



FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORT

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
South Farmingdale Water District
Farmingdale, New York

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the South Farmingdale Water District (District), a component unit of the Town of Oyster Bay, New York, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the South Farmingdale Water District as of December 31, 2023 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 Statement section of our report. We are required to be independent of the South Farmingdale 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.

Change in Accounting Principle

As described in Note A.22 to the financial statements, "New Accounting Standards", the District has adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of December 31, 2023. Our opinion is not modified with respect to this matter.

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 South Farmingdale 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.

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 South Farmingdale 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 South Farmingdale 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 management's discussion and analysis, general fund schedule of revenues, expenditures, and changes in fund balance – budget and actual, schedule of changes in the District's total other postemployment benefits liability and related ratios, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions on pages 3 through 8 and 46 through 51, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cullen & Danowski, LLP

June 11, 2024

SOUTH FARMINGDALE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2023

Our discussion and analysis of the South Farmingdale Water District, a component unit of the Town of Oyster Bay, New York (the "District"), financial performance provides an overview of the District's financial activities for the year ended December 31, 2023 in comparison with the year ended December 31, 2022, with emphasis on the current year. Please read it in conjunction with the District's financial statements and notes to financial statements.

FINANCIAL HIGHLIGHTS

- At the end of 2023, the assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41,785,919 (net position).
- At the end of 2023, the governmental funds reported a combined ending fund balance of \$41,685,002. Of this amount, \$284,135 is not in spendable form and is required to remain intact. The remaining \$41,400,867 represents total fund balances in spendable form with various levels of spending constraint: restricted, assigned, or unassigned.
- At the end of 2023, the total fund balance for the general fund was \$26,947,861, a decrease of \$307,910 (1.13%) from the prior year. The unassigned fund balance for the general fund was \$2,544,933 (22.24%) of total general fund expenditures excluding other financing uses.

USING THIS ANNUAL REPORT

This annual report consists of two sets of financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities - Government-Wide provide information about the activities of the District as a whole and present a longer-term view of the District's finances. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements are presented using the economic resources measurement focus and are presented using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Governmental Fund Financial Statements

The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds tell how services were financed in the short-term as well as what remains for future spending. Governmental fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's general fund and capital projects fund. The District's basic services are reported in funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported utilizing the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash.

See Paragraph on Required Supplementary Information Included in Auditor's Report.

SOUTH FARMINGDALE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Year Ended December 31, 2023
 (continued)

USING THIS ANNUAL REPORT (continued)

Governmental Fund Financial Statements (continued)

The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations at the bottom of the fund financial statements.

CONDENSED FINANCIAL INFORMATION

Our analysis below focuses on the net position and changes in net position as set forth in the following condensed financial statements:

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

	2023	2022
Assets		
Current assets	\$ 48,252,065	\$ 53,076,489
Capital assets	36,519,278	36,617,563
Receivable - long-term	2,303,282	8,085,238
Net pension asset - proportionate share	-0-	446,089
Total Assets	87,074,625	98,225,379
Deferred Outflows of Resources		
Other postemployment benefits	2,157,489	2,207,251
Pensions	1,022,262	943,476
Total Deferred Outflows of Resources	3,179,751	3,150,727
Liabilities		
Current liabilities	4,527,533	13,262,113
Non-current liabilities	38,184,737	38,783,182
Total Liabilities	42,712,270	52,045,295
Deferred Inflows of Resources		
Lease related	2,476,506	3,914,771
Other postemployment benefits	3,163,836	3,321,634
Pensions	115,845	1,588,898
Total Deferred Inflows of Resources	5,756,187	8,825,303
Net Position		
Net investment in capital assets	20,268,881	14,572,160
Restricted	4,014,312	4,349,308
Unrestricted	17,502,726	21,584,040
Total Net Position	\$ 41,785,919	\$ 40,505,508

See Paragraph on Required Supplementary Information Included in Auditor's Report.

SOUTH FARMINGDALE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Year Ended December 31, 2023
 (continued)

CONDENSED FINANCIAL INFORMATION (continued)

Changes in Net Position
for the years ended December 31,

	2023	2022
Program Revenues		
Charges for services	\$ 4,857,469	\$ 4,723,181
Capital grant - state aid	-0-	1,156,747
Total Program Revenues	4,857,469	5,879,928
General Revenues		
Real property taxes	3,855,991	3,780,590
Other real property tax items	92,457	93,960
Use of money and property	2,026,807	959,663
Litigation settlement for contamination	-0-	28,000,000
Other general revenues	413,913	516,729
Total General Revenues	6,389,168	33,350,942
Total Revenues	11,246,637	39,230,870
Expenses - Water supply services	9,966,226	15,803,061
Changes in Net Position	\$ 1,280,411	\$ 23,427,809

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total assets and deferred outflows of resources at December 31, 2023 were \$90,254,376, a decrease of \$11,121,730 from the prior year. The decrease is primarily due to decreases in accounts receivable related to the legal settlement, amounts due from the Town of Oyster Bay, and cash balances. Total liabilities and deferred inflows of resources at December 31, 2023 were \$48,468,457, a decrease of \$12,402,141 from the prior year. The decrease is primarily due to decreases in short-term bond anticipation notes (BAN), accrued liabilities relating to the prior year legal settlements, bonds payable, and deferred inflows of resources related to leases and pensions, offset by increases in the net pension liability and long-term BANs.

SOUTH FARMINGDALE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Year Ended December 31, 2023
 (continued)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

The District's net position at December 31, 2023 was \$41,785,919, an increase of \$1,280,411 over the prior year. Of the District's total net position, \$20,268,881 was invested in capital assets; \$4,014,312 was restricted for future capital assets additions, improvements, and repairs, while \$17,502,726 was unrestricted net position. These financial statements include a liability for other postemployment benefits ("OPEB"). At this time, there is no New York State statute providing local governments with the authority for establishing postemployment benefits trust.

General revenues were \$6,389,168 in the current year, a decrease of \$26,961,774 from the prior year. The decrease is primarily due to the litigation settlement won by the District in the prior year for \$28,000,000, offset by an increase in use of money and property. Program revenues were \$4,857,469 in the current year, a decrease from the prior year of \$1,022,459. The decreased revenues were mainly due to a decrease in state aid compared to the prior year. Total expenses decreased by \$5,836,835 from the prior year, primarily due to a decrease in legal costs related to the settlement.

Governmental Funds

General Fund

Fund balance in the general fund decreased by \$307,910 to \$26,947,861 for the year ended December 31, 2023. Of this total, \$4,014,312 is restricted for future capital costs and emergency repairs, \$20,104,481 is assigned, of which \$2,908,138 is for future operations and maintenance of the VOC facilities, \$16,522,847 is for various capital projects, \$352,871 is for contractual obligations and \$320,625 is for the subsequent year's budget, \$284,135 is non-spendable related to supplies inventory, prepaid, and long-term receivable amounts, and \$2,544,933 constitutes unassigned fund balance, which is available for spending at the District's discretion. The decrease in the fund balance is due to expenditures and other financing uses being higher than revenues for the year.

Capital Projects Fund

Capital project expenditures amounted to \$2,303,954 in the current year. The fund balance of the capital projects fund increased by \$3,872,152 from a fund balance surplus of \$10,864,989 to \$14,737,141. The increase is primarily due to interfund transfer revenue, offset by capital outlays during the year.

BUDGETARY HIGHLIGHTS

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

	Original Budget	Final Budget	Actual Amounts	Encum- brances	Variance
Revenues	\$ 9,212,973	\$ 11,090,414	\$ 17,311,038		\$ 6,220,624
Expenditures	(15,803,598)	(11,983,802)	(11,442,842)	\$ (352,871)	188,089
Other Financing (Uses)		(6,177,092)	(6,176,106)		986
	<u>\$ (6,590,625)</u>	<u>\$ (7,070,480)</u>	<u>\$ (307,910)</u>	<u>\$ (352,871)</u>	<u>\$ 6,409,699</u>

See Paragraph on Required Supplementary Information Included in Auditor's Report.

