

**OYSTER BAY SEWER DISTRICT
AUDITED FINANCIAL STATEMENTS**

Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Oyster Bay Sewer District
Oyster Bay, New York

We have audited the accompanying financial statements of the governmental activities and each major fund of the Oyster Bay Sewer District, (the "District"), a component unit of the Town of Oyster Bay, New York as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

BEYOND THE NUMBERS... 

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2019 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total other postemployment benefits liability and related ratios, schedule of District's proportionate share of the net pension liability and schedule of District's pension contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oyster Bay Sewer District, New York's basic financial statements. The Capital Projects Fund - Schedule of Capital Project Expenditures and Encumbrances is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Capital Projects Fund - Schedule of Capital Projects Expenditures and Encumbrances is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 Capital Projects Fund - Schedule of Capital Project Expenditures and Encumbrances is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

Albrecht, Viggiano, Zureck and Company P.C.

Hauppauge, New York

May 6, 2020

OYSTER BAY SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Our discussion and analysis of the Oyster Bay Sewer District (the "District"), a component unit of the Town of Oyster Bay, New York, financial performance provides an overview of the District's financial activities for the year ended December 31, 2019. 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 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. 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 basis of 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 Position and the Statement of Activities) and governmental funds in the reconciliation at the bottom of the fund financial statements.

OYSTER BAY SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

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:

Statement of Net Position as of December 31,

	<u>2019</u>	<u>2018</u>
Assets		
Current and other assets	\$ 1,277,846	\$ 1,272,157
Capital assets	<u>11,763,968</u>	<u>12,080,136</u>
	<u>Total Assets</u>	<u>13,041,814</u>
Deferred Outflows of Resources	<u>2,080,505</u>	<u>795,859</u>
Liabilities		
Current liabilities	551,384	611,231
Noncurrent liabilities	<u>11,705,631</u>	<u>11,107,403</u>
	<u>Total Liabilities</u>	<u>12,257,015</u>
Deferred Inflows of Resources	<u>2,217,465</u>	<u>1,447,665</u>
Net Position		
Net investment in capital assets	10,200,506	10,215,224
Unrestricted	<u>(9,552,667)</u>	<u>(9,233,371)</u>
	<u>Total Net Position</u>	<u>\$ 647,839</u>
	<u>\$ 981,853</u>	

Changes in Net Position

for the years ended December 31,

	<u>2019</u>	<u>2018</u>
General revenues		
Real property taxes	\$ 3,578,830	\$ 3,399,996
Real property tax items	245,468	276,238
Sanitary sewer charges	519,415	472,481
Use of money and property	23,651	17,486
Miscellaneous local sources	<u>26,857</u>	<u>28,752</u>
	<u>Total General Revenues</u>	<u>4,394,221</u>
Expenses - sanitary sewer services	<u>4,728,235</u>	<u>4,849,225</u>
Changes in net position	<u>\$ (334,014)</u>	<u>\$ (654,272)</u>

OYSTER BAY SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

FINANCIAL HIGHLIGHTS

The District's net position as of December 31, 2019 was \$647,839, a decrease of \$334,014 from the prior year. Of the District's total net position, \$10,200,506 was net investment in capital assets and \$9,552,667 represents unrestricted deficit.

The deficit balance of unrestricted net position does not necessarily indicate financial stress. The deficit balance of unrestricted net position arose primarily because of certain factors. The District, in an effort to maintain present tax rates, used up cash reserves and borrowed funds as needed. In addition, long-term liabilities which include compensated absences, general obligation bonds, other postemployment benefits payable, and the proportionate share of the net pension liability, will be funded through future budgetary appropriations when they become payable in future periods.

The District's long-term liabilities, which include other postemployment benefits payable, compensated absences and net pension liability, will be funded through future budgetary appropriations when they become payable in future periods. In addition, the District has outstanding \$1,463,511 of general obligation bonds, inclusive of premiums.

General revenues were \$4,394,221 in the current year, which were \$199,268 greater than the prior year. The increased revenues were consistent with the increase in real property tax rates and the increase in sanitary sewer charges, which are based on assessed value and real property tax rates. Sanitary sewer expenses decreased by \$120,990, which resulted from decreases in administration expenses of \$159,926, employee benefits of \$55,460 and bond interest of \$14,415, offset by increases in sewage treatment and disposal of \$108,811 and depreciation expense of \$2,003

BUDGETARY HIGHLIGHTS

The District reported 2019 budget and actual in the general fund as follows:

	Original Budget	Final Budget	Actual Amounts	Variance
Total revenues	\$ 4,256,042	\$ 4,256,042	\$ 4,368,025	\$ 111,983
Total expenditures	(4,502,328)	(4,432,928)	(4,162,008)	270,920
Other uses:				
Transfers - capital projects	(175,600)	(245,000)	(244,358)	642
Net change in fund balance	\$ (421,886)	\$ (421,886)	\$ (38,341)	\$ 383,545

The general fund reported expenditures and other uses in excess of revenues of \$38,341 decreasing the fund balance to \$907,200. In the 2019 budget, the District appropriated expenditures and other uses in excess of estimated revenues in the amount of \$421,886, by appropriating unassigned fund balance. Actual revenues were \$111,983 higher than budgeted and expenditures were \$270,920 lower than amounts budgeted. Other financing uses were also higher than the amount budgeted by \$642.

