

**WATER AUTHORITY OF WESTERN NASSAU COUNTY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEARS ENDED MAY 31, 2021 AND 2020
(WITH INDEPENDENT AUDITORS' REPORT THEREON)**



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Superintendent
Water Authority of Western Nassau County, New York

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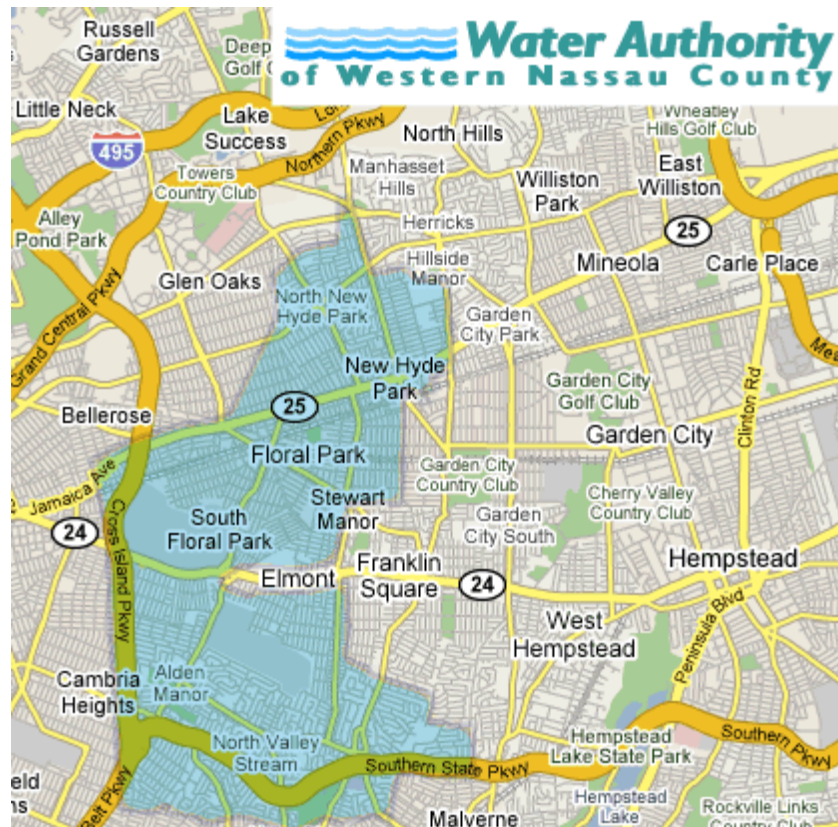
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SECTION A: INTRODUCTORY SECTION



Water Authority

of Western Nassau County

LETTER OF TRANSMITTAL

September 29, 2021

The Honorable Members of the Board of Directors and our Customers
Water Authority of Western Nassau County
1580 Union Turnpike,
New Hyde Park, NY 11040-1762

The Department of Accounting is pleased to transmit the Annual Comprehensive Financial Report ("ACFR") of the Water Authority of Western Nassau County, ("the Water Authority") for the fiscal year ended May 31, 2021. This letter of transmittal is designed to complement the Management's Discussion and Analysis ("MD&A") and should be read in conjunction with it. The Water Authority's MD&A can be found on pages 25-44, immediately following the report of the independent auditors.

INTRODUCTION

Management Representation

New York State Public Authorities Law requires that every public authority publish, within 90 days of the close of each fiscal year, a complete set of audited financial statements. In 2021, due to the impact of Covid 19 pandemic, the publication deadline was extended by 90 days. This report is published to fulfil that requirement for the fiscal year ended May 31, 2021. This report was prepared by the Accounting Department of the Water Authority in conformance with the current accounting and financial reporting principles promulgated by the Governmental Accounting Standards Board ("GASB"), on a consistent basis. The presentation of data is designed to comply with the guidelines recommended by the Government Finance Officers Association of the United States and Canada ("GFOA").

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the information provided in the annual comprehensive financial report (ACFR) is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Water Authority. All disclosures necessary to enable the reader to gain an understanding of the Water Authority's financial and operational activities have been included.

Tabriztchi & Company, CPA, P.C., Independent Certified Public Accountants, have issued an unmodified ("clean") opinion on the financial statements of the Water Authority of Western Nassau County, for the year ended May 31, 2021. The independent auditors' report is located at the front of the financial section of this report, pages 23 to 24 and in compliance section pages 131 to 132.

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Organization of Report

The ACFR is presented in four sections as follows:

1. The *Introductory Section (Section A)* includes this transmittal letter, organization chart, and the list of principal officials, and is intended to familiarize the reader with the organizational structure of the Water Authority, the local economic conditions, and the nature and scope of the services provided. This letter is designed to complement the MD&A and the statistical section and should be read in conjunction with them. The Introductory Section can be found on pages 1 through 22.
2. The *Financial Section B (Section B)* includes the independent auditors' report on the basic financial statements, the management's discussion and analysis (MD&A) of the Water Authority's overall financial position and results of operations, the audited financial statements, including the accompanying note disclosures and the required supplemental schedules. The Water Authority's MD&A, basic financial statements, including notes and the required supplemental schedules can be found on pages 25 through 87.
3. The *Statistical Section (Section C)* contains comprehensive statistical data on the Water Authority's financial trends, revenue capacity, debt capacity, demographic and economic environment and operating information for the past ten fiscal years. The Water Authority's Statistical Section can be found on pages 93 through 129.
4. The *Compliance Section (Section D)* contains the independent auditors' report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with government auditing standards. The report is presented on pages 131 and 132.

Organization's Profile

The Water Authority was established on July 25, 1990, pursuant to the "Water Authority of Western Nassau County Act" of the State of New York, as amended on July 31, 1992 and codified under Title 8-C of Article 5 of the Public Authorities Law. On May 28, 1996, the Water Authority, by exercise of the power of eminent domain, acquired the water supply and distribution system situated in the district previously owned by the Jamaica Water Supply Company. The Water Authority serves a population of approximately 120,000 within the Town of Hempstead and the Town of North Hempstead.

The Water Authority is neither required to pay taxes, special ad valorem levies or special assessments upon the real property owned by it, nor is required to pay any filing, recording or transfer fees or taxes in relation to instruments filed, recorded or transferred by or on its behalf. The Water Authority may pay or enter into agreements with any municipality to pay annual amounts for the real property located in that municipality. The drilling of wells and acquisition of water are subject to the Jurisdiction of the State of New York, Department of Environmental Conservation ("DEC"). The powers of DEC in this respect are statewide and extend on all water service providers.

The mission of the Water Authority is: *To satisfy customer expectations for high quality, reliable water service provided in a responsive and efficient manner at the lowest reasonable price.*

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

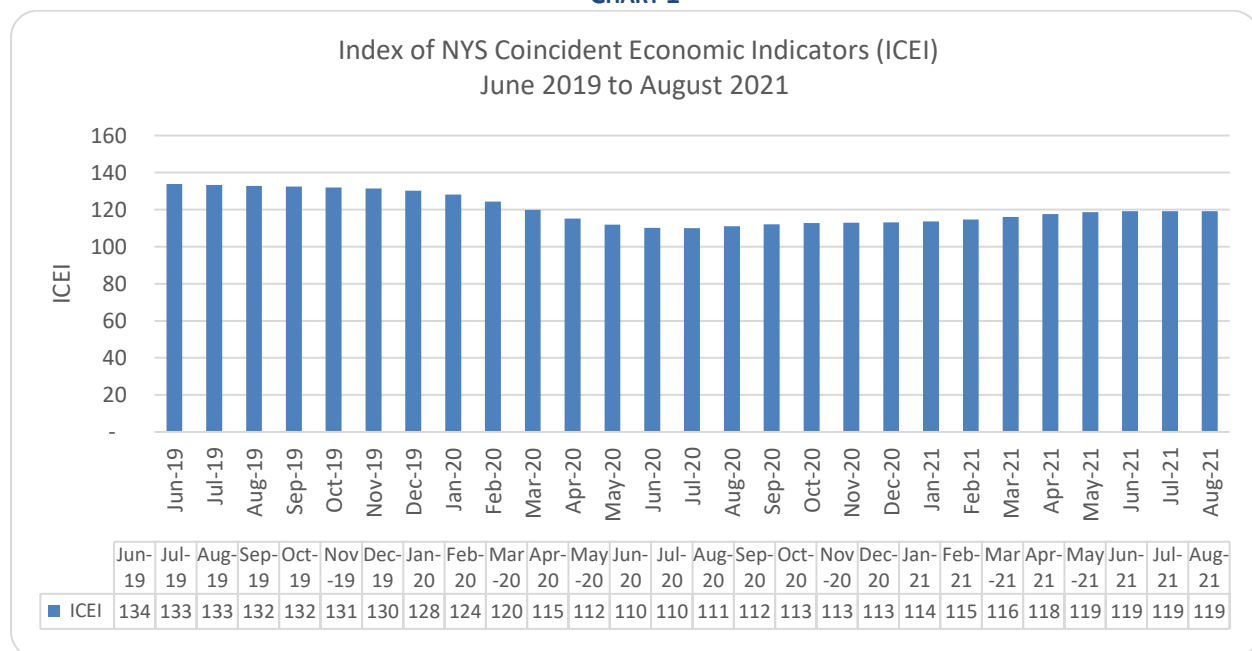
Economic Conditions

The New York State Department of Labor's Division of Research and Statistics calculates and publishes a monthly composite index of business cycle indicators. More formally known as the Index of Coincident Economic Indicators (ICEI), the index is designed to provide reliable and timely information about current economic conditions in New York State. The ICEI model combines and weights four key indicators of statewide economic activity, which have historically moved in conjunction with the state's business cycles: (1) private sector employment, (2) unemployment rate, (3) average weekly hours of manufacturing workers and (4) sales tax collections.

The New York State Department of Labor reports eight distinct recessions in the U.S. and New York State, since 1970. Recessions in New York have been significantly longer than the national and have become more pronounced over the past 30 years. The last five recessions in New York State (dating back to 1981) have averaged just over two years in length, as compared to the average of one year duration for national recessions.

With the onset of COVID-19 pandemic and resulting June 2019 to July 2020 New York recession, the Nassau County employment declined by 15.4%, a historically unprecedented number compared to all of the recessions since 1970. The highest percentage decline in employment that occurred during the past fifty years was 8.10%, that happened during March 1989 to November 1992 recession. During the Covid-19 pandemic recession, the New York State ICEI declined by 24 points (18%) from 134, in June 2019 to 110, in July 2020, the start of economic recovery. In August 2021, the ICEI was 119, or still 15 points (11%) below the June 2019 level (Chart 1).

CHART 1



Source: New York State Department of Labor

Gross Domestic Product and Personal Income

The State of New York accounts for approximately 8.2% of the US Gross Domestic Product (GDP). Due to the impact of Covid-19, New York State's real gross domestic product (GDP), which was rising until the last quarter of 2019, decreased 11.2% by the second quarter of 2020. The real GDP has steadily recovered since the second quarter of 2020. In the second quarter of 2021, the GDP has reached approximately the same level as the pre-pandemic level in the fourth quarter of 2019 (Table 1).

Table 1
Personal Income, population, per Capita Personal Income and
Gross Domestic Product of State of New York
Quarter 1, 2019 to Quarter 2, 2021

	Personal		Per Capita	
	Income (a)	Population (b)	Personal	Real GDP (d)
			Income (c)	
Quarter 1, 2019	\$1,344,546	19,495,816	\$68,966	\$1,475,641
Quarter 2, 2019	1,356,383	19,472,633	69,656	1,490,478
Quarter 3, 2019	1,365,129	19,453,075	70,175	1,499,728
Quarter 4, 2019	1,379,833	19,430,593	71,013	1,513,100
Quarter 1, 2020	1,364,819	19,398,857	70,356	1,447,431
Quarter 2, 2020	1,501,594	19,358,910	77,566	1,344,389
Quarter 3, 2020	1,472,400	19,320,970	76,207	1,432,423
Quarter 4, 2020	1,481,619	19,287,180	73,696	1,456,321
Quarter 1, 2021	1,585,461	19,247,975	82,370	1,585,461
Quarter 2, 2021	1,506,160	19,210,236	78,404	1,510,827

- Personal income in millions of dollars seasonally adjusted at annual rates. All dollar estimates are in current dollars (not adjusted for inflation)*
- Mid-quarter population estimates are derived by BEA based on unpublished Census Bureau estimates of beginning-of-month population.*
- Per capita personal income is total personal income divided by total quarterly population estimates.*
- Real GDP is in millions of chained 2012 dollars.*

Source. U.S. Bureau of Economic Analysis

New York's economic decline from April through June 2020 was concentrated in three sectors: accommodation and food services, arts entertainment and recreation, and retail trade. The loss of business in these three industries accounted for fully one third of New York's GDP decline, compared to just over one-quarter of the decrease in GDP nationally. New York also experienced decrease in administrative and support services. Together, these sectors accounted for another 16 percent of the GDP drop, compared to 12 percent of the national decline.

In the first quarter of 2021, the real GDP of the State of New York increased at an annual rate of 6.6%, as compared to the 6.4% percent for the U.S. Finance and insurance, professional scientific and technical

services, real estate and rental and leasing services were the leading contributors to the increase in real GDP in the State of New York.

New York State personal income decreased at an annual rate of 18.6% in the second quarter of 2021 after increasing 51.9% in the first quarter of 2021. The growth in the first quarter of 2021 is primarily due to increased federal and State of New York transfer receipts, which accounted for more than 20 percent of personal income. Additional factor in the growth of personal income was the rise in earnings in seven industrial sectors, including the leisure and hospitality sector. The 96.7% decrease in transfer receipts was the leading contributor to personal income decline from \$1.6 trillion, in the first quarter, to the \$1.5 Trillion, in the second quarter. The decrease in transfer receipts primarily reflected a reduction in direct economic impact payments provided by the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan Act and a decrease in state unemployment insurance compensation.

Wages, Salaries and Employment in Nassau County

For 2020, the US Bureau of Labor Statistics' preliminary estimates of annual reporting units, total wages, average employment and wages, and changes from 2019, for Nassau County, are shown in the following table:

TABLE 2
Nassau County
Annual Reporting Units, Average Employment, and Total Wages in 2020
and Changes in Employment and Wages from 2019,
By Industry Sectors

Industry Title	Reporting Units	Average Employment	Total Wages (\$ Million)	Change in Employment		Change in Total Wages	
				Number	Percent	(\$ Million)	Percent
Total, All Industries	54,220	563,168	\$39358	(68,967)	(10.9) %	\$(778)	(1.9) %
Total, All Private	53,471	488,507	33061	(65,651)	(11.8) %	(845)	(2.5) %
Agriculture, Forestry, Fishing	38	175	7	(42)	(19.4) %	(1)	(12.8) %
Utilities	42	3,176	470	(691)	(17.9) %	(39)	(7.6) %
Construction	4,692	29,276	2418	(4,030)	(12.1) %	(297)	(10.9) %
Manufacturing	1,031	15,199	1145	(1,987)	(11.6) %	(57)	(4.8) %
Wholesale Trade	3,061	22,267	2055	(2,641)	(10.6) %	(140)	(6.4) %
Retail Trade	5,718	66,146	2780	(12,551)	(15.9) %	(253)	(8.4) %
Transportation and Warehousing	1,181	17,176	973	(489)	(2.8) %	2	0.2%
Information	605	7,782	793	(522)	(6.3) %	31	4.0%
Finance and Insurance	2,629	27,179	3036	(529)	(1.9) %	290	10.5%
Real Estate and Rental and Leasing	2,648	9,750	769	(565)	(5.5) %	12	1.6%
Professional and Technical Services	7,149	35,638	3274	(2,506)	(6.6) %	(108)	(3.2) %
Management of Companies	263	5,993	763	(640)	(9.6) %	63	9.0%
Administrative and Waste Services	3,844	26,692	1603	(3,971)	(13.0) %	(56)	(3.4) %
Educational Services	775	17,420	937	(3,839)	(18.1) %	(43)	(4.4) %
Health Care and Social Assistance	6,043	132,893	9492	(7,046)	(5.0) %	267	2.9%
Arts, Entertainment, & Recreation	908	7,829	428	(4,464)	(36.3) %	(110)	(20.5) %
Accommodation and Food Services	3,659	37,990	1051	(12,705)	(25.1) %	(293)	(21.8) %
						(911.2)	
Other Services, Ex. Public Admin	5,692	24,058	944	(6,148)	(20.4) %	(119)	%
Total, All Government	749	74,661	6297	(3,316)	(4.3) %	67	1.1%
Unclassified	3,492	1,866	126	(284)	(13.2) %	7	6.1%

Source, New York State, Department of Labor, Quarterly Census of Employment and Wages

Five industries including health care and social assistance, government, professional and technical services, retail trade, and finance and insurance accounted for approximately 2/3 of the employment and wages. The health care and social services and government were the two largest employers, that combined accounted for 36.9% of employment and 40.1% of the wages.

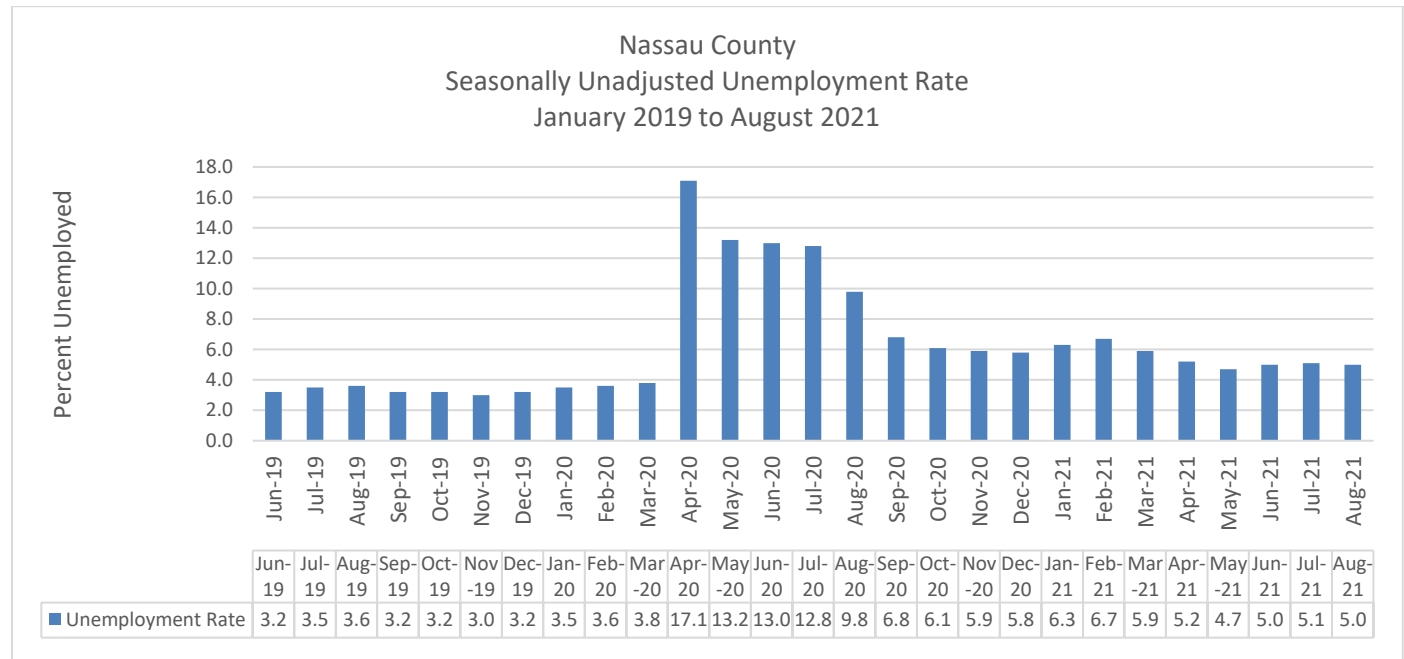
In 2020, the employment in all industries declined by 68,967 (10.9%) and total wages by \$778 Million (1.9%). The decline in private sector industries employment was 65,651 (11.8%) and drop in total wages was \$845 million (2.5%). The accommodation and food services and retail trade accounted for 38.5% of decline in employment and 64.6% of decrease in private sector wages. Health care and social assistance, other services and public administration, arts, entertainment and recreation and construction were the other industries showing significant lowered employment and wages

Unemployment

Historically, the unemployment rates in Nassau County has compared favorably with Suffolk County, New York City . In August 2021, the unemployment rates in Nassau County, Suffolk County and State of New York were 5.0%, 5.2% and 7.4%, respectively.

