Type:	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32.0%	3.30%
International equity	15.0%	5.85%
Private equity	10.0%	6.50%
Real estate	9.0%	5.00%
Opportunistic/Absolute return strategies	3.0%	4.10%
Credit	4.0%	3.78%
Real assets	3.0%	5.58%
Fixed Income	23.0%	0.00%
Cash	1.0%	-1.00%
	100.0%	

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

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

I. Retirement System (continued)

Discount Rate

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

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
District's proportionate share of the net pension (asset)/liability	\$ 360,945	\$ (140,228)	\$ (559,435)

Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset)/liability of the employers participating in the System as of March 31, 2022 were as follows (in thousands):

	ERS
Employers' total pension liability	\$ 223,874,888
Plan fiduciary net position	232,049,473
Employers' net pension (asset)/liability	\$ (8,174,585)
Ratio of plan fiduciary net position to the Employers' total pension liability	103.65%

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, 2022

J. 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 \$2,041 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, 2022, the effective date of the most recent actuarial valuation, follows.

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

There have been no significant changes in the number or the type of coverage since that date.

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, 2022, the District paid \$133,037 for retiree insurance premiums, inclusive of Medicare Part B premiums.

Total OPEB Liability

The District' total OPEB liability of \$3,583,270 was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2022, 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, 2022

J. 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, 2022 valuation was determined using the following actuarial assumptions and other inputs:

Salary increases	3.50%
Payroll growth rate	2.50%
Discount rate	3.72%
Healthcare cost trend rates	6.5% pre-65 and 5.0% post-65 in 2022, grading down 0.5% for pre-65 per annum to an ultimate rate of 5.0% in years 2025 and later

The discount rate was based on the December 31, 2022 Bond Buyer's 20 Bond Index. A discount rate of 2.06% was used as of December 31, 2021.

Mortality rates were based on the RPH-2014 Total Dataset mortality table projected full generationally using projection scale MP-2021.

The demographic assumptions used for the January 1, 2022 valuation were based on the rates developed in the report, "Development of Recommended Actuarial Assumptions" for New York/SUNY GASB 45 Valuation prepared by the AON Hewitt dated August 2018.

Changes in the Total OPEB Liability

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

Balance at December 31, 2021	\$ 4,498,373
Changes for the year:	
Service cost	166,625
Interest	94,736
Changes in assumptions and other inputs	(1,043,427)
Benefit payments	(133,037)
Balance at December 31, 2022	<u>\$ 3,583,270</u>

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

J. 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 (2.72%) or 1-percentage-point higher (4.72%) than the current rate:

1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
\$ 4,162,335	\$ 3,583,270	\$ 3,121,412

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%)
\$ 3,058,235	\$ 3,583,270	\$ 4,254,780

For the year ended December 31, 2022, the District recognized OPEB expense of \$156,125. At December 31, 2022, 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	\$ 197,908	\$ 24,584
Changes of assumptions	112,467	749,922
Total	\$ 310,375	\$ 774,506

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, 2023	\$ (99,153)
2024	(215,917)
2025	(149,061)
	\$ (464,131)

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

K. 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.

Construction and Other Capital Acquisition Commitments

Construction in progress commitments for equipment purchases and other capital acquisition commitments amounting to \$4,704,329 have been recorded as encumbrances in the capital projects fund. It is anticipated that these projects will be paid for by the issuance of general obligation bonds and grant funds.

L. Subsequent Events

The District evaluated its December 31, 2022 financial statements for subsequent events through the date the financial statements were issued and noted no subsequent events to be disclosed.

**REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

OYSTER BAY WATER DISTRICT
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
December 31, 2022