OYSTER BAY SEWER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District has been financing all capital expenditures from proceeds of general obligation bonds and annual budgetary appropriations. During 2019, the District made improvements to the sewer treatment plant by replacing two progressive cavity pumps at a cost of \$93,018, upgrading an SBR PLC at a cost of \$97,399, replacing the plant water system HMI at a cost of \$3,610 and replacing a new relay for a grid chamber alarm costing \$909. Other improvements were made to upgrade the electric transformer at a cost of \$12,567. The District incurred \$7,250 in costs to repair and improve concrete pads for a portable pump and to replace a manhole cover. Computer hardware and software upgrades were made costing \$13,425. Improvements to the district property included \$950 in electrical work to improve the administrative building, \$14,700 to install a fence along the perimeter of the plant and \$7,944 to install a sliding gate. A total of \$1,850 was spent to purchase new equipment, including \$510 for a new fire hose and \$1,340 for a RPZ valve. In 2019, total Pump Panel Improvements cost the District a total of \$590. Additional information on the District's capital assets can be found in Note D to the financial statements.

As of December 31, 2019, the District had outstanding \$1,332,531 of general obligation bonds. Additional information on the District's long-term debt can be found in Note E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District derives substantially all revenues from real property taxes and charges to properties outside the District, which is based on the properties' assessed valuation. In addition to the capital improvements described above the District is committed to the long-term maintenance and upgrades of the sanitary sewer system.

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. The 2% cap can be increased by available carryover from prior years. For fiscal years beginning in 2012 no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less), plus available carryover; 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 tax levy to be assessed each year. On September 5, 2019, the Board of Commissioners adopted the 2020 Budget. The 2020 budget does not exceed the tax levy cap.

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 Treasurer at Oyster Bay Sewer District, 15 Bay Avenue, Oyster Bay, New York 11771.

BASIC FINANCIAL STATEMENTS

OYSTER BAY SEWER DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
December 31, 2019

Assets

Current assets:

Cash and investments	\$ 922,003
Due from Town of Oyster Bay	251,069
Prepays	104,774
Total current assets	<u>1,277,846</u>
Noncurrent assets:	
Non-depreciable capital assets	48,007
Depreciable capital assets, net of depreciation	<u>11,715,961</u>
Total noncurrent assets	<u>11,763,968</u>
Total Assets	<u>13,041,814</u>

Deferred Outflows of Resources

Pensions	428,695
Other postemployment benefits	1,593,899
Deferred charges on refunding	57,911
Total Deferred Outflows of Resources	<u>2,080,505</u>

Liabilities

Current liabilities:

Accounts payable and accrued expenses	217,048
Accrued interest payable	24,985
Developer deposits	16,349
Noncurrent liabilities due within one year:	
Compensated absences	26,785
General obligation bonds payable	<u>266,217</u>
Total current liabilities	<u>551,384</u>

Noncurrent liabilities:

Compensated absences	508,920
General obligation bonds payable	1,197,294
Other postemployment benefits payable	9,592,424
Net pension liability - proportionate share	406,993
Total noncurrent liabilities	<u>11,705,631</u>
Total Liabilities	<u>12,257,015</u>

Deferred Inflows of Resources

Pensions	146,030
Other postemployment benefits	<u>2,071,435</u>
Total Deferred Inflows of Resources	<u>2,217,465</u>

Net Position

Net investment in capital assets	10,200,506
Unrestricted	(9,552,667)
Total Net Position	<u>\$ 647,839</u>

OYSTER BAY SEWER DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Governmental Activities

Expenses - sanitary sewer services	\$ 4,728,235
Net Program Expense	<u>4,728,235</u>
General revenues	
Real property taxes	3,578,830
Real property tax items	245,468
Sanitary sewer charges	519,415
Use of money and property	23,651
Miscellaneous local sources	<u>26,857</u>
Total General Revenues	<u>4,394,221</u>
Change in net position	(334,014)
Net position - beginning of the year	<u>981,853</u>
Net position - end of the year	<u>\$ 647,839</u>

OYSTER BAY SEWER DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

	General	Capital Projects	Total
ASSETS			
Cash and investments	\$ 900,235	\$ 21,768	\$ 922,003
Due from other fund		191,261	191,261
Due from Town of Oyster Bay	251,069		251,069
Prepays	64,254		64,254
Total Assets	<u>\$ 1,215,558</u>	<u>\$ 213,029</u>	<u>\$ 1,428,587</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 117,097	\$ 99,951	\$ 217,048
Developer deposits		16,349	16,349
Due to other fund	191,261		191,261
Total Liabilities	<u>308,358</u>	<u>116,300</u>	<u>424,658</u>
FUND BALANCE			
Nonspendable		64,254	64,254
Assigned	487,124	96,729	583,853
Unassigned	355,822		355,822
Total Fund Balances	<u>907,200</u>	<u>96,729</u>	<u>1,003,929</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,215,558</u></u>	<u><u>\$ 213,029</u></u>	<u><u>\$ 1,428,587</u></u>

