

ROSLYN WATER DISTRICT

A COMPONENT UNIT OF
THE TOWN OF NORTH HEMPSTEAD

ANNUAL FINANCIAL REPORT
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Roslyn Water District

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Water District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balances – budget and actual – general fund, schedule of changes in the Water District's total other postemployment benefits (OPEB) liability and related ratios, schedule of the Water District's proportionate share of the net pension asset/(liability), and the schedule of the Water District's contributions on pages 3-12 and 40-45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
June 26, 2023

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

Roslyn Water District's (the "Water District") discussion and analysis of the financial performance provides an overview of the Water District's financial activities for the year ended December 31, 2022, in comparison with the year ended December 31, 2021, with emphasis on the current year. This should be read in conjunction with the Water District's financial statements, which immediately follow this section.

1) FINANCIAL HIGHLIGHTS

Key financial highlights for year 2022 are as follows:

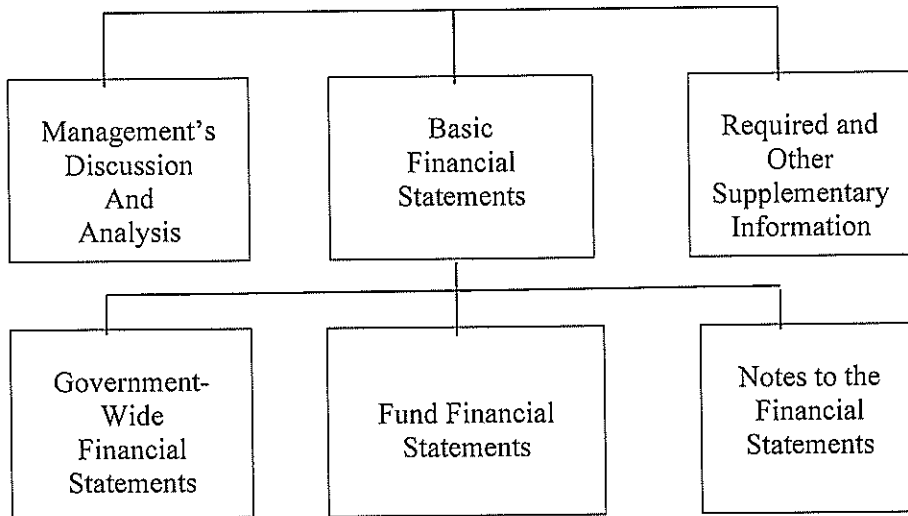
- The Water District's net position, as reflected in the government-wide financial statements, was \$4,247,506 at December 31, 2022. This represents an increase of \$475,619, or 12.61%, from the prior year.
- The Water District's total fund balance, as reflected in the fund financial statements, was \$7,961,025, which is a decrease of \$552,293, or 6.49%, from the prior year.
- Revenues in the general fund increased to \$5,642,308 in the year ended December 31, 2022, from \$5,279,748 in the year ended December 31, 2021, which is primarily attributable to increases in real property taxes, departmental income, use of money and property, and sale of property and compensation for loss, partially offset by decreases in other tax items and other revenue.
- Expenditures in the general fund increased by \$261,219 from the prior year, primarily due to increases in water administration, source of supply, power, and pumping, water purification, employee benefits, and debt service, partially offset by decreases in transmission and distribution and capital outlay.
- On February 24, 2021, the Water District received authorization from the Town to issue borrowings in the amount of \$33,268,727 for improvements to the Water District's infrastructure. As of December 31, 2022, BANs in the amount of \$6,000,000 have been issued to provide funding for the projects and \$27,268,727 remains unissued.

2) OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (MD&A), the basic financial statements, and required and other supplementary information. The basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. The table below shows how the various parts of this report are arranged and related to one another.

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Organization of the Water District's Annual Financial Report



A. Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Water District's finances, in a manner similar to a private-sector business. There are two government-wide statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the Water District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

Statement of Net Position

The Statement of Net Position presents information on all of the Water District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between them presented as net position. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Water District is improving or deteriorating.

Statement of Activities

The Statement of Activities presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

B. Fund Financial Statements

The Fund Financial Statements provide more detailed information about the Water District's funds. Funds are accounting devices that the Water District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

Governmental funds

Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the Water District. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information in separate reconciliations explains the relationship (or differences) between them. In summary, the governmental fund statements focus primarily on the sources, uses, and balance of current financial resources and often have a budgetary orientation. Included are the general fund, debt service fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

3) FINANCIAL ANALYSIS OF THE WATER DISTRICT AS A WHOLE

A. Net Position

Capital assets, current and other liabilities, net investment in capital assets, and unrestricted net position for 2021 have been restated. See Note 14 to the financial statements for further information.

	As Restated 2021	As Reported 2021	Increase (Decrease)
Capital assets, net	\$ 17,328,128	\$ 16,323,835	\$ 1,004,293
Current and other liabilities	6,055,967	5,085,878	970,089
Net Position			
Net investment in capital assets	5,071,826	5,123,501	(51,675)
Unrestricted	(6,361,887)	(6,447,766)	85,879
Total Net Position (Deficit)	3,771,887	3,737,683	34,204

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

The Water District's net position increased by \$475,619 to \$4,247,506 as of December 31, 2022. A summary of the Water District's Statement of Net Position is as follows:

	2022	As Restated 2021	Increase/ (Decrease)	Total Percentage Change
Current and other assets	\$ 15,049,365	\$ 14,746,559	\$ 302,806	2.05%
Capital assets (net of accumulated depreciation)	17,764,971	17,328,128	436,843	2.52%
Net pension asset- proportionate share	295,118	-	295,118	N/A
Total assets	33,109,454	32,074,687	1,034,767	3.23%
Deferred outflows of resources	673,664	2,193,922	(1,520,258)	-69.29%
Total assets and deferred outflows of resources	33,783,118	34,268,609	(485,491)	-1.42%
Current and other liabilities	7,135,687	6,055,967	1,079,720	17.83%
Long-term liabilities	14,487,473	14,922,343	(434,870)	-2.91%
Net pension liability- proportionate share	-	3,509	(3,509)	-100.00%
Total OPEB liability	4,136,660	7,932,426	(3,795,766)	-47.85%
Total liabilities	25,759,820	28,914,245	(3,154,425)	-10.91%
Deferred inflows of resources	3,775,792	1,582,477	2,193,315	138.60%
Net position				
Net investment in capital assets	4,882,942	5,071,826	(188,884)	-3.72%
Restricted	5,051,133	5,061,948	(10,815)	-0.21%
Unrestricted	(5,686,569)	(6,361,887)	675,318	10.62%
Total net position	\$ 4,247,506	\$ 3,771,887	\$ 475,619	12.61%

Current and other assets increased by \$302,806 compared to the prior year, primarily due to increases in cash and cash equivalents, accounts receivable, inventory, and prepaid items, partially offset by a decrease in due from Town of North Hempstead.

Capital assets (net of accumulated depreciation) increased by \$436,843 as compared to the prior year. This was primarily attributable to current year capital asset additions, partially offset by current year depreciation expense.

Net pension asset – proportionate share increased by \$295,118 as a result of the actuarial valuation provided by the State.

The changes in deferred outflows of resources represent amortization of pension related items, as well as the Water District's contributions subsequent to the measurement date.

Current and other liabilities increased by \$1,079,720 as compared to the prior year. This was primarily due to increases in retainage payable, contractor deposits, interest payable, and bond anticipation notes payable, partially offset by decreases in accounts payable and accrued liabilities.

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Long-term liabilities decreased by \$434,870 as compared to the prior year due to a decrease in bonds payable, partially offset by an increase in compensated absences payable.

Net pension liability – proportionate share and total other post-employment benefits obligation decreased by \$3,509 and \$3,795,766, respectively, as compared to the prior year as a result of the actuarial valuations provided by the third-party actuaries.