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Real Property Taxes				
Ad valorem	\$ 919,000	\$ 919,000	\$ 918,991	\$ (9)
Special assessments	119,544	119,544	121,293	1,749
Total Real Property Taxes	<u>1,038,544</u>	<u>1,038,544</u>	<u>1,040,284</u>	<u>1,740</u>
Other Real Property Tax Items				
Payments in lieu of taxes	32,000	32,000	27,807	(4,193)
Total Other Real Property Tax Items	<u>32,000</u>	<u>32,000</u>	<u>27,807</u>	<u>(4,193)</u>
Departmental Income				
Metered water sales	950,000	950,000	1,004,575	54,575
Installation charges	118,000	118,000	32,602	(85,398)
Hydrant rentals and sprinkler charges	65,000	65,000	66,140	1,140
Interest and penalties - water rents	8,000	8,000	6,032	(1,968)
Other water charges	58,000	58,000	46,511	(11,489)
Total Departmental Income	<u>1,199,000</u>	<u>1,199,000</u>	<u>1,155,860</u>	<u>(43,140)</u>
Use of Money and Property				
Interest earnings	12,000	12,000	117,217	105,217
Tower rental	448,330	448,330	490,011	41,681
Total Use of Money and Property	<u>460,330</u>	<u>460,330</u>	<u>607,228</u>	<u>146,898</u>
Sale of Property and Compensation for Loss				
Sale of equipment			11,100	11,100
Sale of scrap and excess materials			1,022	1,022
Total Sale of Property and Compensation for Loss	<u>-0-</u>	<u>-0-</u>	<u>12,122</u>	<u>12,122</u>
Other Local Sources				
Refund of prior years expenditure			86	86
Miscellaneous			8,270	8,270
Total Other Local Sources	<u>-0-</u>	<u>-0-</u>	<u>8,356</u>	<u>8,356</u>
Total Revenues	<u>2,729,874</u>	<u>2,729,874</u>	<u>2,851,657</u>	<u>121,783</u>
Other Financing Sources				
Interfund transfers in			186,903	186,903
Total Other Financing Sources	<u>-0-</u>	<u>-0-</u>	<u>186,903</u>	<u>186,903</u>
Total Revenues and Other Financing Sources	<u>2,729,874</u>	<u>2,729,874</u>	<u>3,038,560</u>	<u>308,686</u>

(continued)

OYSTER BAY WATER DISTRICT
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
December 31, 2022

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Expenditures				
Administration				
Office salaries	155,500	157,476	157,476	-0-
Commissioners' fees	45,000	45,000	43,600	1,400
Office equipment	1,500	1,500	1,350	150
Computerization and software	5,000	15,080	15,077	3
Office utilities	7,000	8,488	8,487	1
Accounting and auditing	50,000	50,000	44,103	5,897
Legal	60,000	60,000	55,755	4,245
Insurance	60,000	60,000	56,822	3,178
Notices and advertising	2,000	2,000	1,049	951
Office maintenance and service contracts	72,000	89,756	89,755	1
Postage	7,000	7,000	6,456	544
Conferences, meetings and conventions	20,000	14,803	12,916	1,887
Dues and subscriptions	3,000	3,000	1,470	1,530
Miscellaneous	2,000	3,833	3,832	1
Contingencies	25,000	7,244		7,244
Total Administration	<u>515,000</u>	<u>525,180</u>	<u>498,148</u>	<u>27,032</u>
Source of Supply, Power and Pumping				
Electrical power	176,000	223,967	223,967	-0-
Total Source of Supply, Power and Pumping	<u>176,000</u>	<u>223,967</u>	<u>223,967</u>	<u>-0-</u>
Purification				
Chemical treatment and analysis	50,000	83,740	83,723	17
Total Purification	<u>50,000</u>	<u>83,740</u>	<u>83,723</u>	<u>17</u>
Transmission and Distribution				
Personal services - plant salaries	510,000	500,151	466,948	33,203
Equipment - vehicles	5,000	5,000		5,000
Equipment - plant	3,000	3,000	222	2,778
Repairs and maintenance - plant	44,500	89,451	89,450	1
Plant supplies, small tools and equipment	3,500	3,903	1,650	2,253
Plant communications	1,700	1,700	734	966
Meters and supplies	25,000	39,784	38,561	1,223
Engineering	30,000	55,540	55,535	5
Auto expense	12,000	18,882	18,881	1
Miscellaneous	3,000	3,000	2,361	639
Total Transmission and Distribution	<u>637,700</u>	<u>720,411</u>	<u>674,342</u>	<u>46,069</u>
Employee Benefits				
State retirement	100,000	100,000	99,553	447
Social security	51,000	56,337	56,336	1
Hospital and medical insurance	252,000	251,100	242,205	8,895
Workers compensation insurance	55,000	35,018	34,907	111
Hospital and medical insurance - buy back	68,000	70,509	70,509	-0-
Disability insurance		223	223	-0-
Total Employee Benefits	<u>526,000</u>	<u>513,187</u>	<u>503,733</u>	<u>9,454</u>

(continued)

OYSTER BAY WATER DISTRICT
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
December 31, 2022

