

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT

TOWN OF NORTH HEMPSTEAD, NEW YORK

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK

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TOWN OF NORTH HEMPSTEAD, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Port Washington Water Pollution Control District
70 Harbor Road
Port Washington, NY 11050

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Port Washington Water Pollution Control District (the "District"), a component unit of the Town of North Hempstead, Port Washington, New York as of and for the year ended December 31, 2021, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2021, 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 of Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 GAAS and Government 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 and *Government 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 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 District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4 through 10 and 44 through 47 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

Required Supplementary Information (cont'd)

the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port Washington Water Pollution Control District, Port Washington, New York's basic statement. The supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


RYNKAR, VAIL & BARRETT, LLP

Mineola, New York
April 22, 2022

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Management's Discussion and Analysis

Our discussion and analysis of the Port Washington Water Pollution Control District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2021. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

The District governmental funds report total ending fund balance of \$(4,313,553) for the year ending December 31, 2021. This compares to the prior year ending fund balance of \$2,219,017, thereby, showing an overall decrease of \$6,532,570 during the current year. The Capital Projects Fund's fund balance decreased \$6,652,872 accounting for this decrease. The unassigned general fund balance in the amount of \$2,798,887 at December 31, 2021 represents a decrease in the unassigned general fund balance of \$53,418 over the prior year.

The District's net position decreased by \$1,590,480 or 23.2% for the year ending December 31, 2021. This decrease is due, in part, to the \$8,739,694 increase in the Bond Anticipation Notes Payable.

Total liabilities and deferred inflows of resources of the District as of December 31, 2021 amounted to \$47,876,646 of which approximately \$26,885,340 will be due in years subsequent to December 31, 2022. Total liabilities and deferred inflows of resources at December 31, 2020 amounted to \$37,356,944.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include the combined District-wide and fund financial statements and notes to the financial statements. The District also includes in the report additional information to supplement the basic financial statements.

Combined District-Wide and Fund Financial Statements

The District's basic financial statement includes a Statement of Net Position and a Statement of Activities prepared on a District-wide basis. The basic financial statements also include fund financial statements entitled Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. The Notes to the financial statements are also an integral part of these financial statements.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Overview of the Financial Statements (continued)

District-Wide Financial Statements

The District-wide financial statements provide both long-term and short-term information about the District's status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these District-wide statements is the Statement of Net Position. This statement presents information that includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

The second District-wide statement is the Statement of Activities which reports how the District's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the District activities on revenues provided by real estate tax revenue collected by the Town of North Hempstead.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. As of and for the year ending December 31, 2021, the District's General Fund and Capital Projects Fund were major funds and the Debt Service Fund was a non-major governmental fund.

All of the District's funds are classified as Governmental Funds. Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the District-wide portion of the financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the calendar year. The fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting.

Since the District-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation with the Statement of Net Position and the Statement of Activities to assist in understanding the difference between these two perspectives.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

Required Supplementary Information

This management discussion and analysis as well as the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedule of District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions that follow the notes to the financial statements are required supplementary information to supplement the basic financial statements.

Supplementary Information

A summary schedule of the Schedule of General Fund Expenditures, Encumbrances and Transfers - Budget and Actual, Balance Sheets Capital Projects Fund-by Project, and Schedule of Revenues, Expenditures and Changes in Fund Balances Capital Projects Fund-by Project are also presented in this report.

Financial Analysis of the District as a Whole

The following table provides a summary of the District's Net Position:

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current and Other Assets	\$ 15,332,594	\$ 11,829,438
Capital Assets	34,904,083	29,481,367
<u>Total Assets</u>	<u>\$ 50,236,677</u>	<u>\$ 41,310,805</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows of Resources - Pension Related	\$ 1,071,414	\$ 907,538
Deferred Outflows of Resources - Other Postemployment Benefits	1,822,544	1,983,070
<u>Total Deferred Outflows of Resources</u>	<u>\$ 2,893,958</u>	<u>\$ 2,890,608</u>
<u>LIABILITIES</u>		
Current Liabilities	\$ 20,991,306	\$ 10,507,164
Other Liabilities	25,119,078	26,119,748
<u>Total Liabilities</u>	<u>\$ 46,110,384</u>	<u>\$ 36,626,912</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows of Resources - Pension Related	\$ 1,241,619	\$ 30,508
Deferred Inflows of Resources - Other Postemployment Benefits	524,643	699,524
<u>Total Deferred Inflows of Resources</u>	<u>\$ 1,766,262</u>	<u>\$ 730,032</u>
<u>Net Position:</u>		
Net Investment in Capital Assets	\$ 14,291,685	\$ 14,737,735
Restricted for Employee Benefits	156,823	156,823
Restricted for Debt Service	235,226	89,317
Unrestricted (deficit)	(9,429,745)	(8,139,406)
<u>Total Net Position</u>	<u>\$ 5,253,989</u>	<u>\$ 6,844,469</u>

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Financial Analysis of the District as a Whole (continued)

The District's overall net position has continued to decrease during the calendar year ended December 31, 2021 with net position decreasing by \$1,590,480.

The following table provides a summary of the District's changes in net position:

<u>Summary of Changes in Net Position</u>				
Governmental Activities				
	2021	% of Totals	2020	% of Totals
<u>Revenues:</u>				
<u>Program Revenues</u>				
Charge for Services	\$ 1,148,111	16.5%	\$ 1,151,775	17.3%
<u>General Revenues</u>				
Real Property Taxes	5,596,991	80.3%	5,288,674	79.7%
Use of Money and Property	9,331	0.1%	28,681	0.4%
Sale of Property & Compensation for Loss	20,100	0.3%		
Refund of Prior Year				
Expenditure	-0-	0.0%	157,325	2.4%
Insurance Recoveries	162,339	2.3%	-0-	0.0%
Miscellaneous	32,756	0.5%	11,846	0.2%
<u>Total Revenues</u>	<u>\$ 6,969,628</u>	<u>100.0%</u>	<u>\$ 6,638,301</u>	<u>100.0%</u>
<u>Expenses</u>				
Home & Community Services				
- Sewer Operations	\$ 8,331,068	97.8%	\$ 7,614,301	96.3%
Loss on Equipment from Hurricane Ida	46,391	0.5%		
Debt Service Interest	182,649	1.7%	290,570	3.7%
<u>Total Expenses</u>	<u>\$ 8,560,108</u>	<u>100.0%</u>	<u>\$ 7,904,871</u>	<u>100.0%</u>
Decrease/Increase in				
Net Position	\$ (1,590,480)		\$ (1,266,570)	
Beginning Net Position	<u>6,844,469</u>		<u>8,111,039</u>	
<u>Ending Net Position</u>	<u>\$ 5,253,989</u>		<u>\$ 6,844,469</u>	

As indicated above, the District is reliant on real property taxes to support governmental operations.

Total governmental activities for sewer operations cost \$8,560,108 for the calendar year ended December 31, 2021, an increase of \$655,237 from the 2020 calendar year.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Financial Analysis of the District Funds

Governmental Funds

As previously discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming occurred due to financing requirements. Governmental funds reported ending fund balances of \$(4,313,553) for the year ended December 31, 2021.

The total ending fund balances of governmental funds report a decrease of \$6,532,570 from the prior year. This decrease occurred due to a 95.3% increase in governmental funds expenditures (\$13,807,424 vs. \$7,070,259).

For the previous year ended December 31, 2020, the governmental funds reported an ending fund balance of \$2,219,017.

Major Governmental Fund

The General Fund is the District's primary operating fund. The fund balance of the General Fund had increased \$118,155 during the 2021 year. The General Fund has assigned \$201,003 of this fund balance to reduce the 2022 tax levy. At December 31, 2021, the General Fund's unassigned balance is approximately 3 months of the 2022 General Fund Budget.

General Fund Budgetary Highlights

The original budget for the General Fund for the calendar year ended December 31, 2021 included appropriations of \$6,936,050. During the year, the District incurred expenditures and other financing uses of \$7,084,552 or 102% against the final budget. The District's actual revenues and other financing sources of \$7,202,707 was more than the original budget revenues by \$470,616. The District's final budget expected fund balance to decrease \$240,089. However, the general fund balance increased by \$118,155 during the 2021 year.

