
OYSTER BAY WATER DISTRICT
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Oyster Bay Water District, a component unit of the Town of Oyster Bay, New York, (the "District"), as of and for the year ended December 31, 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.

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information on pages 3 through 7 and pages 34 through 38, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


RYNKAR, VAIL & BARRETT, LLP

Mineola, New York
June 26, 2020

**OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2019**

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, 2019 in comparison with the year ended December 31, 2018, 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, 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:

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

	<u>2019</u>	<u>2018</u>
Assets		
Current and other assets	\$ 2,003,608	\$ 2,065,004
Capital assets	<u>10,959,852</u>	<u>11,311,177</u>
Total Assets	<u>12,963,460</u>	<u>13,376,181</u>
Deferred Outflows of Resources	<u>655,347</u>	<u>249,166</u>
Liabilities		
Current liabilities	626,387	613,778
Noncurrent liabilities	<u>7,272,014</u>	<u>7,461,278</u>
Total Liabilities	<u>7,898,401</u>	<u>8,075,056</u>
Deferred Inflows of Resources	<u>677,762</u>	<u>489,539</u>
Net Position		
Net investment in capital assets	7,305,651	7,224,589
Restricted	1,067,933	777,387
Unrestricted	<u>(3,330,940)</u>	<u>(2,941,224)</u>
Total Net Position	<u>\$ 5,042,644</u>	<u>\$ 5,060,752</u>

**OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2019**

CONDENSED FINANCIAL INFORMATION (continued)

Changes in Net Position

for the years ended December 31,

	2019	2018
Program Revenues		
Charges for services	\$ 1,024,808	\$ 905,428
Total Program Revenues	1,024,808	905,428
General Revenues		
Real property taxes	980,077	958,129
Use of money and property	464,685	437,581
Other local sources	14,706	20,747
Total General Revenues	1,459,468	1,416,457
Total Revenues	2,484,276	2,321,885
Expenses - Water Supply Services	2,502,384	2,470,938
Changes in Net Position	\$ (18,108)	\$ (149,053)

FINANCIAL HIGHLIGHTS

The District's total assets and deferred outflows of resources at December 31, 2019 were \$13,618,807, a decrease of \$6,540 from the prior year. The decrease is due to the decrease in capital assets due to depreciation expense being greater than the additions which is offset by the increase in deferred outflows of resources for other postemployment benefits liability. Total liabilities and deferred inflows of resources at December 31, 2019 were \$8,576,163, an increase of \$11,568 from the prior year. This increase is primarily due to an increase in deferred inflows of resources offset by the decrease in long term liabilities.

The District's net position as of December 31, 2019 was \$5,042,644, a decrease of \$18,108 from the prior year. Of the District's total net position, \$7,305,651 was a net investment in capital assets, \$1,067,933 is restricted for acquisition of capital assets and \$3,330,940 was unrestricted deficit.

The deficit balance of unrestricted net position does not necessarily indicate financial stress. These financial statements include a liability for other postemployment benefits ("OPEB"). OPEB costs must now 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 \$1,024,808 in the current year, which were \$119,380 more than the prior year.

General revenues were \$1,459,468 in the current year, which were \$43,011 more than the prior year.

Total operating expenses were \$2,502,384, which were \$31,446 more than the prior year.

**OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2019**

GENERAL FUND BUDGETARY HIGHLIGHTS

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

	Original Budget	Final Budget	Actual Amounts	Variance
Revenues	\$ 2,473,352	\$ 2,473,352	\$ 2,487,594	\$ 14,242
Expenditures	(2,549,363)	(2,549,363)	(2,497,836)	51,527
Other Financing Uses	(330,000)	(330,000)	(51,335)	278,665
Net Change in Fund Balance	<u>\$ (406,011)</u>	<u>\$ (406,011)</u>	<u>\$ (61,577)</u>	<u>\$ 344,434</u>

The general fund reported expenditures and other uses in excess of revenues this year of \$61,577, decreasing the fund balance to \$1,578,240. Actual revenues were more than estimated revenues by \$14,242. Budgeted expenditures and other financing uses were less than actual expenditures by \$330,192.