SOUTH FARMINGDALE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2023
(continued)

BUDGETARY HIGHLIGHTS (continued)

For the year ended December 31, 2023, the general fund expenditures and other financing uses exceeded revenues resulting in a decrease in fund balance of \$307,910 for a total fund balance of \$26,947,861. The final budget was funded through a combination of estimated revenues and appropriated fund balance.

Actual revenues were higher than final estimated revenues by \$6,220,624, primarily due to a legal settlement and interest earnings. Actual expenditures, other financing uses, and encumbrances were less than final estimated expenditures by \$189,075, primarily due to lower than anticipated equipment purchases, benefit costs, and other maintenance costs.

CAPITAL ASSETS AND LONG-TERM DEBT

The District has been financing all capital expenditures from proceeds of general obligation bonds, annual budgetary appropriations, grants, and litigation settlements received for ground water contamination. During 2023, the District expended \$2,303,954, primarily on improvements of the water distribution system and operating plants of the District. Additional information on the District's capital assets can be found in Note E to the financial statements.

In addition to the capital improvements described above, the District is committed to the long-term maintenance of the water system and plans capital improvements on a regular basis. The District is currently committed on contracts or is planning additional improvements amounting to approximately \$15 million within the next few years.

As of December 31, 2023, the District had \$10,527,772 outstanding of general obligation bonds. Additional information on the District's long-term debt can be found in Note F to the financial statements.

The District also has \$19,720,000 outstanding of BANs to provide temporary financing for capital projects, all of which is being reported as non-current. These notes will either be converted into serial bonds or redeemed from appropriations from the general fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District derives a substantial portion of its operating revenues from metered water sales. For water utilities, water revenues are dependent on the amount of rainfall particularly during the summer months. As such these revenues are unpredictable and very volatile. Water revenues for the District can vary significantly from a rainy year to a dry year. The District also believes that such adverse weather conditions can easily recur consecutively over two years or more.

SOUTH FARMINGDALE WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2023
(continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Gallons billed and water revenues for the past five years are as follows:

	<u>Gallons billed</u> In millions	<u>Water Revenue</u> Recognized in the General Fund In thousands
2023	1,542	\$ 4,665
2022	1,510	4,425
2021	1,471	4,000
2020	1,529	3,800
2019	1,408	3,600

The increase in metered water revenue for the year ended December 31, 2023 was primarily the result of increased gallons used and rate increases.

New York State has enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. No local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less), plus any statutory adjustments allowed in the law; however, local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. On September 12, 2023, the District's Board of Commissioners unanimously voted and approved a resolution that was within the tax levy cap imposed by the State for the 2024 Budget.

For the 2024 budget in the amount of \$10,670,344, operating costs decreased by 32.48% as compared to the 2023 budget. The decrease is primarily due to the planned use of a portion of the legal settlement received in 2022 to pay down a portion of the BANs payable in March of 2023. The District's metered water sales estimated revenue increased by 0.08% and the District's real property tax levy increased by 6.48%.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Business Manager at South Farmingdale Water District, 40 Langdon Road, P.O. Box 3319, Farmingdale, NY 11735.

BASIC FINANCIAL STATEMENTS

SOUTH FARMINGDALE WATER DISTRICT
(A COMPONENT UNIT OF THE TOWN OF OYSTER BAY)
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
December 31, 2023

Assets	
Current assets:	
Cash and cash equivalents:	
Unrestricted	\$ 21,108,274
Restricted	4,014,312
Accounts receivable	5,978,105
Leases receivable	318,331
Due from Town of Oyster Bay	16,604,015
Prepays	216,077
Inventory of materials and supplies	<u>12,951</u>
	Total Current Assets <u>48,252,065</u>
Non-current assets:	
Leases receivable	2,303,282
Non-depreciable capital assets	2,216,254
Depreciable capital assets, net of depreciation/amortization	<u>34,303,024</u>
	Total Non-current Assets <u>38,822,560</u>
	Total Assets <u>87,074,625</u>
 Deferred Outflows of Resources	
Other postemployment benefits	2,157,489
Pensions	<u>1,022,262</u>
	Total Deferred Outflows of Resources <u>3,179,751</u>
 Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	2,418,693
Developer deposits	350
Non-current liabilities due within one year:	
Compensated absences payable	24,461
Bond anticipation notes payable	560,000
General obligation bonds payable, inclusive of premiums	1,302,913
Total other postemployment benefits liability	<u>221,116</u>
	Total Current Liabilities <u>4,527,533</u>
Non-current liabilities due in more than one year:	
Compensated absences payable	464,765
Bond anticipation notes payable	19,160,000
General obligation bonds payable, inclusive of premiums	9,563,030
Total other postemployment benefits liability	7,642,772
Net pension liability - proportionate share	<u>1,354,170</u>
	Total Non-current Liabilities <u>38,184,737</u>
	Total Liabilities <u>42,712,270</u>
 Deferred Inflows of Resources	
Lease related	2,476,506
Other postemployment benefits	3,163,836
Pensions	<u>115,845</u>
	Total Deferred Inflows of Resources <u>5,756,187</u>
 Net Position	
Net investment in capital assets	20,268,881
Restricted	4,014,312
Unrestricted	<u>17,502,726</u>
	Total Net Position <u>\$ 41,785,919</u>

See Notes to Financial Statements.

SOUTH FARMINGDALE WATER DISTRICT
(A COMPONENT UNIT OF THE TOWN OF OYSTER BAY)
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

Governmental Activities

Expenses - Water Supply Services \$ (9,966,226)

Program Revenues

Charges for services 4,857,469

Net Program Expense (5,108,757)

General Revenues

Real property taxes 3,855,991

Other real property taxes 92,457

Use of money and property 2,026,807

Sale of property and compensation for loss 38,408

Other local sources 375,505

Total General Revenues 6,389,168

Change in Net Position 1,280,411

Net Position at Beginning of the Year 40,505,508

Net Position at End of the Year \$ 41,785,919

SOUTH FARMINGDALE WATER DISTRICT
(A COMPONENT UNIT OF THE TOWN OF OYSTER BAY)
BALANCE SHEET AND RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

December 31, 2023

	General	Capital Projects	Total
Assets			
Cash and cash equivalents:			
Unrestricted	\$ 21,108,274		\$ 21,108,274
Restricted	4,014,312		4,014,312
Accounts receivable	5,978,105		5,978,105
Leases receivable	2,621,613		2,621,613
Due from other fund		\$ 333,367	333,367
Due from Town of Oyster Bay	1,103,927	15,500,088	16,604,015
Prepaid items	126,077		126,077
Inventory of materials and supplies	12,951		12,951
Total Assets	\$ 34,965,259	\$ 15,833,455	\$ 50,798,714
Liabilities			
Accounts payable and accrued expenses	\$ 303,006	\$ 1,096,314	\$ 1,399,320
Developer deposits	350		350
Due to other fund	333,367		333,367
Total Liabilities	636,723	1,096,314	1,733,037
Deferred Inflows of Resources			
Unavailable Revenue - Government Receivables	4,904,169		4,904,169
Lease related	2,476,506		2,476,506
Total Deferred Inflows of Resources	7,380,675	-0-	7,380,675
Fund Balances			
Non-spendable	284,135		284,135
Restricted	4,014,312	14,737,141	18,751,453
Assigned	20,104,481		20,104,481
Unassigned	2,544,933		2,544,933
Total Fund Balances	26,947,861	14,737,141	41,685,002
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 34,965,259	\$ 15,833,455	\$ 50,798,714
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position			
Total Governmental Fund Balances			\$ 41,685,002
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Certain assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, net			36,519,278
Payment before the commencement of the subscription term for subscription-based information technology arrangements are reported as prepaids on the Statement of Net Position. These costs are reported as expenditures as incurred in the governmental funds.			
			90,000
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:			
Retainage payable			(68,226)
Compensated absences payable			(489,226)
Total other postemployment benefits liability			(7,863,888)
General obligation bonds payable, inclusive of premiums			(10,865,943)
Bond anticipation notes payable			(19,720,000)
Accrued interest expense			(951,147)
Net pension liability - proportionate share			(1,354,170)
Some of the District's revenues will be collected after the year end, but are not available soon enough to pay the current period's expenditures and, therefore, are not recognized in the governmental funds, but are on the Statement on Net Position			
			4,904,169
Certain amounts reported for the District's pension and other postemployment benefits deferred outflows or inflows are not considered current available resources, or are not payable in the current period and, accordingly, are not reported in the funds:			
Other postemployment benefits - deferred outflows			2,157,489
Other postemployment benefits - deferred inflows			(3,163,836)
Pensions - deferred outflows			1,022,262
Pensions - deferred inflows			(115,845)
Net Position of Governmental Activities			\$ 41,785,919

