

**ROSLYN WATER DISTRICT**  
FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED DECEMBER 31, 2018

**ROSLYN WATER DISTRICT**  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Roslyn Water District  
Roslyn, New York

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Roslyn Water District, (the "District"), a component unit of the Town of North Hempstead, New York as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Roslyn Water

District, as of December 31, 2018, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board. 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 principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. 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 assurance.

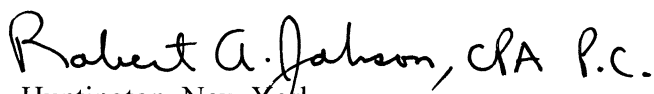
***Other-Matter***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Roslyn Water District's basic financial statements. The additional information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues and schedule of expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 26, 2019 on our consideration of the Roslyn Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

  
Huntington, New York  
April 26, 2019

## **ROSLYN WATER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of the Roslyn Water District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2018. Please review it in conjunction with the District's basic financial statements.

### **FINANCIAL HIGHLIGHTS**

- The District reported net position of \$3,914,366 comprised of \$27,092,819 in total assets and deferred outflows, offset by \$23,178,453 in total liabilities and deferred inflows (Table 1).
- The District's net position increased by \$983,988 from \$2,930,378 to \$3,914,366 (Table 2).
- The General Fund reported excess of Revenues over Expenditures of \$1,848,894 for the year.

### **New Significant Accounting Standards**

For the fiscal year ended December 31, 2018, the District adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) that impacts the reporting and disclosure requirements related to Postemployment Benefit Plans Other Than Pension Plans (OPEB), GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

Implementation of the above noted GASB Statement resulted in the restatement of the net position as of December 31, 2017 to reflect the cumulative effect resulting from this new reporting requirement. Net position was decreased by \$3,078,608. The decrease in net position consisted of recording the net OPEB liability at December 31, 2017 totaling \$5,755,124 and removing the net OPEB obligation of \$2,676,516, which was recorded in accordance with prior GASB Statements. The details of the restatement resulting from the implementation of GASB Statement No. 75 can be found in Note L to the financial statements.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements tell how these services were financed in the short term as well as that remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant funds.

### **Reporting the District as a Whole**

## The Statement of Net Position and the Statement of Activities

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

These two statements report the District's *net position* and changes in them. You can think of the District's net position, the difference between assets, what the District owns, and liabilities, what the District owes, as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as the availability of capital projects, and continuing local government support to assess the *overall health* of the District.

## Reporting the District's Most Significant Funds

### Fund Financial Statements

The fund financial statements provide detailed information about the funds – not the District as a whole. Some funds are required to be established by State law. However, the Board of Commissioners establishes funds to help control and manage money for particular purposes (ex. various capital projects funds).

*Governmental Funds:* The District's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation beside the fund financial statements.

*Fiduciary Funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

*Notes to Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

*Other Information:* In addition to the basic financial statements and accompanying notes, this report also presents individual fund statements and schedules.

**THE DISTRICT AS A WHOLE**

Governmental entities are required by GAAP to report their financial position. The Statement of Net Position presents the value of all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in a government's financial condition. The District reported net position of \$3,914,366 comprised of \$4,280,664 in capital assets net of related debt, and \$5,044,427 in restricted net position offset by an unrestricted net position deficit of (\$5,410,725).

Net position increased by \$983,988 from a year ago, increasing from \$2,930,378 to \$3,914,366. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – had a deficit of (\$5,410,725) at December 31, 2018.

The following table (Table 1) was derived from the current and prior year government-wide Statement of Net Position.

**Table 1**  
Statement of Net Position  
as of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current and other assets	\$10,946,560	\$ 9,663,554
Capital assets, Net	<u>15,603,042</u>	<u>16,465,657</u>
Total Assets	<u>26,549,602</u>	<u>26,129,211</u>
Deferred Outflows	543,217	421,734
Liabilities		
Long-term obligations	22,043,121	22,963,245
Other liabilities	<u>388,659</u>	<u>601,136</u>
Total Liabilities	<u>22,431,780</u>	<u>23,564,381</u>
Deferred Inflows	746,673	56,186
Net Position:		
Invested in capital assets, net of related debt	4,280,664	5,120,820
Restricted	5,044,427	3,314,204
Unrestricted	<u>(5,410,725)</u>	<u>(5,504,646)</u>
Total Net Position	<u>\$ 3,914,366</u>	<u>\$2,930,378</u>

Roslyn Water District  
 Management's Discussion and Analysis  
 December 31, 2018

The unrestricted net position of (\$5,410,725) increased by \$93,921 from the prior year. The negative unrestricted net position is primarily the result of the District's unfunded OPEB liability.

Table 2 compares the 2018 change in net position to the 2017 change in net position.

**Table 2**  
 Changes in Net Position for 2018  
 Compared with 2017 activity

	<u>2018</u>	<u>2017</u>
Program Revenues		
Charges for Services	\$ 2,145,745	\$ 2,177,420
Grant	<u>1,943,806</u>	<u>0</u>
Total Program Revenues	<u>4,089,551</u>	<u>2,177,420</u>
General Revenues		
Real Property Tax Items	2,478,150	2,437,420
Use of Money and Property	83,325	45,447
Other Revenue	<u>80,212</u>	<u>563,433</u>
Total General Revenue	<u>2,641,687</u>	<u>3,046,300</u>
Total Revenue	<u>6,731,238</u>	<u>5,223,720</u>
Expenses		
General Government	1,510,945	1,720,812
Water Services	<u>4,236,305</u>	<u>3,305,640</u>
Total Program Expenses	<u>5,747,250</u>	<u>5,026,452</u>
Change in Net Position	983,988	197,268
Net Position - Beginning of Year	2,930,378	5,811,718
Cumulative effect to implement GASB 75	<u>0</u>	<u>(3,078,608)</u>
Net Position - End of Year	<u>\$ 3,914,366</u>	<u>\$ 2,930,378</u>

**THE DISTRICT'S FUND**

As the District completed the year, its governmental funds (as presented in the balance sheet) reported a combined fund balance of \$5,905,317. This represents an increase of \$1,848,894 for 2018. The Capital Reserve Fund increased \$1,916,276 in 2018.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**



**Capital Assets**

At the end of 2018, the District had \$15,603,042 invested in capital assets (net of depreciation). Capital assets include all of the District's major capital assets, including infrastructure assets, water treatment facilities, water mains, valves and hydrants, land, District headquarters and other structures, as well as vehicles and other equipment. A comparison of the District's capital assets is presented in Table 3 below.