The monthly unemployment rates for Nassau County are presented in the Chart 2, for January 2019 to August 2021. In April 2020, due to Covid-19 pandemic the rate of unemployment in Nassau County shot up to 17.1%. Since then, the unemployment rate has come down to 5%, in August 2021.

CHART 2



Source: The US Department of labor.

Household, Per Capita and Personal Incomes

Income of Households -includes the income of the householder and all other persons 15 years old and over in the household, whether related to the householder or not. Because many households consist of only one-person, average household income is usually less than average family income. According to the 2015-2019 survey of the US Census Bureau, Nassau County median household income was \$116,100 as compared to the State of New York median income of \$68,486 and national median income of \$62,843.

Per capita income- is the mean income computed for every man, woman, and child in Nassau County. It is derived by dividing the aggregate income of the County by the total population. This measure is rounded to the nearest whole dollar. This per capita income is based on data collected in the American Community Survey (ACS) conducted annually by the U.S. Census Bureau. A sample of over 3.5 million housing unit addresses is interviewed each year over a twelve-month period, in the United States. This estimate is based on five years of ACS sample data and describes the average value of person, household and housing unit characteristics over this period of collection.

According to the 2015-2019 Census Bureau survey, the annual per capita income in the Nassau County was \$51,422 as compared to the New York State amount of \$39,326 and the national average of \$34,103. Also, in Nassau County, the ratio of persons in poverty to total population was 5.6% and compared favorably with the 13% in New York State and 11.4% in the United States.

Personal income - is the sum of wages and salaries, supplements to wages and salaries, proprietors' income, personal interest income, and personal current transfer receipts, less contributions for government social insurance, plus the adjustment for residence. Personal income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars. Personal income statistics provide a framework for analyzing current economic conditions. They are used in estimating the demand for the Water Authority services and to determine whether the service area has sufficient income to enable the Water Authority to undertake and support major capital improvement projects.

Per capita personal income is calculated as the total personal income of the residents of Nassau County divided by the resident population of the County. For the period 2010 to 2019, the Nassau County population, total and per capita personal income and comparative per capita income for New York State are shown in the following table:

TABLE 3
Nassau County Total Population, Total and Per Capita Annual Personal Income
and New York State Per Capita Annual Personal Income
2010 to 2019

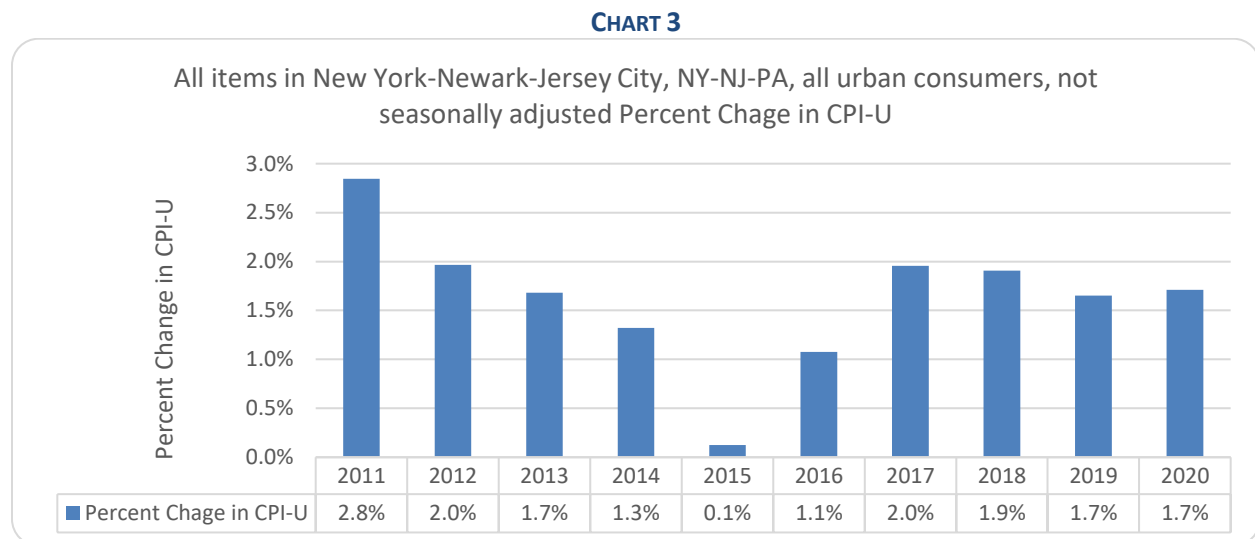
Year	Nassau County Total		Per Capita Personal Income	
	Population	Personal Income (In thousands)	Nassau County	New York State
2010	1,341,687	\$87,965,999	\$65,564	\$48,972
2011	1,346,176	92,208,048	68,496	51,498
2012	1,349,723	99,252,677	73,536	53,982
2013	1,352,399	97,926,565	72,410	54,491
2014	1,355,029	102,136,414	75,376	56,743
2015	1,355,319	106,490,896	78,573	59,141
2016	1,356,463	109,452,354	80,690	61,226
2017	1,357,664	115,629,541	85,168	65,644
2018	1,358,343	122,032,027	89,839	68,668
2019	1,356,924	126,521,571	93,241	71,717

Source: US Department of Commerce, Bureau of Economic Analysis

From 2018 survey to 2019, Nassau County per capita annual personal income increased by \$3,402 (3.8%), as compared to \$3,049 (4.4%) increase in the State of New York. Over the period 2010 to 2019, the population of Nassau County increased at an annual compound rate of 0.1% as compared to 3.7% for the State of New York. the average annual rate of growth of per capita personal income in Nassau County and State of New York were 3.6% and 3.9%., respectively. Over the last decade, the annual per capita personal income in Nassau County has remained approximately 30% higher than the average for the State of New York.

Consumer Prices in the New York Region

Consumer price rises in the New York Region have historically been somewhat different from the national inflation rates, principally because of the region's disproportionate dependence on imported oil. The rates of increase in average Annual All Urban Consumer Price Index (CPI-U), in New York-Northern New Jersey-Long Island Area, for the period 2011 to 2020 are presented in the Chart 3:



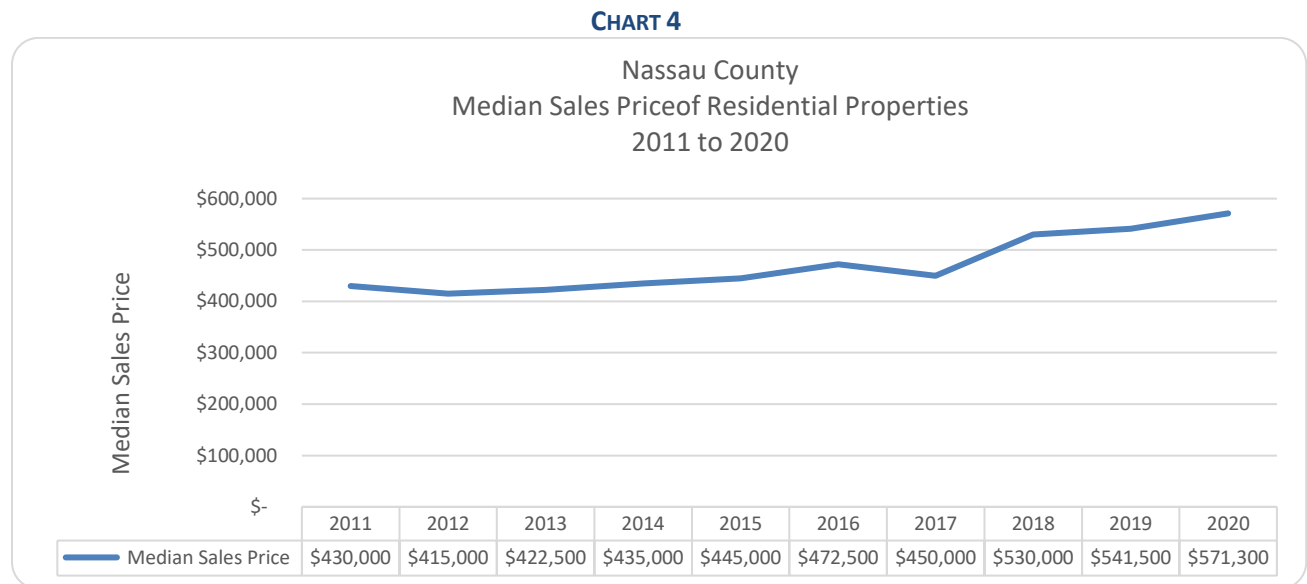
Source: The United States Department of Labor, Bureau of Labor statistics

Over the last decade, the rate of increase in CPI-U has been lower than the 2% Federal reserve target rate. Since 2017, the decline in rate of increase of CPI-U has been primarily due to lower fuel prices. By the end of 2020, the crude oil price had been increasing and the rise has continued in 2021. The increased oil prices reflect improving oil demand due to progress in COVID-19 vaccination as well as recovering global economic activity, rising shipping costs and shortages of petroleum supply .

Real Estate and Housing in Nassau County

According to the US Census Bureau, the number of housing units in Nassau County slightly increased from 468,346 units, on April 1, 2010, to 474,165 units, on July 1, 2019. Over the period 2015-2019, 80.70% of the Nassau County housing units were owner-occupied and the median value of their homes was \$493,500. The median selected monthly costs of the homeowners, including mortgage, was \$3,246 and without a mortgage was \$1,389. The median gross monthly rent for 2015-2019 was \$1,772.

As a result of limited supply and increased demand for housing in Nassau County, the median sales price of a house increased by \$30,600 (5.7%) and the sales decline by 4,542 units (33.6%) in 2020. The increase in median sales prices has continued in 2021. For the last ten years, the median sales prices of houses in Nassau County are presented in the Chart 4:



Source: State of New York Office of Real Property Tax Services

The housing permits issued in the Nassau County, over the last ten calendar years are presented in the following table:

TABLE 4
Nassau County

Number of Housing Units Authorized by Building Permit by Size Category

Years	Single Family	Two Family	Three and Four Family	Five or More Family	Total
2011	311	2	-	540	853
2012	343	-	-	274	619
2013	630	10	-	154	794
2014	640	4	4	257	905
2015	608	4	-	474	1,086
2016	609	6	8	118	741
2017	943	8	8	528	1,487
2018	816	16	-	152	984
2019	726	32	-	779	1,537
2020	627	12	3	704	1,346

Source: U.S. Census Bureau (<https://socds.huduser.gov/permits/>)

The preceding table provides building permit statistics on new privately-owned residential construction. The number of permits issued in 2020 decreased by 193 (12.4%). As of August 2021, the 880 total permits issued, showing an increase of 218 (32.9%) over the permits issued, over the same period in the

previous year. The permits issued in 2020 included the permits for 529 single family structures, 351 multi-family structures, 8 two to four multi-family structures and 343 five or more unit multi-family structures.

Annually, the Fair Market Monthly Rentals (FMR) in Long Island are estimated by the U.S. Department of Housing and Urban Development ("HUD"). The FMRs set limits on the subsidy provided to the households and is the 40th percentile of gross rents for typical, non-substandard rental units occupied by recent movers in Nassau County housing market. The 2020 FMRs were \$1,298 for a studio apartment, \$1,624 for one bedroom, \$1,992 for two-bedrooms, \$2,563 for three-bedrooms and \$2,858 for a four-bedroom apartment. The 2019 FMRs were \$1,240 for a studio apartment, \$1,548 for one bedroom, \$1,907 for two-bedrooms, \$2,460 for three-bedrooms and \$2,756 for a four-bedroom apartment.

SYSTEM FACILITIES AND WATER SUPPLY

The Water Authority operations are conducted from its headquarters building at 1580 Union Turnpike, New Hyde Park. Operations staff maintains 24-hour coverage of the Water System facilities through a Supervisory Control and Data Acquisition (SCADA) system that is connected to all of the Water Authority's year-round well stations and other facilities. The SCADA system monitors system pressures, well flow rates, storage tank levels and plant alarms, and controls well and booster pumps and motor operated valves. The ability to monitor and automatically control well and booster pumps throughout the distribution system allows for greater operational flexibility.

Description of Existing Facilities

The Water System is comprised of the following existing types of facilities: supply, storage, treatment, pumping, transmission and distribution, and interconnection. Each System element has been designed and equipped for redundancy to assure reliable operations under a wide variety of contingency events.

Water Supply. The Water Authority draws groundwater for treatment and distribution from the Lloyd, Magothy and Upper Glacial aquifers. Access to multiple aquifers allows the Authority to modify its water sources.

The Water Authority operates 20 well stations, with 24 individual wells (FOUR of which are currently out of service), located throughout the Service Area. Nine of the stations are automated and can be monitored and controlled through the SCADA system located at the Water Authority's offices in New Hyde Park, New York. Five of the well stations have strategically placed emergency power supplies.

Treatment Facilities. The Water Authority treats water at well stations to comply with applicable drinking water standards prior to distribution. Chlorination and pH adjustment are provided at all wells. Zinc metaphosphate is added for iron removal at two wells and zinc orthophosphate is added to the remaining wells to control corrosion. Air stripping towers and a Granular Activated Carbon ("GAC") unit are used to remove volatile organic compounds ("VOCs") from some wells. Iron treatment facilities are in service at three stations to remove high levels of iron and manganese. Wells are tested daily for chlorine residual, pH, and orthophosphate. Biweekly testing is taken for lead and copper water quality parameters. Monthly testing is done for VOCs and bacteria at locations with VOC facilities. Quarterly testing is performed for principal organic compounds and bacteria at stations without VOC facilities. All wells are tested annually for nitrates, perchlorate and inorganic compounds. Quarterly testing is

performed for the disinfection by-products rule. Every eighteen months, tests are taken for synthetic organic compounds and pesticides.

A number of Water Authority wells experience low levels of VOCs, including industrial solvents trichloroethene ("TCE") and tetrachloroethene ("PCE"). Levels remain below minimum contaminant levels established by the New York State Department of Health. Where these compounds have been detected, the Water Authority analyzes samples on a monthly basis. Fourteen of the Water Authority's wells located at eight various stations are equipped with air stripping towers to remove VOCs. Two wells are currently being equipped with a GAC unit to remove VOCs. The Water Authority continues to monitor and evaluate the feasibility of VOC treatment at other well stations.

All of the Water Authority's wells currently comply with all applicable drinking water standards.

Storage Facilities. Storage tanks help satisfy peak demands beyond pump capacity and to assure an adequate supply of water during emergencies. At seven well stations, the Authority maintains steel or concrete water storage tanks of varying capacities. The tanks are located in both high and low-pressure zones for system redundancy. Total storage capacity is 11.8 million gallons.

Transmission and Distribution Facilities. The existing water distribution system is comprised of approximately 1,238,000 linear feet of 2 to 16-inch diameter water mains and piping, valves and appurtenances. The majority (90%) of the water mains are of unlined cast iron, with the remainder being mostly cement lined ductile iron pipe. The mains are located below public streets or under private property pursuant to easements.

Portions of the original distribution system are unlined cast iron pipe over 90 years old. In addition, approximately 800 linear feet is comprised of 4-inch or smaller diameter cast and wrought iron pipe. The Authority's practice is to remove and replace, when identified, those mains that do not comply with current best practices, including unlined cast iron pipe and 4-inch or smaller diameter pipe.

Interconnection Facilities. The Water System is connected to adjacent public water supplies at eleven Nassau County locations. The Water System interconnects with the Garden City Park Water District at two metered locations, one of which permits two-way flow and one which flows only to the Garden City Park system. There are four metered, two-way flow interconnections with the Franklin Square Water District, two metered two-way flow interconnections with the New York American Water Company, one unmetered two-way flow interconnection with the Manhasset/Lakeville Water District and two metered two-way flow interconnections with the Village of Garden City. There are also 6 interconnections between the Water System and the NYC Department of Environmental Protection system.

The Water System operates independently of adjacent systems. The Water Authority strives to provide a high level of service to its customers and to fully maintain Water System assets. The Water Authority programs include a flushing program performed twice annually to clear sediment from older, undersized distribution mains; valve, hydrant and interconnection maintenance; a water conservation program; equipment preventive maintenance schedules; summertime grounds keeping and maintenance programs; an annual leak detection program; cross training among Water Authority staff to improve emergency response; and hydrant painting. The Water Authority routinely evaluates the cost-effective use of outside service contractors for certain of these programs.

FINANCIAL INFORMATION

Internal Control Environment

Management of the Water Authority is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the water utility are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the accurate presentation of financial statements in conformity with generally accepted accounting principles ("GAAP"). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not outweigh their benefit.

Budget Formulation and Control

The Water Authority considers budget preparation and implementation as an important tool in planning operations and maintaining its fiscal responsibility and accountability. Annual operating and capital budgets are prepared by management and approved by the Board of Directors. The purpose of the budget process is to authorize and control expenditures, evaluate projected revenue to determine the Water Authority's ability to meet its obligations under various bond covenants and to provide analysis for planning purposes.

Board of Directors of the Water Authority approved the following changes in employee wages and benefits in its May 27, 2020 meeting:

1. The employee annual salaries were approved to increase 3.25% effective June 1, 2020, 3.00% effective June 1, 2021, 3.00% effective June 1, 2022, 3.00% effective June 1, 2023 and a 2.75% effective June 1, 2024.
2. The rates of required employee contributions toward the premiums for medical, dental and vision insurance coverage for all employees were reduced to 7.5% of the cost of the premiums effective June 1, 2020. Currently, the tier 1-employees contribute 10% and the tier 2-employees contribute 15% of the premiums.
3. The contribution of the Water Authority towards retiree health insurance was changed to 80%, for the cost of the premiums for individual and family coverage. Currently, Tier 1- retiree pays 40% of the cost of individual retiree medical coverage, and 60% of the cost of spousal coverage and Tier 2 -retiree pays 50% of the cost of individual retiree medical coverage, and 65% of the cost of spousal coverage.

Financial Reporting

Financial statements, consisting of a statement of net position, a statement of revenues and expenses and changes in net position and a report of cash balances and investments are prepared monthly, usually within two weeks of the last day of the month. A monthly presentation is made to the Board of Directors, comparing actual results of operations with the approved budget as well as prior year results. If unforeseen circumstances arise which alter the projections used in the budget process, a revision may

be prepared by the Director of Finance, Accounting and Customer Service at the request of the Water Authority Superintendent for consideration and approval by the Board of Directors.