SOUTH FARMINGDALE WATER DISTRICT
 (A COMPONENT UNIT OF THE TOWN OF OYSTER BAY)
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 AND RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
 Year Ended December 31, 2023

	General	Capital Projects	Total
Revenues			
Real property taxes	\$ 3,855,991		\$ 3,855,991
Other real property tax items	92,457		92,457
Departmental income	4,921,870		4,921,870
Use of money and property	2,026,807		2,026,807
Sale of property and compensation for loss	6,038,408		6,038,408
Miscellaneous local sources	375,505		375,505
Total Revenues	17,311,038	\$ -0-	17,311,038
Expenditures			
Home and Community Service - Water Supply Services			
Administration	3,862,752		3,862,752
Source of supply, power, and pumping	1,272,332		1,272,332
Purification	666,442		666,442
Transmission and distribution	1,479,342		1,479,342
Employee benefits	1,158,949		1,158,949
Debt service	3,003,025		3,003,025
Capital outlay		2,303,954	2,303,954
Total Expenditures	11,442,842	2,303,954	13,746,796
Excess (Deficiency) of Revenues over Expenditures	5,868,196	(2,303,954)	3,564,242
Other Financing Sources (Uses)			
Interfund Transfers In (Out)	(6,176,106)	6,176,106	-0-
Total Other Financing Sources (Uses)	(6,176,106)	6,176,106	-0-
Net Changes in Fund Balance	(307,910)	3,872,152	3,564,242
Fund Balance at Beginning of Year	27,255,771	10,864,989	38,120,760
Fund Balance at End of Year	\$ 26,947,861	\$ 14,737,141	\$ 41,685,002
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities			
Net Changes in Fund Balances - Total Governmental Funds			\$ 3,564,242
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures while in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:			
Capital outlay			2,172,533
Depreciation/amortization expense			(2,270,818)
The issuance of long-term debt provides current financial resources, while the repayment of bond principal consumes the current financial resources in the governmental funds:			
Amortization of bond premiums			78,504
Payment of bond and bond anticipation notes principal			1,762,809
Some revenues and expenses reported in the Statement of Activities are not reported as revenues or expenditures in the governmental funds:			
Accounts receivable related to legal settlement			(6,000,000)
Accounts receivable related to unbilled amounts			(64,401)
Retainage payable			81,543
Accrued expenses related to legal settlement			1,875,000
Accrued interest expense			(122,411)
Compensated absences payable			401,823
Other postemployment benefits			(39,993)
Pension expense			(248,420)
Payment before the commencement of the subscription term for subscription-based information technology arrangements are reported as prepaids on the Statement of Net Position, and are subsequently capitalized and amortized over the term of the subscription on the Statement of Activities. These costs are reported as expenditures as incurred in the governmental funds.			90,000
Change in Net Position of Governmental Activities			\$ 1,280,411

NOTES TO FINANCIAL STATEMENTS

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

A. Summary of Significant Accounting Policies

The South Farmingdale Water District (the "District"), a component unit of the Town of Oyster Bay, New York (the "Town"), which was established in 1931, is governed by Town Law and other general laws of the State of New York. The Board of Commissioners (Board) is the legislative body responsible for overall operations. The Board consists of three members, all of whom are elected by the residents of the District for terms of three years. The primary function of the District is to provide water service to District residents.

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

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

1. Financial Reporting

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

2. Basis of Presentation

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

Government-wide Financial Statements

The government-wide financial statements 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 reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and, unrestricted net position.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

A. Summary of Significant Accounting Policies (continued)

2. Basis of Presentation (continued)

Government-wide Financial Statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of the District's function (home and community services – 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/amortization) by related program revenues to produce the net cost of each program. Program revenues include (a) charges for services and (b) operating and capital grants and contributions that are directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants reflects capital-specific grants. The net cost is ideally covered by general revenues. This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Fund Financial Statements

The fund financial statements are similar to the financial statements presented in the previous model. The emphasis is on the major funds in the 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, deferred inflows of resources, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The various funds are presented by type in the fund financial statements.

Governmental Funds - Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. Governmental funds are further classified as major funds.

The District reports the following major governmental funds:

General Fund - is the principal operating fund of the District. This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - is used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition, construction, renovation, or major repair, or the right-to-use major capital facilities and other capital assets.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

A. Summary of Significant Accounting Policies (continued)

3. Measurement Focus/Basis of Accounting

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

In the government-wide Statement of Net Position and the Statement of Activities governmental activities are presented using the economic resources measurement focus and are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Interfund transactions have been eliminated from the government-wide financial statements.

In the fund statements, governmental activities use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when incurred except that:

- a. Expenditures for prepaid items and inventory are recognized at the time of consumption or services are provided.
- b. Principal and interest on indebtedness are not recognized as expenditures until due.
- c. Compensated absences, such as vacation and sick leave, which vests or accumulates, OPEB and pension costs are charged as expenditures to the extent they have matured.

4. Cash and Cash Equivalents/Investments

The District's cash and cash equivalents consist of cash on hand, bank deposits, and short-term investments with original maturities of three months or less from date of acquisition. Included in cash and cash equivalents are highly liquid investments held with New York Cooperative Liquid Assets Securities System (NYCLASS).

Investments are reported at fair value, based on quoted market prices.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

A. Summary of Significant Accounting Policies (continued)

5. Property Taxes and Delinquent Water Bills

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

The District will also receive payments in lieu of taxes (PILOT) from LIPA due to an agreement between LIPA and Nassau County.

Water sales that go uncollected are turned over to the Town with the tax warrant for collection. These balances become part of the tax levy on the respective delinquent properties. The Town remits to the District the amount of the receivable plus penalties, regardless of its ability to collect on the levy.

6. Restricted Resources

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

7. Receivables

Receivables include amounts due from customers. Receivables are recorded and revenues are recognized as earned in the government-wide financial statements and when available in the fund financial statements. Revenue from unbilled water usage at year end is recognized in the government-wide financial statements.

8. Inventory and Prepaids

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

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded using the consumption method.

Under the consumption method, a current asset for inventory and prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported when the goods or services are consumed or used, or for initial implementation stage costs associated with subscription based information technology arrangements, the prepaid amount is capitalized upon commencement of the subscription. In addition the amount of fund balance equal to the balance of inventory and prepaid items is categorized as nonspendable to indicate the resources are not in spendable form.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

A. Summary of Significant Accounting Policies (continued)

9. Interfund Receivables, Payables and Transfers

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The 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 the transfer of expenditures and revenues to provide financing or other services.

In the government-wide 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 District's practice to settle these amounts at a net balance based upon the right of legal offset.

10. Restricted Assets

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

11. Capital Assets

In the government-wide financial statements, capital assets, including infrastructure assets (water mains), with an original cost of \$5,000 or more and an estimated useful life in excess of one year, are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except donated capital assets, which are recorded at acquisition value at the date of donation. Depreciation/amortization of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation/amortization reflected in the Statement of Net Position. Depreciation/amortization is provided over the assets' estimated useful lives using the straight-line method of depreciation/amortization.