Capital Asset and Debt Administration

Capital Assets

The District's capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2021 was \$34,904,083 and as of December 31, 2020 was \$29,481,367. For the year ended December 31, 2021, net capital asset additions of capital assets exceeded depreciation expense by \$5,422,716.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT

TOWN OF NORTH HEMPSTEAD, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

Capital Asset and Debt Administration (continued)

See Note 5 for additional information about changes in capital assets during the calendar year.

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
<u>Non-Depreciable Assets:</u>		
Land	\$ 3,838,223	\$ 3,838,223
Construction in Progress	7,763,509	1,192,845
<u>Depreciable Assets:</u>		
Buildings	1,309,868	1,386,471
Improvements other than Buildings	2,958,808	3,043,902
Infrastructure	18,576,041	19,856,017
Vehicles, Furniture, Machinery & Equipment	457,634	163,909
<u>Total</u>	<u>\$ 34,904,083</u>	<u>\$ 29,481,367</u>

Long-Term Debt

At the end of the calendar year, the District had total bonded debt outstanding in the amount of \$12,394,600. This amount consists of \$664,999 of Town of North Hempstead serial bonds, which is bonded by the full faith and credit of the Town of North Hempstead, New York, and \$11,729,601 of EFC State Bonds and Statutory Installment Bonds.

	<u>Outstanding Bonds</u>	
	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
General Obligation Bonds	\$ 12,394,600	\$ 13,068,107
<u>Total</u>	<u>\$ 12,394,600</u>	<u>\$ 13,068,107</u>

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Economic Factors and Next Year's Budget

The Port Washington Water Pollution Control District provides water pollution services within its territorial jurisdiction within the Town of North Hempstead, New York.

Analysis of economic factors and trends are helpful to the District budgetary process. For the calendar year 2022, the District approved a total General Fund budget of \$7,228,109 which requires a tax levy of \$5,842,538 after applying estimated revenues of \$1,184,568 and appropriating \$201,003 of fund balance. The 2022 tax levy is 5.4% higher than the 2021 levy.

Chapter 97 of the 2011 Laws of New York limits the increase in the property tax levy of its local governments to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. The District may override the tax levy limit by drafting a local law of resolution that overrides the tax levy limit with the approval of at least sixty percent of the governing body. The District's 2022 tax levy exceeded the tax levy limit by \$150,000.

Contacting the District Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance related laws and regulations and demonstrate the District's commitment to public accountability. If you have questions about the report or would like to request additional information, contact the District Administrative Office at 70 Harbor Road, Port Washington, New York 11050.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

	<u>Governmental</u> <u>Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 3,300,520
Restricted Cash	392,049
Accounts Receivable	14,661
Due from Other Governments	11,379,622
Prepaid Expenses	237,429
Inventory	8,313
Capital Assets, net of accumulated depreciation	<u>34,904,083</u>
<u>TOTAL ASSETS</u>	<u>\$ 50,236,677</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources - Pension Related	\$ 1,071,414
Deferred Outflows of Resources - Other Postemployment Benefits	<u>1,822,544</u>
<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 2,893,958</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 2,178,934
Accrued Liabilities Payable	171,584
Due to Other Governments	56
Retainage Payable	314,105
Bond Anticipation Notes Payable	17,608,420
Long-term liabilities:	
Due Within One Year	718,207
Due After One Year	12,062,303
Total Other Postemployment Benefits Obligation	13,052,564
Net Pension Liability	<u>4,211</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 46,110,384</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources - Pension Related	\$ 1,241,619
Deferred Inflows of Resources - Other Postemployment Benefits	<u>524,643</u>
<u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	<u>\$ 1,766,262</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 14,291,685
Restricted for Employee Benefits	156,823
Restricted for Debt Service	235,226
Unrestricted	<u>(9,429,745)</u>
<u>TOTAL NET POSITION</u>	<u>\$ 5,253,989</u>

See Accompanying Notes to Basic Financial Statements

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT

STATEMENT OF ACTIVITIES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Governmental Activities</u>
<u>Functional Programs:</u>	
<u>Expenses:</u>	
Home and Community Services	
- Sewer Operations	\$ 8,331,068
Loss on Equipment from Hurricane Ida	46,391
Debt Service Interest	<u>182,649</u>
 <u>Total Expenses</u>	 <u>\$ 8,560,108</u>
 <u>Program Revenues:</u>	
Charges for Services	\$ <u>1,148,111</u>
 <u>Total Program Revenues</u>	 <u>\$ 1,148,111</u>
 <u>Net Program Expense</u>	 <u>\$ 7,411,997</u>
 <u>General Revenues:</u>	
Real Property Taxes	\$ 5,596,991
Use of Money and Property	9,331
Sale of Property & Compensation for Loss	20,100
Insurance Recoveries	162,339
Miscellaneous	<u>32,756</u>
 <u>Total General Revenues</u>	 <u>\$ 5,821,517</u>
 <u>Decrease in Net Position</u>	 <u>\$ (1,590,480)</u>
 <u>Net Position - Beginning</u>	 <u>6,844,469</u>
 <u>Net Position - Ending</u>	 <u><u>\$ 5,253,989</u></u>

See Accompanying Notes to Basic Financial Statements

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2021

	<u>Major Funds</u>		<u>Non-Major Fund</u>	
	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 3,299,134	\$ 1,386	\$ -0-	\$ 3,300,520
Restricted Cash	392,049	-0-	-0-	392,049
Accounts Receivable	14,661	-0-	-0-	14,661
Due from Other Funds	-0-	-0-	3,177	3,177
Due from Other Governments	289,128	11,090,494	-0-	11,379,622
Prepaid Expenses	237,429	-0-	-0-	237,429
Inventory	8,313	-0-	-0-	8,313
<u>Total Assets</u>	<u>\$ 4,240,714</u>	<u>\$ 11,091,880</u>	<u>\$ 3,177</u>	<u>\$ 15,335,771</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 302,642	\$ 1,876,292	\$ -0-	\$ 2,178,934
Accrued Liabilities Payable	35,157	-0-	-0-	35,157
Due to Other Funds	2,368	809	-0-	3,177
Due to Other Governments	-0-	-0-	56	56
Bond Anticipation Notes Payable	-0-	17,432,000	-0-	17,432,000
<u>Total Liabilities</u>	<u>\$ 340,167</u>	<u>\$ 19,309,101</u>	<u>\$ 56</u>	<u>\$ 19,649,324</u>
<u>Fund Balances:</u>				
Nonspendable:				
For Prepaid Expenses and Inventory	\$ 245,742	\$ -0-	\$ -0-	\$ 245,742
Restricted:				
For Employee Benefit Accrued Liability	156,823	-0-	-0-	156,823
For Debt Service	235,226	-0-	-0-	235,226
Assigned:				
For Subsequent Year's Budget	201,003	-0-	-0-	201,003
For Other Purposes	262,866	-0-	-0-	262,866
Unassigned	2,798,887	(8,217,221)	3,121	(5,415,213)
<u>Total Fund Balances</u>	<u>\$ 3,900,547</u>	<u>\$ (8,217,221)</u>	<u>\$ 3,121</u>	<u>\$ (4,313,553)</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 4,240,714</u>	<u>\$ 11,091,880</u>	<u>\$ 3,177</u>	<u>\$ 15,335,771</u>

See Accompanying Notes to Basic Financial Statements

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

Total fund balances - governmental funds	\$ (4,313,553)
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Amounts reported for governmental activities in the statement of net position are different because:

Capital Assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	34,904,083
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Governmental funds recognize revenue and expenditures incurred under the modified accrual method. The Statement of Net Position recognizes revenues earned and expenditures incurred under the full accrual method. Deferred inflows and outflows related to pensions and other postemployment benefits that will be recognized in future periods amount to:

Deferred Outflows of Resources - Pension Related	\$ 1,071,414	
Deferred Outflows of Resources - Other Postemployment Benefits	1,822,544	
Deferred Inflows of Resources - Pension Related	(1,241,619)	
Deferred Inflows of Resources - Other Postemployment Benefits	(524,643)	1,127,696

Some liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities consist of:

Serial Bonds Payable	\$ (12,394,600)	
Compensated Absences	(385,910)	
Total Other Postemployment Benefits Obligation	(13,052,564)	
Proportionate Share of Net Pension Liability	(4,211)	
Accrued Interest Payable	(136,427)	
Retainage Payable	(314,105)	
Premium on BANS	(176,420)	(26,464,237)
<u>Net Position of Governmental Activities</u>		\$ 5,253,989

See Accompanying Notes to Basic Financial Statements

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Major Funds</u>		<u>Non-Major Fund</u>	
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<u>Revenue:</u>				
Real Property Taxes	\$ 5,596,991	\$ -0-	\$ -0-	\$ 5,596,991
Charges for Services	1,148,111	-0-	-0-	1,148,111
Interest Earnings	7,184	-0-	2,147	9,331
Sales of Equipment	20,100	-0-	-0-	20,100
Insurance Recoveries	162,339	-0-	-0-	162,339
Miscellaneous	32,756	-0-	-0-	32,756
<u>Total Revenues</u>	<u>\$ 6,967,481</u>	<u>\$ -0-</u>	<u>\$ 2,147</u>	<u>\$ 6,969,628</u>
<u>Expenditures:</u>				
Sewer Administration	\$ 482,643	\$ -0-	\$ -0-	\$ 482,643
Sanitary Sewers	2,195,076	-0-	-0-	2,195,076
Sewage Treatment and Disposal	2,089,377	-0-	-0-	2,089,377
Employee Benefits	1,361,887	-0-	-0-	1,361,887
Debt Service:				
Principal - Serial Bonds	-0-	-0-	673,507	673,507
Interest - Serial Bonds	-0-	-0-	159,801	159,801
Principal - Bans	-0-	-0-	70,000	70,000
Interest - Bans	-0-	-0-	127,212	127,212
Fiscal Agent Fees	-0-	16,253	61,004	77,257
Capital Outlay	-0-	6,570,664	-0-	6,570,664
<u>Total Expenditures</u>	<u>\$ 6,128,983</u>	<u>\$ 6,586,917</u>	<u>\$ 1,091,524</u>	<u>\$ 13,807,424</u>
Excess (Deficiency) of				
<u>Revenues Over Expenditures</u>	<u>\$ 838,498</u>	<u>\$ (6,586,917)</u>	<u>\$ (1,089,377)</u>	<u>\$ (6,837,796)</u>
<u>Other Financing Sources (Uses)</u>				
Issuance Premium	\$ 235,226	\$ -0-	\$ -0-	\$ 235,226
Operating Transfers In	135,955	-0-	1,091,524	1,227,479
Operating Transfers (Out)	(1,091,524)	(135,955)	-0-	(1,227,479)
BANS Redeemed from Appropriations	-0-	70,000	-0-	70,000
<u>Total Other Financing Sources (Uses)</u>	<u>\$ (720,343)</u>	<u>\$ (65,955)</u>	<u>\$ 1,091,524</u>	<u>\$ 305,226</u>
Net change in fund balances	\$ 118,155	\$ (6,652,872)	\$ 2,147	\$ (6,532,570)
Fund balances - beginning	3,782,392	(1,564,349)	974	2,219,017
Fund balances - ending	<u>\$ 3,900,547</u>	<u>\$ (8,217,221)</u>	<u>\$ 3,121</u>	<u>\$ (4,313,553)</u>

See Accompanying Notes to Basic Financial Statements

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
AS OF DECEMBER 31, 2021

Net change in fund balances - governmental funds \$ (6,532,570)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets Purchased During the Year	\$ 7,050,207	
Depreciation of Capital Assets	<u>(1,627,491)</u>	5,422,716

The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Payment of Bond Principal	\$ 673,507	
Amortization of BAN Premium	<u>(176,420)</u>	497,087

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Decrease in Compensated Absences	\$ 32,872	
Decrease in Accrued Interest Payable	45,558	
Increase in Other Post Employment Benefits	(879,395)	
Increase in Retainage Payable	<u>(290,880)</u>	(1,091,845)

Increases or decreases in the proportionate share of net pension liability, deferred outflows of resources pension related, and deferred inflows of resources pensions related reported in the Statement of Activities does not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Decrease in Net Pension Liability	\$ 1,147,012	
Increase in Deferred Outflows of Resources - Pension Related	163,876	
Increase in Deferred Inflows of Resources - Pension Related	(1,211,111)	
Decrease in Deferred Outflows of Resources - OPEB	(160,526)	
Decrease in Deferred Inflows of Resources - OPEB	<u>174,881</u>	114,132
<u>Change in Net Position of Governmental Activities</u>		<u>\$ (1,590,480)</u>

See Accompanying Notes to Basic Financial Statements

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Port Washington Water Pollution Control District (the “District”), Town of North Hempstead, New York have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing accounting and financial reporting principles.

The more significant of the government’s accounting policies are described below.

A. Financial Reporting Entity

The Port Washington Water Pollution Control District (the “District”), a component unit of the Town of North Hempstead, New York, was established in 1915, as a Special Improvement District in accordance with the provision of Article 12 of the Town Law of the State of New York. The elected Board of Commissioners is the legislative body responsible for overall operations of the District, with the Chairman serving as chief executive officer and the Treasurer as chief fiscal officer.

The District provides water pollution services within its territorial jurisdiction within the Town of North Hempstead, New York.

Under Governmental Accounting Standards (GASB) Statement 14, amended by GASB Statement 61, the District is a Component Unit of the Town of North Hempstead. These financial statements are included in the financial statements of the Town.

B. Basis of Presentation

District-Wide Financial Statements

The District-wide financial statements titled, the Statement of Net Position and the Statement of Activities, present financial information on all of the District’s governmental activities. Governmental activities include programs supported primarily by taxes, state aid, grants and other intergovernmental revenues. The District has no business type activities.

The Statement of Net Position presents the District’s financial position at year-end. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include:

1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (cont'd)

Fund Financial Statements

Separate financial statements are provided for governmental funds. The emphasis of governmental fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported in a separate column.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the District-wide statements.

The District's books and records are organized on the basis of funds, each of which is considered a separate accounting entity. The funds operations are accounted for with a separate set of self-balancing accounts that consists of its assets, liabilities, funds balance, revenues and expenditures. A fund is segregated for its specific objectives or attaining specific objectives in accordance with regulations, restrictions or limitations.

The District reports the following governmental funds:

- 1) The General Fund – The general fund is the District's primary operating fund and is classified as a major governmental fund. It accounts for all financial resources except those required to be accounted for in another fund.
- 2) Capital Projects Fund – used to account for the proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions. Resources provided by bonded debt are administered by the Town on behalf of and at the direction of the District. This fund is a major governmental fund.
- 3) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources and for the payment of bond principal, interest and related costs. Generally, the Town of North Hempstead administers the resources of this fund on behalf of and at the direction of the District. This fund is a non-major governmental fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Port Washington Water Pollution Control District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(cont'd)

The District-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Port Washington Water Pollution Control District considers revenues to be available if they are collected within 60 days of the end of the fiscal year.

Expenditures are recorded when related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

D. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the District's policy to use unrestricted resources first, then restricted resources.

E. Cash and Cash Equivalents

The Port Washington Water Pollution Control District maintains cash on hand, bank deposits and investments with a maturity date of three months or less from the date of acquisition.

F. Restricted Cash

Some of the District's cash is restricted in use for specific purposes by virtue of contractual agreements, legal requirements or enabling legislation. The District recognizes restricted cash for the amount of restricted fund balances in the General Fund.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accounts Receivable

Receivables include amounts due from insurance reimbursements and a workers compensation refund. Receivables are recorded and revenues are recognized when earned.

H. Interfund Receivables, Payables and Transfers

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to or due from other funds”. Interfund transfer balances represent the funding of debt service from the General Fund to the Debt Service Fund or the payment of Capital Fund expenditures from General Fund cash.

I. Due from Other Governments

Due from other Governments include amounts due from the Town of North Hempstead for expenses incurred by the District relating to the leachate treatment, PS S and Hempstead Harbor Beach Park study, debt service payments and payments to contractors from proceeds of debt obligations.

J. Prepaid Items

Prepaid items represent costs attributable to the New York State Retirement System which are attributable to the three-month period ending March 31, 2022 as well as prepaid property and liability insurance, prepaid workers compensation and prepaid health insurance.