**Table 3**  
Capital Assets at Year-End

	<u>2018</u>	<u>2017</u>
Land	\$ 6,562	\$ 6,562
Buildings	4,570,720	4,561,660
Tanks and Improvements	2,151,810	2,151,810
Site Improvements	287,385	287,385
Machinery and Equipment	13,154,519	13,054,012
Infrastructure	3,645,436	3,619,901
Construction in Progress	<u>616,804</u>	<u>595,989</u>
	24,433,236	24,277,319
Accumulated Depreciation	<u>(8,830,194)</u>	<u>(7,811,662)</u>
Total Capital Assets, Net	<u>\$15,603,042</u>	<u>\$16,465,657</u>

**Debt**

At year-end, the District had \$15,872,557 in outstanding serial bonds payable versus \$16,343,373 a year ago. For a breakdown of the interest payment schedule refer to Note 3D of the basic financial statements.

**ECONOMIC FACTORS AND NEXT YEARS BUDGET**

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

Roslyn Water District  
Management's Discussion and Analysis  
December 31, 2018

	Metered Water Sales
2018	\$ 1,928,945
2017	1,856,435
2016	1,975,152
2015	1,927,557
2014	1,733,470

In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. For fiscal years, beginning in 2012 no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. The Board of Commissioners by unanimous vote approves the annual budget as well as the property taxes levy to be assessed each year.

The district considered many factors when setting the 2019 budget, tax rates, and water rates. The District's revenue source is split between sales of water and related items and real property taxes. The District is very conscious of the economic environment and rising property taxes. A product of an ongoing examination of how the District does business, the budget emphasizes outcomes or results for the community and allows for longer-term financial planning decisions.

In considering the district budget for the year 2019 the Board of Commissioners and management used the following estimates:

- An increase of 4.1% in the overall budget.
- No increase in water revenue for 2019.
- An increase of 8.25% in the amount to be raised by taxes for 2019.

## **REQUEST FOR INFORMATION**

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Roslyn Water District, 24 West Shore Drive, Roslyn, NY 11576.

**BASIC FINANCIAL STATEMENTS**

**ROSLYN WATER DISTRICT**  
Statement of Net Position  
December 31, 2018

**Assets**

Current Assets

Cash and Cash Equivalents	\$ 5,553,328
Accounts Receivable - Water	328,279
Due From Town of North Hempstead	4,770,665
Inventory	107,475
Prepaid Expenses	186,813
Total Current Assets	10,946,560

Capital Assets

Nondepreciable Capital Assets	623,366
Depreciable Capital Assets, Net of Depreciation	14,979,676
Capital Assets, Net	15,603,042

**Total Assets**

26,549,602

**Deferred Outflows of Resources**

Deferred Outflows Related to Pensions	543,217
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**Liabilities**

Current Liabilities

Accounts Payable and Accrued Liabilities	275,942
Accrued Expenses	111,117
Unearned Revenue	1,600
Total Current Liabilities	388,659

Non-current Liabilities

Due Within One Year	
Current Portion of Bonds Payable	460,599
Due in More Than One Year	
Serial Bonds Payable	15,411,958
Accrued Compensated Absences	433,639
Net OPEB Liability	5,607,306
Net Pension Liability	129,619
Total Non-current Liabilities	22,043,121

**Total Liabilities**

22,431,780

**Deferred Inflows of Resources**

Deferred Inflows Related to Pensions	410,277
Deferred Inflows Related to OPEB	336,396
Total Deferred Inflows of Resources	746,673

**Net Position**

Invested in Capital Assets, net of related debt	4,280,664
Restricted	5,044,427
Unrestricted	(5,410,725)
Total Net Position	\$ 3,914,366

The notes to the financial statements are an integral part of this statement.

**ROSLYN WATER DISTRICT**  
Statement of Activities  
For the Year Ended December 31, 2018

	Expenses	Program Revenues Charges for Services	Net (Expenses)/ Revenue and Changes in Net Position Governmental Activities
<b>Governmental Activities</b>			
General Government			
Unallocated Insurance	\$ 114,587		\$ (114,587)
Employee Benefits	918,515		(918,515)
Debt Service-Interest and Other Charges	477,843		(477,843)
Total General Government	1,510,945	-	(1,510,945)
Water Services	4,236,305	4,089,551	(146,754)
Net Program Expenses	\$ 5,747,250	\$ 4,089,551	(1,657,699)
<b>General Revenue</b>			
Real Property Taxes and Property Tax Items			2,478,150
Use of Money and Property			83,325
Other Revenue			80,212
Total General Revenue			2,641,687
Change in Net Position			983,988
Net Position - Beginning of Year, As restated			2,930,378
Net Position - End of Year			\$ 3,914,366

The notes to the financial statements are an integral part of this statement.

**ROSLYN WATER DISTRICT**

Balance Sheet  
Governmental Funds  
December 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 581,180	\$ -		\$ 581,180
Accounts Receivable - Water	212,643			212,643
Due From Town of North Hempstead	148,207	72,279		220,486
Restricted Cash	4,972,148		\$ 4,550,179	9,522,327
Inventory	107,475			107,475
Prepaid Expenses	44,838			44,838
<b>Total Assets</b>	<b>\$ 6,066,491</b>	<b>\$ 72,279</b>	<b>\$ 4,550,179</b>	<b>\$ 10,688,949</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 161,174	\$ -	\$ 13,399	\$ 174,573
Accrued Liabilities			101,369	101,369
<b>Total Liabilities</b>	<b>161,174</b>	<b>-</b>	<b>114,768</b>	<b>275,942</b>
<b>Fund Balances:</b>				
Nonspendable	152,313			152,313
Restricted				
Capital Reserve	4,904,422			4,904,422
Repair Reserve	67,726			67,726
Debt Service	-	72,279	-	72,279
Assigned	431,368		4,435,411	4,866,779
Unassigned	349,488			349,488
<b>Total Fund Balances</b>	<b>5,905,317</b>	<b>72,279</b>	<b>4,435,411</b>	<b>10,413,007</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 6,066,491</b>	<b>\$ 72,279</b>	<b>\$ 4,550,179</b>	<b>\$ 10,688,949</b>

**RECONCILIATION TO STATEMENT OF NET POSITION**

Total fund balance reported above				\$ 10,413,007
Add assets not reported above:				
Receivables			\$ 115,636	
Prepaid Expenses			141,975	
Capital Assets	\$ 24,433,236			
Less Accumulated Depreciation	(8,830,194)		15,603,042	15,860,653
Deferred Outflows/Inflows of Resources not reported above:				
Deferred Outflows/Inflows Related to Pensions				132,940
Deferred Outflows/Inflows Related to OPEB				(336,396)
Less liabilities not reported above:				
Serial Bonds Payable			(15,872,557)	
Accrued Expenses			(111,117)	
Unamortized Premium on Bond Refunding			(1,600)	
Accrued Compensated Absences			(433,639)	
Net OPEB Liability			(5,607,306)	
Net Pension Liability-Proportionate Share			(129,619)	(22,155,838)
<b>Total Net Position</b>				<b>\$ 3,914,366</b>

The notes to the financial statements are an integral part of this statement.