The New York State Public Authorities Accountability Act (PAAA) of 2005 imposed increased reporting and auditing requirements on public authorities, called for board member training and the disclosure of executive compensation rates, required each public authority to adopt a code of ethics, directed them to make their annual reports and required documentation available online, and restricted their power to dispose of real property for less than fair market value or without public bidding. The PAAA was followed in 2009 by enactment of the Public Authorities Reform Act, which gave the Authorities Budget Office the power to promulgate regulations, to initiate formal investigations, and to publicly warn and censure noncompliant authorities. Significantly, the act also clarified that board members operate as fiduciaries and are responsible for carrying out their duties with a reasonable degree of diligence, care, skill, and independence. The Water Authority has implemented the necessary changes to meet its obligations in a timely manner. The Water Authority's procurement policy, disposition of property Policy and the code of ethics, adopted by the Board of Directors, are presented on its website.

MAJOR ACCOMPLISHMENTS

In addition to the extensive monitoring and testing performed on our water supply, the Water Authority maintains, services and upgrades its water supply facilities and distribution system regularly. Following are the major upgrades during the year ended May 31, 2021: completed electrical and mechanical upgrades at Station No. 15's (Elmont) booster pump facility and the construction of a new Well No. 15D building; completed emergency construction of a GAC wellhead treatment system for PFA's at Station No. 28 (Elmont) and Station No. 44 (Elmont); undertook construction of a new treatment facility at Station No. 57 (New Hyde Park) to provide treatment to remove 1,4 Dioxane and PFA's, including the replacement of the existing VOC removal system and raising the existing below grade well pumps to 18-inches above finished grade; completed the replacement of Well No. 16A's (New Hyde Park) well pump and appurtenances; completed pilot testing for new treatment facilities at Station Nos. 20 (New Hyde Park), 35 (Floral Park) and 40 (New Hyde Park)

Operational Efficiencies

The Water Authority completed its twenty-fifth full year of operation on May 31, 2020. During this year, the Water Authority has continued its practice of searching for operational efficiencies to control operation and maintenance expenses, supplying clean and reliable water and providing excellent service to its customers.

The Water Authority has instituted an aggressive program to encourage customers' payments for past due accounts by placing a direct phone call to the customer with the delinquency just prior to sending crews out to shut off the service due to non payment. This policy helps the Water Authority avoid having to incur the cost of sending a crew out to shut off service and then upon remittance of the receivable to turn the service back on. Due to the efficiency of the collection department, accounts receivable write-offs for the Water Authority have been as follows:

TABLE 5
Accounts Receivable Write-Offs
Fiscal Years Ended May 31, 2010 To 2020

Fiscal Year	Amount
2021	43,232
2020	47,209
2019	53,265
2018	38,909
2017	26,243
2016	25,188
2015	18,707
2014	18,086
2013	11,260
2012	15,508

Sources: Accounting Department

The Water Authority has made available new methods of paying water bills, including recurring automatic payment via customer checking accounts and online via credit card or check.

Water Conservation

The Water Authority has submitted a water conservation program to New York State Department of Environmental Conservation (“the DEC”) in accordance with the regulations of the DEC. This program includes universal metering, public education, outdoor water uses restrictions, water conservation kits, residential and commercial water use audits, proactive bill audits and customer service line replacements. A program was established using seasonal employees who patrol the service territory during peak demand periods to assure water usage regulation compliance. According to the Board adopted terms, the first recorded violation is assigned a written warning; the second, third, fourth and fifth and any further violation is assessed a \$50, \$75, \$150 and \$300 service charge, respectively. This program has proven to be effective in raising the awareness of customers to the water usage restrictions at a low operating cost to the Water Authority

Water Quality Report

In accordance with New York State Public Health Law and Federal regulations, the Water Authority issued its 2020 Annual Water Quality Report. This report provides information about the quality of the drinking water, including a summary of the laboratory results for all testing performed by an independent laboratory, during 2020. The report informs that the Water Authority was in compliance with applicable State requirements regarding drinking water quality and operating, reporting and notification procedures. During the 2020 calendar year, the Water Authority conducted more than 36,500 tests for over 150 drinking water contaminants. In 2020, as in years past, the tap water met all United States Environmental Protection Agency (“EPA”) and State of New York drinking water health standards.

System Improvements

The Water Authority has the sole authority to fix the water rates and collect charges that are necessary for the payment of its operating expenses and principal and interest on its bonds. No governmental

board, agency, corporation, or officer of the State has jurisdiction or control over the water rates or charges. Section 1198-d (9) of the Act expressly declares that neither the New York State Public Service Commission nor any other control board or commission of like character has jurisdiction over the Water Authority in the management and control of its properties and operations or any power over rates fixed or charges collected by the Water Authority. The Act requires that the rates or charges to be changed only following a public hearing session.

All customers are subject to basic service charge of \$59.31, which represents the minimum charge billed whether or not the customer uses any water. The basic service charge entitles a customer to use up to 9,000 gallons each 90 day (100 gallons per day). This charge includes the cost of maintaining and reading meters, along with certain other costs of services provided by the Water Authority.

Both residential and commercial customers are billed quarterly for the preceding three-month period. All bills are due upon receipt and become delinquent if payment is not received within 30 days of the bill date indicated on the front of the bill. Customers are subject to an additional charge of 1% per month for any unpaid balance if payment is not received within 30 days of the bill date indicated on the front of the bill.

If the Water Authority fails to bill the customer for usage or service, it has six months from the time the error is discovered to issue a back bill. The back-billing period will be limited to a maximum of 24 months unless there is evidence that the customer caused or contributed to the error. If there is such evidence, the back-billing period will be limited to a maximum of six years.

The Water Authority's average annual bill charged to customers were as follows:

TABLE 12
Water Authority Western Nassau County
Average Annual Water Bill

Year Ended	Residential	Commercial	Minimum	Per Hydrant
5/31/2021	\$540	\$2,083	\$215	\$1,128
5/31/2020	513	2,371	194	1,020
5/31/2019	494	2,299	188	984
5/31/2018	471	2,358	184	960
5/31/2017	459	1,850	180	936
5/31/2016	440	1,832	166	936
5/31/2015	402	1,638	155	936
5/31/2014	378	1,582	145	875
5/31/2013	357	1,576	137	825
5/31/2012	346	1,434	131	787
5/31/2011	331	1,352	123	751

Source: Accounting Department

The Water Authority has covenanted that it will not furnish any free service by the Water System to any person, firm or corporation, public or private. The Water Authority's rate schedules applicable to residential, commercial, industrial and certain public users are uniform for its service area.

Debt Management

On May 31, 2021, bonds totaling \$97.7 million were outstanding. The Bonds are limited obligations of the Water Authority and are not a debt of the State of New York or of Nassau County or of any municipality therein and none of the State of New York, Nassau County or any municipality therein is liable for the bonds. The Water Authority has no taxing power. The Bonds are payable as to both interest and principal solely from the net revenues of the Water System.

In May 2021, Fitch Ratings assigned an 'AA-' rating to approximately \$52.4 series 2021A and \$43.0 million series 2021B refunding bonds which the Water Authority had decided to issue in June 2021. In addition, Fitch affirmed the AA- for Approximately \$97.7 million outstanding series 2010B, 2015A and 2015B.

Fitch determined the rating outlook as stable based on several factors including satisfactory financial profile, affordable water rates, manageable capital program, ample treatment capacity and stable service area.

In May 2021, Moody's Investors Service assigned an A1 rating to the Water Authority's Series 2021A and Series 2021B (Federally Taxable) (Green Bonds). Moody's affirmed the A1 rating on the Water Authority's outstanding rated revenue bonds. The A1 rating reflects stable debt service coverage levels, a stable service area with limited anticipated growth, and an above average debt burden that will remain manageable given the authority's limited future debt plans.

Under requirements stipulated in the bond resolutions, a trustee has been assigned to hold proceeds from the related bond issues. In addition, the trustee is required to hold funds deposited from time to time to pay registered owners (bondholders). The trustee is required to invest and reinvest funds as instructed by an authorized representative of the Water Authority.

Additional information on long-term debt is included in Management Discussion and Analysis, pages 38 and 39 and note 5 to the financial statements, pages 67 to 71.

Asset Management

After the issuance of Series 2015 Revenue Bonds, the total depreciable and non-depreciable capital assets have increased from \$72.9 million on May 31, 2016 to \$117.6 million on May 31, 2021. Included in those expenditures were a Headquarters Project, three iron removal facilities, construction of new VOC removal facilities, installation of approximately 2,600 feet of a new 12-inch transmission water main, radio read and meter replacement program, compliance with New York State Department of Health regulations, increased level of capital main, service and hydrant replacement programs, other projects for well screen replacements, station repair, technology improvements, security system at all sites, vehicle, tools and work equipment replacements, meter and booster upgrades.

The Water Authority completed the construction of its new headquarters located at 1580 Union Turnpike, New Hyde Park, New York. This two-story facility was built on existing Water Authority owned property which also contains two active wells and a Volatile Organic Compound Treatment facility, as well as a separate garage and generator. The Water Authority saves approximately \$400,000 per year by

eliminating the rental cost, property taxes and maintenance costs previously incurred at its prior headquarters in New Hyde Park.

Three Iron Removal Plant Projects were completed and put into operation. Annually, over 675 million gallons of water is treated and supplied to the customers in those distribution areas.

The Water Authority completed the rehabilitation of its elevated water storage Tank No. 19, located in New Hyde Park. The tank has a capacity of approximately 1,265,000 gallons of water and serves the Water Authority's customers in New Hyde Park, Bellerose and the northern portion of Floral Park. The project included physical changes necessary to comply with current Department of Health standards, repairs to the tank and power washing and sandblasting to remove dirt and old coatings. After the repairs and cleaning were completed, the interior and exterior surfaces of the tank were painted. The paint that was used is approved for use on water storage tanks by the New York State Department of Health.

In August 2020, the New York State Department of Health implemented new regulations for allowable levels for the emerging contaminants PFAs (Polyfluoroalkyl substances) and 1,4-Dioxane. These regulations require the Water Authority to install costly new wellhead treatment designed to remove these contaminants at various sites. During the summer of 2020, the Water Authority successfully installed and addressed these contaminants at five wells in the southern section of its territory. Currently, capital projects are underway which are addressing six other impacted wells in the northern section of the service territory. The cost demand of these critical projects requires the Water authority to incur an additional \$52.4 million through a bond issuance in June 2021.

Planned Improvements

Capital projects have continued to require a large share of the Water Authority's budget, staff time and focus. The Water Authority has implemented a comprehensive capital improvement program with the goal of improving the water system's aging infrastructure through increased system capacity and dependability. Specifically, target areas include upgrading storage and delivery, enhancing water quality, identifying and complying with pending regulatory requirements, protecting the water source and its watershed, and reducing unaccounted-for water. Security improvements to protect its assets base are underway and will continue through subsequent years.

The Water Authority prepares and updates annually its Capital Improvement Plan ("CIP"), which establishes programmatic goals for the Water System and reviews the present condition and forecasted needs of the Water System facilities over the next five fiscal years. Individual projects are researched and prioritized. The updated CIP with detailed assumptions and considerations is submitted to the Board of Directors for approval. The Board of Directors reviews and approves all capital expenditure payments and publishes the related information together with the minutes of the Board on the Water Authority website.

The Water Authority is committed to a best practices approach to managing its infrastructure capital assets that provides a means to protect, maintain, or improve the asset value of our water distribution system and wastewater collection systems with planned maintenance and repair based on predicted deterioration of the systems. Major parts of the asset management program are the five - year capital plan, the geographical information system (GIS), the financial rate model, the work order system and the SCADA system.

Capital spending will continue to rise as the Water Authority executes its expanded \$83.4 million fiscal 2022 through 2026 capital program of which substantial portion addresses regulatory needs pertaining to 1,4-dioxane and perfluoroalkyl and polyfluoroalkyl substances (PFAs). Approximately \$52.4 million of Series 2021A bond funding for the program is expected, along with about \$5.9 million balance of State of New York Environmental Facilities grant funds.

Planned improvements include: completion of a new treatment facility at Station No. 57 (New Hyde Park); emergency construction of new GAC wellhead treatment for PFA's at Station No. 20 (New Hyde Park) and construction of permanent building to house the GAC vessels; emergency construction of new AOP and GAC wellhead treatment for 1,4 Dioxane and PFA's at Station No. 35 (Floral Park) and construction of a permanent building to house the GAC vessels; rehabilitation of Tank No. 20 (Elmont); design of new treatment facility at Station No. 40 (New Hyde Park) for the removal of 1,4 Dioxane and PFA's; replacements of service and hydrant; replacement of mains at Floral Park and South Floral Park; replacements of computers, meters, vehicle and large equipment.

Additional information on capital assets is included in Management Discussion and Analysis, page 34 to 38 and note 4 to the financial statements, page 68.

Cash Management

The New York State investment statutes govern the Water Authority's cash investment policies. The Water Authority is authorized to use demand deposits accounts, certificates of deposit, and the US Treasury Bills and Notes. The Water Authority investment policy is to match the maturity of the investment in the US Treasury obligations with its capital expenditure needs.

Under the Bond Covenants and policies of the Board, the Water Authority maintains Rate Stabilization and Bond reserve Funds to ensure the stability of revenues and debt service payments. On May 31, 2020, the balances of Rate Stabilization and Bond Reserve Funds were \$2.0 million and \$9.1 million, respectively.

Risk Management

The Water Authority maintains comprehensive liability and workers' compensation insurance in accordance with the levels required in our Bond Resolution. All insurance coverage is obtained through commercial insurance companies. In addition to its insurance coverage, the Water Authority is very proactive in safety training and follows all OSHA safety requirements to preserve a safe operating environment for its employees. The Water Authority has elected to self-insure itself for state unemployment insurance.

Independent Audit

The Water Authority is required to have an annual audit by independent auditors. Tabriztchi & Co., CPA, P.C., Certified Public Accountants, Astoria, New York has conducted an annual audit of the Water Authority's financial statements for the year ended May 31, 2021. The independent auditor's report relating to the audit of the Water Authority's general-purpose financial statements is included in Section B of this report, pages 23 to 24. A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with government auditing standards is also included in section D, pages 131 and 132.

AWARD AND ACKNOWLEDGMENT

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for excellence in Financial Reporting to the Water Authority of Western Nassau County for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended May 31, 2020. This was the tenth consecutive year that the Water Authority has received this prestigious award. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the effort and dedication of the staff of the Accounting Department of the Water Authority. I wish to thank all of the Water Authority Departments for their assistance in providing the data necessary to prepare this report. I would also like to express my appreciation to our independent auditors, Tabriztchi & Co., CPA, P.C. for their assistance and dedication in the preparation of this report.

Respectfully submitted,

Michael J. Tierney

Superintendent
New Hyde Park, New York



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Water Authority of Western
Nassau County, New York**

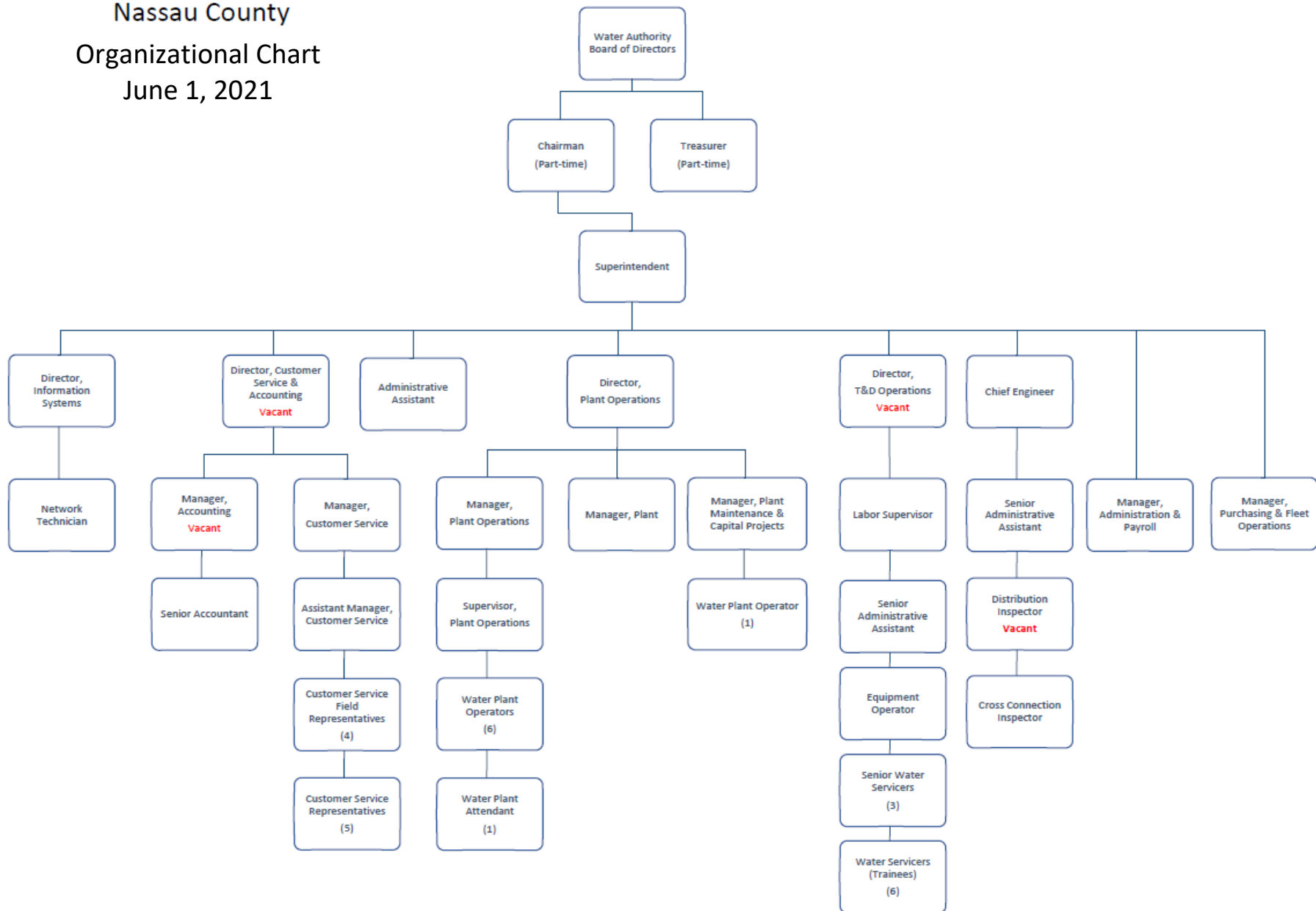
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

May 31, 2020

Christopher P. Morill

Executive Director/CEO

Water Authority of Western
Nassau County
Organizational Chart
June 1, 2021



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED MAY 31, 2021**

BOARD OF DIRECTORS/VOTES

John E. Ryan Chairman

		Voting Percentage
George Bakich	Town of Hempstead	26.2%
Cherie Zacker	Town of Hempstead	26.2%
Dominick Longobardi	Village of South Floral Park	17.7%
Marianna Wohlgemuth	Town of North Hempstead	12.3%
Laura Robinson	Village of New Hyde Park	11.1%
Chris Gorman	Village of Stewart Manor	2.3%
Susan Powderly	Village of Bellerose	1.5%
Greg Ifill	Village of South Floral Park	1.4%
David Osborn	Village of Garden City	1.3%
Total		<u>100.0%</u>

SECTION B: FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors
Water Authority of Western Nassau County
New Hyde Park, New York

We have audited the accompanying financial statements of the of the Water Authority of Western Nassau County, State of New York, as of and for the years ended May 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Water Authority of Western Nassau County'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Water Authority of Western Nassau County, as of May 31, 2021 and 2020 and the respective changes in financial position and, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

OTHER MATTERS

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis require that the Management's Discussion the Schedule of Changes in the Net Pension Liability and Related Ratios, and the Schedule of Contributions as listed in the table of contents, be presented to supplement the basic financial statements, as listed in the table of contents, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Water Authority of Nassau County's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have 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 them.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2021, on our consideration of the Water Authority of Western Nassau County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Water Authority of Western Nassau County's internal control over financial reporting and compliance.