CAPITAL ASSETS AND LONG-TERM DEBT

The District has been financing all capital expenditures from proceeds of general obligation bonds and annual budgetary appropriations. During 2019, the District capitalized assets and improvements to the water system totaling as follows:

Building	\$ 51,335
Equipment	10,071
Vehicles	73,574
	<u>\$ 134,980</u>

In addition to the capital improvements described above, the District is committed to the long-term maintenance of the water system and plans significant capital expenditures on a regular basis. The District maintains a running capital budget which amounts to approximately \$7.7 million of capital expenditures over the next five years.

At year-end, the District had \$3,870,472 of general obligation bonds outstanding.

**OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2019**

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
2019	368,378	\$ 933,639
2018	367,874	818,607
2017	379,929	855,771
2016	410,426	944,737
2015	421,196	974,483

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. 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); however, local governments can exceed the tax levy limit by a 60% vote of the governing body. The Board of Commissioners, by unanimous vote, approves the annual budget, as well as the property taxes levy to be assessed each year.

The 2020 budget includes an overall increase in real property tax revenue in compliance with the property tax cap imposed by New York State. The 2020 tax levy of \$802,145 (an increase of 2% from 2019) was below the levy limit which included tax base growth factor and additional carryover balances from prior years. Budgeted expenditures decreased 2.4% due to decreases in expenditures for the purchase of equipment and transfer to capital projects fund from amounts originally budgeted in the 2019 year.

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, 2019

Assets

Current assets:

Cash and investments	\$	1,427,812
Accounts receivable		216,174
Receivables - other		27,139
Due from Town of Oyster Bay		257,166
Prepaid expenses		25,037
Inventory of materials and supplies		50,280

Total Current Assets 2,003,608

Noncurrent assets:

Non-depreciable capital assets		85,555
Depreciable capital assets, net of depreciation		10,874,297

Total Noncurrent Assets 10,959,852

Total Assets 12,963,460

Deferred Outflows of Resources

Pensions		164,410
Other postemployment benefits		490,937

Total Deferred Outflows of Resources 655,347

Liabilities

Current liabilities:

Accounts payable and accrued expenses		119,094
Developer deposits		35,645
Current portion of long-term liabilities		471,648

Total Current Liabilities 626,387

Noncurrent liabilities:

General obligation bonds payable		3,413,459
Compensated absences		278,073
Other postemployment benefits payable		3,440,700
Net pension liability - proportionate share		139,782

Total Noncurrent Liabilities 7,272,014

Total Liabilities 7,898,401

Deferred Inflows of Resources

Pensions		52,269
Other postemployment benefits		625,493

Total Deferred Inflows of Resources 677,762

Net Position

Net investment in capital assets		7,305,651
Restricted		1,067,933
Unrestricted		(3,330,940)

Total Net Position \$ 5,042,644

See notes to financial statements.

OYSTER BAY WATER DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
December 31, 2019

Governmental Activities

Expenses - Water supply services \$ 2,502,384

Program revenues:

Charges for services 1,024,808

Net Program Expense (1,477,576)

General revenues:

Real property taxes and other items 980,077

Use of money and property 464,685

Other local sources 14,706

Total General Revenues 1,459,468

Change in Net Position (18,108)

