



ANNUAL FINANCIAL REPORT
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
December 31, 2019

PLAINVIEW WATER DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissions
Plainview Water District
Plainview, New York

We have audited the accompanying financial statements of the governmental activities and each major fund of the Plainview Water District (District), a component unit of the Town of Oyster Bay, New York, as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Plainview Water District as of December 31, 2019 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.

Changes in Accounting Principles

As described in Note 2 to the financial statements, "Changes in Accounting Principles", the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, as of December 31, 2019. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios on pages 3 through 14 and 42 through 47, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plainview Water District's basic financial statements. The other supplementary information on page 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Cullen & Danowski, LLP

June 4, 2020

PLAINVIEW WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Plainview Water District (District) annual financial report presents Management's Discussion and Analysis (MD&A) of the District's financial performance during the fiscal year ended December 31, 2019 in comparison with the year ended December 31, 2018, with emphasis on the current year. This information should be read in conjunction with the financial statements and notes, which immediately follow this section.

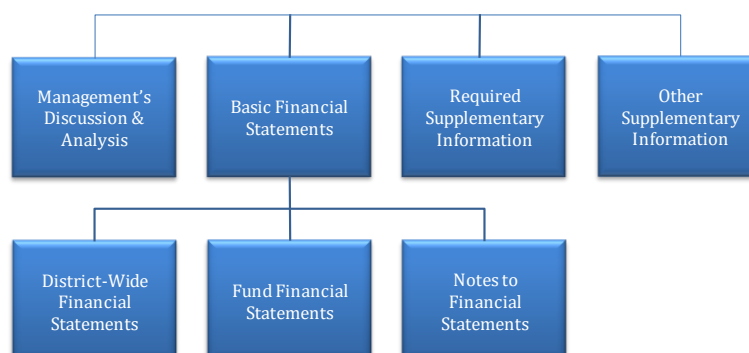
1. FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019 fiscal year are as follows:

- The District's total net position, as reflected in the district-wide financial statements, was \$18,504,823 at December 31, 2019. This balance represents an increase of \$4,300,528 (30.28%) over the prior year. This was due to an excess of revenues over expenses based on the economic resources measurement focus and accrual basis of accounting.
- The District's general fund-fund balance, as reflected in the fund financial statements, was \$5,354,919 at December 31, 2019. This balance represents a \$3,359,682 decrease (38.55%) from the prior year as follows:
 - Nonspendable fund balance decreased by \$55,420, which represents the change in inventory and prepaid expenses.
 - Restricted fund balances decreased by \$3,713,968 due to the use of reserves to fund capital projects, offset by interest allocated to reserves.
 - Unassigned fund balance increased by \$219,239 to \$2,415,852.
- The District implemented GASB Statement No. 84, *Fiduciary Activities*, for the year ended December 31, 2019. As a result, some activities previously reported within the fiduciary funds are reported within the governmental funds.
- In 2019, the District received authorization from the Town of Oyster Bay to issue serial bonds in the amount of \$4,269,000 for improvements to Plant 4 and \$25,824,420 for improvements to Plants No. 2, 3, 4 and 7, to treat for 1,4 Dioxane. As of December 31, 2019, no debt has been issued and \$2,266,210 has been expended.
- The District's 2019 property tax levy of \$4,601,078 was a 5.0% increase over the 2018 tax levy, which exceeded the tax cap of 2.29% and was approved by the Board of Commissioners.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



PLAINVIEW WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A. District-Wide Financial Statements

The district-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

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

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported as governmental funds.

Governmental Funds

Governmental funds statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period in which the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, claims and judgments, retainage, compensated absences, pension costs, and other postemployment benefits, which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, the reader may better

PLAINVIEW WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

understand the long-term impact of the District's near-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 to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds: general fund and capital projects fund, both of which are considered to be major funds and are presented separately in the fund financial statements.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position increased by \$4,300,528 between fiscal year December 31, 2019 and 2018. The increase is due to revenues in excess of expenses based on the economic resources measurement focus and the accrual basis of accounting. The December 31, 2018, current and other assets, and current and other liabilities were increased by \$87,747, as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*. A summary of the District's Statements of Net Position follows:

	2019	As Restated 2018	Increase (Decrease)	Percentage Change
Assets				
Current and other assets	\$ 13,108,460	\$ 9,872,846	\$ 3,235,614	32.77 %
Capital assets, net	33,638,271	29,668,301	3,969,970	13.38 %
Total Assets	46,746,731	39,541,147	7,205,584	18.22 %
Deferred Outflows of Resources	1,742,568	643,801	1,098,767	170.67 %
Liabilities				
Current and other liabilities	4,601,645	624,414	3,977,231	636.95 %
Long-term liabilities	13,002,489	14,191,162	(1,188,673)	(8.38)%
Net pension liability - proportionate share	378,259	173,561	204,698	117.94 %
Total OPEB obligation	9,576,384	9,523,853	52,531	0.55 %
Total Liabilities	27,558,777	24,512,990	3,045,787	12.43 %
Deferred Inflows of Resources	2,425,699	1,467,663	958,036	65.28 %
Net Position				
Net investment in capital assets	18,966,708	15,725,670	3,241,038	20.61 %
Restricted	7,252,437	6,049,351	1,203,086	19.89 %
Unrestricted (deficit)	(7,714,322)	(7,570,726)	(143,596)	1.90 %
Total Net Position	\$ 18,504,823	\$ 14,204,295	\$ 4,300,528	30.28 %

The increase in current and other assets is primarily related to increases in cash and amounts due from State and Federal. The increase in cash is due to an increase in current and other liabilities along with an increase in cash collections of other revenues. The amounts due from State and Federal represent amounts due from New York State related to grant awards to partially fund capital projects. The District did not have a similar receivable in 2018.

PLAINVIEW WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The increase in capital assets, net is due to current year additions exceeding depreciation expense. The accompanying Notes to Financial Statements, Note 7 "Capital Assets" provides additional information.

Deferred outflows of resources represents contributions to the pension plan subsequent to the measurement date and actuarial adjustments to the pension and OPEB plans that will be amortized in future years.

The increase in current and other liabilities is primarily due to increases in accounts payable and due to other governments, both of which are to related capital project activity.

The decrease in long-term liabilities is the result of the repayment of the current maturity of bond indebtedness and a net decrease in the compensated absences liability, primarily as a result of retirement payouts.

Net pension liability – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's net pension liability at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 10 "Pension Plan – New York State", provides additional information.

The total other postemployment benefits (OPEB) obligation increased over the prior year, based on the actuarial valuation for the plan, which included a decrease in the discount rate in the current year. The accompanying Notes to Financial Statements, Note 12 "Postemployment Healthcare Benefits" provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets, relates to the investment in capital assets at cost such as land; construction in progress; buildings and improvements; furniture and equipment; and infrastructure, net of accumulated depreciation and related outstanding debt. This balance as of December 31, 2019, is computed as follows:

	Increase (Decrease)
Capital assets, net	\$ 33,638,271
Retainage payable	(77,777)
Due to other governments	(1,815,598)
Principal debt reduction of construction bonds - payments	<u>(12,778,188)</u>
	<u>\$ 18,966,708</u>

The restricted component of net position in the amount of \$7,252,437 relates to the District's reserves for capital improvements. This balance increased over the prior year by \$1,203,086 due to the funding of reserves and interest allocated to the reserves, offset by the use of reserves to fund capital asset additions.

The unrestricted deficit component of net position in the amount of \$(7,714,322) relates to the balance of the District's net position. This deficit increased over the prior year by \$143,596. Additionally, in accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB obligation.

PLAINVIEW WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in the accompanying financial statements. A summary of this statement for the years ended December 31, 2019 and 2018 is as follows:

	2019	2018	Increase (Decrease)	Percentage Change
Revenues				
Program revenues				
Charges for services	\$ 4,742,561	\$ 4,810,684	\$ (68,123)	(1.42)%
Capital grants	1,206,598		1,206,598	100.00 %
General revenues				
Real property taxes	4,601,054	4,381,975	219,079	5.00 %
Other tax items	201,654	198,155	3,499	1.77 %
Use of money and property	198,270	93,913	104,357	111.12 %
Other	84,329	2,112,683	(2,028,354)	(96.01)%
Total Revenues	<u>11,034,466</u>	<u>11,597,410</u>	<u>(562,944)</u>	(4.85)%
Expenses				
Program expenses				
Water administration	1,617,729	1,550,270	67,459	4.35 %
Source of supply, power and pumping	910,845	870,093	40,752	4.68 %
Purification	1,451,578	1,584,345	(132,767)	(8.38)%
Transmission and distribution	1,275,761	1,396,054	(120,293)	(8.62)%
Debt service - interest	475,474	520,217	(44,743)	(8.60)%
Loss on disposition of assets		588,843	(588,843)	(100.00)%
Depreciation	1,002,551	996,926	5,625	0.56 %
Total Expenses	<u>6,733,938</u>	<u>7,506,748</u>	<u>(772,810)</u>	(10.29)%
Total Change in Net Position	<u>\$ 4,300,528</u>	<u>\$ 4,090,662</u>	<u>\$ 209,866</u>	5.13 %

The District's net position increased by \$4,300,528 and \$4,090,661 for the years ended December 31, 2019 and 2018, respectively.