TABRIZCHI & Co., CPA, P.C.

Astoria, New York
September 29, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS



THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

The Water Authority of Western Nassau County (the "Water Authority") was established to provide potable water to portions of western Nassau County that encompass the Incorporated Villages of Bellerose, Floral Park, New Hyde Park, South Floral Park, Stewart Manor and portions of Garden City and Valley Stream. The service area also includes the unincorporated areas of Bellerose Terrace, Elmont, Floral Park, Floral Park Centre, New Hyde Park and portions of Franklin Square and North Valley Stream.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four sections: (1) Management's Discussion and Analysis (this section); (2) the Financial Statements; (3) Notes to the Financial Statements that explain in more detail some of the information in the Financial Statements and (4) Required supplementary information.

Management's Discussion and Analysis ("MD&A") serves as an introduction to the basic financial statements and provides supplementary information. The MD&A represents management's examination and analysis of the Water Authority's financial condition and performance. Summary financial statements data, key financial and operational indicators used in the Water Authority's strategic plan, operating plan, bond covenants and other management tools were used for this analysis. The information contained in this analysis should be used by the reader in conjunction with the information contained in the audited financial statements and the notes to those financial statements.

The financial statements report information about the Water Authority. The Water Authority applied full accrual accounting methods as used by similar business activities in the private sector. The statements offer short and long-term financial information. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities.

The financial statements include the Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows, and the Notes to the Financial Statements.

The *Statement of Net Position* provides information about the nature and amount of investment in resources (assets) and obligations to the Water Authority's creditors (liabilities), as well as deferred outflows and inflows of resources, with the difference between these amounts being reported as net position. The Statement of Net Position represents the difference between all other elements in a statement of financial position in three components: net investment in capital assets; restricted (distinguishing between major categories or restrictions) and unrestricted. It also provides the basis for computing rate of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the Water Authority. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Water Authority is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents the results of the activities of the Water Authority and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides information about whether the Water Authority has successfully recovered its costs through its user fees and other charges, its profitability and credit worthiness.

The *Statement of Cash Flows* presents the changes in cash and cash equivalents resulting from operating, investing, and capital financing and non-capital financing activities. The statements present cash receipts

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

and cash disbursements information, without consideration of the earning events, when an obligation arises or depreciation of capital assets.

The *notes to the financial statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Water Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Water Authority's progress in funding its obligation to provide pension and OPEB benefits to its employees.

This section presents management's analysis of the Water Authority's financial conditions and activities for the fiscal years ended May 31, 2021, and May 31, 2020. Please, read this information in conjunction with the financial statements, notes to the financial statements and the supplementary required information which follow this section.

FINANCIAL HIGHLIGHTS

Management believes the Water Authority's financial condition is strong and has significantly improved. The Water Authority is well within its debt covenants and the more stringent financial policies and guidelines set by its Board. The following are financial highlights:

- As of May 31, 2021, total assets were \$161.6 million, deferred outflows were \$4.5 million and exceeded total liabilities of \$131.4 million and deferred inflows of \$1.2 million by \$33.5 million (i.e., net position). Of the total net position, \$32.1 million was invested in capital assets, \$2.0 million in restricted net position and unrestricted net position had a deficit balance of \$0.6 million. The deficit in the unrestricted net position has been the result of implementing Government Accounting Standards Board Statement 75, *Accounting and financial reporting for postemployment benefits other than pensions and recognizing additional long-term liability for other post-employment benefits*, since May 31, 2018.
- During the fiscal year ended May 31, 2021, the economic and financial position of the Water Authority improved, the Water Authority's net position increased by \$3.4 million (11.2%) over the previous year. The change in net position was the net result of the increases in total assets of \$9.2 million (6.0%) and deferred outflows of \$1.4 million (44.3%) over rise in total liabilities of \$7.5 million (6.1%) and decrease in deferred inflows of \$0.3 million (22.1%)
- Operating revenues, including a \$2 million grant from New York State Environmental Facilities Corporation, were \$22.7 million, showing an increase of \$4.6 million (25.7%), as compared to \$0.5 million (3.0%) increase in the previous year. The increased revenues from residential water sales were \$2.2 million (17.8%) and from commercial municipal and other water sale revenues was \$0.4 million (7.2%). The residential water sales were affected by the rate increases of 10.57%, effective June 1, 2020.
- The increased water rates of 10.57% and 10.77%, on June 1, 2020, and 2021, respectively, are to provide for the debt service costs of \$63.6 million obtained from the issuance of \$52.4 Series 2021 A Bonds at a premium of \$11.3 million, in June 2021. The proceeds of Series 2021A Bonds together

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

with the debt service cost savings, with a present value of \$5.2 million, from the issuance of \$43 million Series 2021B Refunding Bonds will be used to make major improvements of the water production and distribution infrastructure.

- Total operating expenses increased by \$3.7 million (29.6%), from \$12.4 million to \$16.1 million, in the year ended May 31, 2021, compared to the previous year. The rise in operating expenses was primarily the result of \$2.8 million increase of other post-employment benefits, from change in benefit terms. The total operating expenses had increased \$0.7 million (5.6%) in the previous year, primarily due to higher operations expenses.
- Operating incomes for the fiscal years ended May 31, 2021, and 2020 were \$6.6 and \$5.6 million. The increase in operating income of \$1 million (17.0%), in the current year, follows the decrease \$0.1 million (2.2%), in the previous year. The increase in operating income is related to increase in water sales revenues exceeding the rise in operations and maintenance expenses and NYS Environmental Facilities Corporation grant revenues offsetting the additional other post-employment benefits.
- The total principal payment and premium amortization of the Water Authority's long-term bonded debt was \$3.8 million (3.5%). On May 31, 2021, the outstanding principal balance and unamortized premium of the Water Authority's bonds payable were \$97.7 million and \$6.6 million, respectively.
- The capital assets increased by \$15 million (14.6%), during the year ended May 31, 2021.

FINANCIAL ANALYSIS OF THE WATER AUTHORITY

One of the most important objectives of the financial analysis is to determine if the Water Authority as a whole is better or worse off as a result of the year's activities. The Statement of Net Position and the statements of revenues, expenses and changes in net position provide useful information in this regard. The amount of net position, the difference between total assets and deferred outflows and liabilities and deferred inflows, is a significant measure of the financial health or financial position. Over time, increases or decreases in the Water Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic conditions, population growth, and zoning and new or changed government legislation should be considered in evaluating the financial conditions of the Water Authority.

The following comparative condensed financial statements and other selected information serve as the financial data and indicators for management's monitoring and planning.

NET POSITION

A summary of the Water Authority's balance sheets is presented in the following table:

**THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CONDENSED STATEMENT OF NET POSITION (BALANCE SHEETS)

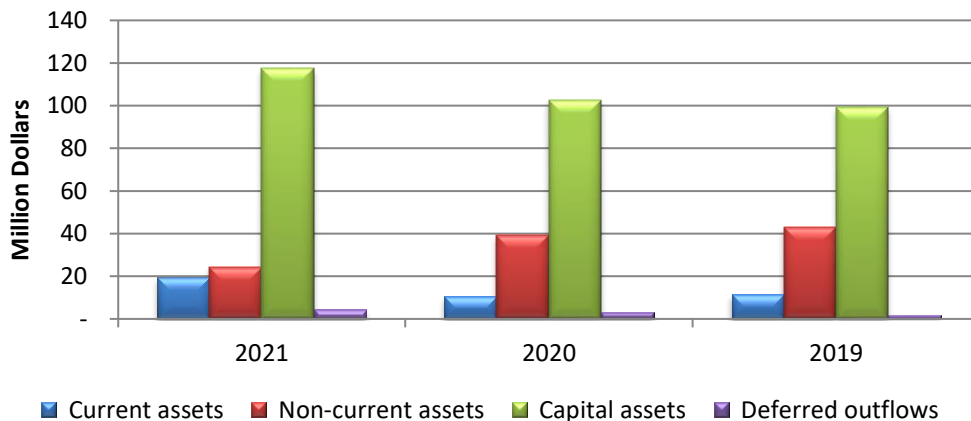
	May 31,			2020 to 2021 Increase (Decrease)		2019 to 2020 Increase (Decrease)	
	2021	2020	2019	Amount	%	Amount	%
Current assets	\$ 19,568,015	\$ 10,436,750	\$ 11,332,066	\$ 9,131,265	87.5	\$ (895,316)	(7.9)
Noncurrent assets							
Other noncurrent assets	24,383,458	39,322,297	43,070,974	(14,938,839)	(38.0)	(3,748,677)	(8.7)
Capital assets	117,638,458	102,665,698	99,370,881	14,972,760	14.6	3,294,817	3.3
Total assets	161,589,931	152,424,745	153,773,921	9,165,186	6.0	(1,349,176)	(0.9)
Deferred outflows	4,493,319	3,114,049	1,623,579	1,379,270	44.3	1,490,470	91.8
Current liabilities	13,247,140	7,619,121	8,937,518	5,628,019	73.9	(1,318,397)	(14.8)
Noncurrent liabilities	16,762,193	10,977,085	9,411,946	5,785,108	52.7	1,565,139	16.6
Long-term debt—bonds, net	101,425,363	105,330,908	108,427,617	(3,905,545)	(3.7)	(3,096,709)	(2.9)
Total liabilities	131,434,696	123,927,114	126,777,081	7,507,582	6.1	(2,849,967)	(2.2)
Deferred inflows	1,168,346	1,499,012	807,186	(330,666)	22.1	691,826	85.7
Net position							
Net invested in capital assets	32,125,071	32,230,802	26,988,565	(105,731)	(0.3)	5,242,237	19.4
Restricted for rate stabilization	2,000,000	2,000,000	2,000,000	-	0.0	-	-
Unrestricted	(644,863)	(4,118,134)	(1,175,332)	3,473,271	84.3	(2,942,802)	250.4
Total Net Position	\$ 33,480,208	\$ 30,112,668	\$ 27,813,233	\$ 3,367,540	11.5	\$ 2,299,435	8.3

The table above and Chart 1 show that total assets increased by \$9,165,186 (6%), from \$152,424,745, on May 31, 2020 to \$161,589,931, on May 31, 2021. During the same period, total liabilities increased by \$7,507,582 (6.1%) from \$123,927,114 to \$131,434,696. During the previous year, total assets decreased by \$1,349,176 (.9%), from \$153,773,921, on May 31, 2019 to \$152,424,745, on May 31, 2020, and the total liabilities decreased by \$2,849,967 (2.2%) from \$126,777,081 to \$123,927,114.

The capital assets increased by \$14,972,760 (14.6%) in the current year and \$3,294,817 (3.3%) in the previous year. The other non-current assets, which includes the restricted cash and cash equivalents and investment of bond proceeds, decreased by \$14,938,839 (38.0%) and \$3,748,677 (8.7%), in the current and previous year, respectively. The decreases in other noncurrent assets were primarily related to the expenditure of restricted funds for construction and purchase of capital assets.

CHART 1

**Assets and Deferred Outflows
May 31, 2021, 2020, and 2019**



THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

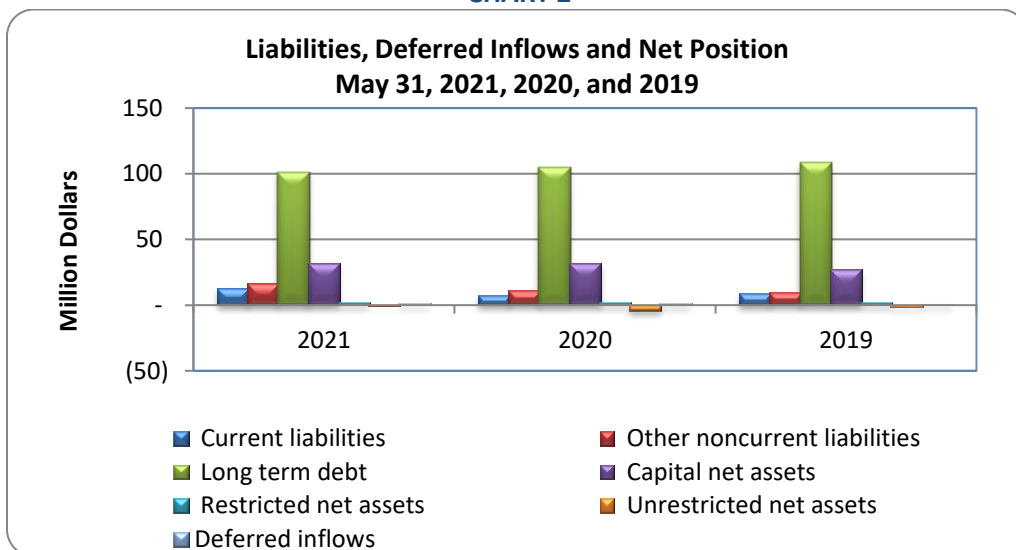
Current assets increased by \$9,131,265 (87.5%) during the fiscal year, primarily as a result of receiving a customer deposit of \$3,000,368 for construction and \$5,644,793 (138.6%) increase in unrestricted cash. Current assets had decreased by \$895,316 (7.9%), during the previous year, primarily as a result of decreases of \$918,580 (18.4%) in unrestricted cash.

During the current year, the current liabilities increased by \$5,628,018 (73.9%) from \$7,619,121, on May 31, 2020, to \$13,247,140, on May 31, 2021. The principal reason for this increase was the \$2,681,081 (72.3%) rise in accounts payable, primarily related to the construction contracts. Also, in the previous year, the current liabilities had decreased by \$1,318,397 (14.8%), primarily due to \$1,591,445 (30.0%) decrease in accounts payable.

The long-term debt including the current portion and premium decreased by \$3,780,545 (3.5%) and \$2,981,709 (2.7%) during the years ended May 31, 2021, and May 31, 2020, respectively. The current year decrease was because of the principal payment of \$2,720,000 and premium amortization of \$1,060,545. The previous year decrease included the principal payment of \$2,605,000 and amortization of \$376,709 in premium (Chart 2).

During the year, the net position of the Water Authority had increased and improved by \$3,367,540 (11.2%) as compared to \$2,299,435 (8.3%), in previous year. The changes in net position reflected the excess of operating incomes of \$6,586,761 and \$5,631,292 over the net non-operating expenses of \$3,219,221 and \$3,331,857, for the current and previous years, respectively.

CHART 2



During the year, the unrestricted net position increased by \$3,473,271 (84.3%). Previous year the unrestricted net position had decreased by \$2,942,802 (250.4%).

The net position restricted for rate stabilization remained unchanged from the previous year. The net position invested in capital had a small decrease of \$105,731 (0.3%), due to accounts payable related to capital assets construction costs and depreciation charges. As a result of expending unrestricted funds for capital related debt, the net position invested in capital had increased by \$5,242,237 (19.4%), during the fiscal year ended May 31, 2020.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

OPERATING RESULTS

As of May 31, 2021, the Water Authority provided water to 26,765 residential customers 1,472 commercial customers, 209 private fire customers and 2,432 municipal fire hydrants. The corresponding figures for May 31, 2020 were 26,708 residential customers, 1,469 commercial customers, 208 private fire customers and 2,432 municipal fire hydrants.

The Water Authority's condensed statements of revenues, expenses and changes in net position are as follows:

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

				2020 to 2021 Increase (Decrease)		2019 to 2020 Increase (Decrease)	
	2021	May 31, 2020	2019	Amount	%	Amount	%
Water sales:							
Residential	\$ 14,456,574	\$ 12,267,703	\$ 11,603,159	\$ 2,188,871	17.8	\$ 664,544	5.7
Commercial, municipal and other	6,220,734	5,802,378	5,940,663	418,356	7.2	(138,285)	(2.3)
NYS environmental facilities Grant	2,029,221	-	-	2,029,221	-	-	-
Total operating revenues	22,706,529	18,070,081	17,543,822	4,636,448	25.7	526,259	3.0
Operating expenses							
Operations	8,330,718	7,773,228	7,219,824	557,490	7.2	553,404	7.7
Maintenance	2,710,866	2,404,909	2,346,725	305,957	12.7	58,184	2.5
Depreciation	2,291,367	2,260,652	2,217,359	30,715	1.4	43,293	2.0
Change in OPEB benefit terms	2,786,817	-	-	2,786,817	-	-	-
Total operating expenses	16,119,768	12,438,789	11,783,908	3,680,979	29.6	654,881	5.6
Operating income	6,586,761	5,631,292	5,759,914	955,469	17.0	(128,622)	(2.2)
Non-operating revenue (expense)							
Interest income	21,878	777,634	1,096,111	(755,756)	(97.2)	(318,477)	(29.1)
Miscellaneous income	330,168	319,827	303,506	10,341	3.2	16,321	5.4
Interest on long-term debt	(3,546,731)	(4,404,782)	(4,471,045)	858,051	19.5	66,263	1.5
Other amortization, net	(24,536)	(24,536)	(24,536)	-	-	-	-
Net non-operating expenses	(3,219,221)	(3,331,857)	(3,095,964)	112,636	3.4	(235,893)	(7.6)
Change in total net position	3,367,540	2,299,435	2,663,950	1,068,105	46.5	(364,515)	(6.3) %
Net position, beginning	30,112,668	27,813,233	25,149,283	2,299,435	8.3	2,663,950	10.6
Net position, ending	\$ 33,480,208	\$ 30,112,668	\$ 27,813,233	\$ 3,367,540	11.2	\$ 2,299,435	8.3

OPERATING REVENUES AND EXPENSES

The Water Authority provides water treatment and distribution to an estimated population of over 120,000, approximately equals 9% of Nassau County's total population, who reside within the towns of Hempstead and North Hempstead in Nassau County, NY. The Water Authority's customer base is diverse with no significant customer concentration. It benefits economically from its proximity to New York City. Limited growth is expected in the residential sector but there is large, planned renovations to the Belmont Park Complex which should have a substantial effect on revenues in the near future.

Customer levels have been steady in the last five-years, while income levels remaining very high, with median household income (MHI) equal to nearly 185% of the national average. Area unemployment rose in fiscal 2020 but still approximates the national average and is considered midrange.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

All of the water supplied comes from groundwater drawn from 24 wells from the Lloyd, Magothy and Upper Glacial aquifers and requires minimal treatment. Water pumped from the aquifers is limited by the New York State Department of Environmental Conservation to 6.81 billion gallons per year. However, annual production has remained comfortably below this limit and has declined the past five fiscal years to a low of approximately 3.9 billion gallons in fiscal 2020. The ongoing coronavirus pandemic has not resulted in significant impairment to the authority's revenue or cost profiles.

The Water Storage facilities along with existing well fields provide ample pumping capacity (46 million gallons per day) in relation to actual demand. The water system is compliant with all applicable permits and regulatory standards.

May 2021 Fitch Rating Inc.'s revenue defensibility assessment reflects the Water Authority's independent legal ability to set rates and very favorable demographic trends and expected affordability of water cost to the vast majority of customers despite the rate increases.

In the current year, the total operating revenues increased by \$4,636,448 (25.7%), as compared to \$526,259 (3%) increase in previous year. The increase in revenues in the year ended May 31, 2021, were in part related to \$2,029,221 grant revenues from New York State Environmental Facilities Corporation. The current year increase of \$2,188,871 (17.8%) in residential revenues and \$418,356 (7.2%), in commercial, municipal and other revenues and the increase of \$664,544 (5.7%) in residential revenues in the prior year, were related to increases in water rates. (Chart 3). The water rates increased by 10.57% and 3.83%, in the years ended May 31, 2021, and 2020, respectively. The increase in water rates is to provide for the debt service costs of the planned major capital improvement projects in forthcoming years.