K. Capital Assets

Capital assets, which include land, construction in process, buildings, improvements other than buildings, infrastructure, vehicles, furniture, machinery and equipment are reported in the governmental activities column in the District-Wide Financial Statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Capital Assets (cont'd)

Capital asset acquisitions are reported as expenditures in the governmental funds financial statement of revenues, expenditures and changes in fund balances.

Land improvements, building, improvements other than buildings, infrastructure and vehicles, furniture, machinery and equipment of the District are depreciated in the District-wide financial statements using the straight-line method over the following estimated useful lives:

Buildings	20-25
Water and Sewer Systems	20-25
Improvements	10-25
Infrastructure	10-25
Vehicles, Furniture, Machinery and equipment	5-10

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in the Statement of Activities.

L. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the District-wide financial statements.

M. Long-Term Debt Obligations

In the District-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental statement of net position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed as incurred.

In the fund financial statements, bond premiums and bond issuance costs are recognized in the year of issue. The face amount of debt issued or acquisitions under capital leases are reported as other financing sources. Premiums received on debt issuances are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as fund expenditures.

Principal and interest payments on long-term debt are recorded as debt service expenditures in the period it is paid.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Other Postemployment Benefits Payable

Postemployment benefits are provided for retired employees and their survivors. The District pays the cost of the retired employees premiums to an insurance company which provides health care insurance. The District recognizes the cost of providing health insurance by recording insurance premiums as an expenditure in the general fund, in the year paid. Consistent with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, an accrual for the District's net other postemployment benefits obligation is included in the Statement of Net Position. See Note 9 for further details.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first item relates to the pension reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement period between the District's contributions and its proportionate share between total contributions to the pension system not included in pension expense. The second item represents the change of assumptions for other postemployment benefits.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item represents the deferred inflows for the other postemployment benefits.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Net Position

The District-wide financial statements report the difference between total assets, deferred outflows, total liabilities and deferred inflows as net position. Net position is classified in the following categories:

- i. Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the assets.
- ii. Restricted Net Position – This amount is restricted by external creditors, grantors, contributions, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- iii. Unrestricted Net Position – This amount is all other net position that does not meet the definitions of “net investment in capital assets” or “restricted net position” and is deemed to be available for general use by the District.

Q. Fund Balances

The District divides fund balance into four classifications based primarily on the extent the District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

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

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grants, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Restricted Fund balance currently in use by the District include the following:

- i. Restricted for Capital – Resources provided by bonded debt are administered by the Town on behalf of and at the direction of the District.
- ii. Restricted for Employee Benefit Accrued Liability – Created pursuant to General Municipal Law 6-p, is used to pay any accrued employee benefit on termination of an employee’s service.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Fund Balances (cont'd)

- iii. Restricted for Debt Service- created pursuant to General Municipal Law 6-h, is used to pay only for the payment of principal or interest on debt obligations of the District.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the Board of Commissioners. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget and an amount committed for the purchase of UV systems.

Unassigned – Represents the residual classification for the general fund and deficit fund balances of other governmental funds. The deficit in the capital projects fund is due to expenditures being financed by short-term Bond Anticipation Notes (BANS). Revenue in the capital projects fund will be recorded when the BANS are redeemed or replaced with permanent financing from the issuance of bonds which will eliminate the deficit.

R. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, postemployment benefits, potential contingent liabilities and useful lives of capital assets.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

1. Budgetary Policies

The Port Washington Water Pollution Control District Administration prepares a proposed budget for approval by the Board of Water Commissioners. No later than September 30, the Board of Commissioners submits a tentative budget to the Town board of the Town of North Hempstead for the calendar year of January 1. The tentative budget includes proposed expenditures and the proposed means of financing for the General Fund. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the governing board adopts the budget. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. The New York Uniform System of Accounts requires that fixed budgetary

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

1. Budgetary Policies (cont'd)

control be used for all governmental fund types.

All modifications of the budget must be approved by the Board of Commissioners.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in Governmental Funds. Encumbrances are generally reported as an assignment or restriction of fund balance since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget Basis of Accounting

The budget for the District's General Fund is adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year and by resolutions of the Board of Commissioners.

NOTE 3 - DEPOSITS AND INVESTMENTS

The District's investment policies are governed by State statutes and its own written investment policy.

Permissible investments include special time deposit accounts, certificates of deposit, obligations of the United States Treasury and its agencies, New York State and its municipalities and repurchase agreements from an authorized trading partner.

The amount of District deposits and investments on its financial records at December 31, 2021, exclusive of petty cash, was \$3,692,470.

Deposits are protected by the Federal Deposit Insurance Corporation (FDIC) or by eligible collateral pledged by the financial institution in the District's name. Obligations that may be pledged as collateral are obligations of the United States of America, its agencies and obligations of New York State and its municipalities.

The District's deposits and investments are subject to custodial credit risk when a depository financial institution fails, and the District is unable to recover its deposits and investments or recover collateral securities that are in possession of an outside agency.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Deposits and investments are exposed to custodial credit risk if they are not covered by depository insurance or collateral and the deposits are:

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

The District's deposits at December 31, 2021, were entirely covered by federal depository insurance or by collateral held by the District's agent, a third-party financial institution in the District's name. The District's deposits are not subject to custodial credit risk or interest rate risk.

NOTE 4 – INTERFUND TRANSACTIONS

Interfund other financing sources (uses) for the year ending December 31, 2021 were as follows:

<u>Fund Type</u>	<u>Financing Sources</u>	<u>Financing Uses</u>
General Fund	\$ 135,955	\$ 1,091,524
Capital Projects	-0-	135,955
Debt Service	<u>1,091,524</u>	<u>-0-</u>
<u>Totals</u>	<u>\$ 1,227,479</u>	<u>\$ 1,227,479</u>

Due from and due to other funds consists of the following at December 31, 2021:

<u>Fund Type</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -0-	\$ 2,368
Capital Projects	-0-	809
Debt Service	<u>3,177</u>	<u>-0-</u>
<u>Totals</u>	<u>\$ 3,177</u>	<u>\$ 3,177</u>

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT

TOWN OF NORTH HEMPSTEAD, NEW YORK

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2021

NOTE 5 – CAPITAL ASSETS

District-wide capital assets activity for the year ending December 31, 2021, was as follows:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Non-Depreciable Capital Assets:				
Land	\$ 3,838,223	\$ -0-	\$ -0-	\$ 3,838,223
Construction in Progress	1,192,845	6,570,664	-0-	7,763,509
Total Non-Depreciable Capital Assets	\$ 5,031,068	\$ 6,570,664	\$ -0-	\$ 11,601,732
Depreciable Capital Assets:				
Buildings	\$ 14,171,657	\$ -0-	\$ -0-	\$ 14,171,657
Improvements Other Than Buildings	5,534,035	60,955	(96,222)	5,498,768
Infrastructure	48,547,092	114,914	-0-	48,662,006
Vehicles, Furniture, Machinery and Equipment	12,830,067	490,161	(90,265)	13,229,963
Total Depreciable Capital Assets	\$ 81,082,851	\$ 666,030	\$ (186,487)	\$ 81,562,394
<u>Total Capital Assets at Cost</u>	<u>\$ 86,113,919</u>	<u>\$ 7,236,694</u>	<u>\$ (186,487)</u>	<u>\$ 93,164,126</u>
Accumulated Depreciation:				
Buildings	\$ (12,785,186)	\$ (76,603)	\$ -0-	\$ (12,861,789)
Improvements Other Than Buildings	(2,490,133)	(99,658)	49,831	(2,539,960)
Infrastructure	(28,691,075)	(1,394,890)	-0-	(30,085,965)
Vehicles, Furniture, Machinery and Equipment	(12,666,158)	(196,436)	90,265	(12,772,329)
Total Accumulated Depreciation	\$ (56,632,552)	\$ (1,767,587)	\$ 140,096	\$ (58,260,043)
Total Governmental-Wide <u>Capital Assets, Net</u>	<u>\$ 29,481,367</u>	<u>\$ 5,469,107</u>	<u>\$ (46,391)</u>	<u>\$ 34,904,083</u>

For the year ended December 31, 2021, the District-wide Statement of Activities recorded \$1,767,587 of depreciation expense and charged this amount to (Home and Community Services-Sewer Operations).