Net Position - Beginning of the Year 5,060,752

Net Position - End of the Year \$ 5,042,644

**OYSTER BAY WATER DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2019**

	General	Capital Projects	Total
Assets			
Cash and investments	\$ 1,427,812		\$ 1,427,812
Accounts receivable	216,174		216,174
Receivables - other	27,139		27,139
Due from other fund		\$ 20,425	20,425
Due from Town of Oyster Bay	40,895	216,271	257,166
Inventory of materials and supplies	50,280		50,280
Total Assets	\$ 1,762,300	\$ 236,696	\$ 1,998,996
Liabilities			
Accounts payable and accrued liabilities	\$ 47,556	\$ 20,425	\$ 67,981
Developer deposits	35,645		35,645
Due to other fund	20,425		20,425
Total Liabilities	103,626	20,425	124,051
Deferred Inflows of Resources			
Water rents - unavailable	80,434		80,434
Total Deferred Inflows of Resources	80,434	-0-	80,434
Fund Equity			
Nonspendable	50,280		50,280
Restricted	1,067,933	216,271	1,284,204
Assigned	372,027		372,027
Unassigned	88,000		88,000
Total Fund Equity	1,578,240	216,271	1,794,511
Total Liabilities, Deferred Inflows of Resources and Fund Equity	\$ 1,762,300	\$ 236,696	\$ 1,998,996

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

Total Governmental Fund Balances	\$ 1,794,511
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.	80,434
Some expenditures requiring the use of current financial resources are recorded as expenditures in the fund statements but as prepaid expenses in the statement of net position since they benefit a future period.	25,037
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	10,959,852
Amounts reported for the District's deferred outflows for pensions and other postemployment benefits payable are not considered current available resources, and therefore are not reported in the funds.	655,347
Some current liabilities that are not due and payable in the current period, and therefore, are not reported in the funds:	
General obligation bonds payable	(3,870,472)
Accrued interest payable	(51,113)
Other postemployment benefits payable	(3,440,700)
Compensated absences	(292,708)
Net pension liability-proportionate share	(139,782)
Deferred inflows of resources related to pension plans and other postemployment benefits payable are included in the Statement of Net Position	(677,762)
Net Position of Governmental Activities	\$ 5,042,644

See notes to financial statements.

OYSTER BAY WATER DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
December 31, 2019

	General	Capital Projects	Total
Revenues			
Real property taxes	\$ 907,598		\$ 907,598
Other real property tax items	35,124		35,124
Departmental income	1,065,481		1,065,481
Use of money and property	464,685		464,685
Sale of property and compensation for loss	14,706		14,706
Total Revenues	2,487,594	\$ -0-	2,487,594
Expenditures			
Home and Community Service - Water Supply Services:			
Administration	474,365		474,365
Source of supply, power and pumping	160,726		160,726
Purification	39,980		39,980
Transmission and distribution	750,879		750,879
Employee benefits	481,971		481,971
Debt service	589,915		589,915
Capital outlay		51,335	51,335
Total Expenditures	2,497,836	51,335	2,549,171
Excess (Deficiency) of Revenues over (under) Expenditures	(10,242)	(51,335)	(61,577)
Other Financing Sources (Uses)			
Interfund transfers in		51,335	51,335
Interfund transfers (out)	(51,335)		(51,335)
Total Other Financing Sources (Uses)	(51,335)	51,335	-0-
Net Change in Fund Balance	(61,577)	-0-	(61,577)
Fund Balance (Deficit) Beginning of Year	1,639,817	216,271	1,856,088
Fund Balance End of Year	\$ 1,578,240	\$ 216,271	\$ 1,794,511

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 \$ (61,577)

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	134,980
Depreciation expense	(486,306)

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	432,387
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(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 fiscal resources, and therefore, are not reported as revenues or expenditures in the governmental funds.	8,559
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(Increases)/decreases in the deferred inflows and outflows of resources related to OPEB reported in the Statement of Activities do not provide for or require the use of current fiscal resources, and therefore, are not reported as revenues or expenditures in the governmental funds.	134,920
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Certain revenues and expenses reported in the statement of activities are not reported as revenues or expenditures in governmental funds:

Prepaid expenses	1,123
Deferred inflows - unavailable water rents	(3,318)
Accrued interest	15,275
Compensated absences	(17,640)
Other postemployment benefits	(176,511)

Change in Net Position of Governmental Activities	\$ (18,108)
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OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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, 2019

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, 2019

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

4. Property Taxes and Delinquent Water Bills

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

5. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

6. Accounts Receivable

Accounts receivables include amounts due from customers. Receivables are recorded, and revenues recognized as earned. Revenue from unbilled water usage at year end is recognized in the government-wide financial statements. At December 31, 2019, the District considered all remaining accounts receivable to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

7. Inventory of Materials and Supplies

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

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

A. Summary of Significant Accounting Policies (continued)

8. Prepaid Expenses

Prepays in the government-wide statements, if any, represent retirement benefits that will benefit a future period.

9. Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualifies for reporting in this category. For the first item, the District reports unearned revenue from unavailable water rents. This 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, net difference between projected and actual earnings on pension plan investments and the change in proportion and differences between the District's contributions and its proportionate share of contributions. See Note F for more details. The third item is related to the other postemployment benefits liability reported in the government-wide Statement of Net Position. This represents the differences between expected and actual experience and the changes in assumptions. See Note G for more details.

10. Interfund Receivables, Payables and Transfers

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.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

A. Summary of Significant Accounting Policies (continued)

11. Capital Assets

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

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

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

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

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

12. Developer Deposits

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

13. Long-Term Debt

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

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

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

A. Summary of Significant Accounting Policies (continued)

14. Compensated Absences

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

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

15. Other Benefits

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

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

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

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

16. Insurance

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

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

A. Summary of Significant Accounting Policies (continued)

17. Net Position and Fund Equity Classifications

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

A. Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

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

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

18. Use of Estimates

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

19. New Accounting Principle

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

B. Stewardship, Compliance and Accountability

Budgetary Data

The District's budget policies are as follows:

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

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

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

B. Stewardship, Compliance and Accountability (continued)

Budgetary Data (continued)

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

In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. 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); however local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. The Board of Commissioners approves the annual budget as well as the property taxes levy to be assessed each year.

Fund Balance

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

	General Fund	Capital Projects Funds	Total
Nonspendable:			
Inventory of materials and supplies	\$ 50,280		\$ 50,280
Total Nonspendable	50,280	\$ -0-	50,280
Restricted for:			
Capital projects - water system improvements	1,067,933		1,067,933
Capital projects - unspent bond proceeds		216,271	216,271
Total Restricted	1,067,933	216,271	1,284,204
Assigned to:			
Subsequent year's budget	359,777		359,777
Encumbrances	12,250		12,250
Total Assigned	372,027	-0-	372,027
Unassigned	88,000		88,000
Total Fund Balances	<u>\$ 1,578,240</u>	<u>\$ 216,271</u>	<u>\$ 1,794,511</u>

Capital Projects Reserve

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

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

B. Stewardship, Compliance and Accountability (continued)

Capital Projects Reserve (continued)

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

Balance - 1/1/2019	\$ 707,264
Interest	<u>10,804</u>
Balance - 12/31/2019	<u>\$ 718,068</u>

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

Balance - 1/1/2019	\$ 70,123
Interest	1,077
Increases	330,000
Expenditures	<u>(51,335)</u>
Balance - 12/31/2019	<u>\$ 349,865</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.

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

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 categorized according to custodial credit risk as either (a) insured or collateralized with securities held by the District or by its agent in the District's name, (b) collateralized with securities held by the pledging financial institution's trust department or agent in the District's name, or (c) uncollateralized.

At December 31, 2019, the District's cash and cash equivalents totaled \$1,427,812, inclusive of \$100 in petty cash. The District's bank deposit balances were \$1,431,671, of which \$1,090,208 was covered by the Federal Deposit Insurance Corporation and \$341,463 was covered by collateral held by the District's agent, a third-party financial institution, in the District's name.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