The changes in deferred inflows of resources represent amortization of pension related items and total other post-employment benefits obligation.

The net investment in capital assets relates to the investment in capital assets at cost, net of accumulated depreciation and related debt. This amount decreased by \$188,884 as compared to the prior year due to current year depreciation expense, a decrease in amounts due from Town of North Hempstead, and an increase in bond anticipation notes payable and accounts payable, partially offset by current year capital asset additions and decreases in retainage payable and bonds payable.

Restricted net position relates to the balance of the Water District's reserves for capital projects and repairs and amounts restricted for debt service. Restricted net position decreased by \$10,815 as compared to the prior year. Changes to reserves are discussed further in Management's Discussion and Analysis Section 4, Financial Analysis of the Water District's Funds.

The unrestricted net position (deficit) decreased by \$675,318 to \$5,686,569 as of December 31, 2022.

B. Changes in Net Position

Water services expenses for 2021 was decreased by \$34,204 in connection with the opening balance restatement detailed in Note 14 to the financial statements.

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended December 31, 2022, and 2021 is as follows:

	Fiscal Year 2022	As Restated Fiscal Year 2021*	Increase/ (Decrease)	Total Percentage Change
Revenues				
Program Revenues				
Charges for services	\$ 2,256,895	\$ 2,228,557	\$ 28,338	1.27%
General Revenues				
Real property taxes and other tax items	3,200,050	2,934,004	266,046	9.07%
Use of money and property	82,321	92,081	(9,760)	-10.60%
Other revenue	193,797	95,957	97,840	101.96%
Total Revenues	<u>5,733,063</u>	<u>5,350,599</u>	<u>382,464</u>	<u>7.15%</u>
Expenses				
Program expenses				
General government	1,634,311	1,154,797	479,514	41.52%
Water services	3,623,133	4,686,745	(1,063,612)	-22.69%
Total Expenses	<u>5,257,444</u>	<u>5,841,542</u>	<u>(584,098)</u>	<u>-10.00%</u>
Change in Net Position	<u>\$ 475,619</u>	<u>\$ (490,943)</u>	<u>\$ 966,562</u>	<u>-196.88%</u>

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For the Year Ended December 31, 2022

*Reclassifications have also been made to expenses reported in the 2021 financial statements to allocate employee benefits and to reclassify insurance expense amounts in order to conform to the 2022 financial statement classification.

The Water District's revenues increased by \$382,464, or 7.15%, from the prior year. This increase is due to increases in charges for services, real property taxes and other tax items, and other revenue, partially offset by a decrease in use of money and property.

The Water District's expenses for the year decreased by \$584,098, or 10.00%, from the prior year. This was primarily due to a decrease in water services, partially offset by an increase in general government.

4) FINANCIAL ANALYSIS OF THE WATER DISTRICT'S FUNDS

As noted earlier, the Water District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Water District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Water District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Water District's net resources available for spending at the end of the fiscal year.

As of December 31, 2022, the governmental funds reported a combined fund balance of \$7,961,025, a decrease of \$552,293, or 6.49%, from the previous year.

	Fiscal Year 2022	As Restated Fiscal Year 2021	Increase/ (Decrease)	Total Percentage Change
General Fund				
Nonspendable- prepaid expenses and inventory	\$ 227,882	\$ 190,300	\$ 37,582	19.75%
Restricted- capital reserve	3,430,394	3,583,881	(153,487)	-4.28%
Restricted- repair reserve	1,457,139	1,346,539	110,600	8.21%
Assigned- appropriated fund balance	440,001	439,993	8	0.00%
Assigned- unappropriated fund balance	161,339	101,331	60,008	59.22%
Unassigned fund balance	724,271	432,041	292,230	67.64%
Total fund balance- general fund	<u>6,441,026</u>	<u>6,094,085</u>	<u>346,941</u>	5.69%
Debt Service Fund				
Restricted- debt service	163,600	131,528	32,072	24.38%
Total fund balance- debt service fund	<u>163,600</u>	<u>131,528</u>	<u>32,072</u>	24.38%
Capital Projects Fund				
Restricted- unspent bond proceeds	1,356,399	2,287,705	(931,306)	-40.71%
Total fund balance- capital projects	<u>1,356,399</u>	<u>2,287,705</u>	<u>(931,306)</u>	-40.71%
Total Fund Balance- All funds	<u>\$ 7,961,025</u>	<u>\$ 8,513,318</u>	<u>\$ (552,293)</u>	-6.49%

See Note 14 to the financial statements for further details regarding the restatement of 2021 amounts.

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For the Year Ended December 31, 2022

A. General Fund

As of December 31, 2022, the general fund reported a total fund balance of \$6,441,026, which is an increase of \$346,941, or 5.69%, from the previous year.

Revenues increased to \$5,642,308 in the year ended December 31, 2022, from \$5,279,748 in the year ended December 31, 2021, which is primarily attributable to increases in real property taxes, departmental income, use of money and property, and sale of property and compensation for loss, partially offset by decreases in other tax items and other revenue.

Expenditures increased by \$261,219 from the prior year, primarily due to increases in water administration, source of supply, power, and pumping, water purification, employee benefits, and debt service, partially offset by decreases in transmission and distribution and capital outlay.

Restricted fund balance decreased by \$42,887 from the prior year as a result of amounts appropriated from the capital reserve, partially offset by board approved transfers to the repair reserve and interest amounts allocated to the reserves.

Assigned fund balance increased by \$60,016 from the prior year in accordance with the amounts assigned in the 2023 budget and in accordance with amounts encumbered as of December 31, 2022 to be used for 2023 expenditures.

B. Debt Service Fund

The debt service fund restricted fund balance increased by \$32,072, as a result of premiums received from BAN issuances exceeding debt service expenditures.

C. Capital Projects Fund

The capital projects fund is used to account for financial resources earmarked for specific capital projects. The capital projects fund restricted balance for unspent bond proceeds decreased by \$931,306 due to capital outlay expenditures.

5) GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022 Budget

The District's general fund budget for 2022 approved by the Board of Commissioners was \$5,850,210. This amount was increased by encumbrances carried forward from the prior year in the amount of \$101,331. Additionally, there were budget revisions for \$174,837 appropriated from reserves and \$125,000 related to unexpected revenues received during the fiscal year. This resulted in a final budget of \$6,251,378.

The budget was funded through a combination of estimated other revenues of \$2,461,018, appropriated fund balance of \$541,324, and an estimated tax levy of \$2,949,199.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues or expenditures, net of transfers to reserves, appropriations to fund the subsequent year's budget, and other assignments and amounts classified as nonspendable. The change in this balance for 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

demonstrated through a comparison of the actual revenues and expenditures for the year compared to the budget is as follows:

Opening, unassigned fund balance, as restated	\$ 432,041
Revenues over budget	107,091
Expenditures and encumbrances under budget	794,672
Interest allocated to reserves	(31,950)
Increase in nonspendable fund balance	(37,582)
Transfer to reserves	(100,000)
Appropriated to 2023 budget	(440,001)
Closing, unassigned fund balance	\$ 724,271

The \$432,041 shown in the table represents the Water District's December 31, 2021, unassigned fund balance, as restated.

The revenues over budget of \$107,091 were primarily the result of higher than anticipated revenues for program revenues, use of money and property, sale of property and compensation for loss, and other. The expenditures and encumbrances under budget of \$794,672 reflect lower than anticipated expenditures in water administration, source of supply power, and pumping, water purification, transmission and distribution, employee benefits, and debt service (see Supplemental Schedule for detail).

Interest of \$10,600 and \$21,350 was allocated to the repair and capital reserves, respectively.

The increase in nonspendable fund balance represents the changes in inventory and prepaid items from 2021 to 2022.

The Water District funded the repair reserve for \$100,000 from board approved transfers from the unassigned fund balance.

The Water District appropriated \$440,001 for use in the 2023 budget.