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

Total Governmental Fund Balances	\$ 1,003,929
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,763,968
Prepaid assets that are not current financial resources, and therefore, are not reported in the funds.	40,520
Amounts reported for the District's deferred outflows for pensions and other postemployment benefits are not considered current financial resources, and therefore, not reported in the funds.	2,022,594
Government funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position:	
Deferred loss on refunding	57,911
Premiums on debt issuance	(130,980)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:	
Accrued interest payable	(24,985)
Compensated absences	(535,705)
General obligation bonds payable	(1,332,531)
Other postemployment benefits	(9,592,424)
Net pension liability - proportionate share	(406,993)
Amounts reported for the District's deferred inflows for pensions and other postemployment benefits are not considered current financial resources, and therefore, are not reported in the funds.	(2,217,465)
Net Position of Governmental Activities	<u><u>\$ 647,839</u></u>

OYSTER BAY SEWER DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General	Capital Projects	Total
Revenues			
Real property taxes	\$ 3,578,830		\$ 3,578,830
Real property tax items	245,468		245,468
Departmental income	519,415		519,415
Use of money and property	23,651		23,651
Miscellaneous local sources	661		661
Total Revenues	<u>4,368,025</u>	\$ -0-	<u>4,368,025</u>
Expenditures			
Current:			
Home and Community Services:			
Administration	465,916		465,916
Sewage treatment and disposal	2,162,413		2,162,413
Employee benefits	1,102,855		1,102,855
Debt service	430,824		430,824
Capital outlay	254,211		254,211
Total Expenditures	<u>4,162,008</u>	<u>254,211</u>	<u>4,416,219</u>
Other Sources and (Uses) of Funds			
Interfund transfers	(244,358)	244,358	-0-
Total Other Sources and (Uses) of Funds	<u>(244,358)</u>	<u>244,358</u>	<u>-0-</u>
Net Change in Fund Balances	(38,341)	(9,853)	(48,194)
Fund Balances at Beginning of Year	<u>945,541</u>	<u>106,582</u>	<u>1,052,123</u>
Fund Balances at End of Year	<u>\$ 907,200</u>	<u>\$ 96,729</u>	<u>\$ 1,003,929</u>

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (48,194)
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 outlay	254,211
Depreciation expense	(570,381)
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	349,959
Premiums on obligations	26,196
Deferred charges included in the Statement of Net Position.	(11,582)
Some revenues and expenses reported in the Statement of Activities are not reported as revenues or expenditures in the governmental funds:	
Prepaid insurance	584
Accrued interest	5,103
Compensated absences	(37,858)
Other postemployment benefits	(260,737)
Pension related items	(41,315)
Change in Net Position of Governmental Activities	<u>\$ (334,014)</u>

See notes to financial statements.

OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies

The Oyster Bay Sewer 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 sewer service to district residents.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 Entity

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

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 reports 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 and receivables as well as long-term debt and obligations. 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 - sewer services), which are otherwise supported by general revenues (real property taxes, sanitary sewer charges, etc.). Gross expenses (including depreciation expense) are reduced by related program revenues to produce the net cost of the program. Program revenues include charges for services, contributions and may also include operating and capital grants that are directly associated with the program. 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.

Fund Financial Statements

The fund financial statements focus on the major funds. The District considers all funds to be major funds.

OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies (continued)

2. Basis of Presentation (continued)

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 funds:

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 and report all financial resources not accounted for and reported in other funds.

Capital Projects Fund - is used to account for and report financial resources that are restricted, committed, or assigned to expenditure 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.

In the fund financial statements, the governmental activities use a current financial resources 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 expenditure is incurred.

OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies (continued)

3. Measurement Focus/Basis of Accounting (continued)

Expenditures are recorded when incurred except that:

- a. Expenditures for prepaid expenses, with the exception of retirement expenditures, are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as expenditures when paid.

4. Property Taxes

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

5. Prepaid

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of employee retirement and insurance costs which have been satisfied prior to the end of the year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Prepaid amounts in the governmental funds are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

6. Investments

Investments are stated at cost, which approximates market value.

7. Interfund Receivables, Payables and Transfers

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.

**OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

A. Summary of Significant Accounting Policies (continued)

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 reported deferred outflows of resources from pensions, postemployment benefits and a deferred loss on refunding bonds in the government-wide statement of net position. Deferred outflows of resources from pensions and postemployment benefits represents the differences between expected and actual experience, changes of assumptions, net difference between projected and actual earnings on pension plan investments, changes in proportion and differences between the District's contributions and proportionate share of contributions, and the District's contribution subsequent to the measurement date. See Note F and Note G for further information on the District's pension and other postemployment benefits. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has reported deferred inflows of resources from pensions and other postemployment benefits. The pension amount is related to differences between expected and actual experience. See Note F for further information. The other postemployment benefits amounts represent changes in the assumptions. See Note G for further information.

9. Capital Assets

In the government-wide financial statements, capital assets with a purchase cost of \$500 or more and an estimated useful life of one year or more are accounted for as capital assets. All 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 estimated fair value at the date of donation. Infrastructure assets consisting of sewer mains are capitalized at cost or estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation 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	40 years
Improvements	20 years
Sewage Treatment Plant	40 years
Sanitary Sewer Main	50 years
Machinery and Equipment	5-10 years
Office Furniture and Equipment	5 years
Vehicles	8 years

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

**OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

A. Summary of Significant Accounting Policies (continued)

10. Developer Deposits

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

11. Long-Term Obligations

All long-term obligations are reported as liabilities in the government-wide statements. The long-term obligations consist of compensated absences, general obligation bonds, other postemployment benefits and the net pension liability – proportionate share.