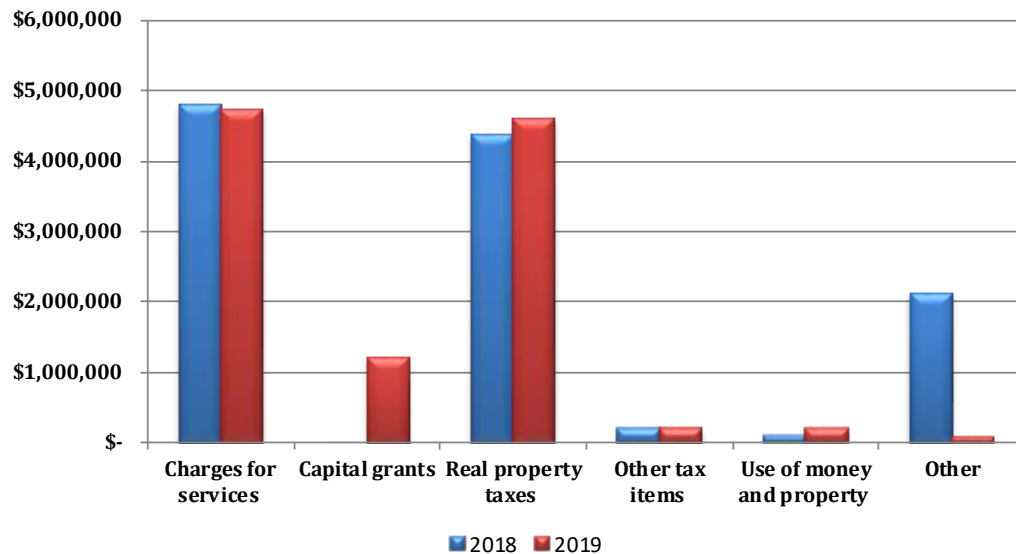
The net decrease in total revenues in 2019, as compared to 2018, was \$562,944, as shown above. The majority of this decrease was within other revenues, which was offset by an increase in capital grants. In the prior year, other revenues included a donation of a capital asset from Country Pointe Development project. The District did not receive a similar donation in the current year. Capital grants consists of revenue recognized from New York State grants. The grants are providing partial funding for the VOC treatment at Plant 1, AOP treatment at Plant 2, and AOP Pilot Study Plant 7 capital projects.

The District's expenses for the year decreased by \$772,810 or 10.29%. In 2018, the District recognized a loss on disposition of assets in the amount of \$588,843. The District did not have a similar loss in the current year. This accounts for a majority of the decrease in expenses.

As graphically portrayed below, the District primarily relies on water use charges and real property taxes to support government operations. Collectively, they provided 84.68% and 79.26% of the District's revenues in fiscal years 2019 and 2018, respectively.

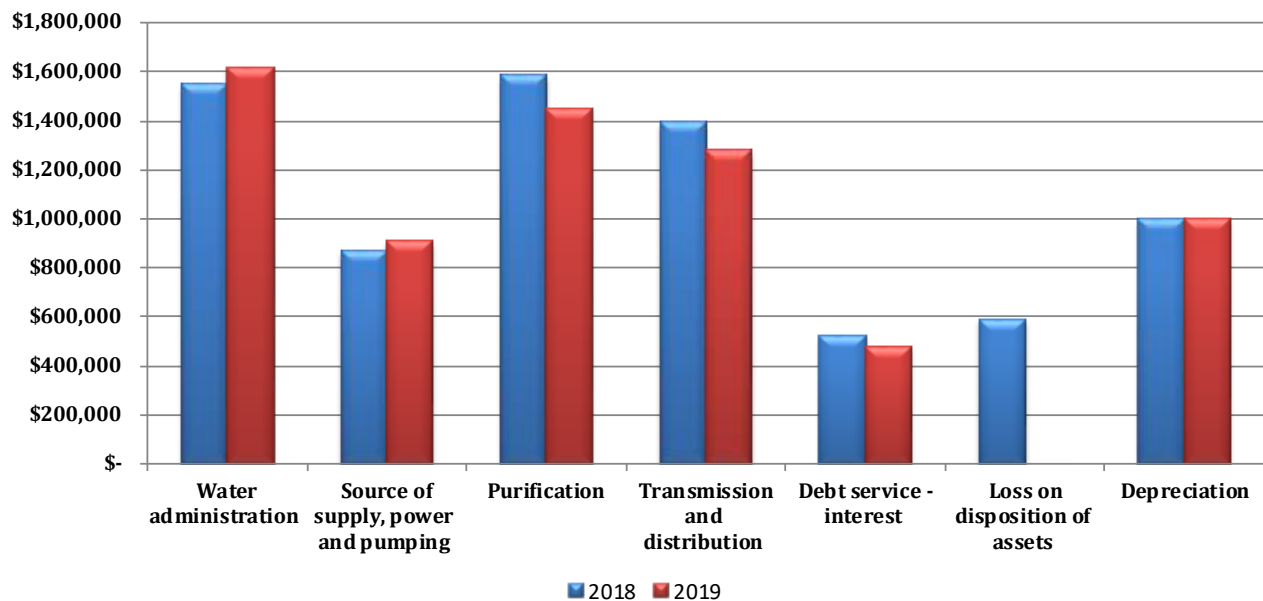
PLAINVIEW WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A graphic display of the distribution of revenues for the two years follows:



	Charges for services	Capital grants	Real property taxes	Other tax items	Use of money and property	Other
2018	41.48%	0.00%	37.78%	1.71%	0.81%	18.22%
2019	42.98%	10.93%	41.70%	1.83%	1.80%	0.76%

A graphic display of the distribution of expenses for the two years follows:



	Water administration	Source of supply, power and pumping	Purification	Transmission and distribution	Debt service - interest	Loss on disposition of assets	Depreciation
2018	20.65%	11.59%	21.11%	18.60%	6.93%	7.84%	13.28%
2019	24.02%	13.52%	21.56%	18.95%	7.06%	0.00%	14.89%

PLAINVIEW WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of December 31, 2019, the governmental funds reported a combined fund balance of \$8,005,763; a decrease of \$708,838 from the prior year. This decrease is due to an excess of expenditures over revenues based upon the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in fund balance by fund is as follows:

	2019	2018	Increase (Decrease)	Percentage Change
General Fund				
Nonspendable:				
Inventory	\$ 187,845	\$ 242,025	\$ (54,180)	(22.39)%
Prepays	190,128	191,368	(1,240)	(0.65)%
Restricted Capital reserves:				
General	2,335,383	4,489,269	(2,153,886)	(47.98)%
Contaminants		1,287,602	(1,287,602)	(100.00)%
Infrastructure		272,480	(272,480)	(100.00)%
Assigned: Unappropriated fund balance	225,711	35,244	190,467	540.42 %
Unassigned: Fund balance	2,415,852	2,196,613	219,239	9.98 %
	<u>5,354,919</u>	<u>8,714,601</u>	<u>(3,359,682)</u>	<u>(38.55)%</u>
Capital Fund				
Restricted Capital reserves:				
General	3,785,433		3,785,433	100%
Contaminants	1,131,621		1,131,621	100%
Unassigned: Fund balance (deficit)	(2,266,210)		(2,266,210)	100%
	<u>2,650,844</u>	<u>-</u>	<u>2,650,844</u>	<u>100%</u>
Total Governmental Funds				
Fund Balance	<u>\$ 8,005,763</u>	<u>\$ 8,714,601</u>	<u>\$ (708,838)</u>	<u>(8.13)%</u>

A. General Fund

The general fund is the principal operating fund of the District. For the year ended December 31, 2019, the fund balance decreased by \$3,359,682, as expenditures and other financing uses of \$14,978,106, exceeded revenues and other financing sources of \$11,618,424. Revenues and other financing sources decreased by \$936,816 (7.46%) from fiscal 2018. The decrease was primarily due to decreases in other financing sources, offset by increases in real property taxes and use of money and property. Included in other financing sources in 2018 were proceeds and premiums of \$2,728,968 from a bond refunding. The District did not have a similar bond refunding in 2019. This was offset by an increase in operating transfers in. The District transferred \$1,821,310 from the capital projects fund to the general fund. This amount represents amounts that were no longer needed to fund projects, as a result of the District being able to secure additional grant funds from New York State. The increase in real property taxes was in accordance with the 2019 budget. The increase in use of money and property was primarily due to the District being able to secure better interest rates in 2019.