**ROSLYN WATER DISTRICT**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Governmental Funds  
For the Year Ended December 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Real Property Taxes	\$ 2,254,955			\$ 2,254,955
Other Payments in Lieu of Taxes	223,195			223,195
Departmental Income	2,156,138			2,156,138
Interest	36,346	\$ 46,979		83,325
Other Revenue	2,020,021			2,020,021
<b>Total Revenues</b>	<b>6,690,655</b>	<b>46,979</b>	<b>-</b>	<b>6,737,634</b>
<b>Expenditures</b>				
Administration	591,836			591,836
Source of Supply, Power & Pumping	1,148,935			1,148,935
Purification	194,503			194,503
Transmission and Distribution	959,327			959,327
Unallocated Insurance	112,867			112,867
Employee Benefits	789,047			789,047
Debt Service:				
Principal Retirement - Serial Bonds	423,837	46,979		470,816
Interest Charges - Serial Bonds	533,252			533,252
Fiscal Agent Fees & Debt Service Charges	31,827			31,827
Capital Outlay:				
Current Expenditures - Capital Reserve	56,330	-	422,759	479,089
<b>Total Expenditures</b>	<b>4,841,761</b>	<b>46,979</b>	<b>422,759</b>	<b>5,311,499</b>
Excess (Deficiency) of Revenues over Expenditures	1,848,894	-	(422,759)	1,426,135
Other Financing Sources (Uses): Premiums on Obligations	-			-
<b>Net Increase (Decrease)</b>	<b>1,848,894</b>	<b>-</b>	<b>(422,759)</b>	<b>1,426,135</b>
Fund Balance January 1,	4,056,423	72,279	4,858,170	8,986,872
Fund Balance December 31,	<u>\$ 5,905,317</u>	<u>\$ 72,279</u>	<u>\$ 4,435,411</u>	<u>\$ 10,413,007</u>

The notes to the financial statements are an integral part of this statement.

**ROSLYN WATER DISTRICT**  
 Reconciliation of the  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended December 31, 2018

Excess of revenues over expenditures as reported in the governmental funds statement		\$ 1,426,135
Revenues reported in the Statement of Activity not included in the governmental funds statement:		
Decrease in Water Sales Receivables	\$ (10,393)	
Amortization of Premium on Bond Refunding	<u>3,997</u>	(6,396)
Revenues reported in the governmental funds statement not included in the Statement of Activity:	-	
Expenses reported in the Statement of Activity not included in the governmental funds statement:		
Depreciation Expense	(1,029,306)	
Decrease in Prepaid Insurance Expense	(11,492)	
Decrease in Accrued Bond Interest	87,236	
Decrease in Accrued Compensated Absences	65,712	
Increase in OPEB Liability and Related Deferred Outflows/Inflows	(188,578)	
Increase/Decrease in the Proportionate Share of Net Pension Liability and Related Deferred Outflows/Inflows	<u>3,170</u>	(1,073,258)
Expenditures reported in the governmental funds statement not included in the Statement of Activity:		
Capital Outlays (Including donated property from developers)	166,691	
Principal Payment on Serial Bonds	<u>470,816</u>	<u>637,507</u>
Change in net position reported on the Statement of Activities		<u>\$ 983,988</u>

The notes to the financial statements are an integral part of this statement.



**ROSLYN WATER DISTRICT**  
**Statements of Fiduciary Net Assets**  
**December 31, 2018 and 2017**

	2018	2017
<b>Assets</b>		
Cash and Cash Equivalents	\$ 219,845	\$ 283,158
<b>Total Assets</b>	\$ 219,845	\$ 283,158
 <b>Liabilities</b>		
Contractor and customer deposits	\$ 219,845	\$ 283,158
Due to Other Funds	-	-
<b>Total Liabilities</b>	\$ 219,845	\$ 283,158

The notes to the financial statements are an integral part of this statement.

**ROSLYN WATER DISTRICT**  
Statement of Changes in Fiduciary Net Assets  
For the Years Ended December 31, 2018 and 2017

	2018	2017
<b>Additions</b>		
Receipts from Contractors	\$ -	\$ 728,774
Interest	2,595	1,150
<b>TOTAL ADDITIONS</b>	<b>2,595</b>	<b>729,924</b>
 <b>Deductions</b>		
Expenditures	62,356	499,385
Return on Completion of Project	3,552	1,000
<b>TOTAL DEDUCTIONS</b>	<b>65,908</b>	<b>500,385</b>
Change in Net Assets	(63,313)	229,539
Net Assets - Beginning of Year	283,158	53,619
Net Assets - End of Year	<b>\$ 219,845</b>	<b>\$ 283,158</b>

The notes to the financial statements are an integral part of this statement.

**ROSLYN WATER DISTRICT**  
Notes to Financial Statements  
December 31, 2018

**Note 1 – Summary of Significant Accounting Policies**

The Roslyn Water District (the "District"), which was established in 1910, is governed by its Charter, the local law and other general laws of the State of New York. The Board of Commissioners are the legislative body responsible for overall operations, the Chairman serves as chief executive officer and the Treasurer serves as chief fiscal officer. Major services provided by the District include water sales and meter and tap sales and services.

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

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

**A. Reporting Entity**

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

The financial reporting entity consists of (a) the primary government which is the District, (b) organizations for which the primary government is financially accountable, and (c) 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 decision to include a potential component unit in the Town's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the Town of North Hempstead reporting entity.

1. Included in the Reporting Entity

The Roslyn Water District is a public water service established in 1910 and operated under provisions of Article 6 of the General Municipal Law. The Board of Commissioners, of which there are three, are elected by the residents of the District. The District acquires real property used by the District, approves all expenditures for new buildings or alterations, and retains general oversight responsibility for the district.

The Board of Commissioners are required to make a detailed annual report of the operations of the District to the Town of North Hempstead including any matters the legislature board may require.

The Town of North Hempstead raises taxes for District purposes; has title to real property used by the District; and all indebtedness is issued and supported by the full faith and credit of the Town of North Hempstead. The District is a component unit, part of the primary government, and is reported in the special revenue fund types.