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Debt Service				
Serial bonds:				
Principal	432,396	432,396	432,396	-0-
Interest	92,778	92,778	92,778	-0-
Total Debt Service	<u>525,174</u>	<u>525,174</u>	<u>525,174</u>	<u>-0-</u>
Total Expenditures	<u>2,429,874</u>	<u>2,591,659</u>	<u>2,509,087</u>	<u>82,572</u>
Other Financing Uses				
Interfund transfers out	300,000	293,247	155,032	138,215
Total Other Financing Uses	<u>300,000</u>	<u>293,247</u>	<u>155,032</u>	<u>138,215</u>
Total Expenditures and Other Financing Uses	<u>2,729,874</u>	<u>2,884,906</u>	<u>2,664,119</u>	<u>220,787</u>
Change in Fund Balance	<u>\$ -0-</u>	<u>\$ (155,032)</u>	374,441	<u>\$ 529,473</u>
Fund Balance at Beginning of Year			<u>1,337,399</u>	
Fund Balance at End of Year			<u>\$ 1,711,840</u>	

OYSTER BAY WATER DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT
BENEFITS LIABILITY AND RELATED RATIOS
 December 31, 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 166,625	\$ 159,768	\$ 115,272	\$ 77,801	\$ 110,458
Interest	94,736	93,676	96,355	114,440	121,665
Differences between expected and actual experience	-0-	425,390	-0-	(570,944)	-0-
Changes of assumptions	(1,043,427)	(9,927)	380,095	645,321	(347,813)
Benefit payments	(133,037)	(115,828)	(87,128)	(90,107)	(92,945)
Net Change in Total OPEB Liability	(915,103)	553,079	504,594	176,511	(208,635)
Total OPEB Liability - Beginning	4,498,373	3,945,294	3,440,700	3,264,189	3,472,824
Total OPEB Liability - Ending	\$ 3,583,270	\$ 4,498,373	\$ 3,945,294	\$ 3,440,700	\$ 3,264,189
Covered-employee payroll	\$ 565,625	\$ 551,830	\$ 689,819	\$ 672,994	\$ 663,202
Total OPEB liability as a percentage of covered-employee payroll	633.51%	815.17%	571.93%	511.25%	492.19%
Discount rate	3.72%	2.06%	2.12%	2.74%	4.10%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for ten years. Additional years will be displayed as they become available.

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. Above are the discount rates used in each period.

OYSTER BAY WATER DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 December 31, 2022

NYSERS	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension (asset)/liability	0.00172%	0.00179%	0.00191%	0.00197%	0.00202%	0.00205%	0.00219%	0.00241%	0.00241%
District's proportionate share of the net pension (asset)/liability	\$ (140,228)	\$ 1,781	\$ 506,339	\$ 139,782	\$ 65,302	\$ 192,960	\$ 351,492	\$ 81,414	\$ 108,902
District's covered-employee payroll	\$ 754,032	\$ 798,903	\$ 704,924	\$ 689,218	\$ 656,656	\$ 628,089	\$ 585,112	\$ 643,019	\$ 654,928
District's proportionate share of the net pension (asset)/liability as a percentage of its covered-employee payroll	-18.60%	0.22%	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	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	97.95%	97.95%	97.20%
Discount rate	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%

This schedule is presented to illustrate the requirement to show information for ten years. Additional years will be displayed as they become available.

Changes of assumptions.

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

In 2022 and 2021, the annuitant mortality rates were based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. In 2020, the annuitant mortality rates were 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.

OYSTER BAY WATER DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
 December 31, 2022

	NYSERS										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	
Contractually required contribution	\$ 99,553	\$ 127,468	\$ 78,401	\$ 100,148	\$ 95,655	\$ 92,677	\$ 90,749	\$ 93,167	\$ 89,104	\$ 137,135	
Contributions in relation to the contractually required contribution	99,553	127,468	78,401	100,148	95,655	92,677	90,749	93,167	89,104	137,135	
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
District's covered-employee payroll	\$ 636,929	\$ 834,653	\$ 740,417	\$ 702,619	\$ 684,238	\$ 647,063	\$ 659,536	\$ 636,517	\$ 646,965	\$ 691,401	
Contributions as a percentage of covered-employee payroll	15.63%	15.27%	10.59%	14.25%	13.98%	14.32%	13.76%	14.64%	13.77%	19.83%	

See independent auditor's report.

OTHER SUPPLEMENTAL INFORMATION

OYSTER BAY WATER DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT EXPENDITURES
December 31, 2022

Capital Project	Expenditures		Encumbrances	Total
	Prior Years	Current Year		
AOP treatment system - Plant 2	\$ 392,287	\$ 1,187,536	\$ 4,687,966	\$ 6,267,789
Emergency Interconnection with Locust Valley	32,999	14,340	16,363	63,702
Equipment and Vehicle Purchases		89,690		89,690
Water Main and Improvements		64,342		64,342
Total Expenditures	<u>\$ 425,286</u>	<u>\$ 1,355,908</u>	<u>\$ 4,704,329</u>	<u>\$ 6,485,523</u>