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
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AS OF DECEMBER 31, 2021

NOTE 6 – BOND ANTICIPATION NOTES

Bond anticipation notes in the capital projects fund are used to construct various sewer projects. The notes outstanding are due within one year. The Notes are issued pursuant to the Constitution and Laws of the State including among others, the Town Law and the Local Finance Law. The bond resolution authorizing \$18,800,000 issuance of bonds was adopted by the Town of North Hempstead Board on March 20, 2018. The bond anticipation note activity for the year ended December 31, 2021 are as follows:

Capital Projects Description	Interest Rate	Issue Date	Maturity Date	Balance 1/1/21	Issued	Reissued/ (Redeemed)	Balance 12/31/21
Improvements of the facilities of the Port Washington Water Pollution Control District							
2021 Series A	1.50%	3/25/2021	3/25/2022	\$ 1,487,000	\$ -0-	\$ (13,000)	\$ 1,474,000
2021 Series B	1.50%	9/23/2021	9/25/2022	-0-	8,700,000	-0-	8,700,000
2021 Series A	1.50%	3/25/2021	3/25/2022	275,000	-0-	-0-	275,000
2021 Series B	1.50%	9/23/2021	9/24/2022	7,040,000	-0-	(57,000)	6,983,000
Totals				\$ 8,802,000	\$ 8,700,000	\$ (70,000)	\$ 17,432,000
Premiums on BANS				66,726	235,226	(125,532)	176,420
Total Bond Anticipation Notes Payable				\$ 8,868,726	\$ 8,935,226	\$ (195,532)	\$ 17,608,420

NOTE 7- LONG-TERM LIABILITIES

The changes in the District's long-term indebtedness during the year ended December 31, 2021 are summarized as follows:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021	Current Portion
Serial Bonds Payable -					
Town of North Hempstead	\$ 795,606	\$ -0-	\$ (130,607)	\$ 664,999	\$ 136,180
Serial Bonds Payable - State Bonds and Statutory					
Installment Bond - EFC	12,272,501	-0-	(542,900)	11,729,601	547,900
<u>Subtotal</u>	\$ 13,068,107	\$ -0-	\$ (673,507)	\$ 12,394,600	\$ 684,080
Compensated Absences	418,782	1,255	(34,127)	385,910	34,127
	<u>\$ 13,486,889</u>	<u>\$ 1,255</u>	<u>\$ (707,634)</u>	<u>\$ 12,780,510</u>	<u>\$ 718,207</u>

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 7- LONG-TERM LIABILITIES (continued)

A. Serial Bonds Payable

The District, through the Town of North Hempstead, New York borrows money by the issuance of Serial Bonds and Capital Notes in order to acquire land, purchase 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 and the District, are recorded in the Statement of Net Position.

During 2015 the District received an interest free loan from the New York State Storm Mitigation Loan Program through the NYS Environmental Facilities Corporation. This short-term grid note was converted to permanent financing in May 2016. Funds from the loan were utilized for the Sandy Hollow Road Siphon Line Rehabilitation.

In April 2015, the Town of North Hempstead, issued refunding bonds of \$1,142,688 with an average interest rate of 3.82% to partially advance refund three 2006 serial bonds in the amount of \$1,225,544 with rates of 4.375% & 4.50%. Net proceeds of \$1,252,771 were deposited into an irrevocable trust with an escrow agent to provide debt service payments or call the old bonds. The issuance costs of \$12,465 were included in the transaction. As a result of the advanced refunding, the District reduced its total debt service requirements by \$154,539 which resulted in an economic gain (difference between the present value of the debt service on the old and new debt) of \$151,981. Certain costs associated with the refunding have been deferred in the government-wide financial statements.

The following table summarizes the District's future serial bond debt service requirements for the issues as of December 31, 2021.

<u>Calendar Year Ended</u>	<u>Serial Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31, 2022	\$ 684,080	\$ 139,572	\$ 823,652
December 31, 2023	686,294	125,041	811,335
December 31, 2024	697,126	113,930	811,056
December 31, 2025	704,525	101,789	806,314
December 31, 2026	722,475	90,207	812,682
December 31, 2027-2031	3,064,500	448,601	3,513,101
December 31, 2032-2036	3,329,500	389,168	3,718,668
December 31, 2037-2041	2,254,500	80,701	2,335,201
December 31, 2042-2045	251,600	-0-	251,600
<u>Totals to be Paid</u>	<u>\$ 12,394,600</u>	<u>\$ 1,489,009</u>	<u>\$ 13,883,609</u>

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
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NOTE 7- LONG-TERM LIABILITIES (continued)

The District provides vacation and sick time benefits for its regular employees. The employees are permitted to accumulate unused vacation days up to a maximum number (20) and sick days up to a maximum number (165) with percentage restrictions for certain employees hired after August 31, 1994. As of December 31, 2021, the termination benefits for vacation and sick days amounted to \$385,910.

NOTE 8 – PENSION PLAN

General Information About the Pension Plan

Plan Description & Benefits Provided

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing 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 (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL).

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

Benefits Provided

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

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

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NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 8 – PENSION PLAN (continued)

General Information About the Pension Plan (cont'd)

Plan Description & Benefits Provided (cont'd)

Tiers 1 and 2 (cont'd)

to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent 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 percent 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, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

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

Tiers 3, 4 and 5

Eligibility: Tier 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 age 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 percent 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 percent 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 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 8 – PENSION PLAN (continued)

Benefits Provided (cont'd)

Tier 6

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

Benefit Calculation: Generally, the benefit is 1.67 percent 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 percent 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 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Ordinary Disability Benefits

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

Accidental Disability Benefits

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

Ordinary Death Benefits

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

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

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 8 – PENSION PLAN (continued)

Benefits Provided (cont'd)

Post-Retirement Benefit Increases

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

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. The contribution paid during the current year was equal to 100 percent of the required payment. The contractually required contribution for the year ended December 31, 2021 was \$230,474.

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

At December 31, 2021, the District reported a liability of \$4,211 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members actuarially determined.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 8 – PENSION PLAN (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd)

At March 31, 2021, the District's proportion was 0.0042287 percent, which was an decrease of .0001187 from its proportion measured as of March 31, 2020. For the year ended December 31, 2021, the District recognized pension expense of \$125,659. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 51,424	\$ -0-
Change of Assumptions	774,209	14,602
Net difference between projected and actual earnings on pension plan investments	-0-	1,209,557
Changes in proportion and differences between the District's contributions and proportionate share of contributions	71,617	17,460
Employer contributions subsequent to the measurement date	<u>174,164</u>	<u>-0-</u>
Total	<u>\$ 1,071,414</u>	<u>\$ 1,241,619</u>

The \$174,164 reported as deferred outflows of resources related to pensions results from District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2022	\$ (50,723)
2023	\$ (9,353)
2024	\$ (54,840)
2025	\$ (229,453)
2026	\$ -0-
Thereafter	\$ -0-

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 8 – PENSION PLAN (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd)

Actuarial Assumptions

The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuation used the following actuarial assumptions:

Significant actuarial assumptions used in April 1, 2020 valuation were as follows:

Inflation rate	2.7%
Salary Scale- ERS	4.4%
Investment rate of return, including inflation	5.9% Compounded annually, net of investment expenses
Cost of living adjustment	1.4% Annually

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-2020.

The actuarial assumptions used in the April 1, 2020 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.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 8 – PENSION PLAN (continued)

Actuarial Assumptions (cont'd)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate</u>
Domestic Equity	32%	4.05%
International Equity	15%	6.30%
Private Equity	10%	6.75%
Real Estate	9%	4.95%
Opportunistic/ARS Portfolio	3%	4.50%
Credit	4%	3.63%
Real Assets	3%	5.95%
Fixed Income	23%	0.00%
Cash	<u>1%</u>	0.50%
	<u>100%</u>	

The real rate of return is net of the long-term inflation assumption of 2.00%

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. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
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NOTE 8 – PENSION PLAN (continued)

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

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

	1% Decrease (4.9%)	Discount Rate (5.9%)	1% Increase (6.9%)
District's proportionate share of the net pension liability (Asset)	\$ 1,168,723	\$ 4,211	\$ (1,069,742)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2021, were as follows:

	(Dollars in Thousands) Employees' Retirement System
Employers' total pension liability	\$ 220,680,157
Plan net position	(220,580,583)
Employers' net pension liability	<u>\$ 99,574</u>
Ratio of plan fiduciary net position to the employers' total pension liability	99.95%

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (“OPEB”)

A. General information about the OPEB plan

Plan Description

The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District’s offices and are available upon request.