The closing unassigned fund balance of \$724,271 represents the fund balance retained by the Water District that is not reserved, nonspendable, or designated for subsequent years expenses.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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6) CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

At December 31, 2022, the Water District had invested in various capital assets, as indicated by the table below. The net increase in capital assets is due to current year additions, partially offset by current year depreciation expense. The breakdown by major asset group is as follows:

	<u>2022</u>	<u>*2021</u>	<u>Change</u>
Land	\$ 6,562	\$ 6,562	\$ -
Construction in progress	4,492,981	4,880,768	(387,787)
Buildings	4,996,254	4,667,279	328,975
Tanks and improvements	2,151,810	2,151,810	-
Site improvements	295,964	295,964	-
Infrastructure	3,666,522	3,666,522	-
Machinery and equipment	14,731,006	13,389,462	1,341,544
Sub-Total	30,341,099	29,058,367	1,282,732
Less: accumulated depreciation	(12,576,128)	(11,730,239)	(845,889)
Total net capital assets	<u>\$ 17,764,971</u>	<u>\$ 17,328,128</u>	<u>\$ 436,843</u>

*See Note 14 to the financial statements for further details regarding the restatement of opening balances.

B. Long-Term Debt

As of December 31, 2022, the Water District had \$14,100,833 in outstanding serial bonds payable as compared to \$14,544,007 at December 31, 2021. This decrease of \$443,174 was due to bond principal payments made. More detailed information about the Water District's long-term debt is presented in Note 7 to the Financial Statements.

7) ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared, the Water District was aware of several existing circumstances that could affect its financial health in the future:

- The Water District's Board adopted the 2023 general fund operating budget in the amount of \$6,151,716. This represents an increase of \$301,506, or 5.15%, from the previous year. Funding of the budget will be provided by a combination of real property taxes of \$3,235,715, other revenues of \$2,476,000 and appropriated fund balance of \$440,001. The property tax levy will increase \$286,516, or 9.72%, from the previous year.
- On March 23, 2023, BANs in the amount of \$4,982,000 were issued with an interest rate of 4.00%. The BANs will mature in March 2024.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

8) CONTACTING WATER DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the finances of the Water District and to demonstrate the Water District's accountability for the funds it receives. If you have questions about the report or need additional financial information, please contact:

Roslyn Water District Office
Richard J. Passariello, Superintendent
24 West Shore Road
Roslyn, NY 11575
Tel: (516) 621-7770

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
STATEMENT OF NET POSITION
December 31, 2022

ASSETS	
Current assets	
Cash and cash equivalents	
Unrestricted	\$ 1,626,437
Restricted	4,887,533
Accounts receivable	411,365
Due from Town of North Hempstead	7,727,593
Inventory	194,146
Prepaid items	202,291
Capital assets	
Not being depreciated	4,499,543
Being depreciated, net of accumulated depreciation	13,265,428
Net pension asset - proportionate share - employees' retirement system	295,118
Total Assets	<u>33,109,454</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	673,664
Total Deferred Outflows of Resources	<u>673,664</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>33,783,118</u>
LIABILITIES	
Payables	
Accounts payable	576,020
Retainage payable	137,595
Accrued liabilities	216,089
Contractor deposits	0
Interest payable	205,983
Notes payable	
Bond anticipation notes payable	6,000,000
Non-current liabilities	
Due and payable within one year	
Bonds payable	441,138
Due and payable after one year	
Bonds payable	13,659,695
Compensated absences payable	386,640
Total other post-employment benefits obligation	4,136,660
Total Liabilities	<u>25,759,820</u>
DEFERRED INFLOWS OF RESOURCES	
Total other post-employment benefits obligation	2,759,731
Pension	1,016,061
Total Deferred Inflows of Resources	<u>3,775,792</u>
NET POSITION	
Net investment in capital assets	4,882,942
Restricted	
Capital reserve	3,430,394
Repair reserve	1,457,139
Debt service	163,600
Unrestricted (deficit)	<u>(5,686,569)</u>
TOTAL NET POSITION	<u>\$ 4,247,506</u>

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position
Governmental Activities			
Water administration	\$ 1,039,919	\$ -	\$ (1,039,919)
Source of supply, power and pumping	2,224,000	2,256,895	32,895
Water purification	259,399		(259,399)
Transmission and distribution	1,139,734		(1,139,734)
Debt service - interest	594,392		(594,392)
Total Governmental Activities	\$ 5,257,444	\$ 2,256,895	\$ (3,000,549)
 General Revenues			
Real property taxes			2,949,199
Other tax items			250,851
Use of money and property			82,321
Sale of property and compensation for loss			32,564
Other revenue			161,233
Total General Revenues			3,476,168
Change in Net Position			475,619
Net Position - Beginning of Year, As Restated (See Note 14)			3,771,887
Net Position - End of Year			\$ 4,247,506

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 1,626,437	\$ -	\$ -	\$ 1,626,437
Restricted	4,887,533			4,887,533
Accounts receivable	411,365			411,365
Due from Town of North Hempstead	159,116	163,600	7,404,877	7,727,593
Inventory	194,146			194,146
Prepaid items	33,736			33,736
Total Assets	<u>\$ 7,312,333</u>	<u>\$ 163,600</u>	<u>\$ 7,404,877</u>	<u>\$ 14,880,810</u>
LIABILITIES				
Accounts payable	\$ 328,579	\$ -	\$ 48,478	\$ 377,057
Accrued liabilities	216,089			216,089
Contractor deposits	198,963			198,963
Notes payable				
Bond anticipation notes payable			6,000,000	6,000,000
Total Liabilities	<u>743,631</u>	<u>-</u>	<u>6,048,478</u>	<u>6,792,109</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable income - water sales	127,676			127,676
Total Deferred Inflows of Resources	<u>127,676</u>	<u>-</u>	<u>-</u>	<u>127,676</u>
FUND BALANCES				
Nonspendable	227,882			227,882
Restricted				
Capital reserve	3,430,394			3,430,394
Repair reserve	1,457,139			1,457,139
Debt service		163,600		163,600
Unspent bond proceeds			1,356,399	1,356,399
Assigned				
Appropriated - ensuing year's budget	440,001			440,001
Unappropriated	161,339			161,339
Unassigned	724,271			724,271
Total Fund Balances	<u>6,441,026</u>	<u>163,600</u>	<u>1,356,399</u>	<u>7,961,025</u>
Total Liabilities and Fund Balances	<u>\$ 7,312,333</u>	<u>\$ 163,600</u>	<u>\$ 7,404,877</u>	<u>\$ 14,880,810</u>

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2022

Total Governmental Fund Balances	\$	7,961,025
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Certain prepaid expenses are not current financial resources and therefore, are not reported in the governmental fund financial statements.		168,555
The cost of building and acquiring capital assets (land, buildings, infrastructure, and machinery and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Water District as a whole and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	\$ 30,341,099	
Accumulated depreciation	<u>(12,576,128)</u>	17,764,971
Certain disbursements previously expended in the governmental funds relating to pensions are treated as long term assets and increase net position. The net pension asset- proportionate share at year end was		295,118
Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pension and total other post-employment benefits obligation that will be recognized as expenditures in future periods consisted of:		
Pension	<u>\$ 673,664</u>	673,664
Deferred inflows of resources for water sales (unavailable) - the Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenues under the modified accrual method.		127,676
Deferred inflows of resources- The Statement of Net Position recognized revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. Deferred inflows related to pension and total other post-employment benefits obligation that will be recognized as a reduction in expenses in future periods consisted of:		
Pension	\$ (1,016,061)	
Total other post-employment benefits obligation	<u>(2,759,731)</u>	(3,775,792)
Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of accrued interest payable of:		(205,983)
Current and long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:		
Bonds payable	\$ (14,100,833)	
Retainage payable	(137,595)	
Compensated absences payable	(386,640)	
Total other post-employment benefits obligation	<u>(4,136,660)</u>	<u>(18,761,728)</u>
Total Net Position	\$	<u>4,247,506</u>