Expenditures and other financing uses increased by \$4,620,739 or 44.61% over fiscal 2018 totals. This increase was primarily due to an increase in other financing uses, offset by a decrease in debt service. In 2019, the District transferred funds from the general fund to the capital projects fund to provide funding for current capital projects. This funding was provided from the District's capital reserves and general fund appropriations. The increase in operating transfers out was offset by decreases in bond issuance costs and

PLAINVIEW WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

repayment of debt associated with the bond refunding in 2018. The debt service expenditures decreased as a result of the prior year bond refunding and was in accordance with the repayment schedules.

The restricted fund balances decreased by \$3,713,968 compared to the prior year. This decrease is due to the use of capital reserves to fund capital project expenditures, offset by funding the general capital reserve, the return of unspent capital reserve funds and interest allocated to the reserves. The capital reserves for contaminants and infrastructure were fully utilized during 2019 to fund the Plant No. 1 VOC treatment projects. The remaining amounts, which consisted of interest earnings, were transferred to the general capital reserve.

B. Capital Projects Fund

The capital projects fund is used to account for financial resources earmarked for specific capital projects. The net change in the capital projects fund – fund balance is an increase of \$2,650,844. The District recognized \$1,206,598 in grant revenues and transferred \$7,878,172 into the capital projects fund to fund various projects. The District's capital projects are for facility improvements and new water treatment infrastructure needed to treat water for various new contaminants in accordance with State mandated guidelines. Since not all of this work has been completed, this resulted in the increase.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2019 Budget

The District's general fund approved budget for the year ended December 31, 2019 was \$9,245,191. This amount was increased by encumbrances carried forward from the prior year in the amount of \$35,244 and budget revisions in the amount of \$7,692,110, for a final budget of \$16,972,545.

The final budget was funded by \$4,751,078 in estimated property taxes and other tax items, \$4,661,888 in estimated program revenues, \$19,500 in other revenues, \$7,504,835 appropriated from restricted reserves and \$35,244 from encumbrances carried forward from the prior year.

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

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 2,196,613
Revenues Over Budget	2,185,958
Expenditures and Encumbrances Under Budget	1,768,728
Net Change in Nonspendable Fund Balance	55,420
Allocation to Reserves	<u>(3,790,867)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 2,415,852</u></u>

PLAINVIEW WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Opening, Unassigned Fund Balance

The \$2,196,613 shown in the table is the District's December 31, 2018 unassigned fund balance.

Revenues Over Budget

The 2019 final budget for revenues was \$9,432,466. Actual revenues recognized for the year were \$11,618,424. The excess of actual revenue over estimated or budgeted revenue was \$2,185,958. This was due to the District receiving more than anticipated in other tax items (PILOT), hydrant fees, miscellaneous charges, construction water charges, use of money and property, insurance recoveries and the transfer from the capital projects fund, offset by a shortage in metered water sales. This change contributes directly to the change in the unassigned portion of the general fund-fund balance from December 31, 2018 to December 31, 2019.

Expenditures and Encumbrances Under Budget

The 2019 final budget for expenditures and other financing uses was \$16,972,545. Actual expenditures and other financing uses for the year were \$14,978,106 and outstanding encumbrances were \$225,711. Combined, the expenditures and encumbrances for 2019 were \$15,203,817. The final budget was under expended by \$1,768,728, which contributes to the change to the unassigned portion of the general fund-fund balance from December 31, 2018 to December 31, 2019.

Net Change in Nonspendable Fund Balance

The District prepaid three months of NYS and Local Employees' Retirement System required contributions, staff professional dues, insurance payments and one month of health insurance, and had inventories for supplies and materials at December 31, 2019. The resulting balance sheet assets (prepaids and inventories) cannot be spent because they are not in spendable form. Accordingly, an equal amount of fund balance is classified as nonspendable. The \$55,420 decrease in nonspendable fund balance increases unassigned fund balance.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers.

The \$(3,790,867) shown in the above table represents a transfer to the general capital reserve of \$3,665,973, plus interest earnings of \$124,894 that were allocated to the reserves.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the District will begin the 2020 fiscal year with an unassigned fund balance of \$2,415,852. This is an increase of \$219,239 in the unassigned balance over the prior year.

PLAINVIEW WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

6. CAPITAL ASSETS, DEBT ADMINISTRATION AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At December 31, 2019 the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital asset additions in excess of depreciation expense for the year. A summary of the District's capital assets, net of accumulated depreciation at December 31, 2019 and 2018 is as follows:

	2019	2018	Increase (Decrease)
Land	\$ 302,792	\$ 302,792	\$ -
Construction work in progress	4,667,187	118,232	4,548,955
Buildings and improvements	9,961,541	10,341,644	(380,103)
Furniture and equipment	450,099	507,173	(57,074)
Infrastructure	18,147,121	18,277,698	(130,577)
Vehicles	38,761	63,339	(24,578)
Software	70,770	57,423	13,347
Capital assets, net	<u>\$ 33,638,271</u>	<u>\$ 29,668,301</u>	<u>\$ 3,969,970</u>

The majority of the additions were related to the ongoing infrastructure improvements related to new water treatments.

The District is continuing to make significant capital expenditures resulting from bond authorizations for capital improvements to District facilities. As of December 31, 2019, the District has expended approximately 7.5% of the authorization and the construction is on-going.

B. Debt Administration

At December 31, 2019, the District had total bonds payable of \$12,778,188. The bonds were issued for major improvements to the District's infrastructure and facilities. The decrease in outstanding debt resulted from principal payments made during the current year. A summary of the outstanding debt at December 31, 2019 and 2018 is as follows:

Issue Date	Interest Rate	2019	2018	Increase (Decrease)
2003	3.00 - 4.50%	\$	\$ 24,706	\$ (24,706)
2008	2.00 - 5.00%	1,914,081	2,114,646	(200,565)
2009	2.50 - 4.00%	43,000	87,000	(44,000)
2010	2.00 - 5.00%	423,829	474,055	(50,226)
2011	2.00 - 5.00%		12,941	(12,941)
2014	2.00 - 5.00%	171,278	200,533	(29,255)
2014	3.00 - 4.00%	4,009,000	4,393,000	(384,000)
2014	3.25 - 4.00%	5,868,000	6,269,000	(401,000)
2018	3.00 - 4.00%	285,000	300,000	(15,000)
2018	3.00 - 4.00%	64,000	66,750	(2,750)
		<u>\$ 12,778,188</u>	<u>\$ 13,942,631</u>	<u>\$ (1,164,443)</u>

PLAINVIEW WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

In 2019, the District received authorization from the Town of Oyster Bay to issue serial bonds in the amount of \$4,269,000 for improvements to Plant No. 4 and \$25,824,420 for improvements to Plants No. 2, 3, 4 and 7, to treat for 1,4 Dioxane. As of December 31, 2019, no debt has been issued.

Additional information on the District's debt can be found in Note 9 "Long-Term Liabilities" of the Notes to Financial Statements.

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are estimated amounts due for compensated absences, net pension liability proportionate share and total other postemployment benefits. The compensated absences liability is based on employment contracts. The net pension liability - proportionate share and total other postemployment benefits are based on actuarial valuations.

	2019	2018	Increase (Decrease)
Compensated absences payable	\$ 224,301	\$ 248,531	\$ (24,230)
Net pension liability - proportionate share	378,259	173,561	204,698
Total other postemployment benefits obligation	9,576,384	9,523,853	52,531
	<u>\$ 10,178,944</u>	<u>\$ 9,945,945</u>	<u>\$ 232,999</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The Board of Commissioners adopted the District's 2020 budget on September 10, 2019. The District expects to maintain the same quality level of service to its taxpayers and customers that it has historically provided. The 2020 budget of \$9,914,331 represents a \$669,140 (7.24%) increase over the 2019 budget. The majority of this increase is within pumping and distribution of water. Partial funding for the budget will be provided by estimated non-property tax revenues of \$4,715,113, which is a decrease of \$71,000 (1.53%) from 2019. The real property tax levy of \$5,199,218 will provide the balance of the funding for the budget, which is an increase of \$598,140 (13.00%) over 2019.