D. Capital Assets

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

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Capital assets not being depreciated:				
Land	\$ 85,555			\$ 85,555
Total Capital Assets Not Being Depreciated	85,555	\$ -0-	\$ -0-	85,555
Depreciable capital assets:				
Building	1,253,188	51,335		1,304,523
Improvements	1,457,310			1,457,310
Wells, water tanks and structures	8,529,359			8,529,359
Water mains	7,016,405			7,016,405
Machinery and equipment	1,143,173			1,143,173
Equipment	413,099	10,071		423,170
Office, furniture and equipment	81,615			81,615
Computer software	23,749			23,749
Vehicles	314,065	73,574	42,989	344,650
Total Depreciable Capital Assets	20,231,963	134,980	42,989	20,323,954
Accumulated depreciation:				
Building	627,093	27,594		654,687
Improvements	775,501	63,245		838,746
Wells, water tanks and structures	2,545,336	213,029		2,758,365
Water mains	3,845,483	38,626		3,884,109
Machinery and equipment	433,870	122,414		556,284
Equipment	374,182	8,056		382,238
Office, furniture and equipment	78,835	921		79,756
Computer software	23,749			23,749
Vehicles	302,291	12,421	42,989	271,723
Total Accumulated Depreciation	\$ 9,006,340	\$ 486,306	\$ 42,989	9,449,657
Total Net Depreciable Capital Assets				10,874,297
Total Capital Assets				\$ 10,959,852

Depreciation and amortization expense of \$486,306 was charged to water supply services expense for the year 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.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

E. Indebtedness

Long-Term Debt

The following is a summary of changes in long-term liabilities for the year ended December 31, 2019:

	Balance 1/1/19	Increases	Reductions	Balance 12/31/19	Non-current Liabilities Due Within One Year
General obligation bonds	\$ 4,302,859	\$ -0-	\$ (432,387)	\$ 3,870,472	\$ 457,013
Compensated absences	275,068	111,071	(93,431)	292,708	14,635
Other postemployment benefits	3,264,189	266,618	(90,107)	3,440,700	-0-
Net pension liability - proportionate share	65,302	169,013	(94,533)	139,782	-0-
Totals	<u>\$ 7,907,418</u>	<u>\$ 546,702</u>	<u>\$ (710,458)</u>	<u>\$ 7,743,662</u>	<u>\$ 471,648</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.

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

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

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

Years Ending December 31,	Principal	Interest	Total
2020	\$ 457,013	\$ 128,583	\$ 585,596
2021	430,921	110,954	541,875
2022	448,115	94,446	542,561
2023	271,249	81,896	353,145
2024	281,163	72,966	354,129
2025-2029	1,322,011	218,501	1,540,512
2030-2033	660,000	48,319	708,319
	<u>\$ 3,870,472</u>	<u>\$ 755,665</u>	<u>\$ 4,626,137</u>

Interest expense of \$157,528 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, 2019

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 2018, he was elected for a new term commencing January 1, 2019. 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% of the average of the previous two years.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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% of 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 members.

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 WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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 \$100,148.

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

At December 31, 2019, the District reported the following liability for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2019, and 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 pension plan relative to the projected contributions of all participating members, actuarially determined.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

F. Retirement System (continued)

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

Actuarial valuation date	April 1, 2018
Net pension liability/(asset)	\$ 139,782
District's portion of the Plan's total net pension liability/(asset)	0.0019728%

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's recognized pension expense of \$90,467 in the statement of activities. At December 31, 2019, 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	\$ 27,526	\$ 9,383
Changes of assumptions	35,136	-0-
Net difference between projected and actual earnings on pension plan investments	-0-	35,876
Changes in proportion and differences between the District's contributions and proportionate share of contributions	26,637	7,010
District's contributions subsequent to the measurement date	<u>75,111</u>	<u>-0-</u>
Total	<u>\$ 164,410</u>	<u>\$ 52,269</u>

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

Years Ending December 31, 2020	\$ 33,617
2021	(21,313)
2022	2,760
2023	<u>21,966</u>
	<u>\$ 37,030</u>

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

F. Retirement System (continued)

Actuarial Assumptions

The total pension liability at 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 to the measurement date. 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)	7.0%
Salary scale	4.2%
Cost of living adjustments	1.3%
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-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:	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
	<u>100.0%</u>	

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

* Excludes equity-oriented long-only global funds of \$2.82 billion. For investment management purposes, these funds are included in domestic equity and international equity.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

F. Retirement System (continued)

Discount Rate

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage 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)	\$ 611,150	\$ 139,782	\$ (256,200)

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):