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Real property taxes	\$ 2,949,199	\$ -	\$ -	\$ 2,949,199
Other tax items	250,851			250,851
Departmental income	2,258,532			2,258,532
Use of money and property	82,321			82,321
Sale of property and compensation for loss	32,564			32,564
Other revenue	68,841			68,841
Total Revenues	5,642,308	-	-	5,642,308
Expenditures				
Water administration	764,083			764,083
Source of supply, power, and pumping	1,631,463			1,631,463
Water purification	259,399			259,399
Transmission and distribution	811,610			811,610
Employee benefits	761,210			761,210
Debt service	892,765	60,320	1,961	955,046
Capital outlay	174,837		929,345	1,104,182
Total Expenditures	5,295,367	60,320	931,306	6,286,993
Excess (deficiency) of revenues over expenditures	346,941	(60,320)	(931,306)	(644,685)
Other financing sources				
Premium on obligations		92,392		92,392
Total other financing sources	-	92,392	-	92,392
Net change in fund balances	346,941	32,072	(931,306)	(552,293)
Fund Balances - Beginning of Year, As Restated (See Note 14)	6,094,085	131,528	2,287,705	8,513,318
Fund Balances - End of Year	\$ 6,441,026	\$ 163,600	\$ 1,356,399	\$ 7,961,025

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

Net Change in Fund Balances		\$ (552,293)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
Revenues are recorded in the governmental funds when earned, measurable and available whereas in the Statement of Activities revenues are recognized when they are earned and measurable regardless of when they become available. From December 31, 2021 to December 31, 2022 such revenues for charges for services decreased by		(1,637)
The change in prepaid insurance expense is effectively an asset in the Statement of Net Position; however, it does not require the use of current financial resources and therefore, is not reported as an expenditure in the governmental funds		17,848
The change in retainage payable is effectively an asset in the Statement of Net Position; however, it does not require the use of current financial resources and therefore, is not reported as an expenditure in the governmental funds		(137,595)
In the Statement of Activities, compensated absences are measured by amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the ended December 31, 2022 changed by		(8,304)
Increases / decreases in the proportionate share of net pension liability and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Employees' retirement system	\$ 65,640	
Total other post-employment benefits obligation	<u>315,180</u>	380,820
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.		
Capital outlays and equipment purchases	\$ 1,414,375	
Depreciation expense	<u>(977,532)</u>	436,843
Long-Term Debt Transaction Differences		
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		443,174
Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus, requires the use of current financial resources. In the Statements of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest from December 31, 2021 to December 31, 2022 increased by		<u>(103,237)</u>
Change in Net Position		<u>\$ 475,619</u>

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

1) NATURE OF ORGANIZATION AND SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The financial statements of the Roslyn Water District (the "Water District") have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the Water District are described below.

B. Financial Reporting Entity

The Water District was founded in 1910. The Water District serves about 6,048 accounts and 19,700 people. The Water District provides its supply of potable water through the use of 15 wells located throughout the Roslyn area.

The following basic services are provided: water sales and meter and tap sales and services.

Subject to the New York State Constitution, the Water District is a political subdivision of the State of New York and operates pursuant to New York State Town Law, the Local Finance Law, and other general laws of the State of New York.

The Board of Commissioners (the "Board"), whose members are elected to office by the taxpayers, is the legislative body responsible for overall operations and fiscal matters. The Chairman serves as chief executive officer and the Treasurer serves as chief fiscal officer.

The Town of North Hempstead, New York (the "Town") is financially accountable for the Water District as a result of the fiscal dependency of the Water District. Debt of the Water District, which is backed by the full faith and credit of the Town, and other fiscal matters result in an interdependency with the Town. Accordingly, the Water District is considered to be a component unit of the Town. The Town approves the Water District's budget, collects the real property taxes and maintains the Water District's debt service. In addition, Town approval is required for all debt issues.

All governmental activities and functions performed for the Water District are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity is based upon criteria set forth by GASB, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the Water District. The scope of activities included within the accompanying financial statements are those transactions which comprise Water District operations and are governed by, or significantly influenced by, the Board. The decision to include a potential component unit in the Water District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no component units or other entities included in the Water District's reporting entity.

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

C. Basis of Presentation

Government -Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on the Water District as a whole. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, charges for services, and other exchange and non-exchange transactions.

The Statement of Activities demonstrates the degree to which direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (1) charges to the recipient or applicant who purchase, use, or directly benefits from goods, services, or privileges provided by a given program and (2) operating and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, if applicable. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

Fund Financial Statements

The Water District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government transactions or activities. The fund statements provide information about the Water District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Water District reports the following major 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 as major governmental funds:

General Fund - This is the principal operating fund of the Water District. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the general fund.

Debt Service Fund – This fund is used to account for the accumulation of resources for the payment of bond principal, interest, and related costs. Generally, the Town administers the resources of this fund on behalf of the District.

Capital Projects Fund - This fund is used to account for funds received and expended for the construction, renovation, expansion, and major improvement of various Water District facilities, and acquisition of land and other large nonrecurring projects. Resources provided by bonded debt are administered by the Town on behalf of the District.

D. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, while the basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. These statements present a longer-term view of the Water District's finances and include all assets and deferred outflows of resources, and liabilities and deferred inflows of resources, including capital assets and long-term liabilities.

The fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Revenues are recognized when measurable and available. The Water District considers all revenues as available if they are collected within the current period or soon enough thereafter to be used to pay liabilities for the current period, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences payable, other post-employment benefits obligation, and pension costs are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

E. Real Property Taxes

Real property taxes for the Town are levied annually by the Town Board. The taxes are due in two installments of 50% on January 1 and July 1 without penalty to February 10 and August 10, respectively. Late payments are subject to penalties. The taxes are collected by the Town and subsequently forwarded to the Water District. Uncollected taxes are subsequently enforced by Nassau County.

Water sales that go uncollected for 45 days are turned over to the Town for collection on June 30. These balances become liens on the respective delinquent properties. The Town remits to the Water District the amount of the receivables plus interest, regardless of their ability to collect on the liens. Uncollected amounts are enforced by Nassau County.

F. Payments in Lieu of Taxes (PILOT)

The Water District reports payments in lieu of taxes (PILOT) revenues in the general fund as part of other tax items revenue. These PILOT revenues are often the results of tax abatements granted by industrial development agencies of the town and/or county to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected PILOT to the Water District. The Water District recognized \$250,851 in total PILOT revenue during the 2022 fiscal year.

The Water District's PILOT revenue also includes payment from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-2016 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2% in response to the New York State Public Authorities Law Section 1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The Water District recognized \$49,260 in LIPA PILOT revenue during the 2022 fiscal year.

G. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Water 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.

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

H. Interfund Transactions

The operations of the Water District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Water District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the Water District must account for in other funds in accordance with budgetary authorizations.

In the government-wide financial statements, eliminations have been made for all interfund receivables and payables between funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying governmental funds balance sheet when it is the Water District's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables and payables activity is provided subsequently in these Notes to Financial Statements.

I. 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 amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/ expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including the computation of unbilled revenues, compensated absences payable, other post-employment benefits obligation, net pension asset/(liability), potential contingent liabilities, and useful lives of capital assets.

J. Cash and Cash Equivalents

Cash and cash equivalents of all funds consist of cash on hand, bank deposits, and investments with maturity dates of three months or less from the date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

Water District monies must be deposited in Federal Deposit Insurance Corporation ("FDIC")-insured commercial banks or trust companies located within New York State. The monies must be invested in demand deposit accounts, money market accounts or certificates of deposit. Collateral is required for the Water District's investments that are not covered by FDIC. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities.