B. Water Sales

The District derives a significant amount of its operating revenues from water sales. For water utilities, water revenues are dependent on the amount of rainfall, particularly during the summer months. As such, these revenues are unpredictable and very volatile. Water revenues for the District can vary significantly from a rainy year to a dry year. Water revenues are budgeted on the conservative side, which is in anticipation of a rainy year. However, actual water revenues can still fall far short of the District's estimates. The District continued to budget conservatively for 2019. The District also believes that such adverse weather conditions can easily recur consecutively over two years or more running. Gallons billed and water revenues for the current and past five years are as follows:

PLAINVIEW WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	Gallons billed (millions)	Water Revenue Recognized in General Fund (thousands)
2019	1,682	\$ 3,928
2018	1,635	3,870
2017	1,660	3,780
2016	1,841	3,942
2015	1,834	3,645

C. Tax Cap

New York State law limits the increase in the property tax levy of municipalities to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. Municipalities may override the tax levy limit by drafting a local law or resolution that overrides the tax levy limit and having it approved by a 60 percent rate of the governing body. Based on the law, the District's tax levy cap for 2020 is 2.91%. The District's tax levy increase of 13.00%, as approved by the Board of Commissioners, exceeds the cap for 2020. The increase to real property taxes was imposed most significantly due to never before incurred operating and maintenance costs related to the newly implemented Advanced Oxidation Process (AOP) treatment for 1,4 Dioxane for which the District has never previously had to budget for in the prior years. These new costs are the result of the NYS Department of Health Commissioner's acceptance of the Drinking Water Council's recommendation to establish a Maximum Contaminant Level (MCL) of 1.0 part per billion (ppb) for 1,4 Dioxane and 10 parts per trillion (ppt) for PFOS and PFOA. Additionally, the increase is attributed to the increased cost to maintain and improve the District's infrastructure coupled with the need to build new infrastructure and treatment facilities for AOP treatment as a result of the newly regulated MCL.

8. ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's taxpayers, customers and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Plainview Water District's Business Manager at Plainview Water District, 10 Manetto Hill Road, Plainview, New York 11803.

PLAINVIEW WATER DISTRICT
Statement of Net Position
December 31, 2019

ASSETS

Cash	
Unrestricted	\$ 2,756,528
Restricted	7,252,437
Receivables	
Accounts receivable	1,124,992
Due from state and federal	1,191,409
Due from other governments	405,121
Inventory	187,845
Prepays	190,128
Capital assets not being depreciated	4,969,979
Capital assets being depreciated, net of accumulated depreciation	<u>28,668,292</u>
 Total Assets	 <u>46,746,731</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension	355,852
Other postemployment benefits	<u>1,386,716</u>
 Total Deferred Outflows of Resources	 <u>1,742,568</u>

LIABILITIES

Payables	
Accounts payable	2,202,545
Accrued liabilities	292,342
Retainage payable	77,777
Due to other governments	1,815,598
Guarantee and bid deposits	184,368
Unearned credits	
Collections in advance	29,015
Long-term liabilities	
Due within one year	
Bonds payable	1,145,582
Compensated absences payable	20,725
Due after one year	
Bonds payable	11,632,606
Compensated absences payable	203,576
Net pension liability - proportionate share	378,259
Total other postemployment benefits obligation	<u>9,576,384</u>
 Total Liabilities	 <u>27,558,777</u>

DEFERRED INFLOWS OF RESOURCES

Pension	168,424
Other postemployment benefits	<u>2,257,275</u>
 Total Deferred Inflows of Resources	 <u>2,425,699</u>

NET POSITION

Net investment in capital assets	18,966,708
Restricted: Capital improvements	7,252,437
Unrestricted (deficit)	<u>(7,714,322)</u>
 Total Net Position	 <u><u>\$ 18,504,823</u></u>

PLAINVIEW WATER DISTRICT
Statement of Activities
For the Year Ended December 31, 2019

Program Revenues

Charges for services	\$ 4,742,561
Capital grants	<u>1,206,598</u>
Total Program Revenues	<u>5,949,159</u>

Program Expenses

Home and community services	
<i>Water supply services</i>	
Water administration	1,617,729
Source of supply, power and pumping	910,845
Purification	1,451,578
Transmission and distribution	1,275,761
Debt service - interest	475,474
Depreciation	<u>1,002,551</u>
Total Program Expenses	<u>6,733,938</u>

Net Revenue (Expense)	<u>(784,779)</u>
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General Revenues

Real property taxes	4,601,054
Other tax items	201,654
Use of money and property	198,270
Sale of property and compensation for loss	76,815
Miscellaneous	<u>7,514</u>
Total General Revenues	<u>5,085,307</u>

Change in Net Position	4,300,528
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Net Position - Beginning of Year	<u>14,204,295</u>
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Net Position - End of Year	<u><u>\$ 18,504,823</u></u>
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PLAINVIEW WATER DISTRICT
Balance Sheet - Governmental Funds
December 31, 2019

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash			
Unrestricted	\$ 2,756,528	\$	\$ 2,756,528
Restricted	1,653,018	5,599,419	7,252,437
Receivables			
Accounts receivable	1,124,992		1,124,992
Due from other funds	368,119		368,119
Due from state and federal		1,191,409	1,191,409
Due from other governments	405,121		405,121
Inventory	187,845		187,845
Prepays	190,128		190,128
Total Assets	<u>\$ 6,685,751</u>	<u>\$ 6,790,828</u>	<u>\$ 13,476,579</u>
LIABILITIES			
Payables			
Accounts payable	\$ 302,248	\$ 1,900,297	\$ 2,202,545
Accrued liabilities	60,081	55,970	116,051
Due to other funds		368,119	368,119
Due to other governments		1,815,598	1,815,598
Guarantee and bid deposits	184,368		184,368
Unearned credits			
Collections in advance	29,015		29,015
Total Liabilities	<u>575,712</u>	<u>4,139,984</u>	<u>4,715,696</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - unbilled metered water sales	755,120		755,120
FUND BALANCES			
Nonspendable:			
Inventory	187,845		187,845
Prepays	190,128		190,128
Restricted: Capital	2,335,383	4,917,054	7,252,437
Assigned: Unappropriated fund balance	225,711		225,711
Unassigned: Fund balance (deficit)	2,415,852	(2,266,210)	149,642
Total Fund Balances	<u>5,354,919</u>	<u>2,650,844</u>	<u>8,005,763</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,685,751</u>	<u>\$ 6,790,828</u>	<u>\$ 13,476,579</u>

PLAINVIEW WATER DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2019

Total Governmental Fund Balances \$ 8,005,763

The costs of constructing and acquiring capital assets (land, buildings, equipment, and infrastructure) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives. Balances at December 31, 2019, were:

Original cost of capital assets	\$ 49,751,352	
Less: Accumulated depreciation	<u>(16,113,081)</u>	
Capital assets, net		33,638,271

Proportionate share of long-term liability and deferred outflows and inflows associated with participation in the state retirement system are not current financial resources or obligations and are not reported in the funds.

Deferred outflows of resources	355,852	
Net pension liability	(378,259)	
Deferred inflows of resources	<u>(168,424)</u>	
		(190,831)

Total other postemployment benefits obligation and deferred outflows and inflows related to providing benefits in retirement are not current financial resources or obligations and are not reported in the funds.

Deferred outflows of resources	1,386,716	
Total other postemployment benefits obligation	(9,576,384)	
Deferred inflows of resources	<u>(2,257,275)</u>	
		(10,446,943)

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.	755,120
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Long-term and related liabilities are not due and payable in the current period, and, therefore, are not reported as liabilities in the governmental funds. Long-term and related liabilities consisted of:

Accrued interest on bonds payable	(176,291)	
Retainage payable	(77,777)	
Bonds payable	(12,778,188)	
Compensated absences	<u>(224,301)</u>	
		<u>(13,256,557)</u>

Total Net Position	<u><u>\$ 18,504,823</u></u>
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PLAINVIEW WATER DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2019

	General	Capital Projects	Total Governmental Funds
Revenues			
Real property taxes	\$ 4,601,054	\$	\$ 4,601,054
Other tax items	201,654		201,654
Program revenues	4,711,807		4,711,807
Use of money and property	198,270		198,270
Sale of property and compensation for loss	76,815		76,815
Miscellaneous	7,514		7,514
State sources		1,206,598	1,206,598
	<u>9,797,114</u>	<u>1,206,598</u>	<u>11,003,712</u>
Expenditures			
Water administration	1,125,981		1,125,981
Source of supply, power and pumping	910,845		910,845
Purification	1,024,320		1,024,320
Transmission and distribution	1,154,687		1,154,687
Employee benefits	1,229,940		1,229,940
Debt service			
Principal	1,164,443		1,164,443
Interest	489,718		489,718
Capital Outlay		4,612,616	4,612,616
	<u>7,099,934</u>	<u>4,612,616</u>	<u>11,712,550</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,697,180</u>	<u>(3,406,018)</u>	<u>(708,838)</u>
Other Financing Sources and (Uses)			
Operating transfers in	1,821,310	7,878,172	9,699,482
Operating transfers (out)	<u>(7,878,172)</u>	<u>(1,821,310)</u>	<u>(9,699,482)</u>
	<u>(6,056,862)</u>	<u>6,056,862</u>	<u>-</u>
Net Change in Fund Balances	(3,359,682)	2,650,844	(708,838)
Fund Balances - Beginning of Year	<u>8,714,601</u>	<u>-</u>	<u>8,714,601</u>
Fund Balances - End of Year	<u><u>\$ 5,354,919</u></u>	<u><u>\$ 2,650,844</u></u>	<u><u>\$ 8,005,763</u></u>

PLAINVIEW WATER DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

Net Change in Fund Balances		\$ (708,838)
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Long-term Revenue and Expense Differences

In the Statement of Activities, certain program revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received).