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

Buildings	40 years
Improvements	20 years
Wells, water tanks, and structures	20 - 40 years
Water mains	50 years
Machinery and equipment	10 - 20 years
Office furniture and equipment	5 years
Vehicles	8 years
Intangible asset - software	5 years

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

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

A. Summary of Significant Accounting Policies (continued)

12. Developer Deposits

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

13. Short-Term Debt

The Town may issue bond anticipation notes (BAN) on behalf of the District, in anticipation of proceeds from the subsequent issuance of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during the calendar year 2015 through, and including 2021. However, bond anticipation notes issued in anticipation of bonds for an assessable improvement may be renewed from time-to-time for a period not exceeding one year for each such renewal, and without limitation as to the number of such renewals. These renewals cannot extend beyond the period of probable usefulness of the object or purpose for which it is issued, as computed from the date of the first note or notes issued. BANs that are replaced with long-term financing, or renewed subsequent to year end, are treated as long-term obligations, as these notes will not require the use of working capital during that period.

14. Long-Term Obligations

In the government-wide statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. The long-term debt and other long-term obligations consists of compensated absences, bond anticipation notes, general obligation bonds payable, premiums, and total OPEB liability.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. The liability for compensated absences, general obligation bonds payable, and total OPEB liability are liquidated through future budget appropriations in the general fund.

15. Compensated Absences

District employees earn vacation and sick leave in varying amounts. In the event of separation from service (except termination for cause), employees are paid for accumulated unused vacation and sick leave subject to certain limitations. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. Compensated absence liability and expenditures are reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

A. Summary of Significant Accounting Policies (continued)

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

16. Other Benefits

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

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

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

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

17. Insurance

The District purchases insurance against losses from most risks 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 the loss can be reasonably estimated. There have been no claims in excess of coverage within the last three years.

18. Net Position and Fund Equity Classifications

Government-Wide Financial Statements

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

- a. Net investment in capital assets - Reports capital assets and intangible assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, improvement, or the right-to-use those assets.
- b. Restricted net position – Reports net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

A. Summary of Significant Accounting Policies (continued)

18. Net Position and Fund Equity Classifications (continued)

Government-Wide Financial Statements (continued)

- c. Unrestricted net position – Reports all other amounts that do not meet the definition of restricted or net investment in capital assets.

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

Fund Financial Statements

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

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

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

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

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

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

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

A. Summary of Significant Accounting Policies (continued)

18. Net Position and Fund Equity Classifications (continued)

Fund Financial Statements (continued)

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

19. Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, other postemployment benefits, pension liability, potential contingent liabilities and useful lives of capital assets.

20. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are deferred outflows of resources related to pensions and the other postemployment benefits reported in the Government-Wide Statement of Net Position and are detailed further in Note G and I.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

A. Summary of Significant Accounting Policies (continued)

20. Deferred Outflows and Inflows of Resources (continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is deferred inflows of resources relating to the leases. These amounts are deferred and are amortized to lease revenue in a systematic and rational manner over the term of the lease. The second and third is related to pensions and the other postemployment benefits reported in the Government-Wide Statement of Net Position and are detailed further in note G and I. The fourth is unavailable revenues reported in the governmental funds, when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables for unbilled water. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the government-wide financial statements, unavailable revenues are treated as revenues.

21. Leases Receivable

Lessor

The District is a lessor for noncancellable leases of water tower space and land. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements related to leases include (1) the discount rate, (2) the lease term and (3) lease payments. The District uses its estimated incremental borrowing rate as the discount rate used to discount the expected lease receipts to present value. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

A. Summary of Significant Accounting Policies (continued)

22. New Accounting Standards

The District has adopted all of the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended December 31, 2023, the District adopted the following:

The District implemented the provisions of GASB Statement No. 96, "*Subscription Based Information Technology Arrangements*," which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This Statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and corresponding liability. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding a SBITA. The District has completed its evaluation of the financial impact of GASB Statement No. 96 and has implemented this Statement for the year ended December 31, 2023. The District's implementation resulted in the reclassification of expenditures totaling \$90,000 in the governmental funds as prepaid expenditures in the governmental activities. Implementation of GASB Statement No. 96 had no impact on the District's reported balances as of December 31, 2022.

23. Future Changes in Accounting Standards

GASB Statement No. 101, "*Compensated Absences*" has been issued to update the recognition and measurement guidance for compensated absences. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the District believes will most impact its financial statements. The District will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

B. Stewardship, Compliance, and Accountability

Budgetary Data

The District's budget policies are as follows:

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

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

B. Stewardship, Compliance, and Accountability (continued)

Budgetary Data (continued)

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

The budget is adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances, if any, carried forward from the prior year.

Budgets are established and used for individual capital projects fund expenditures that are approved by the Board. These budgets do not lapse and are carried over to subsequent years until the completion of the projects.

The following additional appropriations occurred during the year in the general fund:

Original budget	\$ 15,803,598
Prior year's contractual obligations	149,763
Additional use of capital reserve funds	60,334
Additional use of capital assignment funds	269,758
Additional appropriation related to legal cost of settlement	<u>1,877,441</u>
Final budget	<u>\$ 18,160,894</u>

New York State has enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. No local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less), plus any statutory adjustments allowed in the law; however, local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law.

For the 2023 budget year, the District's real property tax levy increased by 1.99% and was within the property tax levy cap provisions.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2023

B. Stewardship, Compliance and Accountability (continued)

Fund Balance

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

	General Fund	Capital Projects Funds	Total
Nonspendable:			
Long-term Receivable	\$ 145,107		\$ 145,107
Inventory of materials and supplies	12,951		12,951
Prepaid items	126,077		126,077
Total Nonspendable	<u>284,135</u>	<u>\$ -0-</u>	<u>284,135</u>
Restricted for:			
Capital projects reserves	2,764,575		2,764,575
Repairs reserve	1,249,737		1,249,737
Unspent bond proceeds		14,737,141	14,737,141
Total Restricted	<u>4,014,312</u>	<u>14,737,141</u>	<u>18,751,453</u>
Assigned to:			
VOC Facilities capital projects and operations and maintenance	2,908,138		2,908,138
Capital projects- various	16,522,847		16,522,847
Contractual obligations	352,871		352,871
Designated for subsequent year's budget	320,625		320,625
Total Assigned	<u>20,104,481</u>	<u>-0-</u>	<u>20,104,481</u>
Unassigned	<u>2,544,933</u>	<u>-0-</u>	<u>2,544,933</u>
Total Fund Balances	<u>\$ 26,947,861</u>	<u>\$ 14,737,141</u>	<u>\$ 41,685,002</u>

Restricted for Capital Projects

In accordance with New York State General Municipal Law §6-c, the District has established "type" capital reserves to finance the cost of improvements to the water distribution system. Expenditures from this reserve require the approval of the Board of Commissioners. The reserves may be funded with budgetary appropriations or revenues not required by law to be paid into any other fund or account. These reserves are accounted for in the general fund.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2023

B. Stewardship, Compliance and Accountability (continued)

Restricted for Capital Projects (continued)

A summary of activity in the capital reserve funds for the year ended December 31, 2023 is as follows:

	Capital Reserve	Capital Reserve MTBE	Total
Balance 1/1	\$ 1,604,778	\$ 1,073,075	\$ 2,677,853
Interest earned on reserve cash	70,481	47,129	117,610
Expenditures	(23,800)	(7,088)	(30,888)
Balance 12/31	\$ 1,651,459	\$ 1,113,116	\$ 2,764,575

Restricted for Repairs to Capital Assets

In accordance with New York State General Municipal Law §6-d, the District has established a repairs reserve to pay for certain repairs to capital improvements or equipment. Expenditures from this reserve require the approval of the Board of Commissioners. The resolution to approve use of the reserve is subject to a public hearing. Any emergency use of the reserve must be repaid within two years. The reserve may be funded with budgetary appropriations or revenues not required by law to be paid into any other fund or account. This reserve is accounted for in the general fund.