In 2019 and 2021, Water Authority was awarded two grants in the amounts of \$3,000,000 and \$4,930,200, respectively, from New York State Environmental Facilities Corporation to finance in part its two capital assets improvement projects in the amounts of \$11,918,280 and \$8,217,000. The grants were awarded under the New York State Water Infrastructure Improvement Act of 2015 and the New York State Water Infrastructure Improvement Act of 2017 in support of water quality infrastructure projects.

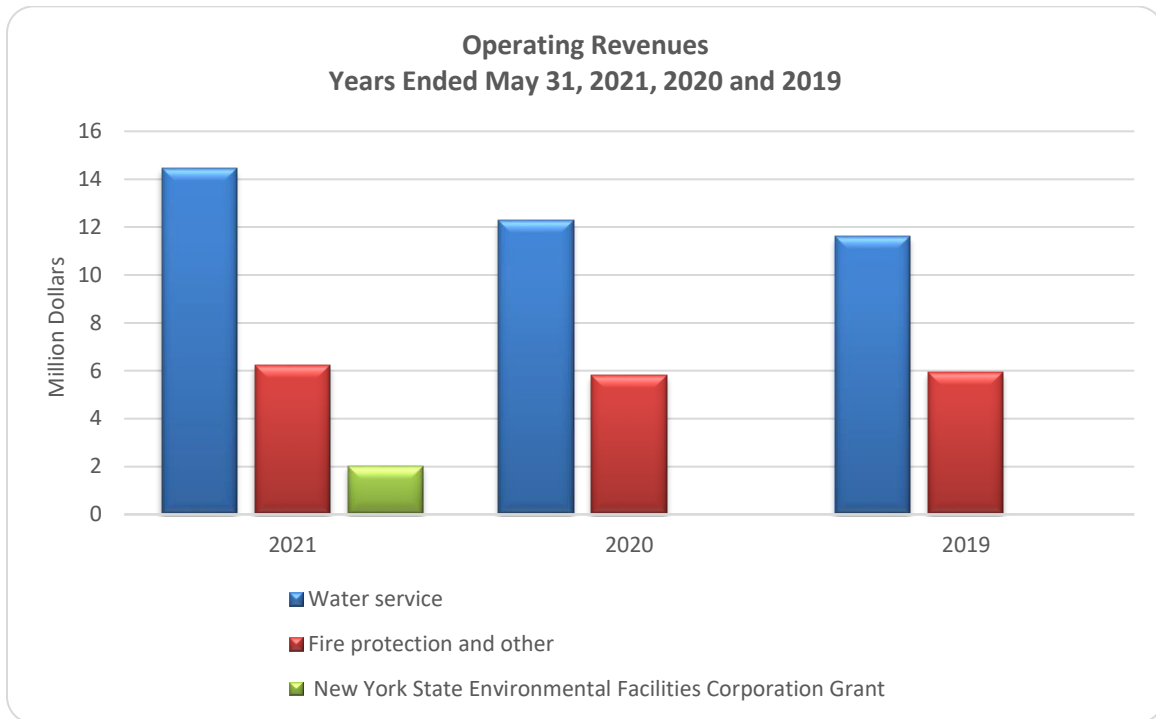
In the year ended May 31, 2021, the quarterly minimum charge for water uses of up to 9,000 gallons increased from \$53.54 to \$59.31, for the next 135,000 gallons increased from \$4.90 to \$5.42, per 1,000 gallons' and for the usage above 144,000 gallons increased from \$5.02 to \$5.56, per 1,000 gallons.

In the year ended May 31, 2021, the total amount of pumpage was up by 234 million gallons 6.7% and average gallons for residential and commercial customers had increased by 7.92% and 12.5%, respectively.

In the year ended May 31, 2020, the total amount of pumpage was down by 26 million gallons (6.7%) and average gallons for residential and commercial customers had decreased by .4% and 2.9%, respectively.

**THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CHART 3



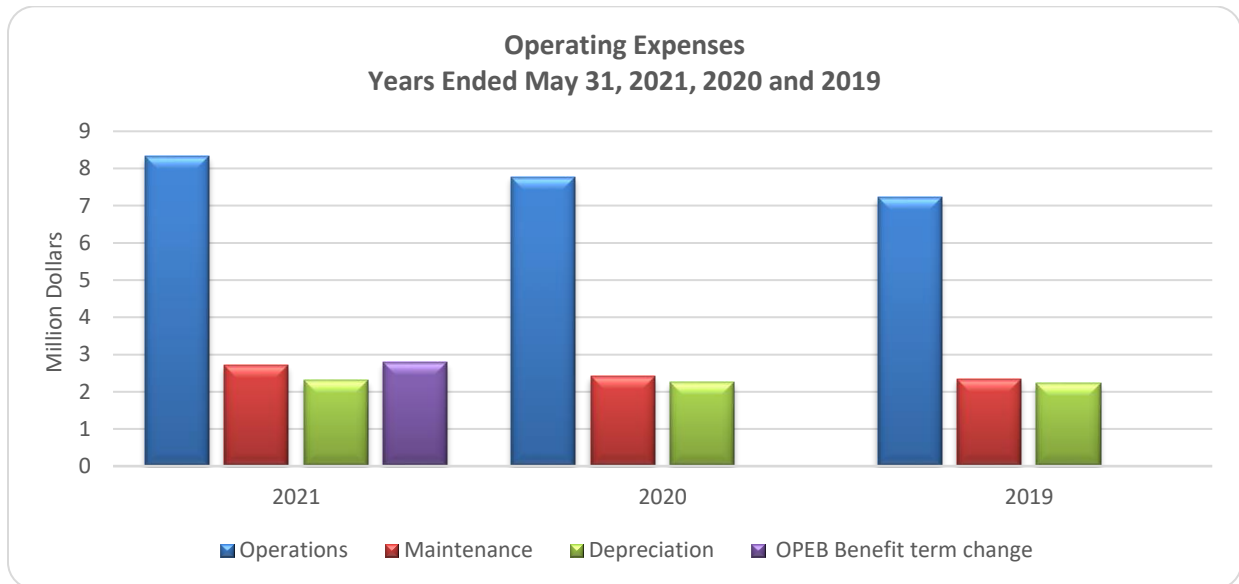
In May 2021, Fitch Rating, Inc. assessed the Water Authority's operating risk at 'AA-', which takes into consideration a very low operating cost burden and very low life-cycle investment needs. At \$3,684 per million gallons in fiscal 2020, the operating cost burden was substantially below Fitch's \$6,500 threshold and is expected to remain there based on the authority's operating expense and demand assumptions

The increase in total operating expenses during the current and prior year were \$3,680,979 (29.6%) and \$654,881 (5.6%), respectively (Chart 4). The principal reason for increase in operating expenses was the \$2,786,817 cost of change in the benefit terms of other post-employment benefits which accounted for 75.7% of the increase in operating expenses. According to the Water Authority's OPEB plan Tier 1 retirees pay 40% of the cost of individual retiree medical coverage, and 60% of the cost of spousal coverage and Tier 2 retirees pay 50% of the cost of individual retiree medical coverage, and 65% of the cost of spousal coverage. Effective June 1, 2020, all new retirees will pay 20% of the cost of retiree medical coverage. The new cost share applies to all Tiers and Coverage Levels.

In the current year, the increase in operations expense was \$557,490 (7.2%), in maintenance expense \$305,957 (12.7%) and in depreciation expense \$30,715 (1.4%), respectively. The rise in operations expense was mainly due to the increase in payroll and employee benefits and the cost of power purchased.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

CHART 4



Changes in operating revenues and expenses, caused the current year operating income to increase by \$955,469 (17%) as compared to a decrease of \$128,622 (2.2%) in the previous year.

NON-OPERATING REVENUES AND EXPENSES

Non-operating revenue includes interest earnings on cash equivalents and investment, realized and unrealized gain or losses on investments and miscellaneous income. Net interest incomes and gain or losses were \$21,878 and \$777,634, in the years ended May 31, 2021, and 2020, respectively. The interest income and gain or losses on investment are mainly earned on the unexpended proceeds of Series 2015 Bonds, held for construction and as reserves. The decrease in interest income reflects the reduction in unexpended balance of the Series 2015 Bonds,

The miscellaneous incomes were \$330,168 and \$319,827, in the year ended May 31, 2021, and 2020, respectively. This miscellaneous income involves the rental income realized from the lease of space atop water towers to cellular phone companies.

For the fiscal years ended May 31, 2021, and 2020, the interest expenses, net of bond premium amortization, were \$3,546,731 and \$4,404,782, respectively. The Water Authority has opted the GASB statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. All interest incurred during the year ended May 31, 2021 was expensed.

CAPITAL ASSETS

The Water Authority owns and maintains a broad range of infrastructure items including water plants, water lines, well-stations, administrative facilities, vehicles and equipment necessary for the treatment and distribution of potable water to its customers. The Water Authority has \$117,638,458 in net capital assets, showing an increase of \$14,972,760 (14.6%) from the prior year. The increase of \$29,341,141 in

**THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

pumping and purification assets accounted for 94.7% of the \$30,997,540 addition to the gross capital assets. The increase in net capital assets in prior year was \$3,294,817 (3.3%).

Capital assets consisted of the following for the years ended May 31:

CAPITAL ASSETS MAY 31,			
Capital Assets	2021	2020	2019
Land	\$ 1,237,093	\$ 599,074	\$ 599,074
Construction in progress	17,506,709	31,226,816	14,186,868
Wells and standpipes	6,086,412	6,086,412	6,086,412
Pumping and purification	53,433,720	24,092,579	23,041,043
Distribution system	45,591,904	45,036,612	43,652,693
Building, vehicles and equipment	20,494,093	20,161,161	20,054,593
 Total capital assets	 144,349,931	 127,202,654	 107,620,683
Accumulated depreciation	(26,711,473)	(24,536,956)	(20,483,740)
 Net capital assets	 \$ 117,638,458	 \$ 102,665,698	 \$ 87,136,943

For more detailed information on capital assets activity, please refer to the financial statements Note 4 – Property, Plant and Equipment.

MAJOR INCREASES IN CAPITAL ASSETS

Capital spending as a percent of depreciation has also been robust, growing. Capital spending will continue to rise as the Water Authority executes its expanded capital program, of which over \$75 million addresses regulatory needs pertaining to 1,4-dioxane and perfluoroalkyl and polyfluoroalkyl substances (PFAS). The program will be largely funded by the Bond Series 2021A issuance, along with New York State Environmental Facilities grants. Additional capital projects address transmission and distribution, meters, equipment and storage tanks.

During the years ended May 31, 2021, and 2020, the major capital assets improvement included the following capital projects:

Wellhead treatment for VOC removal for well numbers 15A, 15B, 15C, 15D, and 15E. The wellhead treatment project is progressing in the following three phases:

1. Phase 1 involved station rehabilitation at station numbers 15A and 15 C/E including air stripper installations, new emergency generator, station startup and testing of all equipment and acceptance by the Nassau County Department of Health ("NCDH"). This phase has been completed and the stations are currently in service.
2. Phase 2 involved station rehabilitation at Station 15B including air stripper installations, new emergency generator, station startup and testing of all equipment and acceptance by the NCDH. This station is currently in service.

**THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
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3. Phase 3 involved station rehabilitation at Station 15 including a booster pump building and Well 15D building replacement and returning well 15D back into service. This Phase is 100% complete as of May 31, 2021.

Station 57 rehabilitation including wellhead treatment for the removal of 1,4 – dioxane and PFA's. During this fiscal year work included design of the full station rehabilitation and preparation of all bidding documents. Plans and engineering reports were filed with both the New York State Department of Health ("NYSDOH") and the NCDH and ultimate regulatory, project approval was received. This project includes the replacement of Well Nos. 57 and 57A well pumps, a new air stripping facility, an Advanced Oxidation Process ("AOP") treatment system for the removal of 1,4 –dioxane, installation of Granular Activated Carbon ("GAC") vessels for the removal of PFAS, new emergency generator, and overall site restoration including new buildings.

Stations 28 and 44 wellhead treatment installation of GAC Vessels for the removal of PFAS at 6 wells. This project moved forward on an emergency basis. Engineering reports were prepared and filed with the NYSDOH and NCDH and ultimate approval was received. Station 44 has had 4 (40,000 lb.) vessels installed to treat 4 wells and Station 28 has had 2 (40,000 lb.) vessels installed to treat 2 wells. This project was 100% complete as of May 31, 2021.

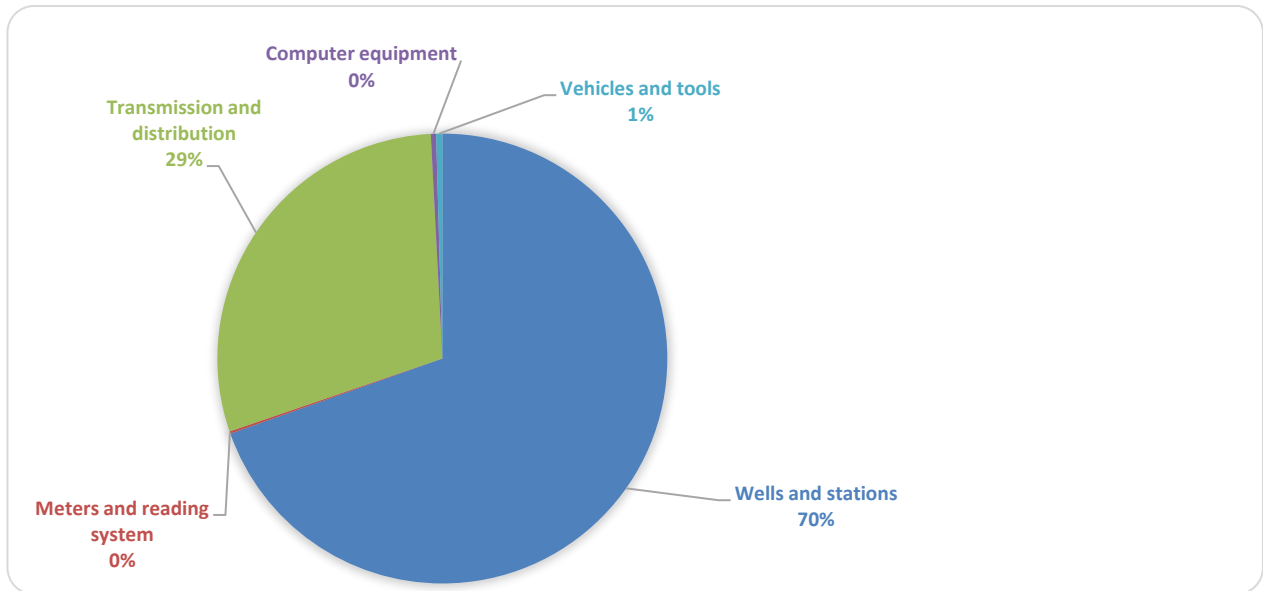
Stations 20, 35 and 40 Pilot Studies for the removal of 1,4 – dioxane and PFAS. Pilot studies and Engineering reports were prepared and submitted to the NYSDOH and NCDH including the installation of AOP and GAC wellhead treatment systems for these 3 critical baseload stations. Phase 1 of new wellhead treatment is underway for stations 20 and 35. Station 20 was complete and in service effective May 2021. Station 35 was 30% complete as of May 31, 2021.

The new capital plan covers the anticipated projects for the fiscal years ending May 31, 2022 to 2026. The total plan amount is \$83,396,654 (Chart 6) which is financed by the balance of the 2015 Series A funds, a future bond issuance and excess of revenues over expenses. Also, a \$3,000,000 State of New York grant was received toward the cost of the 1,4-Dioxane Station 57 treatment facility, after the end of the fiscal year, as well as a \$4.8 million grant for installation of a GAC well head Treatment Station 44. The planned spending is aimed primarily at improvements to the treatment system, structure and improvements and repair and replacement of transmission and distribution lines. The planned capital expenditures for the year ending May 31, 2022 and five years ending May 31, 2026 are as follows:

Planned Capital Expenditures				
Year Ending May 31, 2022, and Total for Years ending May 31, 2022 to 2026				
(Unaudited)				
	Year Ending May 31, 2022		Years Ending May 31, 2022 to 2026	
Wells & stations including treatment	\$ 14,926,240	69.58%	\$ 66,370,129	79.58%
Meters and reading system	36,164	0.17%	945,964	1.13%
Transmission and distribution	6,313,750	29.43%	15,018,750	18.01%
Computer equipment	80,983	0.38%	304,610	0.37%
Vehicles and tools	95,600	0.45%	757,200	0.91%
Total projected capital expenditures	<u>\$ 21,452,737</u>	<u>100.00%</u>	<u>\$ 83,396,654</u>	<u>100.00%</u>

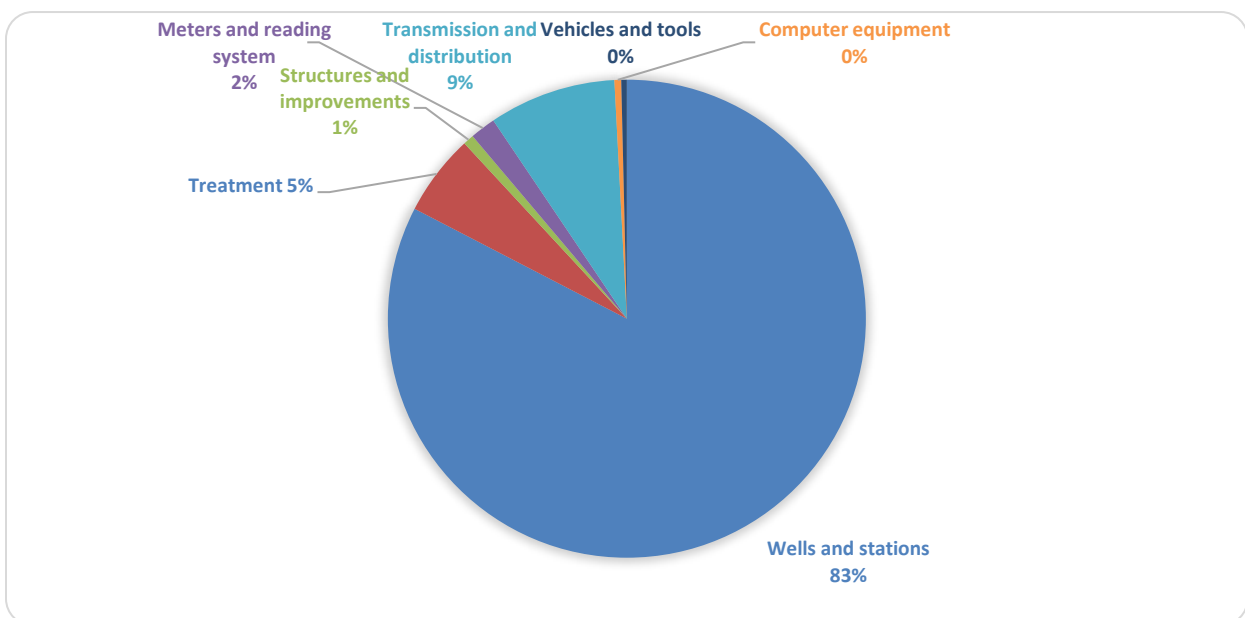
THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
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CHART 5
Capital Expenditures
Year Ending 2022



The planned capital expenditures of \$21,452,737, for the year ending May 31, 2022, primarily includes \$14,926,240 (69.58%) for wells and stations including treatment and \$6,313,750 (29.43%) for Transmission and distribution system (Chart 5). The capital expenditures for the year ending May 31, 2022, represents 25.72% of total \$83,396,654 planned capital expenditures, over the next five years.