Long-term obligations are not reported as liabilities in the fund financial statements. Debt proceeds, if any, are reported as other financing sources and payment of principal and interest are reported as expenditures. The liabilities for compensated absences, general obligation bonds, other postemployment benefits, and the net pension liability – proportionate share are liquidated through future budgetary appropriations in the general fund.

12. Compensated Absences

Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 25 days per year, but may accumulate no more than a maximum of 60 days. Upon separation from service other than termination for cause, employees are paid for all unused accumulated vacation. Employees accrue sick leave at the rate of 13 days per year and may accumulate such credits up to a total of 240 days. Upon separation from service, employees are paid a percentage of their unused sick leave, which ranges from 50% to 100%, based on the number of years employed.

The liability for these compensated absences is recorded as noncurrent liabilities in the government-wide statements. The current portion of this debt is estimated based on historical trends and expected retirements. The compensated absence liability and expenditures are reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

13. Other Postemployment Benefits

In addition to providing pension benefits, the District provides health and dental 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 noncurrent liability in the government-wide statements.

**OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

A. Summary of Significant Accounting Policies (continued)

14. 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.

15. Use of Estimates

The preparation of basic 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 the assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure 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.

16. New Accounting Principles

The District has adopted all of the current Statements of the Governmental Accounting Standards Board ("GASB") that are applicable. During the year ended December 31, 2019, the District adopted the following:

Statement No. 83, "*Certain Asset Retirement Obligations*". The objective of which is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of the new Statement become effective for the District for the year ending December 31, 2019. There was no financial impact of the implementation of the Statement.

Statement No. 84, "*Fiduciary Activities*", the objective of which is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for financial statements for the year ending December 31, 2019. There was no financial statement impact of the implementation of the Statement.

17. Net Position and Fund Equity Classifications

Government-Wide Financial Statements

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

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

**OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

A. Summary of Significant Accounting Policies (continued)

17. Net Position and Fund Equity Classifications (continued)

- b. 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.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment of 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 non-spendable, 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 prepaid items recorded in the general fund.

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

Committed fund balance includes amounts that are subject to a purpose constraint imposed by a formal action of the government'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 District's assigned fund balance includes amounts for appropriation of fund balance for subsequent year's budget and certain encumbrances. The Board of Commissioners has the authority to assign amounts to be used for specific purposes. Assigned fund balances including all remaining amounts (except negative balances) that are not reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

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.

OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies (continued)

17. Net Position and Fund Equity Classifications (continued)

Fund Financial Statements (continued)

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 for which there are no restricted resources available shall be applied first to assigned fund balance to the extent that there is an assignment, and then to the unassigned fund balance.

18. Subsequent Events

The District evaluated its December 31, 2019 financial statements for subsequent events through the date the financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact operating results. The financial impact of this matter cannot be estimated at this time.

B. Stewardship, Compliance and Accountability

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. Any revisions to the annual budget are adopted by resolution of the Board of Commissioners.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purpose to reserve that portion of the applicable appropriations, is employed in the governmental funds. Expenditures for such commitments are recorded in the period in which the liability is incurred.

The budget is adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. 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. The 2% cap can be increased by available carryover from prior years. For fiscal years beginning in 2012 no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less), plus available carryover; however, local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law.

For the 2019 budget, the District adopted a budget that includes an increase in the real property tax levy of 5% from 2018.

OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

B. Stewardship, Compliance and Accountability (continued)

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, if applicable. The unassigned fund balance is also shown.

	General Fund	Capital Projects Fund	Total
Nonspendable:			
Prepaid items	\$ 64,254	\$ -0-	\$ 64,254
Total Nonspendable	<u>64,254</u>	<u>-0-</u>	<u>64,254</u>
Assigned to:			
Subsequent year's budget	487,124	-0-	487,124
Capital outlay	-0-	96,729	96,729
Total Assigned	<u>487,124</u>	<u>96,729</u>	<u>583,853</u>
Unassigned	355,822	-0-	355,822
Total Fund Balances	<u>\$ 907,200</u>	<u>\$ 96,729</u>	<u>\$ 1,003,929</u>

C. Cash and Investments

The District's investment policies are governed by state statutes. In addition, the District has its own written investment policy. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Treasurer is authorized to use 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 and investments made by the Cooperative Liquid Asset Security System (CLASS).

Collateral is required for demand deposits, money market deposits and certificates of deposit not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities.

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 be unable to recover the value of its investments or collateral securities that are in possession of an outside party.

Deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

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

OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

C. CASH AND INVESTMENTS (continued)

At December 31, 2019, the District's cash and investments, excluding petty cash of \$50, totaled \$921,953, of which \$917,531 is considered cash and cash equivalents and \$4,422 which is investments in CLASS. The District's bank deposit balances were \$976,963 of which \$559,460 was covered by the Federal Deposit Insurance Corporation and \$417,503 was collateralized with securities held by the District's agent, a third-party financial institution, in the name of the District. The District's \$4,422 CLASS investment consists of U.S. Treasury obligations and is not subject to risk categorization.