Complete financial statements of the individual component units can be obtained from their respective administrative offices or from the Town of North Hempstead at:

Town of North Hempstead  
Town Hall  
Manhasset, NY 11030

## **B. Basis of Presentation**

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

### **Government-Wide Financial Statements**

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

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

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

### **Fund Financial Statements**

The fund financial statements are similar to the financial statements presented in the previous model. The new emphasis is on major fund financial statements. The District considers all funds to be major funds.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures or expenses as appropriate. The various funds are summarized in the financial statements. The following funds are used by the District.

**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 funds governmental funds:

*General Fund* – the principal operating fund and includes all operations not required to be recorded in other funds.

*Debt Service Fund* - the Debt Service 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* - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the enterprise, or internal service funds. Resources provided by bonded debt are administered by the Town on behalf of the District.

**Fiduciary Funds** – used to account for assets held by the local government in a trustee or custodial capacity.

*Trust and Agency Funds* – used to account for money (and/or property) as received and disbursed and held in the capacity of trustee, custodian or agent. These include expendable trusts, non-expendable trusts and agency funds.

### **C. Measurement Focus and Basis of Accounting**

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

In the government-wide Statement of Net Position and the Statement of Activities governmental activities are presented using the economic resources measurement focus and are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Interfund transactions have been eliminated from the government-wide financial statements.

In the funds statement, governmental activities use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when a liability is incurred except that:

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are recognized as expenditures when payment is due.
- c. Compensated absences, such as vacation and sick leave which vests or accumulates, are charged as expenditures when payment is due.
- d. Other postemployment benefits are charged as expenditures when payment is due.

#### **D. Equity Classifications**

##### **Government-Wide Financial Statements**

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

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

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

*Unrestricted net position* - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

##### **Fund Financial Statements**

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

*Nonspendable* - Consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

*Restricted* - Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

*Committed* - Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Commissioners is the decision-making authority that can by Board Approval prior to the end of the fiscal year, commit fund balance.

*Assigned* - Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The Board of Commissioners are authorized to assign fund balance.

*Unassigned* - Represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the District spends funds in the following order; restricted, committed, assigned, unassigned.

The District has, by resolution, adopted a fund balance policy that states the District must maintain a minimum unrestricted (the total of committed, assigned, and unassigned) fund balance in accordance with New York State guidelines.

#### **E. Revenue/Accounts Receivable**

Revenue from metered water sales are recognized when billed. Delinquent water sales in excess of one year old are submitted to the Town of North Hempstead annually and become a lien on the property owner's tax bill. The Town of North Hempstead subsequently collects the water arrears and submits them to the District.

#### **F. Property Taxes**

Property taxes and delinquent water bills are levied and collected by the Town of North Hempstead on behalf of the District. The Town remits 100% of the amount of real property tax levied and the delinquent water bills to the District.

### **G. Inventory and Prepaid Items**

Inventory type items including materials and supplies are recorded as expenditures when purchased.

Payments to vendors for costs such as insurance and retirement, that apply to future accounting periods are recorded as prepaid assets in the government-wide financial statements.

### **H. Capital Assets**

Capital outlays are recorded as expenditures in the General and Capital Projects Funds and as assets in the government-wide financial statements. In accordance with GASB Statement Number 34, infrastructure has been capitalized retroactively. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Building & Improvements	20 – 50 years
Water System	20 – 25 years
Machinery and Equipment	5 – 15 years
Improvements	10 – 25 years
Infrastructure	25 years

All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available.

### **I. Developer Deposits**

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

### **J. Long Term Debt**

All long-term debt is reported as liabilities in the government-wide financial statements. The long-term debt consists of general obligation bonds, compensated absences, other postemployment benefits, and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Debt proceeds, if any, are reported as other financing sources and payment of principle and interest are reported as expenditures. The liabilities for general obligation bonds, compensated absences, and other postemployment benefits are liquidated through future budget appropriations in the General Fund.



**K. Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. These amounts are not reported as expenditures in the governmental funds because they are not expected to be paid with available financial resources. Instead, the liability is reported in the general long-term debt account group as accrued liabilities, and represents a reconciling item between the fund and government-wide statements.

**L. Other Postemployment Benefits**

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits and survivors benefits are provided through the New York State Health Insurance Program whose premiums are based on the benefits paid during the year.

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

**M. Net Pension Liability – Proportionate Share**

For purposes of measuring the net pension liability – proportionate share, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New York State and Local Retirement System (the "System") have been determined on the same basis as they are reported by the System. For this purpose, the System recognizes benefit payments when due and payable in accordance with the benefit terms; and reports investments at fair value.

**N. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow resource (expense/expenditure) until then.

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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**O. Insurance**

The District purchases insurance against liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired, or a liability not covered by insurance has been incurred and the amount of loss can be reasonably estimated.

#### **P. Use of Estimates**

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

#### **Q. Adoption of New Accounting Pronouncements**

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

GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*," effective for the years ending December 31, 2018. This Statement replaces the requirements of Statements No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*," as amended, and No. 57, "*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*," for OPEB. Statement No. 74, "*Financial Reporting for Postemployment Plans Other Than Pension Plans*," establishes new accounting and financial reporting for OPEB plans. GASB 75 addresses accounting and financial reporting for OPEB, establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Additionally, the Statement describes note disclosure and required supplementary information (RSI) requirements.

As a result of the implementation of this Statement, beginning Net Position was restated by (\$3,078,608).

### **Note 2 – Stewardship, Compliance, and Accountability**

#### **A. Budgets and Budgetary Accounting**

An operating budget is adopted each year for the general fund. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. No later than September 30, the budget officer submits a tentative budget to the Town of North Hempstead for the fiscal year commencing the following January 1. The

tentative budget includes proposed expenditures and the proposed means of financing for all funds as approved by the Board of Commissioners.

2. All modifications of the budget must be approved by the governing board. (However, the Board of Commissioners are authorized to transfer between budget codes).
3. Budgets are adopted on a basis consistent with GAAP.

Budgeted amounts reported in the financial statements are as originally adopted.

### **B. Encumbrances**

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

### **Note 3 – Detailed Notes**

#### **A. Cash and Investments**

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the District's Investment Policy and General Municipal Law. The depository bank deposits for safekeeping and trust with the District's third-party agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Under the Investment Policy, the District at its own discretion, invests funds in time deposits and certificates of deposit provided by the depository bank.

At December 31, 2018 the carrying amount of the District's deposits was \$5,772,943 and the bank balance was \$5,852,241. The entire bank balance throughout the year was covered by federal depository insurance, by an Irrevocable Stand-By Letter of Credit, or by collateral by the District's agent in the District's name. The deposits were deemed collateralized under New York State Law during the year.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

- Category 1 – Deposits insured or collateralized with securities held by the District or by its agent in the District's name.

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Category 2 – Deposits collateralized with securities by the pledging financial institutions trust department or agent in the District’s name.