\$ 30,754

Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.

Decrease in compensated absences

24,230

54,984

Capital Related Differences

Capital outlays to purchase, build or improve capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation in the period.

Capital outlays

4,972,521

Depreciation expense

(1,002,551)
3,969,970

Retainage payable represents amounts withheld from progress payments to contractors for ongoing capital projects until satisfactory completion. It is not a liability in the governmental funds until it is due and payable because it does not require the use of current financial resources; however, it is a liability in the Statement of Net Position.

(77,777)

3,892,193

Long-Term Debt Transactions

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

1,164,443

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from December 31, 2018 to December 31, 2019.

14,244

1,178,687

Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plan and the change in other postemployment benefits expense, reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

Employees' retirement system

(51,472)

Other postemployment benefits

(65,026)

(116,498)

Change in Net Position of Governmental Activities

\$ 4,300,528

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Plainview Water District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the District are as follows:

A. Reporting Entity

The financial reporting entity is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

The District is a component unit of the Town of Oyster Bay, New York.

B. Basis of Presentation

District-Wide Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, program revenues, and other exchange and non-exchange transactions.

The Statement of Net Position presents the financial position of the District at fiscal year end. The Statement of Activities presents a comparison between program revenues and expenses for each function of the District's governmental activities. Program expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges to customers for water usage. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds. The District's financial statements present the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Capital Projects Fund: This fund is used to account for the financial resources that are restricted, committed, or assigned to expenditures of capital outlays, including the acquisition or construction of capital facilities and other capital assets.

C. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for retainage, principal and interest on general long-term debt, claims and judgments, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

D. Real Property Taxes

Calendar

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

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

Payment in Lieu of Taxes (PILOT)

The District reports payments in lieu of taxes (PILOT) revenues in the general fund as part of other tax items revenue. These PILOT revenues are often the results of tax abatements granted by industrial development agencies of the town and/or County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected PILOT to the District.

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

E. Restricted Resources

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

F. Interfund Transactions

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

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

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

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

G. Use of Estimates

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

H. Cash and Cash Equivalents/Investments

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

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investments are reported at fair value based on quoted market price.

Certain cash balances are classified as restricted because their use is restricted by contractual agreement and various legal obligations, such as legal reserves.

The District does not have any cash equivalents or investments at December 31, 2019.

I. Receivables

Receivables include amounts due from customers. Receivables are recorded and revenues recognized as earned in the district-wide financial statements and when available in the fund financial statements. Revenue from unbilled water usage at year end is recognized in the district-wide financial statements. Receivables are shown net of allowance for uncollectibles, if any. However, no allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

J. Inventory and Prepaids

Inventory consists of supply type items and are recorded at cost on a first-in, first-out basis. Prepaids represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the district-wide and fund financial statements. These items are reported as assets using the consumption method. A current asset for both the inventory and prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

K. Capital Assets

Capital assets are reflected in the district-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

Capitalization thresholds, (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$ 1,000	Straight line	40 years
Furniture and equipment	1,000	Straight line	5-10 years
Infrastructure	1,000	Straight line	50 years
Vehicles	1,000	Straight line	10 years
Software	1,000	Straight line	5-10 years

L. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions and consists of the District's proportionate share of changes in the collective net pension liability not included in the collective pension expense as well as the District's contributions to the pension system

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

subsequent to the measurement date. The second item is related to OPEB and represents changes in total other postemployment benefits not included in OPEB expense.

M. Collections in Advance

Collections in advance arise when resources are received by the District before it has legal claim to them, as when charges for service monies are received in advance from payers prior to the services being rendered by the District, such as prepaid water usage fees. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues recognized in subsequent periods when the District has legal claim to the resources.

N. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenues) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds, when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables for unbilled water. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the district-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pension reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension liability not included in the collective pension expense. The third item is related to OPEB and represents the change in the total other postemployment benefits obligation no included in OPEB expense.

O. Employee Benefits - Compensated Absences

Compensated absences consist of unpaid accumulated vacation time and sick leave.

Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 24 days (with two additional days that can be earned if no sick days are taken over the calendar year) per year, but may accumulate no more than a maximum of 80 days. Upon separation from service other than termination for cause, employees are paid for all unused accumulated vacation leave. Employees accrue sick leave at a rate of 12 days per year and may accumulate such credits up to a total of 80 days. Upon separation from service other than termination for cause, employees are paid for all unused accumulated sick leave.

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

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

P. Other Benefits

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

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

The District provides health insurance coverage for active employees pursuant to the employee handbook.

In addition to providing these benefits, the District provides postemployment health insurance coverage and survivor benefits for most retired employees and their eligible dependents. The Employee Handbook determines if District employees are eligible for these benefits if they reach normal retirement age while

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year.

The District recognizes the cost of providing health insurance by recording insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75.

Q. Short-Term Debt

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

No short-term debt was issued during the year ended December 31, 2019.

R. Equity Classifications

District-Wide Statements

In the district-wide statements there are three classes of net position:

Net investment in Capital Assets – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

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

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory and prepaids, which are recorded in the general fund.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Capital Reserve –

Capital Reserve, General – Capital reserve general was established pursuant to Section 6-C of the General Municipal Law of the State of New York. This reserve is a general reserve for improvements as defined by the District's engineers. This reserve is accounted for in the general fund and capital projects fund.

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital Reserve, Contaminants – Capital reserve contaminants was established pursuant to Section 6-C of the General Municipal Law of the State of New York. This reserve is used to help finance the cost of water enhancement projects. This reserve is accounted for in the capital projects fund.

Capital Reserve, Infrastructure – Capital reserve infrastructure was established pursuant to Section 6-C of the General Municipal Law of the State of New York. This reserve is used specifically to help finance infrastructure related to costs as defined by the District's engineers. During 2019, the reserve was fully utilized and closed.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's 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 could also include an amount appropriated to partially fund the subsequent year's budget, and encumbrances not classified as restricted at the end of the fiscal year.

Unassigned – Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from the overspending of available resources.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Commissioners if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Commissioners.

The Board of Commissioners shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

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

2. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended December 31, 2019, the District implemented GASB Statement No. 84, *Fiduciary Activities*. This statement provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. As a result, some activities previously reported within the fiduciary funds are reported within the governmental funds.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN DISTRICT-WIDE STATEMENTS AND GOVERNMENTAL FUND STATEMENTS

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

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term assets and liabilities, including pensions and OPEB.

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

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Policies

Budgets are adopted annually on a basis consistent with GAAP. The District's procedures for establishing its budget are as follows:

- The District's administration prepares a proposed budget for the general fund and submits it to the Board of Commissioners for approval.
- The proposed budget for the general fund is then submitted to the Oyster Bay Town Board for approval.
- Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balance. These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The District had the following supplemental appropriations during the year:

Budget Revisions

Interfund Transfers Funded by

Restricted Fund Balances

Plant 1 VOC	\$ 3,749,835
Plant 1 AOP	3,500,000
Plant 3 AOP Pilot	255,000
	<u>7,504,835</u>

Funded by Construction Water Charges

Service installs	103,068
Meter purchase	84,207
	<u>187,275</u>

Total Budget Revisions	<u><u>\$ 7,692,110</u></u>
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Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Restricted Fund Balance

The following table provides a summary of activity for restricted fund balance as follows:

	Restricted: Capital Improvements						
	General Fund			Capital Projects Fund			
	General	Contaminants	Infrastructure	General	Contaminants	Infrastructure	Total
Beginning Balance	\$ 4,489,269	\$ 1,287,602	\$ 272,480	\$	\$	\$	\$ 6,049,351
Budgeted increase to Reserve	200,000						200,000
Interest earned	119,403	4,532	959				124,894
Transfer(s):							
from Unassigned Fund Balance	1,644,663						1,644,663
between General Fund Reserves	5,491	(4,532)	(959)				-
to Capital Projects Fund	(5,944,753)	(1,287,602)	(272,480)	5,944,753	1,287,602	272,480	-
to General Fund	1,821,310			(1,821,310)			-
Use of Reserve				(338,010)	(155,981)	(272,480)	(766,471)
Ending Balance	\$ 2,335,383	\$ -	\$ -	\$ 3,785,433	\$ 1,131,621	\$ -	\$ 7,252,437

C. Encumbrances

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

5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by letters of credit pledged on the District's behalf at year end, in the District's name.