External Investment Pool

The District participates in the Cooperative Liquid Assets Securities System - New York (CLASS), a multi-municipal cooperative investment pool consisting of U.S. treasury obligations and repurchase agreements relating to treasury obligations. Investments are stated at cost, which approximates market value. CLASS was established as a cooperative investment arrangement organized under the CLASS Municipal Cooperation Agreement made pursuant to New York General Municipal Law, Article 3A and 5-G. The pool is not registered with the SEC and is overseen by an elected Governing Board. The District's fair value of its position in the pool is the same as the value of pool shares.

In accordance with FASB guidance, CLASS utilizes ASC 820, "*Fair Value Measurement and Disclosure*" to define fair value, establish a framework for measuring fair value, and expand disclosure requirements regarding fair value measurements. ASC 820 does not require new fair value measurements, but is applied to the extent that other accounting pronouncements require or permit fair value measurements. This standard emphasizes that fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability. Various inputs are used in determining the value of CLASS's portfolio investments defined pursuant to this standard.

Securities, other than repurchase agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities. Repurchase agreements are recorded at cost, which approximates market value. There have been no significant changes in valuation techniques used in valuing any such positions held by CLASS since the beginning of their fiscal year. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The District's investment in CLASS of \$4,422 consists of repurchase agreements relating to treasury obligations as well as U.S. Government treasury securities.

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. Additional information concerning the cooperative is presented in the annual report of the New York CLASS, which can be found on its website at www.newyorkclass.org.

As of December 31, 2019, the District did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

D. Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance 1/1/19	Additions/ Adjustments	Deletions/ Reclassifications	Balance 12/31/19
Capital assets not being depreciated:				
Land	\$ 26,000			\$ 26,000
Construction in progress	49,868	\$ 13,157	\$ 41,018	22,007
Total capital assets not being depreciated	<u>75,868</u>	<u>13,157</u>	<u>41,018</u>	<u>48,007</u>
Depreciable capital assets:				
Buildings	1,154,020			1,154,020
Improvements	848,525	64,612		913,137
Sewer treatment plant	17,145,401			17,145,401
Sewer mains	1,517,692	7,250		1,524,942
Machinery and Equipment	255,009	196,787		451,796
Office furniture and equipment	81,256	13,425		94,681
Vehicles	223,240			223,240
Total depreciable capital assets	<u>21,225,143</u>	<u>282,074</u>	<u>-0-</u>	<u>21,507,217</u>
Less accumulated depreciation:				
Buildings	690,048	30,486		720,534
Improvements	172,382	43,362		215,744
Sewer treatment plant	6,890,395	453,647		7,344,042
Sewer mains	955,074	21,481		976,555
Machinery and Equipment	211,563	18,099		229,662
Office furniture and equipment	81,256	224		81,480
Vehicles	220,157	3,082		223,239
Total accumulated depreciation	<u>\$ 9,220,875</u>	<u>\$ 570,381</u>	<u>\$ -0-</u>	<u>9,791,256</u>
Total net depreciable capital assets				<u>11,715,961</u>
Total capital assets				<u>\$ 11,763,968</u>

Depreciation expense of \$570,381 was charged to sanitary sewer services expense for the year ended December 31, 2019.

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, 2019, the District has not recorded any such impairment losses.

E. Indebtedness

General Obligation 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 backed by the full faith and credit of the Town of Oyster Bay, bear interest rates ranging from 2.0% to 5.0%, and maturing in 2024.

Compensated Absences - Represents the value of the earned and unused sick and vacation time.

**OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

E. Indebtedness (continued)

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

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

A summary of changes in noncurrent liabilities for the year ended December 31, 2019 is as follows:

	Balance 1/1/2019	Increases	Reductions	Balance 12/31/19	Non-current Liabilities Due Within One Year
General obligation bonds	\$ 1,682,490	\$ -0-	\$ 349,959	\$ 1,332,531	\$ 240,021
Plus: premiums on issuance	157,176	-0-	26,196	130,980	26,196
Total bonds payable	1,839,666	-0-	376,155	1,463,511	266,217
Compensated absences	497,847	37,858	-0-	535,705	26,785
Other postemployment benefits payable	8,977,561	2,415,658	1,800,795	9,592,424	-0-
Net pension liability - proportionate share	193,376	213,617	-0-	406,993	-0-

Principal and interest payments to maturity of general obligation bonds as of December 31, 2019 are as follows:

	Principal		Interest		Total Principal and Interest
	Years ending December 31,	2020	\$ 240,021	\$ 66,627	
	2021	252,436		54,626	307,062
	2022	265,679		42,004	307,683
	2023	279,749		28,720	308,469
	2024	294,646		14,732	309,378
		<u>\$ 1,332,531</u>	<u>\$ 206,709</u>		<u>\$ 1,539,240</u>

Interest expense for the year ended December 31, 2019 totaled \$75,762 and is included in sanitary sewer services expense in the statement of activities.

OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

F. Retirement System

Plan Description and Benefits Provided

The District participates in the New York State and Local Employees' Retirement System ("System"). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. 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 2014, he was elected for a new term commencing January 1, 2015. 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/publications/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, 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. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20% of 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 SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

F. Retirement System (continued)

Plan Description and Benefits Provided (continued)

Tiers 3, 4 and 5

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

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

Final average salary is the average of the wages earned in the three highest consecutive years. For Tiers 3, 4 and 5 members, each year of final average salary 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 for ERS.

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 of final average salary is limited to no more than 10% of 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 SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

F. Retirement System (continued)

Plan Description and Benefits Provided (continued)

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

Contributions

Generally, Tiers 3, 4 and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tiers 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tiers 5 and 6 members are required to contribute for all years of service. Under the authority of the New York State Retirement and Social Security Law, the Comptroller annually certifies 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, 2019 was \$254,245.

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

At December 31, 2019, the District reported the following liability for its proportionate share of the net pension liability for the ERS. The net pension liability was measured as of March 31, 2019 for ERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the ERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS in reports provided to the District.

OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

F. Retirement System (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (continued)

Net pension liability	\$ 406,993
District's portion of the Plan's total net pension liability	0.0057442%
Change in allocation of the System's total Net Pension Liability since the prior measurement date	-0.0002474%

There was no significant change in the District's portion of the Plan's total net pension liability from March 31, 2018 to March 31, 2019.

For the year ended December 31, 2019, the District recognized pension expense of \$295,560 in the government-wide financial statements. At December 31, 2019, the District's reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,146	\$ 27,321
Changes of assumptions	102,302	-0-
Net difference between projected and actual earnings on pension plan investments	-0-	104,457
Changes in proportion and differences between the District's contributions and proportionate share of contributions	53,484	14,252
District's contribution subsequent to the measurement date	192,763	-0-
Total	<u>\$ 428,695</u>	<u>\$ 146,030</u>

The District's contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending December 31,	2020	\$ 105,919
	2021	(69,553)
	2022	(2,807)
	2023	<u>56,343</u>
		<u>\$ 89,902</u>

Actuarial Assumptions

The total pension liability as of the measurement date of March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability/asset to the measurement date.

OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

F. Retirement System (continued)

Actuarial Assumptions (continued)

The actuarial valuations used the following actuarial assumptions:

Measurement date	March 31, 2019
Actuarial valuation date	April 1, 2018
Investment rate of return (net of investment expense)	6.8%
Salary scale	4.2%
Cost of living adjustment	1.3%
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2018, valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns 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, 2019 are summarized below:

Asset Type:	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	36.0%	4.55%
International equity	14.0%	6.35%
Private equity	10.0%	7.50%
Real estate	10.0%	5.55%
Absolute return strategies	2.0%	3.75%
Opportunistic portfolio	3.0%	5.68%
Real assets	3.0%	5.29%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	-0.25%
Inflation indexed bonds	4.0%	1.25%
	100.0%	

OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

F. Retirement System (continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for the System. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability(asset) would be if it were calculated using a discount rate that is 1% point lower (6.0%) or 1% point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension liability (asset)	\$ 1,779,440	\$ 406,993	\$ (745,959)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers participating in the System as of March 31, 2019, were as follows (in thousands):

Employers' total pension liability	\$ 189,803,429
Plan Fiduciary Net Position	<u>(182,718,124)</u>
Employers' net pension liability	<u>\$ 7,085,305</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	96.27%

**OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

G. Postemployment Benefits (Obligations for Health and Dental Insurance)

Plan Description

The District established and administers a single-employer defined benefit OPEB plan for its employees. Article 11 of the State Compiled Statutes 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 Core Plan Plus Enhancements of the New York State Government Employees Health Insurance Program) and \$2,000 per year for single employees and \$4,000 per family for dental insurance coverage for an employee of the District at retirement, provided the employee is at least 55 years of age and has been employed with the District for at least ten consecutive years of continuous employment prior to the date of retirement.

These contracts can be renegotiated at various times in the future. The retiree and his/her spouse is also eligible for Medicare reimbursement in the amount of \$1,735.20 per year. Healthcare benefits for non-union employees are similar to those of union employees. Upon death of an active employee with ten years of service, the District will pay 100% of the cost to continue coverage for the unremarried spouse and dependents of the retiree for a period of three years and one year for dental coverage.

The OPEB valuation is based on census data as of January 1, 2020, the most recent valuation date. The number of participants as of this date is as follows:

Active employees	22
Retired employees	9
Spouses of retired employees	<u>7</u>
Total	<u><u>38</u></u>

There have been no significant changes to the number of participants or the type coverage since the valuation date.

Total OPEB Liability

The District's total OPEB liability of \$9,592,424 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019, with update procedures used to rollforward the OPEB liability to the measurement date.

Funding Policy

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

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.

OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

G. Postemployment Benefits (Obligations for Health and Dental Insurance) (continued)

Actuarial Assumptions and Other Inputs (continued)

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

Inflation	2.50%
Discount rate	2.74%
Healthcare cost trend rates	7.0% in 2019, grading down .5% per annum to an ultimate rate of 5.0% in years 2023 and later.

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

Mortality rates from RPH-2014 Total Dataset mortality table were used to project fully generationally using projection scale MP-2019.