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

	ERS
Employers' total pension liability	\$ 189,803,429
Plan fiduciary net position	182,718,124
Employers' net pension asset/(liability)	\$ (7,085,305)
Ratio of plan fiduciary net position to the Employers' total pension liability	96.27%

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

G. Postemployment Benefits (Obligations for Health Insurance)

Plan Description

The District established and administers a single-employer defined benefit OPEB plan for its employees. Article 11 of the State Compiled 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 Plan Plus Enhancements of the New York State Government Employees Health Insurance Program) for an employee of the District at retirement, provided the employee has reached age 55 and has been employed by the District for at least 5 years prior to the date of retirement. Commissioners may become eligible for these benefits if they reach age 60 with 10 years of service while working for the District. These contracts will be renegotiated at various times in the future. The retiree is also eligible for Medicare reimbursement in the amount of \$1,735 per year. Upon death of an active employee with ten years of service, the District will pay eighty percent, or an amount determined by the Commissioners based on the circumstances of the District, of the cost to continue coverage for the non-remarried spouse and dependents of the employee.

Employees Covered by Benefit Terms

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

Active employees	8
Retired employees	6
Spouses of retired employees	<u>1</u>
Total	<u>15</u>

Contributions

The District pays the cost of basic single and family coverage for both medical and dental as those premiums come due each year along with Medicare Part B premiums. During the year ended December 31, 2019, the District paid \$75,516 for retiree insurance premiums and \$14,591 Medicare Part B premiums.

Total OPEB Liability

The District' total OPEB liability of \$3,440,700 was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019, with updated procedures used to rollforward the OPEB liability to the measurement date.

Funding Policy

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

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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

Actuarial Assumptions and Other Inputs

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

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

Inflation	2.50%
Discount Rate	2.74%
Healthcare cost trend rates	7.0% for 2019, decreasing .5% per year to an ultimate rate of 5.0% in 2023

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

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

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

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

Changes in the Total OPEB Liability

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

Balance at December 31, 2018	\$3,264,189
Changes for the year:	
Service cost	77,801
Interest	114,440
Differences between expected and actual experience	(570,944)
Changes in assumptions and other inputs	645,321
Benefit payments	(90,107)
Balance at December 31, 2019	<u>\$3,440,700</u>

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

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

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

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

1% Decrease	Discount Rate	1% Increase
<u>1.74%</u>	<u>2.74%</u>	<u>3.74%</u>
<u>\$ 4,072,185</u>	<u>\$ 3,440,700</u>	<u>\$ 2,957,313</u>

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 (6.0%) or 1-percentage-point higher (8.0%) than the current discount rate:

1% Decrease	Trend Rates	1% Increase
<u>(6.0% decreasing to 4.0%)</u>	<u>(7.0% decreasing to 5.0%)</u>	<u>(8.0% decreasing to 6.0%)</u>
<u>\$ 2,903,619</u>	<u>\$ 3,440,700</u>	<u>\$ 4,156,412</u>

For the year ended December 31, 2019, the District recognized OPEB expense of \$131,698. At December 31, 2019, the District reported deferred outflows or inflows of resources related to OPEB from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ 434,354
Changes of assumptions	<u>490,937</u>	<u>191,139</u>
Total	<u>\$ 490,937</u>	<u>\$ 625,493</u>

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

Years Ending December 31, 2020	\$ (60,543)
2021	(60,543)
2022	(16,671)
2023	<u>3,201</u>
	<u>\$ (134,556)</u>

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

H. Commitments and Contingencies

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.

I. New Pronouncements

Statement No. 87, *"Leases"*. The objective of which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by required recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions in the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and of consistency of information about governments leasing activities. The requirements of the new Statement become effective for the District for the year ended December 31, 2020.

Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"*. The objective is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 92, *"Omnibus 2020"*, as amended by Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance"*, was issued to enhance comparability in accounting and financial reporting and consistency of authoritative language on various topics. The requirements of this Statement are effective for reporting periods as follows: paragraphs 4,5,6,7,8,9,10, and 12 effective years beginning after June 15, 2021.