A summary of activity in the general fund's repairs reserve fund for the year ended December 31, 2023 is as follows:

	Repairs Reserve
Balance 1/1	\$ 1,225,366
Interest earned on reserve cash	53,817
Expenditures	(29,446)
Balance 12/31	\$ 1,249,737

Assigned for VOC Facilities Capital Project and Operation and Maintenance

The District has received settlement money to cover capital costs and operating and maintenance costs related to two contaminated well sites. These funds will be used to offset future costs associated with these sites.

Assigned for Various Capital Expenditures

The District has assigned a portion of fund balance to fund various capital expenditures, including meter endpoint replacement, future plant improvements, and remediation for contaminants.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

C. Cash and Cash Equivalents

The District's investment policies are governed by state statutes. In addition, the District has its own written investment policy. District monies must be deposited in Federal Deposit Insurance Corporation insured commercial banks or trust companies located within the state. The Business Manager is authorized to use demand accounts, money market accounts, and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of New York State or its localities, and investments made by the New York Cooperative Liquid Asset Security System (NYCLASS).

NYCLASS is a cooperative investment plan consisting of U.S. Treasury Obligations and repurchase agreements relating to U.S. Treasury Obligations. Investments are stated at cost, which approximates market. NYCLASS was established as a cooperative investment arrangement organized under the NYCLASS Municipal Cooperation Agreement made pursuant to New York General Municipal Law, Article 3A and 5-G.

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

Custodial Credit Risk – Deposits / Investments – Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

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

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

None of the Districts' bank balances that were not covered by FDIC insurance were exposed to custodial credit risk as described above.

At December 31, 2023, the District's cash and investments, excluding petty cash of \$286, totaled \$25,122,300 of which \$19,983,653 is considered cash and cash equivalents and \$5,138,647 is investments in NYCLASS. Bank deposit balances were \$25,270,914. Of this balance, \$500,000 was covered by the FDIC and \$24,770,914 was covered by collateral held by the District's agent, a third-party financial institution, in the District's name. The District's \$5,138,647 NYCLASS investment consists of U.S. Treasury obligations and is not subject to risk categorization.

As of December 31, 2023 the South Farmingdale Water District did not have any investments during the year, except as discussed in the note below. Consequently, the District was not exposed to any material credit risk, interest-rate risk or concentration of credit risk.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

C. Cash and Cash Equivalents (continued)

The District participates in the New York Cooperative Liquid Asset Securities System (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to GML Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. NYCLASS is rated by S&P Global Ratings. The current rating is 'AAAm'. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS portfolio holdings are collateralized in accordance with GML §10.

The District's investments in NYCLASS consisted of repurchase agreements, U.S. Treasury Securities, and collateralized bank deposits, with various interest rates and due dates. The dollar weighted average days to maturity (WAM) of NYCLASS at December 31, 2023, was 41 days and the weighted average life (WAL) was 87 days. These investments are included in cash in the general fund of \$5,138,647.

Securities, other than repurchase agreements, are valued at the most recent market bid price obtained as of one or more market makers for such securities. Repurchase agreements are recorded at cost, which approximates fair value. The lead participant of NYCLASS is the Village of Potsdam. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

D. Leases Receivable

For the year ended December 31, 2023, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On January 1, 2022, the District entered into a 121-month lease as Lessor for the use of Verizon. An initial lease receivable was recorded in the amount of \$1,059,059. As of December 31, 2023, the value of the lease receivable is \$895,713, and the lessee is required to make monthly fixed payments of \$7,960. The lease has an interest rate of 1.3050%. The value of the deferred inflow of resources as of December 31, 2023 was \$848,998, and the District recognized lease revenue of \$105,031 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On January 1, 2022, the District entered into a 145-month lease as Lessor for the use of T-Mobile. An initial lease receivable was recorded in the amount of \$1,684,705. As of December 31, 2023, the value of the lease receivable is \$1,492,592, and the lessee is required to make monthly fixed payments of \$10,085. The lease has an interest rate of 1.3757%. The value of the deferred inflow of resources as of December 31, 2023 was \$1,405,857, and the District recognized lease revenue of \$139,424 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

D. Leases Receivable (continued)

On January 1, 2022, the District entered into a 94-month lease as Lessor for the use of Sprint. The lease was terminated during 2023. The District recognized lease revenue of \$92,872 during the fiscal year.

On January 1, 2022, the District entered into a 46-month lease as Lessor for the use of AT&T. An initial lease receivable was recorded in the amount of \$463,451. As of December 31, 2023, the value of the lease receivable is \$233,308 and the lessee is required to make monthly fixed payments of \$10,371. The lease has an interest rate of 0.4757%. The value of the deferred inflow of resources as of December 31, 2023 was \$221,651, and the District recognized lease revenue of \$120,900 during the fiscal year.

Principal and Interest Expected to Maturity

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	\$ 318,331	\$ 31,877	\$ 350,208
2025	316,104	28,587	344,691
2026	222,113	25,472	247,585
2027	237,572	22,392	259,964
2028	253,864	19,099	272,963
2029 - 2033	1,257,220	41,202	1,298,422
2034	16,409	19	16,428
	<u>\$ 2,621,613</u>	<u>\$ 168,648</u>	<u>\$ 2,790,261</u>

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2023

E. Capital Assets

Capital asset activity for the year ended December 31, 2023 is as follows:

	Balance 1/1/23	Additions	Reductions	Balance 12/31/23
Capital assets not being depreciated/amortized:				
Land	\$ 320,309			\$ 320,309
Construction in progress	4,071,829	\$ 2,090,742	\$ 4,266,626	1,895,945
Total capital assets not being depreciated/amortized	<u>4,392,138</u>	<u>2,090,742</u>	<u>4,266,626</u>	<u>2,216,254</u>
Depreciable/amortizable capital assets:				
Buildings	8,011,037			8,011,037
Improvements	1,735,942	32,380		1,768,322
Wells, water tanks, and structures	26,797,099	4,132,384		30,929,483
Water mains	10,637,771			10,637,771
Machinery and equipment	11,098,426	34,165		11,132,591
Office furniture and equipment	152,324			152,324
Vehicles	759,842	149,488		909,330
Intangible asset - software	77,555			77,555
Total depreciable/amortizable capital assets	<u>59,269,996</u>	<u>4,348,417</u>	<u>-0-</u>	<u>63,618,413</u>
Accumulated depreciation/amortization:				
Building	2,360,169	191,498		2,551,667
Improvements	1,276,943	63,493		1,340,436
Wells, water tanks, and structures	9,341,234	1,350,912		10,692,146
Water mains	6,308,936	145,591		6,454,527
Machinery and equipment	6,952,887	446,565		7,399,452
Office furniture and equipment	152,324			152,324
Vehicles	587,323	59,959		647,282
Intangible asset - software	64,755	12,800		77,555
Total accumulated depreciation/amortization	<u>\$ 27,044,571</u>	<u>\$ 2,270,818</u>	<u>\$ -0-</u>	<u>29,315,389</u>
Total net depreciable/amortizable capital assets				<u>34,303,024</u>
Total capital assets				<u>\$ 36,519,278</u>

Depreciation/amortization expense of \$2,270,818 was charged to water supply services expense for the year ended December 31, 2023.

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of capital assets has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At December 31, 2023, the District had not recorded any such impairment losses.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2023

F. Indebtedness

Short-Term Debt

Bond Anticipation Notes (BAN) – BANs are used as a temporary means of financing capital expenditures in the capital projects fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date, seven years if originally issued during the calendar year 2015 through, and including, 2021. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter. BANs on assessable improvements can remain as BANs.