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

In the January 1, 2019 actuarial valuation, the liabilities were computed using the entry age normal method, the Actuarial Present Value of Projected Benefits of each individual included in the Actuarial Valuation is allocated on a level basis over future earnings of the individual between entry age and assumed exit age(s).

Other changes impacting the valuation were due to updated mortality tables to reflect an updated projection scale. The healthcare cost trend rate was reset to 7.0% in 2019, grading down 0.5% per annum to an ultimate rate of 5.0% in years 2023 and later.

Changes in the Total OPEB Liability

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

Balance at December 31, 2018	\$ 8,977,561
Changes for the year:	
Service cost	231,935
Interest	318,290
Differences between expected and actual experience	(1,617,362)
Changes in assumptions and other inputs	1,865,433
Benefit payments	<u>(183,433)</u>
Balance at December 31, 2019	<u><u>\$ 9,592,424</u></u>

**OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

G. Postemployment Benefits (Obligations for Health and Dental Insurance) (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current discount rate:

1% Decrease	Discount Rate	1% Increase
1.74%	2.74%	3.74%
<u>\$ 11,355,744</u>	<u>\$ 9,592,424</u>	<u>\$ 8,196,462</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current healthcare cost trend rates:

Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
(6.0% decreasing to 4.0%)	(7.0% decreasing to 5.0%)	(8.0% decreasing to 6.0%)
<u>\$ 8,120,465</u>	<u>\$ 9,592,424</u>	<u>\$ 11,527,235</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the District recognized OPEB expense of \$444,170. At December 31, 2019, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience Gain	\$ -0-	\$ 1,381,938
Changes of assumptions	<u>\$ 1,593,899</u>	<u>\$ 689,497</u>
Total	<u>\$ 1,593,899</u>	<u>\$ 2,071,435</u>

OYSTER BAY SEWER DISTRICT
NOTES TO FINANCIAL STATEMENTS

G. Postemployment Benefits (Obligations for Health and Dental Insurance) (continued)

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

Years ending December 31, 2020	\$ (106,055)
2021	(106,055)
2022	(106,055)
2023	(106,055)
2024	(84,727)
Thereafter	<u>31,411</u>
	<u><u>\$ (477,536)</u></u>

H. Commitments

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.

The District is committed to the long-term maintenance of the sanitary sewer system and plans capital improvements on a regular basis. The District is currently committed on contract or is planning additional improvements amounting to \$96,729.

I. New Pronouncements

Statement No. 87, "Leases", the objective of which is to improve accounting and financial reporting for leases by governments. This Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for financial statements for the year ending December 31, 2020.

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

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

**OYSTER BAY SEWER DISTRICT
GENERAL FUND**
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL**
For the Year Ended December 31, 2019

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Real property taxes	\$ 3,578,835	\$ 3,578,830	\$ 3,578,830	\$ -0-
Real property tax items	200,000	200,005	245,468	45,463
Departmental income	473,707	473,707	519,415	45,708
Use of money and property	3,500	3,500	23,651	20,151
Miscellaneous local sources	-0-	-0-	661	661
Total Revenues	<u>4,256,042</u>	<u>4,256,042</u>	<u>4,368,025</u>	<u>111,983</u>
Expenditures				
Administration	569,741	540,341	465,916	74,425
Sewage, treatment and disposal	2,231,988	2,191,988	2,162,413	29,575
Employee benefits	1,269,775	1,269,775	1,102,855	166,920
Debt service	430,824	430,824	430,824	-0-
Total Expenditures	<u>4,502,328</u>	<u>4,432,928</u>	<u>4,162,008</u>	<u>270,920</u>
Other Sources and (Uses) of Funds				
Interfund transfers (out)	(175,600)	(245,000)	(244,358)	642
Total Other Sources and (Uses) of Funds	<u>(175,600)</u>	<u>(245,000)</u>	<u>(244,358)</u>	<u>642</u>
Net Change in Fund Balance	<u>\$ (421,886)</u>	<u>\$ (421,886)</u>	<u>(38,341)</u>	<u>\$ 383,545</u>
Fund Balance at Beginning of Year			<u>945,541</u>	
Fund Balance at End of Year			<u>\$ 907,200</u>	

**OYSTER BAY SEWER DISTRICT
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES AND OTHER USES
BUDGET AND ACTUAL
For the Year Ended December 31, 2019**