Employee covered by benefit terms

At December 31, 2021 the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	17
Active plan members	<u>19</u>
Total plan members	<u>36</u>

B. Total OPEB liability

The District’s total OPEB liability of \$13,052,564 was measured as of December 31, 2021 and was determined by an actuarial valuation as of December 31, 2021.

Actuarial Assumptions and other inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (continued)

B. Total OPEB liability (cont’d)
Actuarial Assumptions and other inputs (cont’d)

Salary increases	2.50%
Discount rate	1.80%

The primary components of medical insurance trend are medical inflation; changes in utilization; deductible leveraging; cost shift; changes in the cost of catastrophe claims not captured by other components; and the effect on costs of advances in medical technology.

Year	<u>Medical Insurance Premium</u>		Medicare Part B
	<u>Pre-65</u>	<u>Post-65</u>	<u>Premiums</u>
1	6.25%	7.25%	4.50%
2	5.75%	6.50%	4.50%
3	5.50%	6.00%	4.50%
4	5.00%	5.25%	4.50%
5	4.75%	5.00%	4.50%
6	4.50%	4.75%	4.50%
7 & After	4.50%	4.50%	4.50%

The discount rate was based on a review of the yield derived from the 20-year AA Municipal GO Bond Rate Index, as of 12/31/21, per Fidelity Investments.

Mortality rates were based on the SOA RP-2014 Total Dataset. Mortality improvements are projected using SOA Scale MP-2014.

C. Changes in the total OPEB liability

Balance as of January 1, 2021	\$ 12,173,169
<u>Changes for the year-</u>	
Service Cost	497,402
Interest	240,397
Differences between expected and actual experience	-0-
Changes in Assumptions	448,199
Benefit payments	<u>(306,603)</u>
Net Changes	<u>879,395</u>
Balance as of December 31, 2021	<u>\$ 13,052,564</u>

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (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 one percentage point lower (0.8%) or one percentage point higher (2.8%) than the current discount rate:

	1% Decrease (0.8%)	Rate (1.8%)	1% Increase (2.8%)
Total OPEB liability	\$ 15,683,136	\$ 13,052,564	\$ 11,022,579

Sensitivity of the total OPEB liability to changes in trend sensitivity

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability trend sensitivity would be if it were calculated using current healthcare cost trend rates of 2.0% and healthcare rates that are one percentage point lower (0.8%) or one percentage point higher (2.8%) than the current rate:

	1% Decrease (0.8%)	Healthcare Cost Trend Sensitivity (1.8%)	1% Increase (2.8%)
Total OPEB liability	\$ 10,687,238	\$ 13,052,564	\$ 16,226,435

D. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended December 31, 2021, the District recognized OPEB expense of \$1,171,643. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources- OPEB	Deferred Inflows of Resources- OPEB
Difference between expected and actual experience	\$ 109,919	\$ -0-
Change of assumptions	1,712,625	524,643
District's contributions subsequent to the measurement date	-0-	-0-
Total	<u>\$ 1,822,544</u>	<u>\$ 524,643</u>

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (continued)

D. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB (cont’d)

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

<u>For the year ended:</u>		
2022	\$	433,843
2023	\$	552,870
2024	\$	221,549
2025	\$	89,639
Thereafter	\$	-0-

NOTE 10 – RISK MANAGEMENT

The Port Washington Water Pollution Control District is exposed to various risks of loss related to torts; theft, damages to, and distribution of assets; errors and omissions; trip and fall injuries; and natural disasters, all of which are insured by general liability insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 11 – CAPITAL PROJECTS FUND DEFICIT

As of December 31, 2021, the Capital Projects fund balance has a temporary deficit of \$8,217,221. This deficit is being funded by a due from the Town of North Hempstead of \$11,090,494. The District will recognize an increase in fund balance once the BAN is replaced by permanent financing (bond issuance) or the BAN principal is reduced by payment of the obligation.

NOTE 12 – CONTINGENCIES

There are no impending liabilities, direct claims or contingent liabilities which might materially affect the District’s financial position, nor are there any other claims or litigation which are not adequately covered by insurance.

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 \$8,663,113 within the next one to two years.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 4, 2022, the date that the financial statements were available to be issued. On March 24, 2022, the Town of North Hempstead renewed \$1,749,000 Series B Bond Anticipation Notes, paid down \$16,000, and issued new Bond Anticipation Notes of \$1,747,000 with an interest rate of 3% and maturing on March 24, 2023.

NOTE 14 - NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

The Governmental Accounting Standards (GASB) has issued pronouncements not yet required to be implemented by the District. The Statements that may impact the District are as follows:

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. GASB No. 87 increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement is effective for the District's year ending December 31, 2022.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. GASB No. 91 requires a single method of reporting Conduit debt obligations by issuers. The objective is to eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement is effective for the year ending December 31, 2022.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for the reporting periods beginning after June 15, 2020. This statement is effective for the District's year ending December 31, 2022.

GASB Statement No. 93 – In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This statement establishes accounting and financial reporting requirements related to the replacement of LIBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this statement are effective for reporting periods beginning after June 15, 2020. This statement is effective for the District's year ending December 31, 2022.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement establishes standards of accounting and financial reporting for public-public partnership arrangements (PPPs) and Availability Payment Arrangements (APAs). The requirements of this statement are effective for the reporting periods beginning after June 15, 2022. This statement is effective for the District's year ending December 31, 2023.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

NOTE 14 - NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS
(continued)

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting of subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset- an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for the reporting periods beginning after June 15, 2022. This statement is effective for the District's year ending December 31, 2023.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenues Code Section 457 Deferred Compensation Plans*. An amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB No. 32. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plan, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 Plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement is effective for the District's year ending December 31, 2022.

GASB Statement No. 98 – In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The primary objective of this statement establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive *annual financial report* and its acronym in generally accepted accounting principals for state and local governments. This statement is effective for the District's year ending December 31, 2021.

The District's management has not yet determined the effect these statements will have on its financial statements.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
AS OF DECEMBER 31, 2021

	GENERAL FUND			
	Adopted Budget	Adjusted Budget	Actual	Favorable (Unfavorable)
<u>Revenues:</u>				
Real Property Taxes	\$ 5,597,091	\$ 5,596,991	\$ 5,596,991	\$ -0-
Departmental Income:				
Sewer Rents	210,000	224,767	224,767	-0-
Sewer Service Charges	15,000	21,350	21,350	-0-
Sewer Services to Other Governments	895,000	901,994	901,994	-0-
Interest Earnings	15,000	7,184	7,184	-0-
Sales of Equipment	-0-	20,100	20,100	
Insurance Recoveries	-0-	162,339	162,339	-0-
Miscellaneous	-0-	32,756	32,756	-0-
<u>Total Revenues</u>	\$ 6,732,091	\$ 6,967,481	\$ 6,967,481	\$ -0-
<u>Expenditures:</u>				
Sewer Administration	\$ 462,935	\$ 482,643	\$ 482,643	\$ -0-
Sanitary Sewers	1,638,015	2,457,942	2,195,076	262,866
Sewage Treatment and Disposal	2,174,545	2,089,377	2,089,377	-0-
Employee Benefits	1,473,600	1,361,887	1,361,887	-0-
<u>Total Expenditures</u>	\$ 5,749,095	\$ 6,391,849	\$ 6,128,983	\$ 262,866
Excess (Deficiency) of Revenues Over Expenditures Before Other <u>Financing Sources (Uses)</u>	\$ 946,866	\$ 575,632	\$ 838,498	\$ (262,866)
<u>Other Financing Sources (Uses):</u>				
Premium on Obligations Issued	\$ -0-	\$ 235,226	\$ 235,226	\$ -0-
Operating Transfers In	-0-	135,955	135,955	-0-
Operating Transfers (Out)	(1,186,955)	(1,091,524)	(1,091,524)	-0-
<u>Total Other Financing Sources (Uses)</u>	\$ (1,186,955)	\$ (720,343)	\$ (720,343)	\$ -0-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (240,089)	\$ (144,711)	\$ 118,155	\$ (262,866)
Fund Balances January 1, 2021			3,782,392	
Fund Balances December 31, 2021			\$ 3,900,547	