CHART 6
Capital Expenditures
Years Ending May 31, 2022, to 2026



THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

The planned five-year expenditures of \$83,396,654 principally includes \$66,370,129 (79.58%) for wells and stations including treatment and \$15,018,750 (18.01%) for transmission and distribution system (Chart 6).

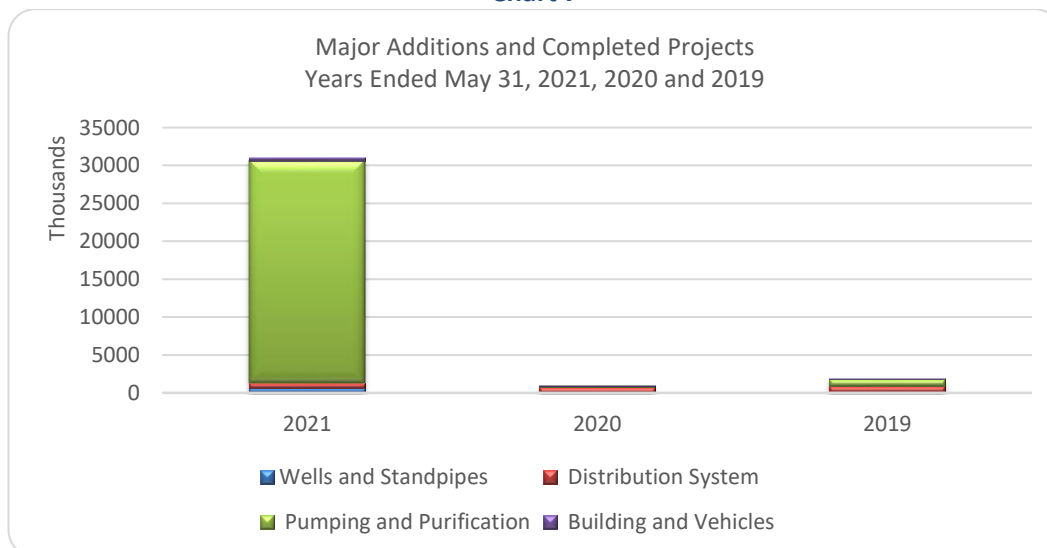
MAJOR ADDITIONS AND COMPLETED PROJECTS

The major additions of completed projects put into service to the capital assets in the fiscal years ended May 31, 2021, 2020 and 2019 are presented in the following table:

MAJOR ADDITIONS AND COMPLETED PROJECTS			
Years Ended, May 31,			
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Wells and Standpipes			
Wells and standpipes	\$ 638,019	\$ -	\$ 13,820
Distribution System			
Mains	35,565	97,966	73,853
Services	354,664	350,398	360,527
Meters and meter equipment	157,257	241,164	332,816
Hydrants	122,065	112,084	149,612
Pumping and Purification			
Electric pumping equipment	2,931	124,741	904,693
Structures and improvement	908,476	-	-
Water treatment equipment	28,429,733	4,579	3,703
Building and Vehicles			
Office equipment	94,534	28,884	12,904
Vehicles	253,138	60,193	31,642
Miscellaneous equipment	<u>1,158</u>	<u>25,331</u>	<u>62,522</u>
Total additions	<u><u>\$ 30,997,540</u></u>	<u><u>\$ 1,045,340</u></u>	<u><u>\$ 1,946,092</u></u>

The expenditures for completed projects were \$30,997,540, \$1,045,340, and \$1,946,092, in the years ended May 31, 2021, 2020 and 2019, respectively. In the year ended May 31, 2021, the total amount \$29,341,140 (94.7%) was expended for pumping and purification, \$669,551 (2.2%) for distribution system, \$638,019 (2.0%) for wells and standpipes and \$348,830 (1.1%) for vehicles and equipment (Chart 7).

Chart 7



THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

LONG-TERM DEBT

REVENUE SERIES 2005 BONDS

On May 28, 1996, the Water Authority issued \$34,460,000 Water System Revenue Bonds, Series 1996 to finance the cost of acquisition and certain construction expenditures of the water system, including initial working capital of the Water Authority and the costs of the utility assets and additional improvements to the water system.

The \$33,875,000 Water System Revenue Bonds, Series 2005 (the "Series 2005 Bonds") were applied to advance refund Water Authority's outstanding Water System Revenue Bonds, Series 1996 and to finance the cost of acquisition and construction of improvements to the Water System, fund a deposit to the Reserve Account and pay certain costs of issuance relating to the Series 2005 Bonds.

REVENUE SERIES 2010 BONDS

The Water Revenue Bonds, Series 2010 were dated April 1, 2010 and issued on April 15, 2010, with accrued interest. The Series 2010 Revenue Bonds include the Water System Revenue Bonds, Series 2010A, with aggregate principal balance of \$6,925,000, and Series 2010B, federally taxable, Build America Bonds, with aggregate principal balance of \$33,965,000.

The Series 2010A Bonds were issued to finance costs of acquisition, improvements and additions to the water system, to fund a deposit to the Reserve Account, and to pay certain costs of issuance relating to the Series 2010A Bonds. The Series 2010B Bonds were issued to finance the cost of acquisition, improvements and additions to the water system, including the construction of the Water Authority's headquarters, to fund a deposit to the Reserve Account, and to pay certain costs of issuance relating to the Series 2010B Bonds.

Moody's and Fitch Ratings affirmed the "A1" and 'AA-' rating of the Water Authority's Series 2015 Bonds.

All proceeds of Series 2010 A bonds were expended for construction of capital assets, as of May 31, 2018.

REVENUE SERIES 2015 BONDS

During the year ended May 31, 2015, the Water Authority completed new financing to fund future construction plans and to refund the 2005 Series A and B Bonds. Water System Series 2015A Revenue (Construction) Bonds and Water System Series 2015B Revenue (Refunding) Bonds were issued on April 22, 2015. The 2015A Bonds consist of \$21,660,000 (4.563 % average interest) Serial Bonds, \$17,640,000 (5% interest) Term Bonds due April 1, 2040, \$10,000,000 (5 % interest) Term Bonds due April 1, 2045 and \$4,900,000 (4% interest) Term Bonds due April 1, 2045. The 2015B Bonds consist of \$19,400,000 (4.506% average interest) Serial Bonds. A portion of the proceeds of the Bonds, along with funds transferred from amounts on deposit in the debt service funds, debt service reserve funds were deposited as cash and held in an irrevocable trust (the "Escrow Fund") and were used solely to refund the \$23,885,000 outstanding balance of the Series 2005 Bonds.

The net present value of the economic gain from refunding the 2005 Series A and B Bonds was \$4,023,167 (16.84%) of refunded Bonds and deferred inflows from refunding gain was \$1,028,663.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

REVENUE SERIES 2021 BONDS

In June 2021, the Water Authority issued \$52,385,000 water system revenue bonds, series 2021A (Green Bonds), at \$11,250,626 premium, and \$43,070,000 water system revenue refunding bonds, series 2021B (Green Bonds). The proceeds of the series 2021A bonds are to be used to (i) finance costs of acquisition and construction of improvements and additions to the water system, (ii) fund a deposit into the reserve account and (iii) pay issuance costs. Proceeds of the series 2021B bonds were used to (i) refund \$37,605,000 of Series 2015 A bonds and (ii) pay costs of issuance.

In May 2021, Moody's Investors Service assigned an A1 rating to Water Authority of Western Nassau County, New York's \$51.4 million Water System Revenue Bonds, Series 2021A (Green Bonds) and \$44.5 million Water System Revenue Refunding Bonds, Series 2021B (Federally Taxable) (Green Bonds). Moody's affirm the A1 rating on the Water Authority's outstanding rated revenue bonds. Also, in May 2021, Fitch Ratings assigned an 'AA-' rating to the Series 2021A Bonds, 2021B Bonds and to the outstanding water system revenue bonds, series 2010B, 2015A and 2015 B Bonds. In addition, Fitch affirmed the authority's Issuer Default Rating (IDR) at 'AA-' and designated the Rating outlook Stable. The refunding of a portion of Series 2015A Bonds, subsequent to the fiscal year end, resulted in an estimated net present value saving of approximately \$5.3 million in interest cost and a deferred outflow of \$2,807,328 million.

CASH AND INVESTMENTS

The total amounts of unrestricted and restricted cash, cash equivalents and investment in the US Treasury Securities were \$38,753,314, \$43,487,606, and \$49,623,711, on May 31, 2021, 2020 and 2019, respectively. As a result of expenditures pertaining to capital assets the amount of money held in construction cash and investment account decreased by \$14,645,013 from \$27,120,879, on May 31, 2020, to 12,475,866, on May 31, 2021.

The \$12,475,866 restricted cash and cash equivalents held in the Construction Fund together with a portion of the proceeds of Series 2021 A bonds will be used to pay the costs of \$21,452,737 capital assets improvement, in the year ending May 31, 2022.

During the current year, the sources of cash flows included \$15,811,375 from operations and \$3,887,092 from interest and maturity of the treasury notes investment. The amounts of cash used for the acquisition and construction of capital assets and payment of related interest was \$20,566,846. During the previous year, the sources of cash flows included \$5,984,043 from operation and \$16,543,047 from interest and maturity of the treasury notes investment. The amounts of cash used for the acquisition and construction of capital assets and payment of related interest was \$12,897,782.

The Water Authority's investment strategy is designed to eliminate the default risk and to maximize interest income by matching the maturities of the investments with the cash requirements of construction activities. The strategy minimizes the risk of having to liquidate the investment to pay construction under unfavorable market interest conditions. All of the Water Authority's investments are in the US Treasury Notes and Bonds with maturities of less than three years. All deposits were with a major national bank and were insured by FDIC or collateralized over 102% by the securities held by the Bank of New York Mellon under a tri-party collateral agreement.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Service Coverage:

The Water Authority's debt coverage ratio was as follows:

Cash Available and Debt Service Requirement	Amount
Operating income	\$ 6,586,761
Add: Depreciation and amortization	2,291,367
Noncash operation and maintenance expenses	3,964,677
Interest and other income	352,046
Total cash available for coverage	13,194,851
Debt service requirements:	
Interest payments	4,613,402
Principal payments	2,720,000
Total debt service requirements	\$ 7,333,402
Coverage Ratio	1.80
Coverage requirement as per Water System Revenue Bonds, Series 2010 and 2005	1.20

For more detailed information on long-term debt activity, please refer to the financial statements Note 5 – Revenue Bonds Payable.

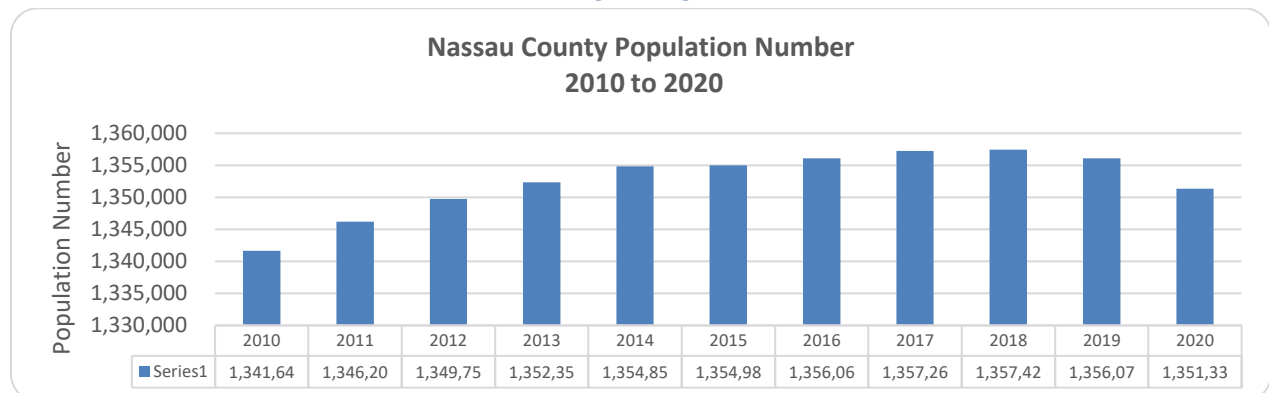
ECONOMIC FACTORS AND NEXT YEAR'S PLAN AND RATES

The Water Authority's Board of Directors and Management considered many factors when setting the fiscal year ended May 31, 2022 operating plan, user fees and charges. Population Changes, unemployment rates in Nassau County and changes in the consumer price index for the New York – Northern New Jersey – Long Island area are among these factors.

Population changes

The Water Authority's service area population is approximately 120,000. The Water Authority presently has over 28,000 accounts in western Nassau County, of which about 94% are residential. Commercial and fire protection constitute most of the remainder. The Water Authority's customer base has mirrored Nassau County's population. According to the US Census Bureau updated estimates, in 2020 Nassau County's population was 1,351,334 and had increased by 9,692 persons (0.7%) from 1,341,642 in 2010. Since 2018 Nassau County population decreased by 6,089 (0.5%) persons (Chart 8).

CHART 8



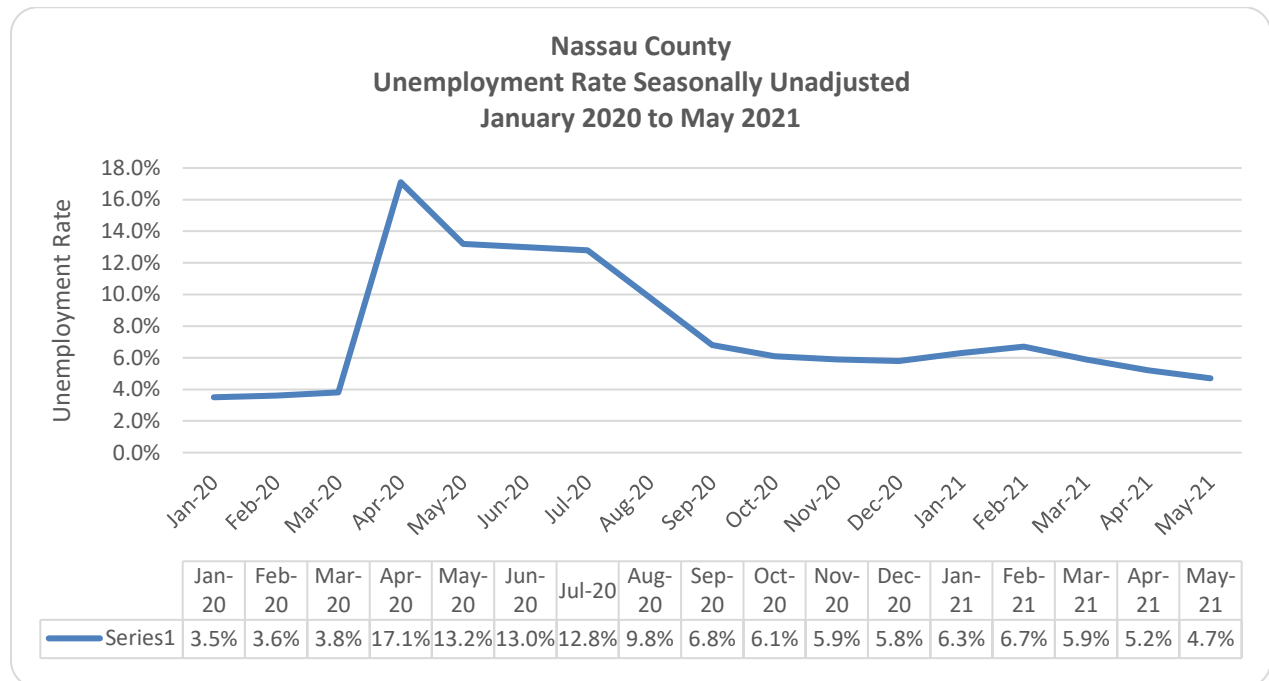
THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Employment

The COVID-19 pandemic and ensuing national recession was the main driver of increase in unemployment rate in Nassau County which reached an especially high rate of 17.1% in April 2020. By early June, recovery from recession had commenced and since then despite increases in January and February of 2021, the unemployment rate has steadily improved. In May 2021, the unemployment rate in Nassau County was 4.7%.

The unemployment rate in Nassau County has continued to be lower than the State of New York averages. In May 2021, the seasonally adjusted unemployment rates in the US and State of New York were 5.8% and 7.8%, respectively (Chart 9).

CHART 9



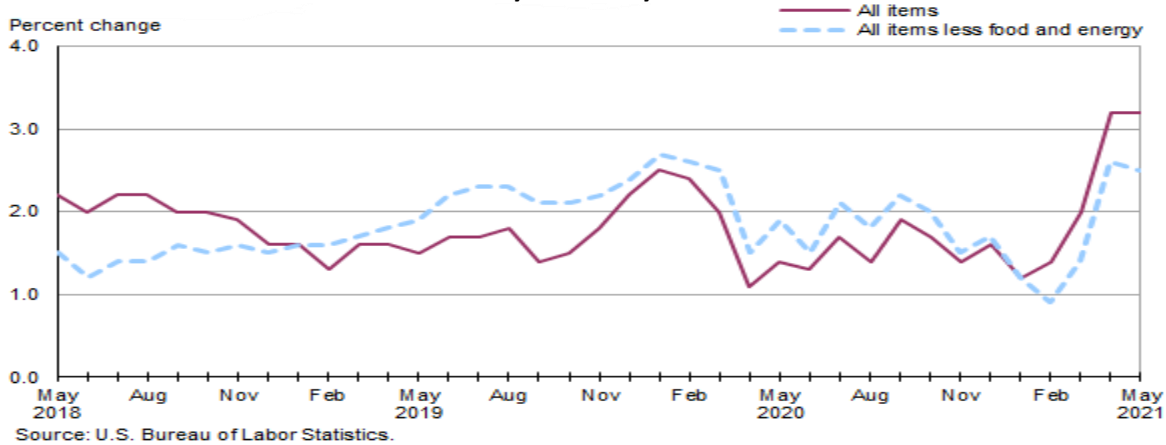
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Changes in Prices

Prices in the New York-Newark-Jersey City area, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), not seasonally adjusted over-the-year, the CPI-U rose 3.2%. Energy prices jumped 20.3%, largely the result of an increase in the price of gasoline. Food prices increased 0.9%. The index for all items less food and energy rose 2.5% (Chart 0).

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

CHART 10
Over-the Year Percent Change in CPI-U,
New York-Newark-Jersey City,
May 2018-May 2021

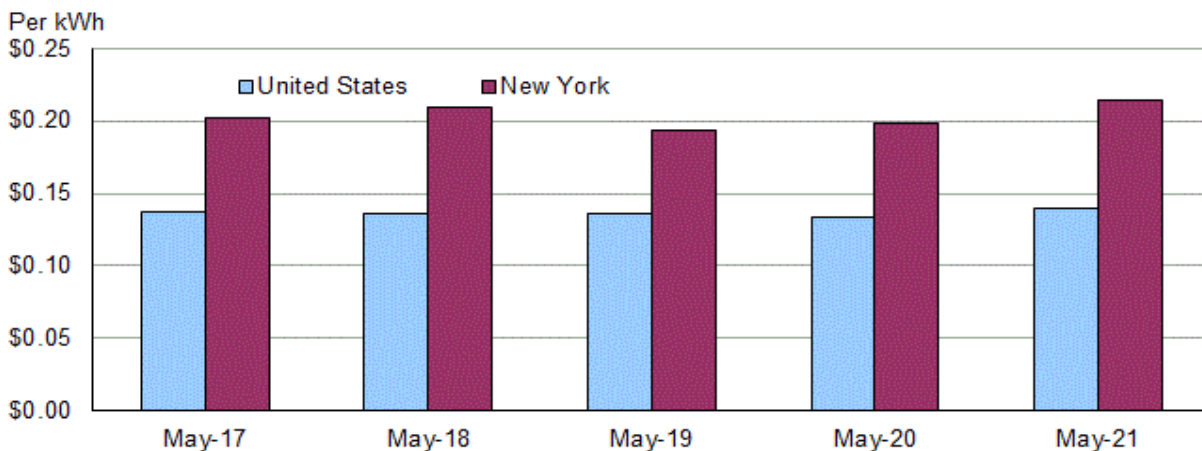


According to the Bureau of Labor Statistics Consumer Price Index, New York-Newark-Jersey City-May 2021 (released on June 10, 2021, over-the-year, the food index was up 0.9 percent. Prices for food away from home increased 3.8%, while at-home food prices declined 1.4%.