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Administration				
Office salaries	\$ 226,141	\$ 218,641	\$ 197,962	\$ 20,679
Commissioners' fees	46,000	48,500	48,200	300
Engineering	45,000	35,000	27,904	7,096
Auditing and legal	98,500	98,500	83,365	15,135
Insurance	90,000	80,000	70,072	9,928
Office and computer expense	45,000	45,000	27,581	17,419
Office utilities	12,000	12,000	9,032	2,968
Public relations cost	5,000	600	-0-	600
Rentals and easements	100	100	85	15
Security	2,000	2,000	1,715	285
Total Administration	569,741	540,341	465,916	74,425
Sewage Treatment and Disposal				
Salaries	1,612,988	1,598,488	1,593,915	4,573
Electric energy	250,000	240,000	235,032	4,968
Chloride and chemicals	40,000	40,000	35,243	4,757
Fuel, water, heat and telephone	30,000	15,000	10,661	4,339
Plant supplies and maintenance	60,000	64,500	64,258	242
Plant parts and repairs	35,000	20,000	18,969	1,031
Automobile expenses	9,000	9,000	6,398	2,602
Dry and liquid sludge removal	180,000	190,000	189,574	426
Miscellaneous	15,000	15,000	8,363	6,637
Total Sewage Treatment and Disposal	2,231,988	2,191,988	2,162,413	29,575
Employee Benefits				
State retirement	280,000	271,500	254,245	17,255
Social security and MTA tax	150,812	150,812	145,800	5,012
Hospital and medical insurance	637,398	644,898	582,863	62,035
Workers' compensation insurance	129,943	129,943	55,739	74,204
Disability insurance	1,622	2,622	2,502	120
Dental and optical insurance	70,000	70,000	61,706	8,294
Total Employee Benefits	1,269,775	1,269,775	1,102,855	166,920
Debt service				
Serial bonds - principal	349,959	349,959	349,959	-0-
Serial bonds - interest	80,865	80,865	80,865	-0-
Total Debt Service	430,824	430,824	430,824	-0-
Total Expenditures	4,502,328	4,432,928	4,162,008	270,920
Other Uses				
Interfund transfers	175,600	245,000	244,358	642
Total Other Uses	175,600	245,000	244,358	642
Total Expenditures and Other Uses	\$ 4,677,928	\$ 4,677,928	\$ 4,406,366	\$ 271,562

OYSTER BAY SEWER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB)
LIABILITY AND RELATED RATIOS
December 31, 2019

Period	Total OPEB Liability - Beginning of the Period	Service Cost	Interest on Total OPEB Liability	Differences between Expected and Actual Experience		Changes in Benefit Terms	Changes of Assumptions or Other Inputs	Benefit Payments	Total OPEB Liability - End of the Period	Covered-Employee Payroll
January 1, 2018 - December 31, 2018	\$ 9,540,292	\$ 319,456	\$ 335,025	\$ -0-	\$ -0-	\$ (973,827)	\$ (243,385)	\$ 8,997,561	\$ 1,592,302	
January 1, 2019 - December 31, 2019	\$ 8,977,561	\$ 231,935	\$ 318,290	\$ (1,617,362)	\$ -0-	\$ 1,865,433	\$ (183,433)	\$ 9,592,424	\$ 1,754,420	

Notes to Schedule:

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

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

Changes of assumptions.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2019	2.74%
2018	4.10%
2017	3.44%

Change in actuarial cost method.

The District adopted GASB Statement No. 75 in the year-ended December 31, 2018 and continues to use the entry age normal as a percentage of payroll, the prescribed method under GAS

OYSTER BAY SEWER DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
December 31, 2019

NYSERS	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0057442%	0.0059916%	0.0060964%	0.0060674%	0.0059303%	0.0059303%
District's proportionate share of the net pension liability (asset)	\$ 406,993	\$ 193,376	\$ 572,833	\$ 973,833	\$ 200,339	\$ 267,980
District's covered-employee payroll	\$ 1,745,746	\$ 1,677,698	\$ 1,721,411	\$ 1,752,778	\$ 1,686,751	\$ 1,652,971
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.31%	11.53%	33.28%	55.56%	11.88%	16.21%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	96.27%	98.24%	94.70%	90.68%	97.95%	97.15%

OYSTER BAY SEWER DISTRICT
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
December 31, 2019

	New York State and Local Employees' Retirement System									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 254,245	\$ 249,090	\$ 260,994	\$ 277,331	\$ 318,282	\$ 327,150	\$ 317,119	\$ 287,728	\$ 142,361	\$ 185,640
Contributions in relation to the contractually required contribution	254,245	249,090	260,994	277,331	318,282	327,150	317,119	287,728	142,361	185,640
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered-employee payroll	\$ 1,791,878	\$ 1,811,555	\$ 1,785,965	\$ 1,765,868	\$ 1,729,740	\$ 1,665,532	\$ 1,598,810	\$ 1,536,568	\$ 1,448,957	\$ 1,906,640
Contributions as a percentage of covered-employee payroll	14.19%	13.75%	14.61%	15.71%	18.40%	19.64%	19.83%	18.73%	9.83%	9.74%

SUPPLEMENTARY INFORMATION

OYSTER BAY SEWER DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT EXPENDITURES AND ENCUMBRANCES
For the Year Ended December 31, 2019

Capital Project	Prior Years	Current Year	Encumbrances	Total
Plant Perimeter Fence		\$ 14,700	\$ 14,700	
Electric Work Admin Building		950		950
Sliding Gate		7,943		7,943
Pump Panel Improvements	\$ 8,850	590	\$ 12,159	21,599
Sewer Main - Manhole replacement		7,250		7,250
Replace Building Roof	41,018			41,018
Progressive Cavity Pumps		93,018		93,018
SBR PLC/Interface/SCADA Upgrade		97,399		97,399
Grid Chamber Alarm		909		909
Plant Water System HMI		3,610		3,610
Maintenance Equipment		1,850		1,850
Computer Equipment and Upgrades		13,425		13,425
Electronic Transformer		12,567	84,570	97,137
	<u>\$ 49,868</u>	<u>\$ 254,211</u>	<u>\$ 96,729</u>	<u>\$ 400,808</u>