Note to Required Supplementary Information Budget Basis of Accounting
Budgets are Adopted on the Modified Accrual Basis of Accounting,
Consistent with Accounting Principles Generally Accepted in the
United States of America.
See Paragraph on Required Supplementary
Information Included in Auditor's Report

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
AS OF DECEMBER 31, 2021

Measurement date	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total OPEB Liability				
Service cost	\$ 497,402	\$ 382,376	\$ 277,663	\$ 298,608
Interest	240,397	296,759	334,027	311,203
Differences between expected and actual experience in the measurement of the total OPEB liability	-0-	183,199	-0-	-0-
Changes of assumptions or other inputs	448,199	476,350	1,656,592	(595,121)
Benefits Payments	<u>(306,603)</u>	<u>(313,195)</u>	<u>(296,727)</u>	<u>(268,963)</u>
Net change in total OPEB Liability	\$ 879,395	\$ 1,025,489	\$ 1,971,555	\$ (254,273)
Total OPEB liability- beginning of year	<u>12,173,169</u>	<u>11,147,680</u>	<u>9,176,125</u>	<u>9,430,398</u>
Total OPEB liability- end of year	<u>\$ 13,052,564</u>	<u>\$ 12,173,169</u>	<u>\$ 11,147,680</u>	<u>\$ 9,176,125</u>
Covered payroll	\$ 1,217,163	\$ 1,217,163	\$ 1,450,808	\$ 1,083,469
Total OPEB liability as percentage of covered payroll	1072.38%	1000.13%	768.38%	846.92%
Discount rate	1.8%	2.0%	2.7%	3.7%

Notes to Required Supplementary Information:

Changes of Assumptions:

None

Plan Assets:

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, Paragraph 4, to pay related benefits.

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

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

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET POSITION LIABILITY - NYSEERS
LAST 10 FISCAL YEARS *
AS OF DECEMBER 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013 **	2012 **
District's proportionate share of the net pension liability	0.0042287%	0.0043474%	0.0041982%	0.0044748%	0.0045404%	0.0042339%	0.0043391%	0.0043391%	N/A	N/A
District's proportionate share of the net pension liability	\$ 4,211	\$ 1,151,223	\$ 297,456	\$ 144,422	\$ 426,622	\$ 679,559	\$ 146,586	\$ 196,079	N/A	N/A
District's covered payroll	\$ 1,536,436	\$ 1,473,749	\$ 1,435,675	\$ 1,418,391	\$ 1,386,626	\$ 1,344,597	\$ 1,227,586	\$ 1,431,870	N/A	N/A
District's proportionate share of the net pension liability as a percentage of covered payroll	2.74%	78.12%	20.72%	10.18%	30.77%	50.54%	11.94%	13.69%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.20%	94.70%	90.70%	97.9%	97.20%	N/A	N/A
Discount rate	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%		

* The amounts presented for each fiscal year were determined as of March 31.
N/A = Not Available

Note to Required Supplementary Information

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - NYSPERS PENSION PLAN
LAST 10 FISCAL YEARS *
AS OF DECEMBER 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 230,475	\$ 205,076	\$ 199,472	\$ 205,056	\$ 203,115	\$ 148,946	\$ 174,308	\$ 245,611	\$ 264,438	\$ 244,056
Contributions in relation to the contractually required contribution	230,475	205,076	199,472	205,056	203,115	148,946	174,308	245,611	264,438	244,056
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered-employee payroll	\$ 1,590,297	\$ 1,497,741	\$ 1,450,808	\$ 1,418,391	\$ 1,386,626	\$ 1,344,597	\$ 1,227,586	\$ 1,431,870	\$ 1,483,797	\$ 1,573,436
Contributions as a percentage of covered-employee payroll	14.49%	13.69%	13.75%	14.46%	14.65%	11.08%	14.20%	17.15%	17.82%	15.51%

* The amounts presented for each fiscal year were determined as of December 31.
N/A = Not Available

Note to Required Supplementary Information

** This schedule is presented to illustrate the requirements to show information for 10 years. Additional years will be displayed as they become available.

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS - BUDGET AND ACTUAL
AS OF DECEMBER 31, 2021

	2021			
Sewer Administration	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances
Personal Services	\$ 280,320	\$ 268,996	\$ 268,996	\$ -0-
Commissioners Fees	31,200	31,100	31,100	-0-
	<u>\$ 311,520</u>	<u>\$ 300,096</u>	<u>\$ 300,096</u>	<u>\$ -0-</u>
Capital Outlay	\$ 5,000	\$ 15,479	\$ 15,479	\$ -0-
Contractual Expenditures:				
Stationary & Printing	-0-	-0-	-0-	-0-
Postage	1,000	925	925	-0-
Books, Publications, etc.	-0-	-0-	-0-	-0-
Office, Supplies and Expenses	5,000	6,083	6,083	-0-
Telephone & Communications	1,275	4,930	4,930	-0-
Light and Power	1,700	1,781	1,781	-0-
Water	-0-	-0-	-0-	-0-
Equipment - Rental	-0-	-0-	-0-	-0-
Assessment Rolls	4,650	4,500	4,500	-0-
Legal Notices	1,000	463	463	-0-
Conferences, Meetings, etc.	2,500	2,863	2,863	-0-
Election Expense	3,000	2,587	2,587	-0-
Engineering	3,000	11,228	11,228	-0-
Auditing	35,000	35,000	35,000	-0-
Custodial	3,475	3,702	3,702	-0-
Legal	60,000	53,160	53,160	-0-
Other Professional Services	18,000	19,642	19,642	-0-
Gas, Oil, etc.	1,000	432	432	-0-
Repairs & Maintenance:				
Alarm Systems	2,315	2,346	2,346	-0-
Operating Equipment	500	-0-	-0-	-0-
Plant & Grounds	<u>3,000</u>	<u>17,426</u>	<u>17,426</u>	<u>-0-</u>
	<u>\$ 151,415</u>	<u>\$ 182,547</u>	<u>\$ 182,547</u>	<u>\$ -0-</u>
	<u>\$ 462,935</u>	<u>\$ 482,643</u>	<u>\$ 482,643</u>	<u>\$ -0-</u>

See Paragraph on Other Supplementary Information
Included in Auditor's Report

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS - BUDGET AND ACTUAL
AS OF DECEMBER 31, 2021

	2021			
	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances
Sanitary Sewers				
Personal Services	\$ 818,360	\$ 783,166	\$ 783,166	\$ -0-
Capital Outlay	\$ 300,000	\$ 874,719	\$ 611,853	\$ 262,866
Contractual Expenditures:				
Telephone & Communications	9,260	15,213	15,213	-0-
Light and Power	165,000	189,264	189,264	-0-
Water	8,000	15,395	15,395	-0-
Heating	30,000	15,395	15,395	-0-
Equipment Rental	-0-	-0-	-0-	-0-
Conferences, Meetings, etc.	11,000	8,564	8,564	-0-
Engineering	28,000	33,365	33,365	-0-
Custodial	3,475	1,439	1,439	-0-
Medical	2,000	3,086	3,086	-0-
Uniforms and Laundry	5,500	5,749	5,749	-0-
Gas, Oil, etc.	15,000	16,054	16,054	-0-
Chemicals, Testing & Chlorine	20,000	11,028	11,028	-0-
Tools, Parts & Supplies:				
Plant & Grounds	-0-	-0-	-0-	-0-
Trunk Lines & Laterals	-0-	-0-	-0-	-0-
Repairs & Maintenance:				
Alarm Systems	25,420	23,608	23,608	-0-
Operating Equipment	37,000	45,662	45,662	-0-
Plant & Grounds	160,000	416,235	416,235	-0-
	<u>\$ 819,655</u>	<u>\$ 1,674,776</u>	<u>\$ 1,411,910</u>	<u>\$ 262,866</u>
	<u>\$ 1,638,015</u>	<u>\$ 2,457,942</u>	<u>\$ 2,195,076</u>	<u>\$ 262,866</u>

See Paragraph on Other Supplementary Information
Included in Auditor's Report

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS - BUDGET AND ACTUAL
AS OF DECEMBER 31, 2021