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

K. 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.

**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, 2019

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Real Property Taxes				
Ad valorem	\$ 786,418	\$ 786,418	\$ 786,428	\$ 10
Special assessments	121,170	121,170	121,170	-0-
Total Real Property Taxes	<u>907,588</u>	<u>907,588</u>	<u>907,598</u>	<u>10</u>
Other Real Property Tax Items				
Payments in lieu of taxes	40,000	40,000	35,124	(4,876)
Total Other Real Property Tax Items	<u>40,000</u>	<u>40,000</u>	<u>35,124</u>	<u>(4,876)</u>
Departmental Income				
Metered water sales	960,000	960,000	933,591	(26,409)
Installation charges	14,000	14,000	9,992	(4,008)
Hydrant rentals and sprinkler charges	65,000	65,000	66,780	1,780
Interest and penalties - water rents	8,000	8,000	8,187	187
Other water charges	37,089	37,089	46,931	9,842
Total Departmental Income	<u>1,084,089</u>	<u>1,084,089</u>	<u>1,065,481</u>	<u>(18,608)</u>
Use of Money and Property				
Interest earnings	8,000	8,000	29,356	21,356
Tower rental	433,675	433,675	435,329	1,654
Total Use of Money and Property	<u>441,675</u>	<u>441,675</u>	<u>464,685</u>	<u>23,010</u>
Sale of Property and Compensation for Loss				
Insurance recoveries	-0-	-0-	11,456	11,456
Sale of equipment	-0-	-0-	3,250	3,250
Total Sale of Property and Compensation for Loss	<u>-0-</u>	<u>-0-</u>	<u>14,706</u>	<u>14,706</u>
Total Revenues	<u>2,473,352</u>	<u>2,473,352</u>	<u>2,487,594</u>	<u>14,242</u>
Expenditures				
Administration				
Office salaries	186,200	183,300	183,265	35
Commissioners' fees	42,000	42,500	42,500	-0-
Office equipment	1,500	1,500	-0-	1,500
Computerization and software	8,500	5,969	4,223	1,746
Office utilities	9,000	6,000	5,882	118
Accounting and auditing	48,000	48,998	48,998	-0-
Legal	65,000	52,380	48,742	3,638
Insurance	84,000	45,123	45,042	81
Notices and advertising	2,000	2,000	1,745	255
Office maintenance and service contracts	65,000	73,234	73,231	3
Postage	8,000	6,000	6,000	-0-
Conferences, meetings and conventions	20,000	14,800	14,737	63
Contingencies	25,000	2,100	-0-	2,100
Total Administration	<u>564,200</u>	<u>483,904</u>	<u>474,365</u>	<u>9,539</u>
Source of Supply, Power and Pumping				
Electrical power	172,000	163,000	160,726	2,274
Total Source of Supply, Power and Pumping	<u>172,000</u>	<u>163,000</u>	<u>160,726</u>	<u>2,274</u>
Purification				
Chemical treatment and analysis	40,000	40,000	39,980	20
Total Purification	<u>40,000</u>	<u>40,000</u>	<u>39,980</u>	<u>20</u>

(continued)

OYSTER BAY WATER DISTRICT
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
December 31, 2019