Category 3 – Deposits not collateralized or insured.

Based on these three levels of risk, all of the District’s cash deposits are classified as Category 1 or 2.

The District’s bank balances and collateral held in the name of the District at December 31, 2018 are categorized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
First Nat’l Bank					
Of Long Island	\$5,772,943	\$5,852,241	\$5,852,241		
	<u>\$5,772,943</u>	<u>\$5,852,241</u>	<u>\$5,852,241</u>		

A reconciliation of cash and cash equivalents as shown on the balance sheet and the deposits disclosed in this note are as follows:

Carrying Amounts of Deposit	\$ 5,772,943
Cash on Hand	<u>230</u>
	<u>\$ 5,773,173</u>

**B. Interfund Receivables and Payables**

There were no interfund receivables and payables at December 31, 2018.

**C. General Fixed Assets**

A summary of changes in general fixed assets for the year ended is as follows:

	<u>Balance 1/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2018</u>
Land	\$ 6,562	-	-	\$ 6,562
Buildings	4,561,660	9,060		4,570,720
Tanks & Improvements	2,151,810			2,151,810
Site Improvements	287,385			287,385
Machinery & Equipment	13,054,012	112,310	11,803	13,154,519
Infrastructure	3,619,901	25,535		3,645,436
Construction in Progress	595,989	71,952	51,137	616,804
	<u>24,277,319</u>	<u>218,857</u>	<u>62,940</u>	<u>24,433,236</u>
Less Accumulated Depreciation				
Buildings	766,185	107,180		873,365
Tanks & Improvements	973,473	95,932		1,069,405
Site Improvements	209,701	11,647		221,348
Machinery & Equipment	4,842,546	642,418	10,774	5,474,190
Infrastructure	1,019,757	172,129		1,191,886
	<u>7,811,662</u>	<u>1,029,306</u>	<u>10,774</u>	<u>8,830,194</u>
Capital Assets, Net	<u>\$ 16,465,657</u>	<u>\$ (810,449)</u>	<u>\$ 52,166</u>	<u>\$ 15,603,042</u>

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**D. Indebtedness**

**Long Term Debt**

**General Obligation Bonds**

Bonded indebtedness of the District is reflected as non-current liabilities in the Statement of Net Position. Current requirements for principal and interest expenditures are provided for in the budget of the General Fund.

Outstanding general obligation bonds payable at December 31, 2018 are as follows:

<b>Description</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Principal Balance</b>	<b>Interest Payable In Future Periods</b>
Refunding - 02-21-826	10/15/10	2022	4.00%	\$ 40,575	\$ 2,178
Refunding - r03-41-hs-08	4/16/14	2019	5.00%	33,801	1,690
2016 Series C	9/20/16	2046	2.25-3.00%	6,106,693	2,788,394
2016 Series C	9/20/16	2046	2.25-3.00%	2,860,084	1,305,949
2016 Series C	9/20/16	2046	2.25-3.00%	2,842,526	1,297,932
2017 Series B	4/1/17	2047	3.00-4.00%	1,935,779	1,119,938
2017 Series B	4/1/17	2047	3.00-4.00%	2,053,099	1,187,812
				<u>\$15,872,557</u>	<u>\$7,703,893</u>

The annual debt service requirements on the above bonds are as follows:

<b>Year Ending December 31,</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 915,147	\$ 460,599	\$ 454,548
2020	874,728	432,200	442,528
2021	869,585	437,541	432,044
2022	867,579	446,169	421,410
2023	849,551	438,812	410,739
2024-2028	4,210,620	2,320,742	1,889,878
2029-2033	4,176,974	2,587,900	1,589,074
2034-2038	4,123,044	2,933,713	1,189,331
2039-2043	4,066,207	3,357,200	709,007
2044-2047	2,623,015	2,457,681	165,334
	<u>\$23,576,450</u>	<u>\$15,872,557</u>	<u>\$7,703,893</u>

A summary of changes in long-term debt is as follows:

	<b>Restated Balance at 1/1/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 12/31/2018</b>
Serial Bonds Payable	\$16,343,373	\$ -	\$ 470,816	\$15,872,557
Compensated Absences	499,351	898	66,610	433,639
OPEB Liability	5,755,124		147,818	5,607,306
Net Pension Liability-ERS	365,397		235,778	129,619
	<u>\$22,963,245</u>	<u>\$ 898</u>	<u>\$ 921,022</u>	<u>\$22,043,121</u>

## **E. Retirement Plan**

### **Plan Description**

The District participates in the New York State and Local Employees Retirement System (ERS) which is referred to as the "System". This is a cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at [www.osc.state.ny.u/retire/publications](http://www.osc.state.ny.u/retire/publications) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

### **Benefits Provided**

The System provides retirement benefits as well as death and disability benefits. There are six tiers of members, each tier with certain eligibility and benefit calculation criteria. There are also ordinary disability benefits, accidental disability benefits, and ordinary death benefits available.

#### *Ordinary Disability Benefits*

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

#### *Accidental Disability Benefits*

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3,4,5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

#### *Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form

of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

#### *Post-Retirement Benefit Increases*

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

#### **Contributions**

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required as follows:

2018	\$ 179,353
2017	177,331
2016	168,045

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

At December 31, 2018, The District reported a Liability of \$129,619 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

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At December 31, 2018, the District's proportion was 0.0040161 percent.

For the year ended December 31, 2018, the District recognized pension expense of \$176,184. At December 31, 2018, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,231	\$ 38,203
Changes in Assumptions	85,948	-
Net difference between projected and actual earnings on Pension Plan investments	188,261	371,609
Changes in proportion and difference between employer contributions and proportionate share of contributions	43,424	465
Contributions subsequent to the measurement date	179,353	-
	<u>\$ 543,217</u>	<u>\$ 410,277</u>

\$179,353 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2019	47,229
2020	29,895
2021	(85,065)
2022	(38,473)

**Actuarial Assumptions**

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.8%
Investment rate of return	7.0%
Cost of Living Adjustment	1.3%

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

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return



(expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major class included in the target asset allocation as of March 31, 2018 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36%	4.55%
International Equity	14	6.35
Private Equity	10	7.50
Real Estate	10	5.55
Absolute Return Strategies	2	3.75
Opportunistic Portfolio	3	5.68
Real Assets	3	5.29
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation-Indexed Bonds	4	1.25
	<u>100%</u>	

### **Discount Rate**

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

### **Sensitivity of the Proportionate Share of the Net Pension Liability to the discount Rate**

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

	<u>1% Decrease 6.0%</u>	<u>Current 7.0%</u>	<u>1% Increase 8.0%</u>
District's proportionate share of the net pension liability	\$980,732	\$129,619	(\$590,389)

**Pension Plan Fiduciary Net Position**

The components of the current-year collective net pension liability of the participating employers as of March 31, 2018 were as follow (dollars in thousands):

Employers' total pension liability	\$183,400,590
Fiduciary plan net position	<u>(180,173,145)</u>
Employers' net pension liability	<u>\$ 3,227,445</u>
Ratio of plan net position to the employers' total pension liability	98.24%

**F. Other Post Employment Benefits**

**General Information about the OPEB Plan**

*Plan Description*

The District administers a single-employer, defined benefit post-employment health insurance plan. This plan does not include the pension benefits discussed in Note E. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a publicly financial report.