From May 2020 to May 2021, energy prices increased 20.3%. Driving the increase, gasoline prices jumped 41.2%—the largest advance since 2010. Price increases for household energy (8.8%) also contributed to the rise in energy prices.

The 21.4 cents per kWh New York area households paid for electricity in May 2021 was 52.9% percent more than the national average of 14 cents per kWh. Last May, electricity prices were 48.5% higher in the New York area compared to the nation. Over the past five years, electricity prices for local area consumers in May were 43% to 54% percent more than the national average (Chart 11).

CHART 11
Average Prices of Electricity
The United States and New York-Newark-Jersey City,
May 2017-May 2021



Source: U.S. Bureau of Labor Statistics.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended in May 2021, the index for all items less food and energy increased 2.5 percent. Apparel rose 11.6 percent—the largest over-the-year increase since March 1989, and household furnishings and operations rose 9.2 percent—the largest advance in more than 40 years. New and used motor vehicle prices rose 12.8 percent, with used car and truck prices jumping 29.6 percent. Shelter rose 1.3 percent, which included a 0.9-percent increase in owners' equivalent rent.

Forecast of Revenues and Expenses

The Water Authority has prepared and published an operating plan and forecast of revenues, expenses and changes in net position, for the years ending May 31, 2022, as presented below:

Forecasted Revenues, Expenses and Changes in Net Position Year Ending May 31, 2022 (Unaudited)

	<u>Amount</u>
Operating Revenues	
Residential	\$ 16,109,490
Commercial	4,264,370
Fire hydrants	3,038,790
Private fire	240,160
Total water sales	<u>23,652,810</u>
Other Revenues	
Late payment charges	44,700
Other fees and charges	282,900
Total other revenues	<u>327,600</u>
Total revenues from customers	<u>23,980,410</u>
Rate Stabilization Fund Contribution	-
Total revenues, net of contribution	<u>23,980,410</u>
Operating Expenses	
Operation and maintenance	11,695,920
Depreciation	2,614,500
Total operating expenses	<u>14,310,420</u>
Total utility operating income	<u>9,669,990</u>
Interest Charges and Other	
Interest on long-term debt, net	5,908,200
Amortization of debt expense	(3,451,400)
Interest and other income	(1,167,000)
Total interest charges and other	<u>1,289,800</u>
Increase in net position	<u>\$ 8,380,190</u>
Projected debt service coverage	<u><u>1.40</u></u>

In planning the future revenues, the key considerations have been the forecast of water consumption and adjustment of the water rates to meet the additional new debt service requirements, expected rises in capital and operating costs. For the year ending May 31, 2022, the total water sales revenues are estimated at \$23,980,810, as compared to the actual revenues of \$20,677,308 (exclude the \$2,029,221 New York State Environmental Facilities Corporation capital improvement grant) for 2021. The rise in the

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

estimated revenues of \$3,303,102 (16.0%) reflects the 10.77% increase in the water rates. Total operating and maintenance expenses are projected to increase by \$654,336 (5.93%), from the actual amount of \$11,041,584, in the current year, to \$11,695,920, in the year ending May 31, 2021. The issuance of Bond Series 2021A, during the year ended May 31, 2022, is expected to increase the interest expense and the interest income on the unexpended proceeds.

Covid-19

As of May 31, 2021, Covid-19 pandemic has not had any materially adverse impact on the operations and financial conditions of the Water Authority. The Water Authority has continued its normal operations and provided high quality water to its customers. The Water Authority continues to implement measures to ensure the wellbeing of its employees and the public, in accordance with requirements of safety planning and laws and regulations.

CONTACTING THE WATER AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, creditors and public with a general overview of the Water Authority's finances and to demonstrate the Water Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the Water Authority's Superintendent at 1580 Union Turnpike, New Hyde Park, NY 11040.

BASIC FINANCIAL STATEMENTS



THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
STATEMENTS OF NET POSITION
MAY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,717,775	\$ 4,072,982
Restricted cash- rate stabilization fund	2,000,000	2,000,000
Restricted cash-Customer deposit for construction	3,000,368	-
Accounts receivable:		
Billed, net of \$25,000 allowance for doubtful accounts	1,223,845	808,942
Unbilled	2,908,000	2,904,000
Prepayments and other current assets	432,205	320,134
Materials and supplies, at weighted average cost	<u>285,822</u>	<u>330,692</u>
Total current assets	19,568,015	10,436,750
Noncurrent assets:		
Restricted cash and cash equivalents		
Bond construction fund	12,475,866	25,130,629
Bond reserve fund	5,456,966	3,572,658
Bond payment fund	1,210,454	1,401,155
Customer deposits	1,270,614	1,249,973
Restricted investments held by trustees		
Bond construction fund	-	1,990,250
Bond reserve fund	3,621,971	5,496,935
Capital assets		
Non-depreciable	18,743,802	31,825,890
Depreciable	98,894,656	70,839,808
Other assets		
Unamortized bond issue costs	-	383
Other assets	<u>347,587</u>	<u>480,314</u>
Total noncurrent assets	<u>142,021,916</u>	<u>141,987,995</u>
Total assets	161,589,931	152,424,745
Deferred outflows of resources		
Post-measurement date contributions	636,667	631,620
Changes in Retirement System assumptions	2,252,882	618,877
Loss on Refund	22,404	24,004
Deferred outflows -OPEB	<u>1,581,366</u>	<u>1,839,548</u>
Total deferred outflow of resources	4,493,319	3,114,049

The accompanying notes to the financial statements are an integral part of these statements.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
STATEMENTS OF NET POSITION
MAY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Liabilities and Net position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,388,937	\$ 3,707,856
Unearned revenue	120,074	111,181
Accrued interest payable	823,845	831,955
Customer advance on construction	3,029,284	208,129
Water revenue bond payable	2,845,000	2,720,000
Accrued vacation and sick leave	<u>40,000</u>	<u>40,000</u>
Total current liabilities	13,247,140	7,619,121
Noncurrent liabilities:		
Water revenue bonds payable (net of premium)	101,425,363	105,330,908
Customer and other deposits	1,317,868	1,303,883
Due to employee retirement system	3,442,508	958,653
Other post-employment benefits	10,656,417	7,598,949
Accrued vacation and sick leave	<u>1,345,400</u>	<u>1,115,600</u>
Total noncurrent liabilities	<u>118,187,556</u>	<u>116,307,993</u>
Total liabilities	131,434,696	123,927,114
Deferred inflows		
Changes in retirement system assumptions	95,735	325,832
Changes in other post-employment benefits assumptions	<u>1,072,611</u>	<u>1,173,180</u>
Total deferred inflows	1,168,346	1,499,012
Net position		
Net investment in capital assets	32,125,071	32,230,802
Restricted for rate stabilization	2,000,000	2,000,000
Unrestricted	<u>(644,863)</u>	<u>(4,118,134)</u>
Total net position	\$ <u><u>33,480,208</u></u>	\$ <u><u>30,112,668</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
STATEMENTS OF REVENUES EXPENSES AND CHANGES IN NET POSITION
MAY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Residential	\$ 14,456,574	\$ 12,267,703
Commercial	3,069,873	2,814,353
Fire protection	2,955,449	2,676,259
Other water revenues	195,412	311,766
NYS Environmental Facilities Corporation grant	<u>2,029,221</u>	<u>-</u>
Total operating revenues	22,706,529	18,070,081
Operating expenses:		
Operations	8,330,718	7,773,228
Maintenance	2,710,866	2,404,909
Depreciation	2,291,367	2,260,652
Change in OPEB benefit terms	<u>2,786,817</u>	<u>-</u>
Total operating expenses	<u>16,119,768</u>	<u>12,438,789</u>
Operating income	6,586,761	5,631,292
Non-operating revenues (expenses):		
Interest income	21,878	777,634
Miscellaneous income, net	330,168	319,827
Interest on long-term debt, net	(3,546,731)	(4,404,782)
Other amortization, net	<u>(24,536)</u>	<u>(24,536)</u>
Net non-operating expenses	<u>(3,219,221)</u>	<u>(3,331,857)</u>
Change in net position	3,367,540	2,299,435
Net position – beginning of the year	<u>30,112,668</u>	<u>27,813,233</u>
Total net position – end of the year	<u>\$ 33,480,208</u>	<u>\$ 30,112,668</u>

The accompanying notes to the financial statements are an integral part of these statements.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Receipts from customers	\$ 20,258,407	\$ 18,157,451
NYS Environmental Facilities Corporation grant	2,029,221	
Rental property revenues	330,168	319,827
Payments to suppliers for goods or services	(2,304,591)	(7,875,987)
Payments for employee services	<u>(4,501,830)</u>	<u>(4,617,248)</u>
Net cash provided by operating activities	15,811,375	5,984,043
Cash flows from capital and related financing activities:		
Repayment of water revenue bonds	(2,720,000)	(2,605,000)
Acquisition of capital assets	(13,233,444)	(5,555,467)
Interest paid on water revenue bonds	<u>(4,613,402)</u>	<u>(4,737,315)</u>
Net cash used by Capital and related financing activities	(20,566,846)	(12,897,782)
Cash flows from non-capital financing activities:		
Cash flows from investing activities:		
Redemption of treasury bonds/notes	3,865,215	15,825,186
Interest and dividends received	<u>21,878</u>	<u>717,861</u>
Net cash provided by investing activities	<u>3,887,093</u>	<u>16,543,047</u>
Net increase in cash and cash equivalents	(868,378)	9,629,308
Cash and equivalents, beginning of year	<u>36,000,421</u>	<u>26,371,113</u>
Cash and equivalents, end of year	<u><u>\$ 35,132,043</u></u>	<u><u>\$ 36,000,421</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 6,586,761	\$ 5,631,292
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,291,368	2,260,652
Rental Income	330,168	319,827
Changes in operating assets and liabilities:		
Accounts receivable	(414,903)	9,814
Accrued unbilled revenue	(4,000)	203,000
Prepaid items and other assets	(112,072)	(72,335)
Inventory of materials and supplies	44,870	(38,299)
Other assets	108,191	(71,709)
Deferred outflows	(1,380,870)	(1,492,071)
Accounts payable, accrued expenses	77,372	(3,143,866)
Customer advances on construction	2,821,155	125,446
Unearned revenues	8,893	(4,672)
Net Pension liability	2,483,855	516,469
Customer deposits	13,985	30,577
Other post-employment benefits	3,057,468	834,893
Compensated absences	229,800	183,200
Deferred inflows	<u>(330,666)</u>	<u>691,825</u>
Net cash provided by operating activities	<u>\$ 15,811,375</u>	<u>\$ 5,984,043</u>

Non-cash transactions: The fully depreciated capital assets of \$116,851 and \$170,701 were written off, during the years ended May 31, 2021, and 2020, respectively.

The accompanying notes to the financial statements are an integral part of these statements.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2021, AND 2020

NOTE 1 – ORGANIZATION

The Water Authority of Western Nassau County (“the Water Authority”) was established on July 25, 1990, pursuant to the “Water Authority of Western Nassau County Act,” of the State of New York, as amended on July 31, 1992 and codified under Title 8-C of Article 5 of the Public Authorities Law. As a governmental agency constituting a public benefit corporation, the Water Authority was created for the purpose of acquiring, constructing, maintaining and operating a water supply and distribution system within the territorial boundaries of the Water Authority of Western Nassau County District (the District).

On May 28, 1996, the Water Authority, by exercise of the power of eminent domain, acquired the water supply and distribution system situated in the District previously owned by Jamaica Water Supply Company. The District serves a population of approximately 120,000 within the Town of Hempstead and the Town of North Hempstead. The Town of Hempstead component includes the incorporated villages of Bellerose, Floral Park, New Hyde Park, South Floral Park, Stewart Manor and portions of Garden City and Valley Stream. The area within the Town of Hempstead also includes the unincorporated areas of Bellerose Terrace, Elmont and portions of Franklin Square and North Valley Stream. The area within the Town of North Hempstead includes the unincorporated areas of Floral Park, Floral Park Centre and New Hyde Park.

The Water Authority is governed by a Board of Directors consisting of nine members. The town board of the Town of Hempstead appoints two members, and the town board of the Town of North Hempstead appoints one member to the Board. The village boards of the Villages of Bellerose, Floral Park, Garden City, New Hyde Park, South Floral Park and Stewart Manor each appoint a single member to the Board. Each member serves for a period of two years. The number of votes of each Board member is proportional to the number of water customers in the town or village that appoints them.

Under the Government Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an Amendment of GASB Statement No. 14* and Statement No. 61, *The Financial Reporting Entity: Omnibus* the Water Authority is classified as a primary government agency with no component units. The classification is based on the following criteria: (1) it has a separately appointed governing body; (2) pursuant to its charter, the Water Authority is a legally separate and distinct entity from the State of New York, the County of Nassau and the Towns and Villages that appoint its Board of Directors and (3) neither the State of New York, nor any of its municipal entities, are financially accountable or liable for the indebtedness of the Water Authority. The Water Authority determines its operating plan, sets rates and issues bonded debt without approval by another government entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Water Authority have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Water Authority applies all applicable pronouncements of GASB.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2021, AND 2020

The activities of the Water Authority are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred. The flow of economic resources refers to the reporting of all the net position available to the Water Authority for the purposes of providing related water services. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) and associated activities are reported, and equity is reported as net position.

Basis of accounting refers to when revenues, expenses, transfers and the related assets and liabilities are recognized and reported in the financial statements. Specifically, it relates to the timing of the measurements made regardless of the nature of the measurement.

The Water Authority uses the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. Proprietary-type accounting also distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing water services and producing potable water for the service area in connection with the Water Authority's principal ongoing operations. The principal operating revenues of the Water Authority are charges to customers to provide potable water service. Other ancillary fees and services related to providing water are also recognized as operating revenues. Operating expenses include the cost of service, administration and depreciation of capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The Water Authority has adopted the provisions of Government Accounting Standard Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and GASB statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements established reporting standards for all state and local governments, which include Statement of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows and inclusion of Management's Discussion and Analysis.

The Statement of Net Position of the Water Authority reports all assets, deferred outflows of resources, liabilities, deferred inflow of resources, and net position. The Statement of Net Position represents the difference between all other elements in a statement of financial position in three components: net investment in capital assets; restricted (distinguishing between major categories or restrictions) and unrestricted. The Statement of Net Position provides information about the nature and amount of investment in resources (assets) and obligations to the Water Authority's creditors (liabilities) at year-end. It also provides the basis for computing rate of return, evaluating the capital structure of the Water Authority and assessing the liquidity and financial flexibility of the Water Authority. Over time, increases or decreases in net position serve as a useful indicator of whether the financial position of the Water Authority is improving or deteriorating.

The Statement of Net Position requires the classification of net position into three components as follows:

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1. *Net investment in capital assets*— This component of net position consists of capital assets, net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of these assets. Deferred outflows of resources and deferred inflow of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the period, the portion of the debt or deferred inflow of resources attributable to unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
2. *Restricted* – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflow of resources related to those assets. Generally, a liability relates to the restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted asset reported. This component of net position consists of restrictions placed on net position as a result of external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted net position* – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Water Authority considers all highly liquid investments with maturity of three months or less, when purchased, to be cash equivalents. The Statement of Cash Flows presented uses the direct method of reporting cash flows.

Under the Bonds Covenants, the Water Authority maintains its cash and cash equivalents in the Water Revenue Fund, General Fund and Operating Fund. The Water Authority pays into the Water Revenue Fund all of the revenues and all other moneys required to be paid into the fund other than the revenues and other amounts expressly required or permitted to be credited to, or deposited in, any other fund account. Cash in the General Fund may be used for any lawful purpose of the Water Authority. All reasonable and necessary operations and maintenance expenses are paid from the Operating Fund.

Restricted Cash, Cash Equivalents and Investments held by Trustee

Restricted cash, cash equivalents and investments are held in the following funds:

Rate Stabilization Fund – This is a fund maintained by the Water Authority. Money deposited into the Rate Stabilization Fund is used in the following order:

1. To the extent provided in the current operating plan, money should be credited to or transferred to any other fund or account created under resolution.

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2. Transferred to the bond fund trustee for deposit in the Bond Fund to ensure that there are no deficiencies in payments to the Bond Fund.
3. Transferred to the bond fund trustee for deposit in the Secondary Bond Fund to ensure that there are no deficiencies in payments to the Secondary Bond Fund.
4. Transferred to Unrestricted – Operating.

The amount of Rate Stabilization Fund cash and cash equivalents were \$2,000,000 and \$2,000,000 as of May 31, 2021, and May 31, 2020, respectively.

Bond Construction Fund – In accordance with the bond resolution, money deposited in the Bond Construction Fund from the proceeds of the Water System Revenue Bonds, Series 2015 and Series 2010 are restricted to the cost of improvements or the replacement of the water system. The Bond Construction Fund is to be maintained in trust and held by the fund trustee. The total amounts in the Bond Construction Funds on May 31, 2021, and May 31, 2020, were \$12,475,866 and \$27,120,879, respectively. As of May 31, 2021, the balances of Construction Funds are from 2015 Bond Series.

Bond Reserve Funds – Under the Series 2015A and 2010 Resolutions, the Water Authority is required to deposit into the Reserve Accounts, the lesser of (i) 10% of the proceeds of the Series 2015A, Series 2010A and Series 2010B Bonds, (ii) the maximum principal and interest payments due on the Series 2015A, 2010A and Series 2010B Bonds in any Fiscal Year, (iii) 125% of the average of the annual installments of Debt Service with respect to all Series 2015A, Series 2010A and Series 2010B Bonds for the current and all future Fiscal Years.

The Bond Reserve Funds are to be maintained in trust and held by the fund trustee. Amounts in the Reserve Accounts are available to pay debt service when insufficient funds for that purpose are available in the Bond Fund.

As of May 31, 2021, and May 31, 2020, the total amounts of Bond Reserve Funds were \$9,078,937 and \$9,069,593, respectively. The Water Authority considers the expected changes in treasury yield curve in determining the optimal allocation of its debt reserve funds between cash and cash equivalents and investments.

Bond Payment Fund – The Water Authority's bond resolution authorizing the Water System Revenue Bonds, Series 2015, and Series 2010 bond issues has established the Bond Payment Fund. The Bond Fund is to be maintained in trust and held by the fund trustee. The Bond Fund is comprised of two separate fund accounts including the Bond Principal and Interest Fund. All money deposited in the Bond Fund is used solely for the purpose of paying the principal and interest on the bonds. On May 31, 2021, and May 31, 2020, the amounts in the Bond Fund cash and cash equivalents were \$1,210,454 and \$1,401,155, respectively.

Investment Securities — Investments are reported at fair value in the financial statements. Fair value is the amount in which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for an investment, the fair value is the total number of trading units of the instrument times the market price per unit. All investment income, including changes in fair value of investments is recognized as non-operating revenue in the operating statement.