	2021			
<u>Sewage Treatment and Disposal</u>	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Expenditures</u>	<u>Encumbrances</u>
Personal Services	\$ 553,070	\$ 610,319	\$ 610,319	\$ -0-
Capital Outlay	\$ 10,000	\$ 38,699	\$ 38,699	\$ -0-
Contractual Expenditures:				
Office Supplies & Expenses	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Telephone & Communications	2,145	1,818	1,818	-0-
Light and Power	310,000	344,516	344,516	-0-
Water	26,000	64,672	64,672	-0-
Heating	17,000	21,840	21,840	-0-
Equipment Rental	-0-	-0-	-0-	-0-
Conferences, Meetings, etc.	11,500	6,103	6,103	-0-
Engineering	125,000	147,002	147,002	-0-
Custodial	1,650	2,773	2,773	-0-
Legal	-0-	3,825	3,825	-0-
Medical	1,000	132	132	-0-
Uniforms and Laundry	1,500	1,113	1,113	-0-
Gas, Oil, etc.	2,000	1,299	1,299	-0-
Chemicals, Testing & Chlorine:				
Analysis	72,000	75,393	75,393	-0-
Chemicals & Chlorine	52,000	74,563	74,563	-0-
Tools, Parts & Supplies:				
Plant & Grounds	-0-	-0-	-0-	-0-
Repairs & Maintenance:				
Alarm Systems	3,680	1,443	1,443	-0-
Operating Equipment	5,000	966	966	-0-
Plant & Grounds	100,000	64,960	64,960	-0-
Treatment and Disposal of:				
Sewage & Sludge	870,000	618,777	618,777	-0-
Permit Fees	11,000	9,164	9,164	-0-
	<u>\$ 1,621,475</u>	<u>\$ 1,479,058</u>	<u>\$ 1,479,058</u>	<u>\$ -0-</u>
	<u>\$ 2,174,545</u>	<u>\$ 2,089,377</u>	<u>\$ 2,089,377</u>	<u>\$ -0-</u>

See Paragraph on Other Supplementary Information
Included in Auditor's Report

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS - BUDGET AND ACTUAL
AS OF DECEMBER 31, 2021

	2021			
<u>Employee Benefits</u>	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Expenditures</u>	<u>Encumbrances</u>
State Retirement	\$ 220,000	\$ 230,474	\$ 230,474	\$ -0-
Social Security and Medicare	122,000	122,662	122,662	-0-
Workers' Compensation	57,000	55,494	55,494	-0-
Payment to Agent	-0-	58	58	-0-
Hospital and Medical Insurance	826,000	715,682	715,682	-0-
Metro Commuter Transportation Tax	2,600	4,740	4,740	-0-
Unallocated Insurance	<u>246,000</u>	<u>232,777</u>	<u>232,777</u>	<u>-0-</u>
	<u>\$ 1,473,600</u>	<u>\$ 1,361,887</u>	<u>\$ 1,361,887</u>	<u>\$ -0-</u>
Transfers:				
Debt Service Fund	<u>\$ 1,186,955</u>	<u>\$ 955,569</u>	<u>\$ 955,569</u>	<u>\$ -0-</u>
	<u>\$ 6,936,050</u>	<u>\$ 7,347,418</u>	<u>\$ 7,084,552</u>	<u>\$ 262,866</u>

See Paragraph on Other Supplementary Information
Included in Auditor's Report

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT

TOWN OF NORTH HEMPSTEAD, NEW YORK

SCHEDULE OF BALANCE SHEETS

CAPITAL PROJECTS FUND - BY PROJECT

AS OF DECEMBER 31, 2021

ASSETS	PS P Mechanical Bar Screen System	Collection System Improvements	PS E Main Sewage Pump Replacement	Biosolids Dewatering System & WWTP Improvements	Pump Station R Improvements	Collection System GIS	Total	
							2021	2020
Cash	\$ -0-	\$ 1,386	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,386	\$ 136,531
Accounts Receivable-Other	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Due from Other Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Due from Town of North Hempstead	485,724	7,136	-0-	6,426,494	4,163,795	7,345	11,090,494	7,622,518
Total Assets	\$ 485,724	\$ 8,522	\$ -0-	\$ 6,426,494	\$ 4,163,795	\$ 7,345	\$ 11,091,880	\$ 7,759,049
<u>LIABILITIES AND FUND BALANCES</u>								
Accounts Payable/Contracts Payable	\$ 83,102	\$ -0-	\$ -0-	\$ 948,922	\$ 844,268	\$ -0-	\$ 1,876,292	\$ 492,793
Bond Anticipation Notes Payable	915,000	320,349	-0-	9,235,094	6,765,024	196,533	17,432,000	8,802,000
Due to Other Funds	-0-	809	-0-	-0-	-0-	-0-	809	28,605
Total Liabilities	\$ 998,102	\$ 321,158	\$ -0-	\$ 10,184,016	\$ 7,609,292	\$ 196,533	\$ 19,309,101	\$ 9,323,398
Fund Balances:								
Restricted	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Assigned	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Unassigned	(512,378)	(312,636)	-0-	(3,757,522)	(3,445,497)	(189,188)	(8,217,221)	(1,564,349)
Total Fund Balances	\$ (512,378)	\$ (312,636)	\$ -0-	\$ (3,757,522)	\$ (3,445,497)	\$ (189,188)	\$ (8,217,221)	\$ (1,564,349)
Total Liabilities and Fund Balance	\$ 485,724	\$ 8,522	\$ -0-	\$ 6,426,494	\$ 4,163,795	\$ 7,345	\$ 11,091,880	\$ 7,759,049

See Paragraph on Other Supplementary Information Included in

Auditor's Report

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND - BY PROJECT
AS OF DECEMBER 31, 2021

	PSP Mechanical Bar Screen System	Collection System Improvements	PS E Main Sewage Pump Replacement	Biosolids Dewatering System & WWTP Improvements	Pump Station R Improvements	Collection System GIS	2021	Total 2020
Revenues:								
Interest Earnings	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,424
Total Revenues	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,424
Expenditures:								
Contractual	\$ 144,177	\$ -0-	\$ -0-	\$ 3,268,506	\$ 3,157,981	\$ -0-	\$ 6,570,664	\$ 653,651
Debt Service Charge	1,562	-0-	-0-	9,266	5,425	-0-	16,253	6,900
Total Expenditures	\$ 145,739	\$ -0-	\$ -0-	\$ 3,277,772	\$ 3,163,406	\$ -0-	\$ 6,586,917	\$ 660,551
Excess (Deficiency) of Revenues Over Expenditures	\$ (145,739)	\$ -0-	\$ -0-	\$ (3,277,772)	\$ (3,163,406)	\$ -0-	\$ (6,586,917)	\$ (659,127)
Other Financing Sources (Uses)								
Operating Transfers (Out)	\$ -0-	\$ -0-	\$ (135,955)	\$ -0-	\$ -0-	\$ -0-	\$ (135,955)	\$ -0-
BANS Redeemed from Appropriations	-0-	2,826	-0-	27,483	37,958	1,733	70,000	13,000
Total Other Financial Sources (Uses)	\$ -0-	\$ 2,826	\$ (135,955)	\$ 27,483	\$ 37,958	\$ 1,733	\$ (65,955)	\$ 13,000
Net Change in Fund Balances	\$ (145,739)	\$ 2,826	\$ (135,955)	\$ (3,250,289)	\$ (3,125,448)	\$ 1,733	\$ (6,652,872)	\$ (646,127)
Fund Balances, January 1, 2021	(366,639)	(315,462)	135,955	(507,233)	(320,049)	(190,921)	(1,564,349)	(918,222)
Fund Balances, December 31, 2021	\$ (512,378)	\$ (312,636)	\$ -0-	\$ (3,757,522)	\$ (3,445,497)	\$ (189,188)	\$ (8,217,221)	\$ (1,564,349)

See Paragraph on Other Supplementary Information
Included in Auditor's Report

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Board of Commissioners
Port Washington Water Pollution Control District
70 Harbor Road
Port Washington, New York 11050

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Port Washington Water Pollution Control District (the "District"), a component unit of the Town of North Hempstead, Port Washington, New York as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 22, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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


RYNKAR, VAIL & BARRETT, LLP

Mineola, New York
April 22, 2022