The District did not have any investments at year-end or during the year. Consequently, the District was not exposed to any material credit risk, interest rate risk, or concentration of credit-risk.

6. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2019 consisted of:

Metered water sales, billed	\$ 333,718
Metered water sales, unbilled	755,120
Insurance recovery	11,667
Miscellaneous	24,487
	<u> </u>
	<u><u>\$ 1,124,992</u></u>

7. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2019 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 302,792	\$	\$	\$ 302,792
Construction work in progress	118,232	4,690,393	(141,438)	4,667,187
Total capital assets not being depreciated	<u>421,024</u>	<u>4,690,393</u>	<u>(141,438)</u>	<u>4,969,979</u>
Capital assets being depreciated:				
Buildings and improvements	17,257,329	8,800		17,266,129
Furniture and equipment	1,292,236	43,061	(23,078)	1,312,219
Infrastructure	25,289,221	349,341		25,638,562
Vehicles	483,026			483,026
Software	59,073	22,364		81,437
Total capital assets being depreciated	<u>44,380,885</u>	<u>423,566</u>	<u>(23,078)</u>	<u>44,781,373</u>
Less accumulated depreciation for:				
Buildings and improvements	6,915,685	388,903		7,304,588
Furniture and equipment	785,063	100,135	(23,078)	862,120
Infrastructure	7,011,523	479,918		7,491,441
Vehicles	419,687	24,578		444,265
Software	1,650	9,017		10,667
Total accumulated depreciation	<u>15,133,608</u>	<u>1,002,551</u>	<u>(23,078)</u>	<u>16,113,081</u>
Total capital assets being depreciated, net	<u>29,247,277</u>	<u>(578,985)</u>		<u>28,668,292</u>
Capital assets, net	<u><u>\$ 29,668,301</u></u>	<u><u>\$ 4,111,408</u></u>	<u><u>\$ (141,438)</u></u>	<u><u>\$ 33,638,271</u></u>

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At December 31, 2019, the District has not recorded any such impairment losses.

Depreciation expense totaled \$1,002,551 and was charged to home and community services – water supply services.

8. INTERFUND TRANSACTIONS

Interfund balances and activity at December 31, 2019 are as follows:

	Interfund			
	Receivable	Payable	Transfer In	Transfer Out
General Fund	\$ 368,119	\$	\$ 1,821,310	\$ 7,878,172
Capital Projects Fund		368,119	7,878,172	1,821,310
Total governmental activities	<u>\$ 368,119</u>	<u>\$ 368,119</u>	<u>\$ 9,699,482</u>	<u>\$ 9,699,482</u>

Interfund receivables and payables are eliminated on the Statement of Net Position. The District transferred funds from the general fund to the capital projects fund in accordance with the budget and various approvals throughout the year to fund current capital projects. The transfer from the capital projects fund to the general fund represents amounts not needed to fund projects, as a result of the District being able to secure additional grant funding. These funds were returned to the general fund capital reserves.

All interfund payables are expected to be repaid within one year.

9. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, for the year ended December 31, 2019, are summarized as follows:

	Balance 12/31/18	Additions	Reductions	Balance 12/31/19	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 13,942,631	\$	\$ (1,164,443)	\$ 12,778,188	\$ 1,145,582
Other long-term liabilities:					
Compensated absences	248,531	115,851	(140,081)	224,301	20,725
Net pension liability - proportionate share	173,561	483,303	(278,605)	378,259	
Total OPEB obligation	<u>9,523,853</u>	<u>2,303,249</u>	<u>(2,250,718)</u>	<u>9,576,384</u>	
	<u>\$ 23,888,576</u>	<u>\$ 2,902,403</u>	<u>\$ (3,833,847)</u>	<u>\$ 22,957,132</u>	<u>\$ 1,166,307</u>

The general fund is used to liquidate all long-term liabilities.

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Bonds Payable

Bonds payable is comprised of the following:

	Issue Date	Final Maturity	Interest Rate	Outstanding at Year-End 12/31/19
Public improvement serial bonds	2008	2027	2.00 - 5.00%	\$ 1,914,081
Refunding public improvement serial bonds	2009	2020	2.50 - 4.00%	43,000
Public improvement serial bonds	2010	2026	2.00 - 5.00%	423,829
Refunding public improvement serial bonds	2014	2024	2.00 - 5.00%	171,278
Public improvement serial bonds	2014	2028	3.00 - 4.00%	4,009,000
Public improvement serial bonds	2014	2031	3.25 - 4.00%	5,868,000
Public improvement serial bonds	2018	2033	3.00 - 4.00%	285,000
Public improvement serial bonds	2018	2033	3.00 - 4.00%	64,000
				<u>\$ 12,778,188</u>

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

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,145,582	\$ 450,879	\$ 1,596,461
2021	1,142,226	411,419	1,553,645
2022	1,185,848	370,854	1,556,702
2023	1,231,605	327,280	1,558,885
2024	1,277,018	283,538	1,560,556
2025 - 2029	5,532,909	755,981	6,288,890
2030 - 2033	1,263,000	77,820	1,340,820
	<u>\$ 12,778,188</u>	<u>\$ 2,677,771</u>	<u>\$ 15,455,959</u>

C. Interest Expense

Interest on long-term debt for the year was composed of:

Interest paid	\$ 489,718
Less: interest accrued in the prior year	(190,535)
Plus: interest accrued in the current year	<u>176,291</u>
Total expense	<u>\$ 475,474</u>

D. Unissued Debt

In 2019, the District received authorization from the Town of Oyster Bay to issue serial bonds in the amount of \$4,269,000 for improvements to Plant 4 and \$25,824,420 for improvements to Plants No. 2, 3, 4 and 7 to treat for 1,4 Dioxane. As of December 31, 2019, no debt has been issued.

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

10. PENSION PLANS – NEW YORK STATE

A. Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple employer, public employee retirement system. The system provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the fund and is the administrative head of the ERS. Once a public employer elects to participate in ERS, 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 ERS 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 on the NYS Comptroller's website at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

B. Funding Policy

The system is noncontributory for the employee except for those who either joined the system after July 27, 1976, with less than ten years of credited service, who contribute 3% of their salary, or joined the system on or after January 1, 2010 and before April 1, 2012, who contribute 3% of their salary throughout active membership. For employees hired after April 1, 2012, employee contribution rates are on a sliding scale based on salaries and range from 3% to 6% of salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the ERS for the current year. The District's average contribution rate was 14.65% of covered payroll for the ERS' fiscal year ending March 31, 2020.

The District's share of the required contributions, based on covered payroll for the District's year ended December 31, 2019 was \$196,599.

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

At December 31, 2019, the District reported the following liability for its proportionate share of the net pension liability for the system, which was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. 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 system relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS in reports provided to the District.

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Measurement date	March 31, 2019
District's proportionate share of the net pension liability	\$ 378,259
District's portion of the Plan's total net pension liability	0.0053386%
Change in proportion since the prior measurement date	(0.0000391)

For the year ended December 31, 2019, the District recognized pension expense of \$248,070 for ERS. At December 31, 2019, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 74,487	\$ 25,392
Changes in assumptions	95,079	
Net difference between projected and actual earnings on pension plan investments		97,082
Changes in proportion and differences between the District's contributions and proportionate share of contributions	41,173	45,950
District's contributions subsequent to the measurement date	145,113	
Total	<u>\$ 355,852</u>	<u>\$ 168,424</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. 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 Ending December 31,	Amount
2020	\$ 76,666
2021	(76,641)
2022	(7,633)
2023	49,923
	<u>\$ 42,315</u>

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions

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

Measurement date	March 31, 2019
Actuarial valuation date	April 1, 2018
Inflation	2.5%
Salary increases	4.2%
Investment rate of return (net of investment expense, including inflation)	7.0%
Cost of living adjustments	1.3%

Annuitant mortality rates are based on system experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. The actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

For ERS, 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.

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

	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Measurement date		March 31, 2019
Asset type		
Domestic equity	36.0%	4.55%
International equity	14.0%	6.35%
Real estate	10.0%	5.55%
Private equities	10.0%	7.50%
Alternative investments	8.0%	3.75-5.68%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	-0.25%
Inflation indexed bonds	4.0%	1.25%
	<u>100.0%</u>	

Rates of return are net of a long-term inflation assumption of 2.5%.