*Benefits Provided*

The plan provides medical insurance for eligible retirees and their dependents through the New York State Health Insurance Program (NYSHIP), which covers both active and retired members, as well as dental and vision benefits. The plan also reimburses retirees for Medicare premiums.

*Plan Membership*

As of January 1, 2018, the plan membership data is as follows:

Retirees currently receiving benefit payments	7
Retirees entitled to but not yet receiving benefit payments	0
Active employees	<u>14</u>
	<u>21</u>

**Total OPEB Liability**

The District's total OPEB liability is \$5,607,306 as of December 31, 2018.

*Actuarial Assumptions*

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018 rolled forward to December 31, 2018. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal, as a level percentage of salary
Salary Increases	2.5 percent
Discount Rate	3.7 percent
Mortality	SOA RP-2014 Total Dataset. Mortality improvements are projected using SOA Scale MP-2014.
Turnover	Rates based on the experience of the New York State Retirement System.
Retirement	Rated based on the experience of the New York State Retirement System.

The discount rate was based on the yield derived from the 20 Year AA Municipal GO Bond Rate Index, as of January 1, 2018, per Fidelity Investments.

**Changes in the Total OPEB Liability**

Balance as of December 31, 2017	\$5,755,124
Changes for the Year:	
Service cost	161,172
Interest on Total OPEB Liability	189,919
Changes in benefits	0
Differences between expected and actual experience	0
Changes in assumptions	(403,675)
Benefit payments	<u>(95,234)</u>
Net Changes	<u>(147,818)</u>
Balance as of December 31, 2018	<u>\$5,607,306</u>

Changes in benefits – none.

Changes in assumptions – based on changing discount rate from 3.3% (initial) to 3.7%.

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

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.7 percent) and 1 percentage point higher (4.7 percent) than the current discount rate:

Roslyn Water District  
Notes to Financial Statement  
December 31, 2018

	1% Decrease <u>2.7%</u>	Current Discount Rate <u>3.7%</u>	1% Increase <u>4.7%</u>
Total OPEB Liability	<u>\$6,697,123</u>	<u>\$5,607,306</u>	<u>\$4,753,404</u>

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

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

	<u>1% Decrease</u>	Current Healthcare Cost Trend Rates <u>          </u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$4,643,450</u>	<u>\$5,607,306</u>	<u>\$6,871,421</u>

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

For the year ended December 31, 2018, the District recognized an OPEB expense of \$283,812. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in Assumptions – Discount Rate	-	336,396
Changes in Benefits	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 336,396</u>

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

<b><u>Year ended December 31:</u></b>	
2019	67,279
2020	67,279
2021	67,279
2022	67,279
2023	67,280

**G. Reserved Fund Equity – General Fund**

In 1992, the District established a Reserve Fund under Section 6c of the New York State General Municipal Law. The purpose of the fund is to pay for the cost of capital projects. The funds are segregated and are reported as Restricted Cash of the general fund and a reservation of fund equity.

The following schedule summarizes the 2018 changes in the Capital Reserve Account:

Balance at January 1, 2018	\$ 3,055,872
Use by General Fund	(56,330)
Expenditure by General Fund to Capital Reserve - Grant	1,943,806
Interest Income	<u>28,800</u>
Balance at December 31, 2018	<u>\$ 4,972,148</u>

**H. Expendable Trust Fund**

The expendable trust fund represents deposits received from developers for work to be completed by the District, on behalf of the developers. No deposits were received from developers in 2018. Total expenditures were \$62,386, and \$3,552 was returned to developers in 2018. Funds on hand as of December 31, 2018 were \$219,845.

**I. Accrued Compensated Absences**

Pursuant to the terms of the District’s collective bargaining agreement, employees are permitted to accumulate earned but unused sick leave. Unused sick days at year’s end may be accumulated up to a maximum of 185 days of which the equivalent of 175 days may be paid in cash. Sick leave is payable upon retirement or termination. Vacation and personal days shall not be accumulated from year to year. As of December 31, 2018, Accrued Compensated Absences totaled \$433,639.

**J. Tax Abatement Program**

The District is subject to real property tax abatements granted by the Nassau County Industrial Development Agency (“NCIDA”), an entity created as a New York State public benefit corporation. The NCIDA was established by Code Section 922, which became Chapter 674 of the Laws of 1975. The NCIDA offers several abatement programs on certain qualified projects to promote, retain, attract and encourage sound commerce and industry base to prevent unemployment. At December 31, 2018, only the real property tax abatement program offered by NCIDA impacts the Districts revenue. Generally, a qualified project is an applicant submitted project which meets certain economic development criteria (such as job creation/retention) and which either 1) has been or will be financed by issuance of NCIDA bonds, notes or other evidence of indebtedness with respect thereto or 2) is a straight lease transaction which the NCIDA has determined to undertake pursuant to a lease policy. The NCIDA, based on the agreement and as a condition of providing assistance, may require that the benefiting company remit a PILOT payment to offset the amount of taxes abated. The NCIDA is authorized to enter into PILOT agreements per Real Property Tax Law, Section 412-a and General Municipal Law, Section 874.

During the year ended December 31, 2018, the District received \$223,195 in PILOT payments as the result of agreements the NCIDA ratified, as an offset to the real property tax abatements.

**K. Contingent Liabilities**

The District is a party to legal proceedings and disputes that arose in the ordinary course of operations. In the current opinions of the District’s legal counsels, it is unlikely that the liabilities, if any, rising from these legal proceedings and disputes will have a material adverse effect on the District or its operations.

**L. Restatement**

The District has restated beginning net position at December 31, 2017 to reflect the cumulative effect resulting from the implementation of GASB Statement No. 75 – “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” The following reflects the effect of implementation of this new accounting standard.