K. Receivables

Receivables are shown net of an allowance for uncollectible amounts, if any. No allowance for uncollectible accounts has been provided since it is believed that such an allowance would not be material. The Water District receives the full amount of its receivables from water billings.

L. Inventory and Prepaid Items

Inventory consists of supply type items available for sale to contractors and are recorded at cost on a first-in, first-out basis. Prepaid items represent payments made by the Water District for which benefits extend beyond

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the inventory and prepaid item amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. At December 31, 2022, the Water District had inventory and prepaid items of \$194,146 and \$33,736, respectively, on the Balance Sheet. At December 31, 2022, the Water District had inventory and prepaid items of \$194,146 and \$202,291, respectively, on the Statement of Net Position.

A portion of fund balance has been classified as nonspendable to indicate that inventory and prepaid items do not constitute available spendable resources.

M. Contractor Deposits

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

N. Capital Assets

Capital assets, which include land, buildings and improvements, tanks and improvements, site improvements, infrastructure, and machinery and equipment, are reported in the government-wide financial statements. Capital assets are reported at actual cost where available, or estimated historical cost based on appraisals conducted by a third-party asset management company. Donated assets are valued at their acquisition value on the date donated. Infrastructure assets are reported for those assets acquired subsequent to June 30, 1980. Costs incurred for repairs and maintenance that do not add to the value of the assets or materially extend the life of the asset are not capitalized and are expensed as incurred.

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the government-wide financial statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building and Improvements	\$ 1,000	Straight-line	20 – 50 years
Tanks and Improvements	\$ 1,000	Straight-line	20 – 25 years
Site Improvements	\$1,000	Straight-line	10 – 25 years
Infrastructure	\$ 1,000	Straight-line	25 years
Machinery and Equipment	\$ 1,000	Straight-line	5 – 15 years

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

O. Employee Benefits

Compensated absences payable

Compensated absences payable consists of unpaid accumulated sick leave and vacation time.

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

The Water District employees are granted vacation in varying amounts, based primarily on length of service and service position. Unused vacation days at year's end are paid to employees at their annual salary rate.

The liability for compensated absences has been calculated using the vesting method and an accrual for that liability is included in the government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the Water District by December 31st.

Other benefits

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

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

The Water District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the Water District provides individual, family, or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if Water District employees are eligible for these benefits if they reach normal retirement age while working for the Water District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The Water District recognizes the cost of providing health insurance by recording insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the government-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75).

P. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the Water District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

Q. 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 represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Water District's item that qualifies for reporting in this category is related to pension.

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022

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 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 Water District's items that qualify for reporting in this category are related to total other post-employment benefits obligation and pension.

The deferred inflows on the governmental funds balance sheet is unavailable income related to water sales, which is reported when potential revenues do not meet the availability criterion for recognition in the current period. In subsequent periods, when the availability criterion is met, the liability for unavailable income is removed and revenues are recorded.

R. Equity Classifications

Government-Wide Financial Statements

In the government-wide financial statements, there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, or deferred charges on refunding, if applicable).

Restricted net position – reports a restricted portion of net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Water District.

Fund Financial Statements

The Water District follows the guidance under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventory or prepaid item amounts.

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

The Water District has established the following as restricted:

Capital Reserve

Capital reserve (GML §6-c, g) must be used to finance all or part of the construction, reconstruction, or acquisition of a "specific" or "type" capital improvement, or the acquisition of a "specific" or "type" item(s) of equipment. A governing board's authorization (resolution) is required for establishing a specific capital reserve as well as a permissive referendum notifying the public. There are no referendum requirements for expenditures made from a "specific" capital reserve fund. However, expenditures from "specific" capital reserve funds can only be made upon authorization of the governing board. For "type" capital reserves a referendum is not required when establishing the reserve, but the governing board should authorize (by resolution) the establishment. Expenditures made from

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“type” capital reserves are subject to permissive referendum and should also be approved (by resolution) by the governing board. This reserve is accounted for in the general fund.

Repair Reserve

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund.

Debt Service Reserve

This reserve represents interest and premiums earned on borrowings that are reserved for future debt service payments. These restricted amounts are accounted for in the debt service fund.

Restricted for Unspent Bond Proceeds

Unspent long-term bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted amounts are accounted for in the capital projects fund.

Committed fund balance – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Water District’s highest level of decision-making authority (the Board). The Water District had no committed fund balance at December 31, 2022.

Assigned fund balance – Includes amounts that are constrained by the Water District’s intent to be used for specific purposes but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating responsibility to the Water District’s management through Board policies. At December 31, 2022, the amount of \$440,001 has been appropriated to reduce taxes for the year ending December 31, 2023 in the general fund. Additionally, the amount of \$161,339 has been classified as assigned-unappropriated and relates to encumbrances as of December 31, 2022, in the general fund.

Unassigned fund balance – Includes the residual fund balance for the general fund that does not meet the definition of the above four classifications and is deemed to be available for general use by the Water District. Unassigned fund balance can also include residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance. Unassigned fund balance includes \$724,271 in the general fund.

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned, or unassigned), the Board will assess the current financial condition of the Water District and then determine the order of application of expenditures to which fund balance classification will be charged.

S. Future Changes in Accounting Standards

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, defines a subscription-based technology arrangement as a contract that conveys control of the right to use a vendor’s software, alone or in combination with tangible capital assets requiring governments to recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this Statement are effective for periods beginning after June 15, 2022.

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This is the statement that the Water District feels may have an impact on these financial statements and is not an all-inclusive list of GASB statements issued. The Water District will evaluate the impact each pronouncement may have on its financial statements and will implement as applicable and when material.

2) EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the fund financial statements and the government-wide financial statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the government-wide financial statements, compared with the current financial resources focus of the governmental funds.

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the Water District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. The difference primarily results from additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet.

Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into one of the following broad categories.

Long-term revenue and expense differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis of accounting, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital related differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on fund financial statements and the gain or loss on the sale of assets reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund financial statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund financial statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

The Water District's administration prepares a tentative budget for approval by the Board for the general fund, the only fund with a legally adopted budget. Appropriations are adopted at the function/object level.

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Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward.

Budgets are established and used for individual capital project funds expenditures as approved by the Board. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, and not based on annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the respective projects.

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

4) DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Cash and Cash Equivalents

The Water District's investments policies are governed by state statutes and Water District policy. Water District monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand 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, money market deposits, and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the Water District's deposits may not be returned to it. While the Water District does not have a specific policy for custodial credit risk, New York State statutes govern the Water District's investment policies, as discussed previously in these Notes.

GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

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

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All of the Water District's aggregate bank balances were covered by depository insurance or fully collateralized by securities pledged on the Water District's behalf at year-end. The Water District was not exposed to any material credit risk, interest rate risk, or concentration of credit-risk.

B. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at December 31, 2022 included \$4,887,533 within the general fund for capital reserve and repair reserve purposes and within the debt service fund for debt service purposes.

5) CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2022, were as follows:

	Beginning* Balance	Additions	Deletions/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 6,562	\$ -	\$ -	\$ 6,562
Construction in progress	4,880,768	1,194,952	(1,582,739)	4,492,981
Total capital assets not being depreciated	<u>4,887,330</u>	<u>1,194,952</u>	<u>(1,582,739)</u>	<u>4,499,543</u>
Capital assets that are depreciated:				
Buildings and improvements	4,667,279		328,975	4,996,254
Tanks and improvements	2,151,810			2,151,810
Site improvements	295,964			295,964
Infrastructure	3,666,522			3,666,522
Machinery and equipment	13,389,462	219,423	1,122,121	14,731,006
Total capital assets being depreciated	<u>24,171,037</u>	<u>219,423</u>	<u>1,451,096</u>	<u>25,841,556</u>
Less accumulated depreciation:				
Buildings and improvements	1,191,760	109,977	(13,250)	1,288,487
Tanks and improvements	1,283,401	66,417		1,349,818
Site improvements	242,066	6,264		248,330
Infrastructure	1,711,245	172,715		1,883,960
Machinery and equipment	7,301,767	622,159	(118,393)	7,805,533
Total accumulated depreciation	<u>11,730,239</u>	<u>977,532</u>	<u>(131,643)</u>	<u>12,576,128</u>
Total capital assets being depreciated, net	<u>12,440,798</u>	<u>(758,109)</u>	<u>1,582,739</u>	<u>13,265,428</u>
Total capital assets, net	<u>\$ 17,328,128</u>	<u>\$ 436,843</u>	<u>\$ -</u>	<u>\$ 17,764,971</u>

*See Note 14 to the financial statements for further details regarding the restatement of opening balances.