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates,

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

	1% Decrease 6.00 %	Current Assumption 7.00 %	1% Increase 8.00 %
District's proportionate share of the net pension asset/(liability)	\$ (1,653,811)	\$ (378,259)	\$ 693,294

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the measurement date, were as follows:

	<i>(Dollars in Thousands)</i>
Measurement date	March 31, 2019
Employers' total pension liability	\$ (189,803,429)
Plan fiduciary net position	<u>182,718,124</u>
Employers' net pension liability	<u>\$ (7,085,305)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	96.27%

Prepayments to the Pension Plan

Employer contributions are paid annually based on the ERS' fiscal year, which ends on March 31st. Annual payments are due February 1st. An employer can elect to prepay the amount due by December 15th to receive a 1% discount. The District paid the annual invoice in December. This resulted in a prepayment of \$145,113 for the period of January 1, 2020 through March 31, 2020. Employee contributions are remitted monthly.

11. PENSION PLANS - OTHER

Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this plan. The amount deferred by eligible employees for the year ended December 31, 2019 totaled \$83,791.

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

12. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District provides other postemployment benefits to most retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions within the employee handbook. All full-time employees and commissioners who have completed 5 years of service to the District and who have become eligible for retirement, in accordance with the New York State Health Insurance Plan requirements are eligible for benefits. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The District provides medical, dental, vision and Medicare Part B coverage for retirees and their eligible dependents. The benefit terms are outlined in the employee handbook.

Employee Covered Benefit Terms – At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	16
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>17</u>
	<u><u>33</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$9,576,384 was measured as of December 31, 2019, and was determined by an actuarial valuation as of January 1, 2019.

Actuarial Assumptions and Other Inputs – The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.50%	average, including inflation
Discount rate	2.74%	
Healthcare cost trend rates	7.00%	for 2019, decreasing to an ultimate rate of 5.00% by 2023
Retirees' share of benefit-related costs	0.00%	of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer's 20 Bond Index, updated as of December 31, 2019 to reflect current interest rate trends.

Mortality rates were based on the RPH-2017 Total Dataset mortality table projected fully generationally using projection scale MP-2019.

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study as of the valuation date projected to December 31, 2019.

C. Changes in the Total OPEB Liability

Balance at December 31, 2018	<u>\$ 9,523,853</u>
Changes for the year	
Service cost	253,007
Interest	317,711
Changes of benefit terms	-
Differences between expected and actual experience	(1,986,906)
Changes in assumptions or other inputs	1,732,531
Benefit payments	<u>(263,812)</u>
	<u>52,531</u>
Balance at December 31, 2019	<u><u>\$ 9,576,384</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.10% in 2018 to 2.74% in 2019.

The healthcare cost trend rates and demographic assumptions were updated:

Healthcare trends were updated from 8.00% to 5.00% by 2021 in 2018 to 7.00% to 5.00% by 2023 in 2019.

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

OPEB	1% Decrease 1.74 %	Discount Rate 2.74 %	1% Increase 3.74 %
Total OPEB liability	<u>\$ (11,252,195)</u>	<u>\$ (9,576,384)</u>	<u>\$ (8,251,967)</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.00 to 4.00%) or 1 percentage point higher (8.00 to 6.00%) than the current healthcare cost trend rate:

OPEB	1% Decrease 6.00 to 4.00%	Healthcare Cost Trend Rates 7.00 to 5.00%	1% Increase 8.00 to 6.00%
Total OPEB liability	<u>\$ (8,299,824)</u>	<u>\$ (9,576,384)</u>	<u>\$ (11,204,063)</u>

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

For the year ended December 31, 2019, the District recognized OPEB expense of \$328,838. At December 31, 2019, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$	\$ 1,590,317
Changes of assumptions	1,386,716	666,958
Total	<u>\$ 1,386,716</u>	<u>\$ 2,257,275</u>

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

Year Ending December 31,	Amount
2020	\$ (241,880)
2021	(241,880)
2022	(241,880)
2023	(144,414)
2024	(505)
	<u>\$ (870,559)</u>

13. TAX ABATEMENT PROGRAMS

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development under New York State Real Property Tax Law §412-a. The amount by which the District's property tax revenue was reduced as a result of these abatements, was \$64,099. The District received payments in lieu of taxes (PILOT) payments totaling \$46,179.

The District also recognized \$155,475 in LIPA PILOT revenue. As indicated in Note 1D, these LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*.

14. RISK MANAGEMENT

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

PLAINVIEW WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

15. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

At December 31, 2019, the District encumbered the following amounts:

Restricted Fund Balance	
Capital Projects Fund	<u>\$ 8,071,113</u>
Assigned: Unappropriated Fund Balance	
General Fund	
Water Administration	\$ 50,050
Purification	27,880
Transmission and Distribution	105,332
Other Financing Uses	<u>42,449</u>
	225,711
Capital Projects Fund	<u>67,679</u>
	<u>\$ 293,390</u>

B. Litigation

The District is not aware of any material pending or threatened litigation claims against the District. The District is also unaware of any unasserted claims or assessments that would require financial statement disclosure.

C. Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was \$3,889. The minimum remaining operating lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 3,889
2021	3,889
2022	<u>3,565</u>
	<u>\$ 11,343</u>

16. SUBSEQUENT EVENTS

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

A. Issuance of Bond Anticipation Notes

On March 12, 2020, the Town of Oyster Bay issued bond anticipation notes on behalf of the District in the amount of \$19,000,000, which mature on March 12, 2021 and bear interest at rates of 1.25% to 2.00%.

B. Novel Coronavirus

The COVID-19 outbreak is disrupting business activity across a range of industries. At this point, the extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the effect on the District's residents, employees and vendors, as well as the State, all of which are uncertain and cannot be predicted.

PLAINVIEW WATER DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
Revenues				
Real property taxes	\$ 4,601,078	\$ 4,601,078	\$ 4,601,054	\$ (24)
Other tax items	150,000	150,000	201,654	51,654
Program revenues				
Metered water sales	4,041,054	4,041,054	3,928,380	(112,674)
Hydrant fees	89,289	89,289	143,180	53,891
Other hydrant rentals	113,670	113,670	114,020	350
Sprinkler fees	135,600	135,600	128,550	(7,050)
Miscellaneous charges	50,000	50,000	98,302	48,302
Penalties on water sales	45,000	45,000	64,099	19,099
Construction water charges		187,275	235,276	48,001
Total program revenues	4,474,613	4,661,888	4,711,807	49,919
Use of money and property	15,000	15,000	198,270	183,270
Sale of property and compensation for loss				
Insurance recoveries	3,000	3,000	74,448	71,448
Sale of equipment	1,000	1,000	885	(115)
Sales of scrap and excess materials	500	500	1,482	982
Total sale of property and compensation for loss	4,500	4,500	76,815	72,315
Miscellaneous				
Refund of prior year expense			7,404	7,404
Other unclassified revenue			110	110
Total miscellaneous	-	-	7,514	7,514
Total Revenues	9,245,191	9,432,466	9,797,114	364,648
Other Financing Sources				
Operating transfers in			1,821,310	1,821,310
Total Revenues and Other Sources	9,245,191	9,432,466	11,618,424	\$ 2,185,958
Appropriated Fund Balance				
Prior Year's Encumbrances	35,244	35,244		
Appropriated Reserves		7,504,835		
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 9,280,435	\$ 16,972,545		

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.