Net Position, Government-wide Statement of Activities:	
Balance at December 31, 2017, as originally reported	\$ 6,008,986
Record Net OPEB Liability at December 31, 2017	(5,755,124)
Add back Net OPEB Obligation recorded at December 31, 2017	<u>2,676,516</u>
Balance at December 31, 2017, as restated	<u>\$ 2,930,378</u>

**M. New Pronouncements**

The Government Accounting Standards Board (GASB) has issued several pronouncements prior to December 31, 2018 that have effective dates that may impact future financial presentations, as follows:

- GASB Statement No. 83 - *Certain Asset Retirement Obligations*
- GASB Statement No. 84 - *Fiduciary Activities*
- GASB Statement No. 86 - *Certain Debt Extinguishment Issues*
- GASB Statement No. 87 - *Leases*
- GASB Statement No. 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- GASB Statement No. 89 - *Accounting for the Interest Cost Incurred before the End of a Construction Period*
- GASB Statement No. 90 - *Major Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

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

**N. Subsequent Events**

The District has evaluated subsequent events through the date of this report, which is the date financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ROSLYN WATER DISTRICT**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2018

	Adopted Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Real Property Taxes	\$ 2,249,492	\$ 2,249,492	\$ 2,254,955	\$ 5,463
Other Payments in Lieu of Taxes	226,046	226,046	223,195	(2,851)
Departmental Income	2,143,424	2,133,424	2,156,138	22,714
Interest	15,000	7,000	36,346	29,346
Other Revenue	3,954	2,018,460	2,020,021	1,561
<b>Total Revenues</b>	<u>4,637,916</u>	<u>6,634,422</u>	<u>6,690,655</u>	<u>56,233</u>
<b>Expenditures</b>				
Administration	614,753	643,903	591,836	52,067
Source of Supply, Power & Pump.	1,201,379	1,223,379	1,148,935	74,444
Purification	200,000	211,500	194,503	16,997
Transmission and Distribution	1,044,041	1,045,891	959,327	86,564
Unallocated Insurance	117,000	117,000	112,867	4,133
Employee Benefits	838,086	826,286	789,047	37,239
Debt Service				
Principal - Serial Bonds	470,816	470,816	423,837	46,979
Interest - Serial Bonds	533,252	533,252	533,252	-
Fiscal Agent Fees	31,827	31,827	31,827	-
	<u>1,035,895</u>	<u>1,035,895</u>	<u>988,916</u>	<u>46,979</u>
Capital Reserve Fund	-	1,943,806	56,330	1,887,476
<b>Total Expenditures</b>	<u>5,051,154</u>	<u>7,047,660</u>	<u>4,841,761</u>	<u>2,205,899</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(413,238)</u>	<u>(413,238)</u>	<u>1,848,894</u>	<u>2,262,132</u>
Other Financing Sources (Uses):				
Interfund Transfers	-	-	-	-
Premium on Obligations	-	-	-	-
Allocation of Fund Balance	413,238	413,238	-	(413,238)
<b>Net Increase (Decrease)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1,848,894</u>	<u>\$ 1,848,894</u>
Fund Balance January 1,			<u>4,056,423</u>	
Fund Balance December 31,			<u>\$ 5,905,317</u>	

The notes to the financial statements are an integral part of this statement.



**ROSLYN WATER DISTRICT**

Schedule of Employer's Proportionate Share of The Net Pension Liability  
And Schedule of Employer's Contributions  
For the Year Ended December 31,

**Schedule of Employer's Proportionate Share of The Net Pension Liability**

	2018	2017	2016	2015
Proportionate % of the net pension liability	0.0040161%	0.0038888%	0.0037428%	0.0037177%
Proportionate share of the net pension liability	\$ 129,619	\$ 365,397	\$ 600,738	\$ 125,592
Covered payroll	\$ 1,231,946	\$ 1,197,630	\$ 1,112,510	\$ 1,022,398
Proportionate share of the net pension liability as a percentage of its covered payroll	10.5%	30.5%	53.9%	12.2%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.9%

Amounts presented above were determined as of March 31 (Systems measurement date).  
Additional years will be presented as they become available for a full 10-year trend.

**Schedule of Employer's Contributions**

	2018	2017	2016	2015
Contractually required contributions	\$ 179,353	\$ 177,331	\$ 168,045	\$ 161,562
Contribution in relation to the contractually required contribution	179,353	177,331	168,045	161,562
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,231,946	\$ 1,197,630	\$ 1,112,510	\$ 1,022,398
Contributions as a percentage of covered payroll	14.6%	14.8%	15.1%	15.8%

Additional years will be presented as they become available for a full 10-year trend.

The notes to the financial statements are an integral part of this statement.

**ROSLYN WATER DISTRICT**  
Schedule of Changes in the Total OPEB Liability  
And Related Ratios  
For the Year Ended December 31,

	2018
<b>Total OPEB Liability</b>	
Service Cost	\$ 161,172
Interest on Total OPEB Liability	189,919
Changes in Benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions and other inputs	(403,675)
Benefit Payments	(95,234)
Net Changes	(147,818)
<b>Total OPEB Liability - beginning</b>	5,755,124
<b>Total OPEB Liability - ending</b>	\$ 5,607,306
 Covered Employee Payroll	1,061,528
 Total OPEB Liability as a percentage of Covered Employee Payroll	528.20%
 <b>Notes to Schedule:</b>	
Assumption changes:	
Discount Rate	3.70%
 Plan changes:	None

Additional years will be presented as they become available for a full 10-year trend.

**SUPPLEMENTAL INFORMATION**

**ROSLYN WATER DISTRICT**  
Schedule of Revenues - Budget and Actual  
General Fund  
For the Year Ended December 31, 2018

	Adopted Budget	Adjusted Budget	Actual Revenues	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Real Property Taxes	\$ 2,249,492	\$ 2,249,492	\$ 2,254,955	\$ 5,463
Other Payments in Lieu of Taxes	226,046	226,046	223,195	(2,851)
Departmental Income				
Metered Water Sales	1,915,000	1,915,000	1,928,945	13,945
Unmetered Water Sales	118,424	128,424	130,082	1,658
Water Service Charges	90,000	70,000	75,234	5,234
Penalty Charges	20,000	20,000	21,877	1,877
Total Departmental Income	<u>2,143,424</u>	<u>2,133,424</u>	<u>2,156,138</u>	<u>22,714</u>
Interest Earnings	15,000	7,000	7,546	546
Interest Earnings - Restricted Reserve	-	-	28,800	28,800
Other Revenue				
Sale of Equipment	-	-	-	-
Insurance Recoveries	-	45,700	45,730	30
Refund of Prior Year Expenditures	-	16,000	16,349	349
Miscellaneous Income	3,954	12,954	14,136	1,182
Grants	-	1,943,806	1,943,806	-
Total Other Revenues	<u>3,954</u>	<u>2,018,460</u>	<u>2,020,021</u>	<u>1,561</u>
Total Revenues	<u>\$ 4,637,916</u>	<u>\$ 6,634,422</u>	<u>\$ 6,690,655</u>	<u>\$ 56,233</u>

The notes to the financial statements are an integral part of this statement.