Liabilities for BANs are generally accounted for in the capital projects fund. BANs are expected to be paid from the proceeds of future bond issues after renewal of these notes.

A summary of changes in BANs for the year ended December 31, 2023 is included below and in the long-term debt section.

	Balance 1/1/23	Increases	Reductions	Balance 12/31/23
Bond Anticipation Notes, short-term	\$ 5,755,000	\$ -0-	\$ (5,755,000)	\$ -0-

Long-Term Debt

The following is a summary of changes in non-current liabilities, excluding pension, for the year ended December 31, 2023:

	Balance 1/1/23	Increases	Reductions	Balance 12/31/23	Noncurrent Liabilities Due Within One Year
General obligation bonds	\$ 11,710,581		\$ (1,182,809)	\$ 10,527,772	\$ 1,231,654
Plus premiums on issuance	416,675		(78,504)	338,171	71,259
	12,127,256	\$ -0-	(1,261,313)	10,865,943	1,302,913
Bond anticipation notes	20,300,000		(580,000)	19,720,000	560,000
Compensated absences(A)	891,049		(401,823)	489,226	24,461
Other postemployment benefits	7,715,859	921,208	(773,179)	7,863,888	221,116
	\$ 41,034,164	\$ 921,208	\$ (3,016,315)	\$ 38,939,057	\$ 2,108,490

(A) Increases and reductions to compensated absences are shown net, since it is impracticable to determine these amounts separately.

General Obligation Bonds

The District periodically borrows money through the issuance of general obligation serial bonds in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the Town of Oyster Bay, bear interest at rates ranging from 2.0 to 5.0 percent and have maturities through 2033.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2023

F. Indebtedness (continued)

Long-Term Debt (continued)

Principal and interest payments to maturity of general obligation serial bonds as of December 31, 2023 are as follows:

	Principal	Interest	Total Principal and Interest
Years ending December 31, 2024	\$ 1,231,654	\$ 412,337	\$ 1,643,991
2025	1,275,009	362,834	1,637,843
2026	1,319,261	311,013	1,630,274
2027	1,369,065	256,734	1,625,799
2028	1,110,383	204,438	1,314,821
2029 - 2033	4,222,400	400,095	4,622,495
	\$ 10,527,772	\$ 1,947,451	\$ 12,475,223

Interest expense of \$1,284,123 on long-term bonded debt and BANs has been included in the expenses - water supply services on the government-wide statement of activities.

Other Non-Current Liabilities

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

Bond Anticipation Notes Payable - A bond anticipation note in the amount of \$19,720,000 was issued on March 8, 2023 with an interest rate of 5.00%. The District, pursuant to GASB guidance, did not record a portion of this note as a liability in the fund financial statements since the notes were refinanced subsequent to year end.

Premiums on Issuance

The District issued general obligation bonds on May 11, 2022 and received premiums on obligations of \$78,504. This premium is being amortized as a component of interest expense on the weighted average basis over the life of these serial bonds in the district-wide statements as follows:

Year Ending December 31,	Amortization of Premium
2024	\$ 71,259
2025	63,666
2026	55,789
2027	47,576
2028	39,006
2029-2033	60,873
Total	\$ 338,171

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

G. Pension Plan

1. Plan Description

The District participates in the New York State and Local Employees' Retirement System ("System"). This is a cost-sharing multiple-employer, defined benefit, pension plan. 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 ("Fund"), which was established to hold all 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 2022, he was elected for a new term commencing January 1, 2023. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at: www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244-0001.

2. Vesting and Benefits Provided

Members need five years of service to be 100% vested.

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 and Tier 2, is 55 and 62, respectively.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tiers 1 and 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

G. Pension Plan (continued)

2. Vesting and Benefits Provided (continued)

service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in final average salary calculation is limited to no more than 20% greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than the average of the previous two years.

Tiers 3, 4 and 5

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

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

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tiers 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10% greater than the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 members is age 63 for ERS members.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with five or more years of service can retire as early as age 55 with reduced benefits.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

G. Pension Plan (continued)

2. Vesting and Benefits Provided (continued)

Final average salary is the average of the wages earned in the five highest consecutive years of employment. For Tier 6 members, each year's compensation used in final average salary calculation is limited to no more than 10% greater than the average of the previous four years.

Disability Retirement Benefits

Disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service and plan.

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

3. Funding Policy

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

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

G. Pension Plan (continued)

3. Funding Policy (continued)

computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

The contributions paid during the current year was equal to 100% of the required payment. The contractually required contributions for the year ended December 31, 2023 was \$217,535.

At December 31, 2023, the District reported the following asset/(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, 2023. The total pension liability used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the District.

	<u>ERS</u>
Measurement date	March 31, 2023
Net pension asset/(liability)	\$ (1,354,170)
District's proportionate share of the net pension liability	0.0063149%
Change in allocation of the System's total net pension liability since the prior measurement date	0.0008579

4. Pension Asset/(Liability), Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the District recognized pension expense of \$466,783. At December 31, 2023, the District's reported deferred outflows and inflows of resources related to pension from the following sources:

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2023

G. Pension Plan (continued)

4. Pension Asset/(Liability), Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 144,230	\$ 38,030
Changes of assumptions	657,672	7,269
Net difference between projected and actual earnings on pension plan investments	-0-	7,956
Changes in proportion and differences between the District's contributions and proportionate share of contributions	49,550	62,590
District's contributions subsequent to the measurement date	<u>170,810</u>	<u>-0-</u>
Total	<u>\$ 1,022,262</u>	<u>\$ 115,845</u>

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31, 2024	\$	164,322
2025		(72,780)
2026		270,544
2027		<u>373,521</u>
Total	\$	<u>735,607</u>

5. Actuarial Assumptions

The total pension 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 liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

G. Pension Plan (continued)

5. Actuarial Assumptions (continued)

Measurement date	March 31, 2023
Actuarial valuation date	April 1, 2022
Investment rate of return (net of investment expense, including inflation)	5.9%
Salary increases	4.4%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience
Cost of living adjustments	1.5%
Inflation	2.9%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2021 used annuitant mortality rates based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

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

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

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 are summarized below:

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2023

G. Pension Plan (continued)

5. Actuarial Assumptions (continued)

Asset class	ERS	
	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	32.0%	4.30%
International equity	15.0%	6.85%
Private equity	10.0%	7.50%
Real estate	9.0%	4.60%
Opportunistic/ARS portfolio	3.0%	5.38%
Credit	4.0%	5.43%
Real assets	3.0%	5.84%
Fixed Income	23.0%	1.50%
Cash and cash equivalents	1.0%	0.00%
	100.0%	

The real rate of return is net of the long-term inflation assumption of 2.90%.

6. Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those 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.

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
District's proportionate share Of the net pension asset/(liability)	\$ (3,272,448)	\$ (1,354,170)	\$ 248,775

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2023

G. Pension Plan (continued)

8. 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)
	ERS
Measurement date	March 31, 2023
Employers' total pension liability	\$ (232,627,259)
Plan Fiduciary Net Position	211,183,223
Employers' net pension liability	\$ (21,444,036)
Ratio of plan fiduciary net position to the Employers' total pension liability	90.78%

H. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code Section 457 for all employees. The District makes no contributions into this plan. The amount deferred by eligible employees for the year ended December 31, 2023 totaled \$145,977.

I. Other Postemployment Liabilities

Plan Description

The District established and administers a single-employer defined benefit OPEB plan for its employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The District will pay 100% for non-union employees and per its contracts with union employees 90% in premium costs for the medical insurance coverage (currently provided by Empire Core Plan Plus Enhancements of the New York State Government Employees Health Insurance Program) and 100% of dental premium costs for an employee of the District at retirement, provided the employee has reached an age of 50 and has been employed by the District for at least 10 years prior to the date of retirement for non CSEA employees or 55 and has been employed by the District for at least 20 years prior to the date of retirement for CSEA employees. Commissioners may become eligible for these benefits if they reach age 50 with 9 years of service while working for the District.