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Depreciation expense was allocated to governmental functions as follows:

Water administration	\$ 131,826
Source of supply, power, and pumping	672,979
Transmission and distribution	172,727
Total	\$ 977,532

6) SHORT-TERM DEBT

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	3/25/2022	1.50%	\$ 2,000,000	\$ -	\$ (2,000,000)	\$ -
BAN	9/23/2022	1.50%	2,500,000	-	(2,500,000)	-
BAN	3/24/2023	3.00%	-	3,000,000	-	3,000,000
BAN	9/22/2023	4.50%	-	3,000,000	-	3,000,000
			\$ 4,500,000	\$ 6,000,000	\$ (4,500,000)	\$ 6,000,000

The bond anticipation notes (BAN) were issued to fund capital projects. The Water District received premiums of \$92,392.

7) LONG-TERM LIABILITIES

Long-term liability balances and activity as of and for the year ended December 31, 2022, are comprised of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Long-term debt:					
Serial bonds payable	\$ 14,544,007	\$ -	\$ (443,174)	\$ 14,100,833	\$ 441,138
Total bonds payable	14,544,007	-	(443,174)	14,100,833	441,138
Other long-term liabilities:					
Compensated absences payable	378,336	8,304	-	386,640	
Total other post-employment benefits obligation	7,932,426	736,266	(4,532,032)	4,136,660	
Net pension liability	3,509	-	(3,509)	-	
	\$ 22,858,278	\$ 744,570	\$ (4,978,715)	\$ 18,624,133	\$ 441,138

The general fund has typically been used to liquidate long-term liabilities such as serial bonds, compensated absences payable, total other post-employment benefits obligation, and net pension asset/(liability).

A. Bonds Payable

Bonds payable at December 31, 2022 is comprised of the following:

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Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Refunding - 02-21 826	10/15/10	2024	4.00%	\$ 4,784
2016 Series C	9/20/16	2046	2.25% - 3.00%	5,420,754
2016 Series C	9/20/16	2046	2.25% - 3.00%	2,538,823
2016 Series C	9/20/16	2046	2.25% - 3.00%	2,523,237
2017 Series B	4/1/17	2047	3.00 - 4.00%	1,753,482
2017 Series B	4/1/17	2047	3.00 - 4.00%	1,859,753
				\$ 14,100,833

The following is a summary of debt service requirements for bonds payable:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 441,138	\$ 410,739	\$ 851,877
2024	451,443	400,085	851,528
2025	454,072	389,202	843,274
2026	462,388	378,190	840,578
2027	472,562	366,949	839,511
2028-2032	2,527,346	1,655,127	4,182,473
2033-2037	2,857,899	1,276,966	4,134,865
2038-2042	3,269,351	811,038	4,080,389
2043-2047	3,164,634	265,066	3,429,700
	\$ 14,100,833	\$ 5,953,363	\$ 20,054,196

Upon default of the payment of principal and interest on the serial bond holders of the Water District, the bond holders have the right to litigate.

B. Long-Term and Short-Term Interest

Interest on long-term and short-term debt for the year ended December 31, 2022, was composed of:

Interest paid	\$ 491,155
Plus: interest accrued in the current year	205,983
Less: interest accrued in the prior year	(102,746)
Total expense	\$ 594,392

C. Unissued Debt

On February 24, 2021, the Water District received authorization from the Town to issue borrowings in the amount of \$33,268,727 for improvements to the Water District's infrastructure. As of December 31, 2022, BANs in the amount of \$6,000,000 have been issued to provide funding for the projects and \$27,268,727 remains unissued.

8) INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

There were no interfund balances at December 31, 2022.

9) PENSION PLANS

A. Plan Description and Benefits Provided

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The Water District participates in the New York State and Local Employees' Retirement System (ERS or the 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 new 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. System benefits are established under the provisions of the New York State Retirement and Social Security Law. 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 Water District also participates in the Public Employees' Group Life Insurance Plan 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, NY 12244.

B. Funding Policy

The System is noncontributory, except as follows:

1. New York State Employees' Retirement System
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31st. The Water District's contribution rate for ERS' fiscal year ended March 31, 2022 of covered payroll was 18.00% for tier 4, 15.00% for tier 5, and 10.50% for tier 6.

The Water District is required to contribute at an actuarially determined rate. The Water District contributions made to the System were equal to 100% of the contributions required for each year. The required contributions for ERS for the current year and two preceding years were:

2022	\$	147,124
2021	\$	183,662
2020	\$	167,189

C. Pension Assets/Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

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

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Measurement date	March 31, 2022
Net pension asset/(liability)	\$ 295,118
Water District's portion of the System's total net pension asset/(liability)	0.0036102%
Change in proportion since the prior measurement date	0.0000859%

For the year ended December 31, 2022, the Water District recognized pension expense of \$35,574. At December 31, 2022, the Water District reported deferred outflows and inflows of resources related to ERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,350	\$ 28,989
Change of assumptions	492,518	8,311
Net difference between projected and actual earnings on pension plan investments	-	966,386
Changes in proportion and differences between the Water District's contributions and proportionate share of contributions	57,587	12,375
Water District's contributions subsequent to the measurement date	<u>101,209</u>	<u>-</u>
	<u>\$ 673,664</u>	<u>\$ 1,016,061</u>

Water District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to the pension in the ERS will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u>	
2023	\$ (57,968)
2024	(96,577)
2025	(242,167)
2026	(46,894)
2027	-
Thereafter	-
	<u>\$(443,606)</u>

Actuarial Assumptions

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset/(liability) to the measurement date. The actuarial valuations used the following actuarial assumptions for ERS:

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Actuarial valuation date	April 1, 2021
Interest rate	5.90%
Salary scale	4.40%
Cost of living adjustments	1.40% annually
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience
Inflation rate	2.70%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020.

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

The long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selections of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of investment expense and inflation) for each major asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

<u>Measurement Date</u>	<u>ERS</u>	
	<u>March 31, 2022</u>	
<u>Asset type</u>	<u>Target</u>	<u>Long-term</u>
	<u>Allocation</u>	<u>expected real</u>
		<u>rate of return</u>
Domestic equity	32%	3.30%
International equity	15%	5.85%
Private equity	10%	6.50%
Real estate	9%	5.00%
Absolute return strategies	3%	4.10%
Real assets	3%	5.58%
Fixed income	23%	0.00%
Cash	1%	-1.00%
Credit	4%	3.78%
	<u>100%</u>	

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

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.90%. 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

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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 asset/(liability).

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

The following presents the Water District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90%, as well as what the Water District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90%) or 1-percentage point higher (6.90%) than the current rate:

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset/(liability)	(\$759,629)	\$295,118	\$1,177,363

ERS - Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the measurement date were as follows:

	(Dollars in Thousands)
Measurement date	March 31, 2022
Employers' total pension liability	\$ (223,874,888)
Plan Fiduciary Net Position	232,049,473
Employers' net pension asset/(liability)	\$ 8,174,585

Ratio of plan fiduciary net position to the Employers' total pension liability	103.65%
---	---------

ERS Pension Plan – Prepayments

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Prepaid retirement contributions as of December 31, 2022, represent the projected employer contribution for the period of January 1, 2023, through March 31, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Prepaid retirement contributions as of December 31, 2022, amounted to \$33,736.