**ROSLYN WATER DISTRICT**  
Schedule of Expenditures - Budget and Actual  
General Fund  
For the Year Ended December 31, 2018

	Adopted Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>Administration</b>				
Personal Services				
Salaries	\$ 344,853	\$ 350,853	\$ 350,257	\$ 596
Commissioners' Fees	18,000	18,000	16,500	1,500
Subtotal Personal Services	<u>362,853</u>	<u>368,853</u>	<u>366,757</u>	<u>2,096</u>
Equipment & Capital Outlay				
Office Equipment	3,000	3,000	160	2,840
Contractual Expenditures				
Postage	27,000	27,000	17,721	9,279
Computer Expense	29,000	34,000	35,930	(1,930)
Printing/Public Relations Expense	30,000	30,000	12,189	17,811
Office Supplies & Expense	13,000	13,000	9,499	3,501
Telephone & Communications	8,000	8,000	6,640	1,360
Light & Power	8,400	8,400	7,700	700
Heating	4,000	4,000	3,863	137
Bonds - Commissioner & Treasurer	-	-	-	-
Legal Notices	7,000	7,000	4,555	2,445
Conferences & Meetings	14,000	14,000	12,076	1,924
Election Expense	1,000	1,000	573	427
Architectural and Engineering	7,000	22,000	23,386	(1,386)
Auditing & Accounting	12,500	12,500	12,500	-
Legal	40,000	40,000	27,578	12,422
Other Professional Services	29,000	30,150	30,150	-
Repairs & Maintenance				
Operating Equipment	6,000	6,000	5,346	654
Plant & Grounds	-	-	-	-
Other Operating Expenses	13,000	15,000	15,213	(213)
Subtotal Contractual	<u>248,900</u>	<u>272,050</u>	<u>224,919</u>	<u>47,131</u>
Total Administration	<u>\$ 614,753</u>	<u>\$ 643,903</u>	<u>\$ 591,836</u>	<u>\$ 52,067</u>

The notes to the financial statements are an integral part of this statement.

**ROSLYN WATER DISTRICT**  
Schedule of Expenditures - Budget and Actual  
General Fund  
For the Year Ended December 31, 2018

	Adopted Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>Source of Supply, Power and Pumping</b>				
Personal Services	\$ 325,429	\$ 325,429	\$ 309,640	\$ 15,789
Equipment & Capital Outlay				
Operating Equipment	-	-	-	-
Contractual Expenditures				
Telephone & Communications	14,000	14,000	11,677	2,323
Light & Power	585,000	585,000	540,093	44,907
Heating	45,000	45,000	46,339	(1,339)
Architectural and Engineering	25,000	30,000	26,417	3,583
Tools, Parts & Supplies	10,000	10,000	7,469	2,531
Repairs & Maintenance				
Operating Equipment	171,950	184,450	180,793	3,657
Plant & Grounds	20,000	24,500	23,205	1,295
Other Operating Expenses	5,000	5,000	3,302	1,698
Subtotal Contractual	<u>875,950</u>	<u>897,950</u>	<u>839,295</u>	<u>58,655</u>
Total Source of Supply, Power and Pump.	<u>\$ 1,201,379</u>	<u>\$ 1,223,379</u>	<u>\$ 1,148,935</u>	<u>\$ 74,444</u>
<b>Purification</b>				
Contractual Expenditures				
Water Analysis & Treatment	\$ 80,000	\$ 73,000	\$ 56,210	\$ 16,790
Water Treatment	120,000	138,500	138,293	207
Other Operating Expenses	-	-	-	-
Total Purification	<u>\$ 200,000</u>	<u>\$ 211,500</u>	<u>\$ 194,503</u>	<u>\$ 16,997</u>

The notes to the financial statements are an integral part of this statement.

**ROSLYN WATER DISTRICT**  
Schedule of Expenditures - Budget and Actual  
General Fund  
For the Year Ended December 31, 2018

	Adopted Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>Transmission &amp; Distribution</b>				
Personal Services	\$ 733,372	\$ 703,372	\$ 651,413	\$ 51,959
Equipment & Capital Outlay				
Operating Equipment	30,000	30,000	20,900	9,100
Meters	40,000	40,000	46,368	(6,368)
Mains, Valves & Hydrants	7,000	7,000	13,466	(6,466)
Subtotal Equipment & Capital Outlay	<u>77,000</u>	<u>77,000</u>	<u>80,734</u>	<u>(3,734)</u>
Contractual Expenditures				
Architectural and Engineering	3,000	13,000	11,785	1,215
Uniforms & Laundry	6,500	6,500	5,233	1,267
Gas & Oil	17,000	17,000	14,240	2,760
Tools, Parts & Supplies	50,000	50,000	26,432	23,568
Repairs & Maintenance;				
Operating Equipment	15,000	22,800	22,536	264
Mains, Valves & Hydrants	100,000	112,700	108,730	3,970
Meters	-	-	-	-
Road Repairs	35,000	36,350	36,084	266
Other Operating Expenses	7,169	7,169	2,140	5,029
Subtotal Contractual	<u>233,669</u>	<u>265,519</u>	<u>227,180</u>	<u>38,339</u>
<b>Total Transmission &amp; Distribution</b>	<u>\$ 1,044,041</u>	<u>\$ 1,045,891</u>	<u>\$ 959,327</u>	<u>\$ 86,564</u>
<b>Unallocated Insurance</b>				
Unallocated Insurance	<u>\$ 117,000</u>	<u>\$ 117,000</u>	<u>\$ 112,867</u>	<u>\$ 4,133</u>
<b>Employee Benefits</b>				
State Retirement	\$ 192,238	\$ 179,438	\$ 178,848	\$ 590
MTA Tax		1,000	580	420
Social Security	98,041	98,041	97,268	773
Workers' Compensation	65,000	65,000	56,414	8,586
Unemployment Insurance	-	-	104	(104)
Hospital Insurance	450,927	450,927	427,484	23,443
Dental & Optical Insurance	31,880	31,880	28,349	3,531
<b>Total Employee Benefits</b>	<u>\$ 838,086</u>	<u>\$ 826,286</u>	<u>\$ 789,047</u>	<u>\$ 37,239</u>

The notes to the financial statements are an integral part of this statement.

# Robert A. Johnson, CPA P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Roslyn Water District  
Roslyn, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the government activities and each major fund, for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Roslyn Water District's (the "District") basic financial statements, and have issued our report thereon dated April 26, 2019.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.




### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Huntington, New York  
April 26, 2019