These contracts will be renegotiated at various times in the future. Upon death of an active employee with ten years of service, the District will pay seventy-five percent, or an amount determined by the Commissioners based on the circumstances of the District, of the cost to continue coverage for the non-remarried spouse and dependents of the employee.

The retiree is also eligible for Medicare reimbursement in the amount of \$1,979 per year.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

I. Other Postemployment Liabilities (continued)

Employees Covered by Benefit Terms

The number of participants as of January 1, 2023, the census date of the most recent actuarial valuation, follows. There have been no significant changes in the number or the type of coverage since that date.

Active employees	21
Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet Receiving benefit payments	<u>0</u>
Total	<u><u>31</u></u>

Contributions

The District pays the cost of basic single and family coverage for both medical and dental as those premiums come due each year along with Medicare Part B premiums. During the year ended December 31, 2023, the District paid \$195,532 for retiree insurance premiums and Medicare Part B premiums.

Total OPEB Liability

The District's total OPEB liability of \$7,863,888 was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2023. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Funding Policy

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

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

I. Other Postemployment Liabilities (continued)

Actuarial Assumptions and Other Inputs

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

The total OPEB liability in the January 1, 2023 valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.50%
Discount Rate	3.26%
Healthcare cost trend rates	7.0% for 2023, decreasing 0.5 percent per year to an ultimate rate of 5.0% in years 2027 and later

The discount rate was based on the Bond Buyer's 20 Year Bond Index.

Mortality rates were based on the PUB-10 mortality table projected full generationally using projection scale MP-2021.

Changes in the Total OPEB Liability

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

Balance at December 31, 2022	\$7,715,859
Changes for the year:	
Service cost	188,630
Interest on total OPEB liability	262,284
Differences between expected and actual experience	(577,647)
Changes in assumptions and other inputs	470,294
Benefit payments	<u>(195,532)</u>
Balance at December 31, 2023	<u>\$7,863,888</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.72% in 2022 to 3.26 % in 2023.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2023

I. Other Postemployment Liabilities (continued)

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

1% Decrease 2.26%	Discount Rate 3.26%	1% Increase 4.26%
\$ 9,607,685	\$ 7,863,888	\$ 6,549,249

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current discount rate:

1% Decrease (6.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.0% decreasing to 5.0%)	1% Increase (8.0% decreasing to 6.0%)
\$ 6,452,974	\$ 7,863,888	\$ 9,764,301

Other Postemployment Benefits Expense, and Deferred Outflows/Inflows of Resources Related to Other Postemployment Benefits

For the year ended December 31, 2023, the District recognized OPEB expense of \$235,525. At December 31, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience loss (gain)	\$ 726,057	\$ 1,069,121
Changes of assumptions	1,431,432	2,094,715
Total	\$ 2,157,489	\$ 3,163,836

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2023

I. Other Postemployment Liabilities (continued)

Other Postemployment Benefits Expense, and Deferred Outflows/Inflows of Resources Related to Other Postemployment Benefits (continued)

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

Years ending December 31, 2024	\$	(215,389)
2025		(109,994)
2026		(103,269)
2027		(101,141)
2028		(218,878)
Thereafter		(257,676)
		\$ (1,006,347)

J. Interfund Transactions

Interfund balances and activities at December 31, 2023, are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund		\$ 333,367		\$ 6,176,106
Capital Projects Fund	\$ 333,367		\$ 6,176,106	
Total	\$ 333,367	\$ 333,367	\$ 6,176,106	\$ 6,176,106

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

The District typically transfers from the general fund to the capital projects fund. The transfer to the capital projects fund was for capital improvements.

K. Commitments and Contingencies

Litigation

The District is subject to litigation in the ordinary conduct of its affairs. Management does not believe, however, that such litigation, individually or in the aggregate, is likely to have a material adverse effect on the financial condition of the District.

Assigned: Appropriated Fund Balance

The amount of \$320,625 has been appropriated to reduce taxes for the year ending December 31, 2024.

SOUTH FARMINGDALE WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

K. Commitments and Contingencies (continued)

Capital Improvements

The District is committed to the long-term maintenance of the water system and plans capital improvements on a regular basis. The District is currently committed on contracts or is planning additional improvements amounting to approximately \$15 million within the next few years.

At December 31, 2023, the District had contracts and other commitments outstanding related to capital projects in the amount of \$7,332,840.

Encumbrances

At December 31, 2023, the District had encumbered the following amounts:

Administration	\$ 131,861
Transmission and Distribution	63,761
Purification	15,050
Source of Supply, Power and Pumping	142,199
	<u>\$ 352,871</u>

L. Subsequent Events

The District has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustments or disclosure in the financial statements, except for the following:

On March 7, 2024, the Town of Oyster Bay issued BANs, which included amounts on behalf of the District, in the amount of \$19,160,000. The BANs will mature on March 7, 2025 and bear an interest rate of 4.0%. The proceeds of the BANs along with \$560,000 in available funds were used to redeem \$19,720,000 of BANs that matured on March 8, 2024.

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

Notes to Required Supplementary Information

The budgets are adopted on a basis of accounting consistent with GAAP.

SOUTH FARMINGDALE WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2023

	Budget Amounts		Actual Amounts	Variance Final to Actual
	Original	Final		
REVENUES				
Real property taxes	\$ 3,856,000	\$ 3,856,000	\$ 3,855,991	\$ (9)
Other real property tax items	95,000	95,000	92,457	(2,543)
Departmental income				
Metered water sales	4,387,498	4,387,498	4,665,183	277,685
Unmetered water sales	112,600	112,600	114,523	1,923
Water service charges	26,000	26,000	45,233	19,233
Interest and penalties - water rents	90,000	90,000	96,931	6,931
Total Departmental Income	4,616,098	4,616,098	4,921,870	305,772
Use of money and property				
Interest earnings	150,500	150,500	1,568,580	1,418,080
Rental of real property	476,875	476,875	458,227	(18,648)
Total Use of Money and Property	627,375	627,375	2,026,807	1,399,432
Sale of property and compensation for loss				
Sale of excess material	2,500	2,500	1,054	(1,446)
Sale of water supplies	16,000	16,000	19,353	3,353
Sale of equipment	-0-	-0-	18,001	18,001
Settlement for ground water contamination - Northrop Grumman	-0-	1,877,441	6,000,000	4,122,559
Total Sale of Property and Compensation for Loss	18,500	1,895,941	6,038,408	4,142,467
Miscellaneous local sources				
Other miscellaneous receipts	-0-	-0-	375,505	375,505
Total Revenues	9,212,973	11,090,414	17,311,038	6,220,624
Appropriated fund balance				
Prior year's encumbrances	-0-	149,763		
Appropriated fund balance - Assigned	6,590,625	6,860,383		
Appropriated reserves - Restricted	-0-	60,334		
Total Appropriated Fund Balance	6,590,625	7,070,480		
Total Revenues, Other Financing Sources, and Appropriated Fund Balance	\$ 15,803,598	\$ 18,160,894		

SOUTH FARMINGDALE WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2023

(continued)