10) RETIREMENT PLANS - OTHER

The Water District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The Water District makes no contributions into this plan. The amount deferred by eligible employees for the year ended December 31, 2022 totaled \$110,530.

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11) OTHER POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (OPEB)

A. General Information about the OPEB Plan

The Water District provides post-employment health insurance coverage to retired employees in accordance with the adopted policy for a single employer defined benefit plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB 75.

Plan Description

The actuarial calculation was based on eligibility and benefits as adopted by the Board of the Water District and may be amended by such Board. The premium for the medical and dental/vision coverage will be paid in full by the Water District for both the employee and spouse (and eligible dependents based on an age requirement) for the lifetime of the employee. The Water District recognizes the cost of the healthcare plan annually as expenditures in the general fund of the fund financial statements as payments are accrued. Medical insurance is provided by the Empire Plan and dental/vision by CIGNA. All financial activities of the Plan are included in the financial statements of the Water District. The Plan does not issue a separate financial report. Article 37 of the Statutes of the State of New York assigns the authority to establish and amend benefit provisions to the Water District. No Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

The Water District reimburses retirees, spouses, and surviving spouses for their Medicare Part B premium.

Funding

The Plan has been on a pay-as-you-go basis. Presently, there is no legal authority to fund OPEB. The cost of healthcare is recognized as an expenditure in the general fund of the fund financial statements.

Employees Covered by Benefit Terms

As of January 1, 2022, the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>14</u>
Total	<u><u>22</u></u>

B. Total OPEB Liability

The Water District's total OPEB liability of \$4,136,660 was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the Entry Age Cost Method and used the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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Participant salary increases	2.50%
Discount rate	1.80% at December 31, 2021, 4.00% at December 31 2022
Healthcare cost trend rates	7.80% for 2022 decreasing to an ultimate rate of 4.50% by 2029

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were in accordance with the SOA RP-2014 Total Dataset. Mortality improvements are projected using SOA Scale MP-2021.

C. Changes in the Total OPEB Liability

Balance at December 31, 2021	\$ 7,932,426
Changes for the fiscal year:	
Service cost	184,390
Interest	141,590
Changes of benefit terms	410,286
Differences between expected and actual experience	(1,929,009)
Changes in assumptions or other inputs	(2,470,411)
Benefit payments	(132,612)
Net changes	<u>(3,795,766)</u>
Balance at December 31, 2022	<u>\$ 4,136,660</u>

The discount rate was increased from 1.80% in 2021 to 4.00% in 2022. There were no significant plan changes since the last valuation other than updates per union contract to dental and optical coverage continuing after retirement (benefits previously ceased at retirement) and spousal health insurance coverage for retirees continuing after the employee's death (benefits previously ceased after three months following the employee's death in retirement).

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

The following presents the total OPEB liability of the Water District, as well as what the Water District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.0%) or 1-percentage-point higher (5.0%) than the current discount rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	<u>\$4,852,568</u>	<u>\$4,136,660</u>	<u>\$3,569,620</u>

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

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

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	Healthcare Cost Trend Rates <u>1% Decrease</u>	Healthcare Cost Trend Rates <u>(Assumed Rate)</u>	Healthcare Cost Trend Rates <u>1% Increase</u>
Total OPEB liability	<u>\$3,505,243</u>	<u>\$4,136,660</u>	<u>\$4,948,777</u>

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Water District recognized OPEB expense of \$182,568. At December 31, 2022, the Water District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ (1,548,233)
Changes of assumptions or other inputs	<u>(1,211,498)</u>
	<u>\$ (2,759,731)</u>

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

Year Ending December 31,	
2023	\$ (918,835)
2024	(851,556)
2025	(1,038,511)
2026	49,171
	<u>\$ (2,759,731)</u>

12) RISK MANAGEMENT

The Water District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties.

13) COMMITMENTS AND CONTINGENCIES

A. Litigation

The Water District is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the Water District's insurance coverage. However, it is not possible to determine the Water District's potential exposure, if any, at this time.

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For the Year Ended December 31, 2022

14) RESTATEMENT OF FUND BALANCES/NET POSITION

Adjustments were made to reconcile differences identified in the Water District's accounts payable, accrued liabilities, encumbrances, and capital assets, net for the fiscal year ended December 31, 2022, which resulted in an increase to opening fund balance of \$76,862 in the general fund, a decrease in the opening fund balance of \$1,046,951 in the capital projects fund, and an increase in the net position of \$34,204 in the government-wide financial statements.

The Water District's beginning of year fund balance and net position have been restated as follows:

	General Fund	Capital Projects Fund	Statement of Net Position
Fund Balance/Net Position			
Beginning of Year, as Reported	\$ 6,017,223	\$ 3,334,656	\$ 3,737,683
Assets			
Capital assets, net			1,004,293
Total Assets	-	-	1,004,293
Liabilities			
Accounts payable	(101,331)		(101,331)
Accrued liabilities	24,469	1,046,951	1,071,420
Total Liabilities	(76,862)	1,046,951	970,089
Fund Balance/Net Position			
Restricted		2,287,705	
Assigned	101,331	(3,334,656)	
Net investment in capital assets			(51,675)
Unassigned	(24,469)		
Unrestricted			85,879
Total Fund Balance	76,862	(1,046,951)	34,204
Net Change in Fund Balance/Net Position	76,862	(1,046,951)	34,204
Fund Balance/Net Position			
Beginning of Year, as Restated	\$ 6,094,085	\$ 2,287,705	\$ 3,771,887

15) SUBSEQUENT EVENTS

Management has evaluated the activity of the Water District through June 26, 2023 (the date the financial statements were available to be issued) and noted the following:

On March 23, 2023, BANs in the amount of \$4,982,000 were issued with an interest rate of 4.00%. The BANs will mature in March 2024.

ROSLYN WATER DISTRICT
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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
Revenues				
Real property taxes	\$ 2,949,199	\$ 2,949,199	\$ 2,949,199	\$ -
Other tax items	300,000	325,000	250,851	(74,149)
Total real property taxes and other tax items	<u>3,249,199</u>	<u>3,274,199</u>	<u>3,200,050</u>	<u>(74,149)</u>
Program revenues				
Metered water sales	1,915,000	2,015,000	2,023,157	8,157
Unmetered water sales	131,018	131,018	139,897	8,879
Water service charges	85,000	85,000	78,470	(6,530)
Penalty interest	22,000	22,000	17,008	(4,992)
Total program revenues	<u>2,153,018</u>	<u>2,253,018</u>	<u>2,258,532</u>	<u>5,514</u>
Use of money and property				
Interest earnings	8,000	8,000	50,371	42,371
Interest earnings - restricted reserves			31,950	31,950
Total use of money and property	<u>8,000</u>	<u>8,000</u>	<u>82,321</u>	<u>74,321</u>
Sale of property and compensation for loss				
Insurance recoveries			32,564	32,564
Total sale of property and compensation for loss	<u>-</u>	<u>-</u>	<u>32,564</u>	<u>32,564</u>
Other				
Refund of prior year expenditures	-	-	45,740	45,740
Miscellaneous	-	-	23,101	23,101
Total other	<u>-</u>	<u>-</u>	<u>68,841</u>	<u>68,841</u>
Total Revenues	<u>5,410,217</u>	<u>5,535,217</u>	<u>5,642,308</u>	<u>\$ 107,091</u>
Appropriated Fund Balance				
Appropriated fund balance	439,993	439,993		
Appropriated reserves	101,331	276,168		
Total Revenues, Other Financing Sources, and Appropriated Fund Balance	<u>\$ 5,951,541</u>	<u>\$ 6,251,378</u>		