PLAINVIEW WATER DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund, Continued
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual and Encumbrances
Expenditures					
Water Administration					
Superintendent	\$ 154,350	\$ 154,350	\$ 150,638	\$	\$ 3,712
Office salaries	328,930	337,430	336,574		856
Commissioners fees	69,000	74,600	74,600		-
Utilities - telephone	50,000	46,000	42,249		3,751
Computer equipment	57,467	97,832	71,547		26,285
Office expense	64,168	72,568	48,057		24,511
Postage	47,500	47,500	38,853		8,647
Professional fees	390,200	379,700	213,831	23,300	142,569
Insurance	107,000	105,500	95,314		10,186
Conferences and dues expenses	37,000	39,500	33,966		5,534
Election expense	3,500	3,500	1,597		1,903
Building maintenance	34,000	53,500	16,769	26,750	9,981
MTA tax	4,741	4,741	1,986		2,755
Total Water Administration	<u>1,347,856</u>	<u>1,416,721</u>	<u>1,125,981</u>	<u>50,050</u>	<u>240,690</u>
Source of Supply, Power & Pumping					
Diesel and natural gas	40,000	40,000	33,678		6,322
Electricity	918,000	913,000	877,167		35,833
Total Source of Supply, Power & Pumping	<u>958,000</u>	<u>953,000</u>	<u>910,845</u>	<u>-</u>	<u>42,155</u>
Purification					
Salaries	593,009	580,645	466,364		114,281
C.T.& A - Lime	168,586	156,986	113,618		43,368
C.T.& A - Chlorine	50,000	50,100	50,050		50
C.T.& A - Analysis	160,445	160,445	112,784		47,661
C.T. & A - G.A.C.	135,000	150,000	149,669		331
Filters	4,000	4,000	2,961		1,039
Tools and supplies	81,000	81,000	17,363		63,637
Repairs	412,000	282,000	73,430	27,880	180,690
Ground maintenance	55,307	64,307	38,081		26,226
Total Purification	<u>1,659,347</u>	<u>1,529,483</u>	<u>1,024,320</u>	<u>27,880</u>	<u>477,283</u>
Transmission and Distribution					
Salaries	406,875	406,875	345,717		61,158
Road restoration	75,000	75,000	56,659		18,341
Mains and hydrants	316,682	392,682	289,457		103,225
Purchase of hydrants	25,000	25,000	12,998		12,002
Valve repair	75,000	65,000			65,000
Service installs	20,000	123,068	111,366	9,003	2,699
Auto expense	155,389	155,389	34,044	76,448	44,897
Uniforms	7,500	7,500	6,729		771
Tools and equipment	27,500	27,500	16,167		11,333
Purchase of meters	285,000	369,206	281,550	19,881	67,775
Total Transmission and Distribution	<u>1,393,946</u>	<u>1,647,220</u>	<u>1,154,687</u>	<u>105,332</u>	<u>387,201</u>

PLAINVIEW WATER DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund, Continued
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual and Encumbrances
Employee Benefits					
NYS employees' retirement system	\$ 271,840	\$ 271,840	\$ 196,599	\$	\$ 75,241
Social security	126,804	126,804	101,133		25,671
Workers' compensation	115,000	115,000	98,223		16,777
Unemployment	4,000	3,600			3,600
Life insurance premiums	6,000	6,000	4,689		1,311
Disability insurance	1,000	1,000	56		944
NYS health insurance plan	780,600	770,600	663,793		106,807
Dental plan	100,000	100,000	75,889		24,111
Optical plan	33,300	33,300	22,249		11,051
Medicare reimbursement	25,000	35,000	33,410		1,590
Supplemental insurance	35,580	35,580	33,499		2,081
Flex spending plan fees		400	400		-
Total Employee Benefits	<u>1,499,124</u>	<u>1,499,124</u>	<u>1,229,940</u>	<u>-</u>	<u>269,184</u>
Debt Service					
Principal	1,194,443	1,194,443	1,164,443		30,000
Interest	509,719	509,719	489,718		20,001
Total Debt Service	<u>1,704,162</u>	<u>1,704,162</u>	<u>1,654,161</u>	<u>-</u>	<u>50,001</u>
Total Expenditures	<u>8,562,435</u>	<u>8,749,710</u>	<u>7,099,934</u>	<u>183,262</u>	<u>1,466,514</u>
Other Financing Uses					
Operating transfers out	<u>718,000</u>	<u>8,222,835</u>	<u>7,878,172</u>	<u>42,449</u>	<u>302,214</u>
Total Expenditures and Other Uses	<u>\$ 9,280,435</u>	<u>\$ 16,972,545</u>	<u>14,978,106</u>	<u>\$ 225,711</u>	<u>\$ 1,768,728</u>
Net Change in Fund Balances			(3,359,682)		
Fund Balances - Beginning of Year			<u>8,714,601</u>		
Fund Balances - End of Year			<u>\$ 5,354,919</u>		

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.

PLAINVIEW WATER DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Five Fiscal Years

Employees' Retirement System

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0053386%	0.0053777%	0.0061439%	0.0071261%	0.0074200%
District's proportionate share of the net pension liability	\$ 378,259	\$ 173,561	\$ 577,297	\$ 1,143,753	\$ 250,664
District's covered payroll	\$ 1,332,186	\$ 1,440,430	\$ 1,630,317	\$ 1,745,196	\$ 1,809,515
District's proportionate share of the net pension liability as a percentage of its covered payroll	28.39 %	12.05 %	35.41 %	65.54 %	13.85 %
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.68%	97.95%

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

Note to Required Supplementary Information

The discount rate decreased from 7.5% to 7.0% as reflected in 2015 and 2016 above.

PLAINVIEW WATER DISTRICT
Schedule of District Pension Contributions
Last Ten Fiscal Years

	<i>Employees' Retirement System</i>									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 196,599	\$ 218,624	\$ 261,091	\$ 285,653	\$ 332,855	\$ 375,817	\$ 361,418	\$ 282,268	\$ 228,034	\$ 150,296
Contributions in relation to the contractually required contribution	196,599	218,624	261,091	285,653	332,855	375,817	361,418	282,268	228,034	150,296
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,289,718	\$ 1,440,430	\$ 1,523,888	\$ 1,628,509	\$ 1,758,650	\$ 1,804,640	\$ 1,837,861	\$ 1,661,343	\$ 1,579,987	\$ 1,477,622
Contributions as a percentage of covered payroll	15%	15%	17%	18%	19%	21%	20%	17%	14%	10%

PLAINVIEW WATER DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Two Fiscal Years

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 253,007	\$ 318,387
Interest	317,711	357,009
Changes in benefit terms	-	-
Differences between expected and actual experience	(1,986,906)	-
Changes of assumptions or other inputs	1,732,531	(1,049,170)
Benefit payments	<u>(263,812)</u>	<u>(321,652)</u>
Net change in total OPEB liability	52,531	(695,426)
Total OPEB liability, beginning	<u>9,523,853</u>	<u>10,219,279</u>
Total OPEB liability, ending	<u><u>\$ 9,576,384</u></u>	<u><u>\$ 9,523,853</u></u>
Covered employee payroll	\$ 1,501,819	\$ 1,263,417
Total OPEB liability as a percentage of covered employee payroll	637.65%	753.82%

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

Note to Required Supplementary Information

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

The discount rate decreased from 4.10% in 2018 to 2.74% in 2019.

Healthcare trends were updated from 8.00% to 5.00% by 2021 in 2018 to 7.00% to 5.00% by 2023 in 2019.

PLAINVIEW WATER DISTRICT
Schedule of Expenditures and Financing Sources - Capital Projects Fund
For the Year Ended December 31, 2019

PROJECT TITLE	Budget 12/31/18	Budget 12/31/19	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance 12/31/19
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
AOP Pilot Study at Plant 1	\$	\$ 148,500	\$	\$ 138,221	\$ 138,221	\$ 10,279	\$	\$	\$ 148,500	\$ 148,500	\$ 10,279
AOP Treatment at Plant 1		3,500,000		188,200	188,200	3,311,800			3,500,000	3,500,000	3,311,800
VOC Treatment at Plant 1	25,000	4,188,635	25,000	1,294,665	1,319,665	2,868,970		2,105,610	2,083,025	4,188,635	2,868,970
AOP Pilot Study at Plant 2		148,500		132,081	132,081	16,419			148,500	148,500	16,419
AOP Treatment at Plant 2		6,146,750		472,205	472,205	5,674,545	2,446,800	3,689,800	10,150	6,146,750	5,674,545
AOP Pilot Study at Plant 3		165,500		149,809	149,809	15,691			165,500	165,500	15,691
AOP Treatment at Plant 3		4,074,700		511,872	511,872	3,562,828	4,074,700		-	4,074,700	3,562,828
Plant 4 Nitrate & Perchlorate ISEP System	32,204	6,932,654	32,204	38,410	70,614	6,862,040	4,269,000	2,626,200	37,454	6,932,654	6,862,040
Well 4-2 Rehabilitation	61,028	141,438	61,028	80,410	141,438	-			141,438	141,438	-
AOP Pilot Study Plant 7		369,000		328,020	328,020	40,980		369,000		369,000	40,980
AOP Treatment Plant 7		8,998,710		1,278,723	1,278,723	7,719,987	8,998,710			8,998,710	7,719,987
Unallocated 2019 Bond Funds		10,304,210			-	10,304,210	10,304,210			10,304,210	10,304,210
Totals	<u>\$ 118,232</u>	<u>\$ 45,118,597</u>	<u>\$ 118,232</u>	<u>\$ 4,612,616</u>	<u>\$ 4,730,848</u>	<u>\$ 40,387,749</u>	<u>\$ 30,093,420</u>	<u>\$ 8,790,610</u>	<u>\$ 6,234,567</u>	<u>\$ 45,118,597</u>	40,387,749
										Revenue not yet recognized:	
										Bond proceeds	(30,093,420)
										Grants	(7,584,011)
										Capital reserves	(32,775)
										General fund appropriations	(26,699)
										Fund Balance	<u>\$ 2,650,844</u>