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Transmission and Distribution				
Personal services - plant salaries	\$ 500,000	\$ 509,700	\$ 509,656	\$ 44
Equipment - vehicles	75,000	73,600	73,574	26
Equipment - plant	6,000	10,701	10,701	-0-
Repairs and maintenance - plant	54,000	62,022	47,123	14,899
Plant supplies, small tools and equipment	3,000	2,400	2,327	73
Plant communications	3,000	2,000	1,637	363
Meters and supplies	30,000	49,400	49,356	44
Engineering	24,000	31,297	31,297	-0-
Auto expense	16,000	21,618	21,581	37
Miscellaneous	4,000	3,700	3,627	73
Total Transmission and Distribution	<u>715,000</u>	<u>766,438</u>	<u>750,879</u>	<u>15,559</u>
Employee Benefits				
State retirement	95,655	103,148	100,148	3,000
Social security	58,000	61,198	61,198	-0-
Hospital and medical insurance	240,000	240,000	218,883	21,117
Workers compensation insurance	-0-	30,777	30,777	-0-
Hospital and medical insurance - buy back	74,593	70,983	70,965	18
Total Employee Benefits	<u>468,248</u>	<u>506,106</u>	<u>481,971</u>	<u>24,135</u>
Debt Service				
Serial bonds:				
Principal	432,387	432,387	432,387	-0-
Interest	157,528	157,528	157,528	-0-
Total Debt Service	<u>589,915</u>	<u>589,915</u>	<u>589,915</u>	<u>-0-</u>
Total Expenditures	<u>2,549,363</u>	<u>2,549,363</u>	<u>2,497,836</u>	<u>51,527</u>
Other Financing Uses				
Interfund transfers out	330,000	330,000	51,335	278,665
Total Other Financing Uses	<u>330,000</u>	<u>330,000</u>	<u>51,335</u>	<u>278,665</u>
Total Expenditures and Other Financing Uses	<u>2,879,363</u>	<u>2,879,363</u>	<u>2,549,171</u>	<u>330,192</u>
Change in Fund Balance	<u>\$ (406,011)</u>	<u>\$ (406,011)</u>	<u>(61,577)</u>	<u>\$ 344,434</u>
Fund Balance at Beginning of Year			1,639,817	
Fund Balance at End of Year			<u>\$ 1,578,240</u>	

OYSTER BAY WATER DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT
BENEFITS LIABILITY AND RELATED RATIOS
December 31, 2019

	2019	2018
Total OPEB Liability		
Service cost	\$ 77,801	\$ 110,458
Interest	114,440	121,665
Differences between expected and actual experience	(570,944)	-0-
Changes of assumptions	645,321	(347,813)
Benefit payments	(90,107)	(92,945)
Net Change in Total OPEB Liability	176,511	(208,635)
Total OPEB Liability - Beginning	3,264,189	3,472,824
Total OPEB Liability - Ending	\$ 3,440,700	\$ 3,264,189
Covered-employee payroll	\$ 672,994	\$ 663,202
Total OPEB liability as a percentage of covered-employee payroll	511.25%	492.19%

Note:

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

Notes to Schedule:

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

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

Changes of Benefit Terms

None

Changes of Assumptions

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

Discount rate	2019	2.74%
	2018	4.10%
	2017	3.44%

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

<u>NYSERS</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.00197%	0.00202%	0.00205%	0.00219%	0.00241%	0.00241%
District's proportionate share of the net pension liability (asset)	\$ 139,782	\$ 65,302	\$ 192,960	\$ 351,492	\$ 81,414	\$ 108,902
District's covered-employee payroll	\$ 689,218	\$ 656,656	\$ 628,089	\$ 585,112	\$ 643,019	\$ 654,928
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	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	96.27%	98.24%	94.70%	97.95%	97.95%	97.20%

See independent auditor's report.

**OYSTER BAY WATER DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
December 31, 2019**

	NYSERS									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 100,148	\$ 95,655	\$ 92,677	\$ 90,749	\$ 93,167	\$ 89,104	\$ 137,135	\$ 127,933	\$ 72,641	\$ 83,259
Contributions in relation to the contractually required contribution	<u>100,148</u>	<u>95,655</u>	<u>92,677</u>	<u>90,749</u>	<u>93,167</u>	<u>89,104</u>	<u>137,135</u>	<u>127,933</u>	<u>72,641</u>	<u>83,259</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered-employee payroll*	\$ 702,619	\$ 684,238	\$ 647,063	\$ 659,536	\$ 636,517	\$ 646,965	\$ 691,401	\$ 648,605	\$ 634,604	\$ 817,358
Contributions as a percentage of covered-employee payroll	14.25%	13.98%	14.32%	13.76%	14.64%	13.77%	19.83%	19.72%	11.45%	10.19%

See independent auditor's report.