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures					
Water administration					
Personal services	\$ 457,008	\$ 481,008	\$ 480,835	\$ -	\$ 173
Commissioners' fees	22,000	22,000	16,300		5,700
Office equipment	4,000	4,000	3,380		620
Postage	26,000	26,000	12,963		13,037
Office supplies	13,000	13,000	10,304		2,696
Computer expenses	35,000	40,000	39,701		299
Printing expenses	47,000	47,000	42,005		4,995
Telephone	8,000	8,000	6,094		1,906
Light and power	8,400	8,400	8,400		-
Heating	2,000	2,000	1,935		65
Bonds- commissioner and treasurer	-	-	-		-
Legal notices	5,000	5,000	4,499		501
Conferences and meetings	14,000	16,500	16,166		334
Election	300	300	150		150
Engineering	32,000	42,000	39,762		2,238
Auditing and accounting	13,000	13,000	13,000		-
Legal services	35,000	35,000	28,871		6,129
Other professional services	33,000	33,000	18,626		14,374
Repairs and maintenance					
Operating equipment	8,000	8,000	5,439		2,561
Miscellaneous	14,000	16,000	15,653		347
Total water administration	776,708	820,208	764,083	-	56,125
Source of supply, power, and pumping					
Personal services	340,588	340,588	324,595		15,993
Telephone and communication	35,000	35,000	28,300		6,700
Light and power	701,010	711,010	705,722		5,288
Heating	51,000	61,000	53,457		7,543
Engineering and architecture	30,000	40,000	36,288		3,712
Tools, parts, and supplies	15,000	15,000	12,668		2,332
Insurance	130,000	145,500	132,721		12,779
Repairs and maintenance					
Operating equipment	375,500	385,500	307,498		78,002
Plants and grounds	55,000	55,000	27,855		27,145
Miscellaneous	4,000	4,000	2,359		1,641
Total source of supply, power, and pumping	1,737,098	1,792,598	1,631,463	-	161,135
Water purification					
Water analysis	160,000	160,000	81,633		78,367
Water treatment	200,000	200,000	177,766		22,234
Total water purification	360,000	360,000	259,399	-	100,601

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2022

Expenditures (Continued)	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Transmission and distribution					
Personal Services	\$ 724,896	\$ 593,896	\$ 547,343	\$ -	\$ 46,553
Operating equipment	136,331	291,331	30,877	161,339	99,115
Meters	60,000	73,500	44,168		29,332
Mains, valves, and hydrants	10,000	10,000	151		9,849
Engineering and architecture	7,000	12,000	9,321		2,679
Uniforms and laundry	7,500	8,500	8,250		250
Gas, oil, and vehicle repairs	16,000	22,000	20,965		1,035
Tools, parts, and supplies	50,000	80,000	64,206		15,794
Repairs and maintenance					
Operating equipment	20,000	45,000	19,062		25,938
Mains, valves, and hydrants	110,000	115,000	51,793		63,207
Road repairs	35,000	35,000	12,727		22,273
Miscellaneous	7,000	7,000	2,747		4,253
Total transmission and distribution	<u>1,183,727</u>	<u>1,293,227</u>	<u>811,610</u>	<u>161,339</u>	<u>320,278</u>
Employee benefits					
New York State retirement	201,318	150,318	147,124		3,194
Payroll tax	3,000	3,000	724		2,276
Social security	154,106	154,106	99,473		54,633
Workers compensation	70,000	70,000	53,985		16,015
Hospitalization	505,000	472,500	459,904		12,596
Total employee benefits	<u>933,424</u>	<u>849,924</u>	<u>761,210</u>	<u>-</u>	<u>88,714</u>
Debt service					
Principal	443,173	443,174	443,174		-
Interest	496,694	496,693	428,874		67,819
Fiscal agent fees	20,717	20,717	20,717		-
Total debt service	<u>960,584</u>	<u>960,584</u>	<u>892,765</u>	<u>-</u>	<u>67,819</u>
Capital outlay		174,837	174,837		-
Total Expenditures	<u>\$ 5,951,541</u>	<u>\$ 6,251,378</u>	<u>\$ 5,295,367</u>	<u>\$ 161,339</u>	<u>\$ 794,672</u>
Net change in fund balance			346,941		
Fund balance - beginning of year, as restated (see Note 14)			<u>6,094,085</u>		
Fund balance - end of year			<u>\$ 6,441,026</u>		

ROSLYN WATER DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE WATER DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Years Ended December 31,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 184,390	\$ 272,043	\$ 205,098	\$ 148,481	\$ 161,172
Interest	141,590	145,604	187,103	205,637	189,919
Changes in benefit terms	410,286	-	-	-	-
Differences between expected and actual experience	(1,929,009)	-	(202,951)	-	-
Changes in assumptions or other inputs	(2,470,411)	295,036	275,987	1,121,723	(403,675)
Benefit payments	<u>(132,612)</u>	<u>(120,891)</u>	<u>(108,663)</u>	<u>(99,087)</u>	<u>(95,234)</u>
Net change in Total OPEB Liability	(3,795,766)	591,792	356,574	1,376,754	(147,818)
Total OPEB Liability - beginning	<u>7,932,426</u>	<u>7,340,634</u>	<u>6,984,060</u>	<u>5,607,306</u>	<u>5,755,124</u>
Total OPEB Liability - ending	<u>\$ 4,136,660</u>	<u>\$ 7,932,426</u>	<u>\$ 7,340,634</u>	<u>\$ 6,984,060</u>	<u>\$ 5,607,306</u>
Covered employee payroll	\$ 1,126,216	\$ 1,029,851	\$ 1,029,851	\$ 1,165,929	\$ 1,061,528
Total OPEB Liability as a percentage of covered employee payroll	367.31%	770.25%	712.79%	599.01%	528.23%

Notes to Schedule:

Trust Assets

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of Assumptions

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

The following are the discount rates used in each period:

2022	4.00%
2021	1.80%
2020	2.00%
2019	2.70%
2018	3.70%

ROSLYN WATER DISTRICT
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE WATER DISTRICT'S PROPORTIONATE SHARE OF NET PENSION ASSET/(LIABILITY)
 For the Years Ended December 31,

	NYSERS Pension Plan									
	2022	2021	2020	2019	2018	2017	2016	2015		
Water District's proportion of the net pension asset/(liability)	0.0036102%	0.0035243%	0.0035591%	0.0039210%	0.0040161%	0.0038888%	0.0037428%	0.0037177%		
Water District's proportionate share of the net pension asset/(liability)	295,118	(3,509)	\$ (942,469)	\$ (277,818)	\$ (129,619)	\$ (365,397)	\$ (600,738)	\$ (125,592)		
Water District's covered payroll	1,183,133	1,152,967	\$ 1,159,349	\$ 1,226,086	\$ 1,231,946	\$ 1,197,630	\$ 1,112,510	\$ 1,022,398		
Water District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	24.94%	0.30%	81.29%	22.66%	10.52%	30.51%	54.00%	12.28%		
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%		

* The amounts presented for each year were determined as of the measurement date of the plan.

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE WATER DISTRICT'S CONTRIBUTIONS

For the Years Ended December 31,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
NYSERS Pension Plan								
Contractually required contribution	\$ 147,124	\$ 183,662	\$ 167,189	\$ 177,259	\$ 179,353	\$ 177,331	\$ 168,045	\$ 161,562
Contributions in relation to the contractually required contribution	<u>147,124</u>	<u>183,662</u>	<u>167,189</u>	<u>177,259</u>	<u>179,353</u>	<u>177,331</u>	<u>168,045</u>	<u>161,562</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Water District's covered payroll	\$ 1,262,434	\$ 1,152,967	\$ 1,159,349	\$ 1,226,086	\$ 1,231,946	\$ 1,197,630	\$ 1,112,510	\$ 1,022,398
Contributions as a percentage of covered payroll	11.65%	15.93%	14.42%	14.46%	14.56%	14.81%	15.11%	15.80%