	Budget Amounts		Actual Amounts	Encum- brances	Variance Final to Actual
	Original	Final			
EXPENDITURES					
Administration					
Personal services:					
Commissioners fees	\$ 44,000	\$ 44,000	\$ 43,100		\$ 900
Office salaries	900,000	865,000	864,634		366
Equipment and capital outlay:					
Office equipment	22,000	57,200	28,342	\$ 28,857	1
Other expenditures:					
Engineering services	200,000	213,300	213,269		31
Legal services	80,000	58,700	58,648		52
Legal services - Settlement	-0-	1,877,441	1,877,441		-0-
Computer consulting services	170,000	363,277	275,716	87,504	57
Auditing and accounting services	80,000	111,000	95,334	15,500	166
Public relations services	12,000	7,100	7,055		45
Bank Service fees	25,000	16,300	16,216		84
Payroll fees	6,000	5,100	5,057		43
Credit card fees	4,000	5,000	4,836		164
Insurance	137,000	133,300	133,276		24
Professional services - other	10,000	10,300	10,280		20
Telephone	37,000	72,900	72,887		13
Office maintenance	50,000	21,000	21,000		-0-
Office supplies and expenses	81,000	70,200	70,181		19
Education and election	100,500	57,900	57,732		168
Advertising	2,000	800	707		93
MTA payroll tax	6,000	7,100	7,041		59
Other miscellaneous expenditures	83,973	73	-		73
Total Administration	<u>2,050,473</u>	<u>3,996,991</u>	<u>3,862,752</u>	<u>131,861</u>	<u>2,378</u>
Source of Supply, Power and Pumping					
Supervision and labor	200,000	212,000	211,745		255
Equipment and capital outlay:					
Pumping equipment	15,000	-0-			-0-
Other expenditures:					
Maintenance - pump units	160,000	203,000	89,418	113,255	327
Maintenance - water tower	50,000	-0-			-0-
Maintenance - buildings and grounds	365,000	344,000	315,022	28,944	34
Other unclassified expenses	1,000	1,000			1,000
Heat, light and power - electric	875,000	573,000	566,512		6,488
Heat, light and power - gas	104,500	90,500	89,635		865
Total Source of Supply, Power and Pumping	<u>1,770,500</u>	<u>1,423,500</u>	<u>1,272,332</u>	<u>142,199</u>	<u>8,969</u>
Purification					
Chemicals	446,000	525,000	524,420		580
Testing and analysis	250,000	171,000	142,022	15,050	13,928
Total Purification	<u>696,000</u>	<u>696,000</u>	<u>666,442</u>	<u>15,050</u>	<u>14,508</u>
Transmission and Distribution					
Supervision and labor	1,100,000	1,120,000	1,119,546		454
Equipment and capital outlay:					
Purchase of equipment	40,000	36,000			36,000
Auto and trucks	64,000	164,494	149,859		14,635
Meters and supplies	12,000	20,000	7,699	11,875	426
Other expenditures:					
Maintenance - mains and hydrants	260,000	209,990	132,634	51,886	25,470
Maintenance - autos and trucks	22,000	27,202	25,354		1,848
Maintenance - other equipment	6,000	6,000	1,798		4,202
Uniforms	13,000	13,000	9,064		3,936
Small tools and shop supplies	8,000	9,000	8,809		191
Gas and oil	50,000	25,000	24,579		421
Total Transmission and Distribution	<u>1,575,000</u>	<u>1,630,686</u>	<u>1,479,342</u>	<u>63,761</u>	<u>87,583</u>

SOUTH FARMINGDALE WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2023

(continued)	Budget Amounts		Actual Amounts	Encumbrances	Variance Final to Actual
	Original	Final			
EXPENDITURES					
Employee Benefits					
State retirement	\$ 200,000	\$ 218,000	\$ 217,535		\$ 465
Social security	170,099	170,099	147,583		22,516
Workers' compensation insurance	90,000	90,000	54,933		35,067
Life insurance	15,000	15,000	12,861		2,139
Disability insurance	500	500	125		375
Hospital and medical insurance	813,000	740,000	725,912		14,088
Total Employee Benefits	1,288,599	1,233,599	1,158,949	\$ -0-	74,650
Debt Service					
Serial bonds - principal	1,182,809	1,182,809	1,182,809		-0-
Serial bonds - interest	460,738	460,738	460,737		1
Bond anticipation note - principal	6,000,000	580,000	580,000		-0-
Bond anticipation note - interest	779,479	779,479	779,479		-0-
Total Debt Service	8,423,026	3,003,026	3,003,025	-0-	1
Total Expenditures	15,803,598	11,983,802	11,442,842	352,871	188,089
Other Financing Uses					
Interfund transfers out - capital projects	-0-	6,177,092	6,176,106		986
Total Other Financing Uses	-0-	6,177,092	6,176,106	-0-	986
Total Expenditures and Other Financing Uses					
Uses	\$ 15,803,598	\$ 18,160,894	17,618,948	\$ 352,871	\$ 189,075
Net Change in Fund Balance			(307,910)		
Fund Balance at Beginning of Year			27,255,771		
Fund Balance at End of Year			\$ 26,947,861		

SOUTH FARMINGDALE WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT
BENEFITS LIABILITY (OPEB) AND RELATED RATIOS
Last Six Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 188,630	\$ 475,528	\$ 455,047	\$ 349,824	\$ 238,698	\$ 284,643
Interest on total OPEB liability	262,284	211,910	206,593	201,515	230,944	256,144
Differences between expected and actual experience	(577,647)		1,169,679		(1,509,941)	
Changes of assumptions	470,294	(2,640,882)	(26,595)	912,579	1,489,002	(791,565)
Benefit payments	(195,532)	(282,688)	(219,743)	(201,909)	(153,614)	(199,749)
Net Change in Total OPEB Liability	148,029	(2,236,132)	1,584,981	1,262,009	295,089	(450,527)
Total OPEB Liability - Beginning	7,715,859	9,951,991	8,367,010	7,105,001	6,809,912	7,260,439
Total OPEB Liability - Ending	<u>\$ 7,863,888</u>	<u>\$ 7,715,859</u>	<u>\$ 9,951,991</u>	<u>\$ 8,367,010</u>	<u>\$ 7,105,001</u>	<u>\$ 6,809,912</u>
Covered-employee payroll	\$ 1,584,217	\$ 1,395,206	\$ 1,361,177	\$ 1,510,362	\$ 1,473,524	\$ 1,755,396
Total OPEB liability as a percentage of covered-employee payroll	496%	553%	731%	554%	482%	388%
Note:						
Discount rate	3.26%	3.72%	2.06%	2.12%	2.74%	4.10%

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other data, prior to 2018 is available. However, additional years will be included as they become available.

Notes to Schedule:

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

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

Changes of Benefit Terms

None

Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period and the healthcare cost trend rates and demographic assumptions were updated.

SOUTH FARMINGDALE WATER DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
 Last Nine Fiscal Years

NYSERS	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0063149%	0.0054570%	0.0060278%	0.0057456%	0.0066789%	0.0062894%	0.0063213%	0.0057508%	0.0060195%
District's proportionate share of the net pension asset/(liability)	\$ (1,354,170)	\$ 446,089	\$ (6,002)	\$ (1,521,466)	\$ (473,220)	\$ (202,986)	\$ (593,960)	\$ (923,023)	\$ (203,353)
District's covered payroll	\$ 1,790,562	\$ 1,666,111	\$ 1,576,227	\$ 1,679,892	\$ 1,777,693	\$ 1,755,396	\$ 1,636,272	\$ 1,687,141	\$ 1,433,082
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	75.63%	26.77%	0.38%	90.57%	26.62%	11.56%	36.30%	54.71%	14.19%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount Rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

Note: An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

SOUTH FARMINGDALE WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 217,535	\$ 201,760	\$ 244,615	\$ 235,086	\$ 233,633	\$ 261,694	\$ 246,565	\$ 260,269	\$ 247,148	\$ 333,679
Contributions in relation to the contractually required contribution	<u>217,535</u>	<u>201,760</u>	<u>244,615</u>	<u>235,086</u>	<u>233,633</u>	<u>261,694</u>	<u>246,565</u>	<u>260,269</u>	<u>247,148</u>	<u>333,679</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered payroll	\$ 2,248,427	\$ 1,818,724	\$ 1,630,732	\$ 1,977,392	\$ 1,663,547	\$ 1,823,993	\$ 1,701,482	\$ 1,600,403	\$ 1,640,894	\$ 1,505,557
Contributions as a percentage of covered payroll	9.67%	11.09%	15.00%	11.89%	14.04%	14.35%	14.49%	16.26%	15.06%	22.16%