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Accrued Unbilled Revenues

Accrued unbilled revenues represent revenue earned in the current year but not yet billed to customers until future days, usually within three months, based on the estimated billings occurring in the three months of the succeeding year. Historical trend is used to estimate accrued unbilled revenues.

Accounts Receivable

Accounts receivable is net of an allowance for doubtful accounts of \$25,000 on May 31, 2021, and May 31, 2020. The allowance is estimated based on trends in historical collection rates and write-offs.

Prepaid Items

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the Statement of Net Position.

Materials and Supplies

Materials and supplies inventory are valued at weighted average cost, which approximates market.

Capital Assets

Capital assets are defined by the Water Authority as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets are carried at cost to the Water Authority. Improvements, renewals purchased or contributed property, replacements of retired units of property and significant repairs inclusive of materials, labor and certain overhead that extend the life of the asset are capitalized while minor repairs and maintenance costs are expensed as incurred.

Depreciation is provided on the straight-line basis using the following estimated useful lives for each asset type:

<u>Capital Asset</u>	<u>Useful Life Years</u>
Distribution system	35 - 105
Wells and standpipes	40 - 60
Pumping and purification	20 - 50
Other property and equipment	5 - 10

When assets are retired or otherwise disposed of, the related assets and accumulated depreciation is written off and any related gains or losses are recorded.

Capitalization of Interest during Construction

In previous fiscal years, the Water Authority capitalized the interest cost during the construction of capital assets according to Financial Accounting Standards Board's Accounting Standards Codification Paragraph 835-20-30-10 through 835-20-30-12.

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In June 2019, of the Governmental Accounting Standards Board issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period is not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Water Authority adopted this statement in the year ended May 31, 2019 and has expensed all interest cost incurred during the year. Also, the Water Authority will apply the requirements of this Statement prospectively.

Long-term Obligations

In the financial statements, long-term debt is reported as a liability in the Statement of Net Position. Long-term debt is reported at face value less any loss on defeasance and plus or minus applicable premium or discount, respectively.

Bond premiums and bond discounts are deferred and amortized over the life of the bonds in relation to principal payment over the life of the issue. The costs related to the insurance on long-term debt and the loss on the early retirement of refunded debt is amortized in relation to principal repayment over the life of the issue.

For the years ended May 31, 2021, the amortizations of bond premiums, Series 2015 deferred loss, and the Series 2005 deferred gain were \$1,161,545, \$51,433 and \$53,033, respectively. In years ended May 31, 2020, the amortization of bond premiums, Series 2015 deferred loss, and the Series 2005 deferred gain were \$376,709, \$51,433 and \$53,033, respectively.

Unearned Revenues

The Unearned revenues include advance payments by customers and charges for future repairs. The Water Authority recognizes the amounts charged as liabilities and credits them to revenue only when associated costs are incurred.

Other Postemployment Benefits

In addition to providing pension benefits, the Water Authority provides health insurance coverage for eligible retired employees. Substantially all the Water Authority's employees may become eligible for these benefits provided the employee has a minimum of ten years of full-time employment with the Water Authority, has obtained 55 years of age and has terminated employment with the Water Authority within five years from the date on which entitled to a retirement allowance from the New York State and Local Employees Retirement System.

The Water Authority's Board of Directors adopted a resolution dated September 17, 2002, as amended November 9, 2009, that provides eligible enrollees with post-retirement medical insurance coverage, limited to the health insurance programs offered by the Water Authority to its then full-time employees, as modified from time to time by the Board of Directors of the Water Authority.

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In previous fiscal years, the Water Authority recognized the cost of providing benefits by recording its share of insurance premiums as expenditures in the year paid. The liability for these other postemployment benefits was recorded as a long-term liability in the Statement of Net Position and was estimated based on the most recent actuarial valuation in accordance with the parameters of GASB Statement No. 45.

In June 2015, Government Accounting Standards Board (GASB) issued the Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement requires the liability of employers to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The Statement requires governments to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. This Statement is effective for fiscal years beginning after June 15, 2018. The Water Authority adopted and implemented this statement in the fiscal year ended May 31, 2019.

The implementation of GASB Statement 75 increased the net other post-employment (OPEB) liability by \$2,579,837, from \$460,859 (under GASB Statement 45) to \$6,040,696 (under GASB Statement 75), as of May 31, 2019. The Statement of Net Position and Statement of Changes in Net Position were restated for May 31, 2018 to reflect implementation as follows:

Net position—May 31, 2018, as previously stated	\$ 27,729,120
GASB Statement No. 75 implementation	<u>(2,579,837)</u>
Net position—May 31, 2018, as restated	\$ <u>25,149,283</u>

Accrued Vacation and Sick Leave

In the event of termination or upon retirement, employees are entitled to receive accumulated but unused vacation and sick leave at various rates subject to certain maximum limitations pursuant to policies adopted by the Board of Directors.

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and noncurrent obligations on the Statement of Net Position. The current portion of this liability is estimated based on historical trends. In the Statements of Revenues, Expenses and Changes in Net Position only the compensated absence liability payable from available financial resources is incurred.

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Net Pension Obligation and Deferred Outflows

The Water Authority provides retirement benefits for substantially all of its regular, full-time employees through contributions to the New York State and Local Employees' Retirement System. The system provides various plans and options, and all full-time employees are required to join the plan.

The Water Authority recognizes a net pension liability, which represents the Water Authority's proportional share of excess total pension liability over the pension plan assets, actuarially calculated, of New York Employees Retirement System, a cost-sharing multiple-employer plan, measured as of the pension plan's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred.

Revenue Recognition

Revenues from water sales are recognized at the time-of-service delivery based on actual or estimated water meter readings. Billings for water service are generally rendered on a quarterly basis except for one consumer, which is billed monthly due to the requirements of a legal settlement. The Water Authority's Board of Directors has the power to set rates and charges, which are sufficient to meet its obligations, independently and is not subject to the regulation of any department or commission, including the New York State Public Service Commission.

Operating and Non-Operating Revenues and Expenses

Operating revenues and expenses are related to operating transactions. The operating transactions are those other than capital and related financing activities, noncapital financing activities and investing activities. Operating revenues generally result from sales of water, grants for production and delivery of water, and reimbursement of operating expenses. Operating expenses include depreciation on all fixed assets. Non-operating revenue includes interest earnings on investment assets and miscellaneous income. Non-operating expenditures include interest expense on long-term debt.

Taxes

As a Public Benefit Corporation, the Water Authority is exempt from federal and state income taxes, as well as state and local property taxes.

Deferred Inflows of Resources/Deferred Outflows of Resources

Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

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Use of Estimates

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

Operating and Capital Plans

The Water Authority adopts annual operating and capital plans. Plans are adopted on a basis consistent with generally accepted accounting principles. The current operating plan details the Water Authority's plans to earn and expend funds for charges incurred for operations, maintenance, certain interest and other charges for the fiscal year. The capital plan details the Water Authority's plan to receive and expend capital contribution fees and revenues for improving and expanding capital facilities.

All unexpended or encumbered appropriations in the operating plan remaining at the end of the fiscal year lapse. No appropriations for capital projects in the capital plan lapse until the purpose for which the appropriation was made, has been accomplished or changed.

Management submits a proposed plan to the Water Authority's Board of Directors prior to the commencement of the next fiscal year. A plan is adopted by resolution prior to June 1. During the year, the Board of Directors has to authorize the transfer of planned amounts between line items.

Fair Value Measurements

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application. Fair Value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. It gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques use should maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for investments measured at fair value:

Cash and Cash Equivalents - The fair value of cash and cash equivalents, consisting primarily of deposits and government money market funds, is classified as Level 1.

Treasury notes and bonds- Valued at the closing price reported on the active market on which the individual securities are listed, valued at Level 1.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Water Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Recent Accounting Pronouncements

The following are discussions of the standards requiring implementation in the current year and standards that may impact the Water Authority in future years.

In June 2017, GASB issued Statement No. 87, *Leases* ("GASB 87"). The objective of GASB 87 is to improve accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for fiscal years beginning after June 15, 2021. The Water Authority has not completed the process of evaluating GASB 87, but it does not expect it to have a significant impact on its financial statements

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests* ("GASB 90"). GASB 90 clarifies the accounting and financial reporting requirements for a state and local government's majority equity interest in an organization that remains legally separate after acquisition. The requirements of GASB 90 are effective for fiscal years beginning after December 15, 2019. The Water Authority adopted this pronouncement in the current year. The adoption of GASB 90 did not have an impact on the Water Authority's financial statements, as the Water Authority has not made such acquisitions.

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In January 2020, GASB issued Statement No. 92, *Omnibus 2020* ("GASB 92"). GASB 92 enhances the comparability in accounting and financial reporting as well as improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements for GASB 92 are effective for reporting periods beginning after June 15, 2021. The Water Authority has not completed the process of evaluating GASB 92, but it does not expect it to have an impact on the Water Authority's financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* ("GASB 93"). GASB 93 addressed accounting and financial reporting implications that result from the replacement of an interbank offered rate ("IBOR") – most notably, the London Interbank Offered Rate ("LIBOR") resulting from global reference rate reform. LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of GASB 93 are effective for reporting periods beginning after June 15, 2021. The Water Authority has not completed the process of evaluating GASB 92, but it does not expect it to have an impact on the Water Authority's financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* ("GASB 94"). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). The requirements for GASB 94 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Water Authority has not completed the process of evaluating GASB 94, but it does not expect GASB 94 to have an impact on the Water Authority's financial statements as it does not enter into PPPs.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* ("GASB 95"). GASB 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). The requirements GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Water Authority has not completed the process of evaluating GASB 96 but does not expect it to have an impact on the Water Authority's financial statements as it does not enter into SBITAs.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* ("GASB 97"). The objectives of GASB 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically

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would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Water Authority has not completed the process of evaluating GASB 97 but does not expect it to have an impact on the Water Authority's financial statements.

NOTE 3 –CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash includes petty cash on hand, demand deposits and deposits in other kinds of accounts that have the general characteristics of demand deposit accounts, in that the Water Authority may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. Cash equivalents include short-term, highly liquid investments that are both

- a. Readily convertible to known amounts of cash.
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.

In accordance with the bond resolutions the Water Authority has deposited cash and made investment in various restricted accounts with the Bond Trustee. Also, the Water Authority holds customer deposits in a restricted bank account.

The restricted cash and investment are as follows:

Restricted for bond payment. This cash account is established to meet the debt service requirements on the outstanding water revenue bonds as they become due and payable.

Restricted for bond reserve. The restricted cash and investment bond reserve accounts are established to hold sufficient amount of money that remains outstanding through final bond maturity to ensure debt service payments.

Restricted for construction. The restricted cash and investment bond construction accounts are committed for capital expenditures.

Restricted for rate stabilization. The restricted cash rate stabilization account is established to buffer the impacts of occasional revenue shortfalls.

Restricted for customer deposits. This restricted cash account is established to keep deposits received from customers to secure the payment of their water bills.

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Fair Value

On May 31, 2021 and 2020, the Water Authority's composition of cash, cash equivalents and investment, by level in the fair value hierarchy, were as follows:

<u>May 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Unrestricted cash:			
Cash and bank deposits	\$ 9,717,775	\$ -	\$ -
Restricted cash:			
Customer deposits-Bank deposits	1,270,614	-	-
Rate stabilization Fund-Bank deposits	2,000,000	-	-
Customer deposit for construction-Bank deposits	3,000,368		
Bond payment:			
Bank deposits	840,723	-	-
Government money market funds	369,731	-	-
Bond reserve funds:			
Bank deposits	2,994,138		
Government money market funds	2,462,828	-	-
Bond construction funds:			
Bank deposits	809,686	-	-
Government money market funds	11,666,180	-	-
Restricted investments:			
Bond reserve funds-us treasury notes/bonds	3,621,971	-	-
	<u>\$ 38,755,014</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>May 31, 2020</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>
Unrestricted cash:			
Cash and bank deposits	\$ 4,072,982	\$ -	\$ -
Restricted cash:			
Customer deposits-Bank deposits	1,249,973	-	-
Rate stabilization-Bank deposits	2,000,000	-	-
Bond payment:			
Bank deposits	437,419	-	-
Government money market funds	963,736	-	-
Bond reserve funds:			
Government money market funds	3,572,659	-	-
Bond construction fund:			
Bank deposits	786,380	-	-
Government money market funds	24,344,248	-	-
Restricted investments:			
Bond Construction fund-US Treasury Notes/Bonds	1,990,250	-	-
Bond reserve funds-US Treasury Notes/Bonds	5,496,935	-	-
	<u>\$ 44,914,582</u>	<u>\$ -</u>	<u>\$ -</u>

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All cash equivalents and investments classified and included in the Level 1 of the fair value hierarchy, as of May 31, 2021, and 2020, respectively, are valued using quoted prices in active markets.

Custodial Credit Risk – All cash deposits of the Water Authority are required to be insured by the Federal Deposit Insurance Corporation (“FDIC”) or to be secured by obligations of, or guaranteed by, the United States of America or of the State of New York of a market value equal at all times to the amount on deposit and all banks and trust companies are authorized to give such security for such deposits.

The Water Authority’s cash accounts are secured by the appropriate amount from the FDIC with all remaining amounts covered by fully pledged collateral securities, at over 102% of the amounts on deposit. All pledged collateral is classified in the highest category by being held by the Bank of New York Mellon under a tri-party collateral agreement in the Water Authority’s name. All time and savings deposits and demand deposits of the Water Authority are held in insured depository institution within the State of New York and are separately insured up to \$250,000.

Investments

Investments Authorized by the State of New York and Bond Resolutions. Pursuant to the Bond Resolution, the Water Authority may only invest moneys on deposit in various funds established under the resolution in certain investment securities. In addition, and in accordance with the requirements of the State of New York Public Authorities Law, the Water Authority has adopted comprehensive investment guidelines which govern the investment of all moneys of the Water Authority. These guidelines provide that moneys on deposit with the Water Authority may only be invested in:

1. Direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (“USA”).
2. Bonds, debentures, notes, participation certificates or other evidence of indebtedness issued or guaranteed by any agency or instrumentality of the USA, or any other corporation wholly owned by the USA.
3. Public housing bonds or preliminary, temporary or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions, under an annual contributions contract, or contracts with the USA or any federal agency.
4. Direct and general obligations of any State or political subdivision of State, as to the payment of the principal of and interest on which the full faith and credit of the issuer is pledged and at the time of their purchase, such obligations of any such state or political subdivision are rated in either of the two highest rating categories by two nationally recognized bond rating agencies.
5. Bank time deposits evidenced by certificates of deposit and bankers' acceptances issued by any bank or trust company, which is a member of the FDIC.
6. Obligations consisting of notes, bonds and debentures which are direct obligations of a solvent corporation existing under the laws of the USA or any state thereof, provided that such investments shall be rated in the two highest rating categories established by at least two nationally recognized bond rating agencies.
7. Certificates or other obligations of the USA or any state, political subdivision, agency or instrumentality of the USA or any state or political subdivision. It is required that such obligations shall be held in trust by a bank or trust company or a national banking association meeting the

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requirements for a Bond Fund Trustee under the Bond Resolution. Certificates or other obligations of a state or political subdivision, the payments of all principal of, and interest on such certificates or such obligations, shall be fully insured or unconditionally guaranteed by, or otherwise unconditionally payable pursuant to a credit support arrangement provided by, one or more financial institutions or insurance companies or associations which shall be rated in the highest rating category by Moody's Investors Service, L.P. ("Moody's") and either Standard & Poor's Corporation ("S&P") or Fitch Investors Service, Inc. ("Fitch"), or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bonds, such insurance policy shall result in such municipal bonds being rated in the highest rating category by Moody's and either S&P or Fitch.

8. Written investment agreements rated or the issuer of which is rated, in one of the two highest rating categories by at least two nationally recognized rating agencies, and if rated by Moody's, S&P or Fitch, such investment agreements or the long-term unsecured debt obligations of the insurer thereof must be rated in one of the two highest rating categories by the respective agency rating such investment agreements.
9. Money market funds registered under the Investment Company Act of 1940, as amended, the investment portfolios of which are comprised solely of investments in obligations described in items 1, 2 and 3 above, and which money market funds are rated in one of the two highest rating categories by the respective agency rating such money market funds.

Disclosures Relating to Credit Risk – There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Any moneys of the Water Authority not required for immediate use or disbursement may, at the discretion of the Water Authority, be invested in those obligations specified pursuant to the provisions of Section 98(a) of the State Finance Law and the Bond Resolution with respect to the Water Authority's Water System Revenue Bonds.

In addition, there is the risk of loss attributed to the magnitude of the Water Authority's investment in a single issuer. Given the relative safety of those investment instruments that the Water Authority can purchase, the policies of the Water Authority do not place a limit on the amount that may be invested in any one issuer. As of May 31, 2021, and May 31, 2020, the Water Authority's investment, including the investment in cash equivalents was as follows.

	May 31, 2021			May 31, 2020		
	Level 1	S&P-AAAm	US	Level 1	S&P-AAAm	US
	Fair Value	Moody's- Aaa-mf NAIC-Class 1	Treasury Securities	Fair Value	Moody's- Aaa-mf NAIC-Class 1	Treasury Securities
Dreyfus Government Securities Funds	\$17,224,264	\$17,224,264	\$ -	\$28,880,643	\$28,880,643	\$ -
US Treasury Bonds	3,621,911	-	3,621,911	7,487,185	-	7,487,185
Total	\$20,846,175	\$17,224,264	\$3,621,911	\$36,367,828	\$28,880,643	\$7,487,185

On May 31, 2021, and 2020, all Water Authority funds were invested in credit risk free US Treasury Securities and money market funds with highest credit rating. The money market funds are managed by Dreyfus Corporation, a BNY Mellon Company. Dreyfus Government Securities Fund invests in securities issued or guaranteed as to the timely payment of principal and interest by the U.S. Government, or its

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agencies or instrumentalities. The investment in the money market funds is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

Interest Rate Risk – When investing idle funds, there is the risk that changes in interest rates will adversely affect the fair value of that investment. The Water Authority currently has an investment policy that limits its exposure to fair value losses by establishing maturity timeframes that meet the cash flow requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

On May 31, 2021, and May 31, 2020, the maturity dates of the Water Authority's investment securities were as follows:

		12 Months or Less
May 31, 2021	Fair Value	
Dreyfus Government Securities Funds	\$ 17,224,264	\$ 17,224,264
May 31, 2020		
Dreyfus Government Securities Funds	\$ 28,880,643	\$ 28,880,643

The Weighted Average Maturity of Dreyfus Government Securities has been very short, less than 60 days. The yields from money market funds may vary, although they have not in the past year, and is not fixed for a specific period. A sharp and unexpected rise in interest rates could cause the share price to drop below a dollar. However, the extremely short maturities of the securities held in the portfolio reduce the potential for price fluctuation. Also, the yields of US Treasury securities and money market funds will fluctuate as the short-term securities in the Water Authority portfolio mature and the proceeds are reinvested in securities with different interest rates.

As of May 31, 2021, and 2020, the maturities of investment in the Water Authority's US treasury securities were as follows:

May 31, 2021					Average Term (Days)
Maturity Date- on or before	Investment	Fair value	Percent		
5/31/2021	US Treasury Notes/ Bonds	\$ 1,803,771	49.44%		-
5/31/2022	US Treasury Notes/ Bonds	1,844,620	50.56%		350
		\$ 3,648,391	100.00%		185
May 31, 2020					Average Term (Days)
Maturity Date- on or before	Investment	Fair value	Percent		
5/31/2021	US Treasury Notes/ Bonds	\$ 5,582,790	75.16%		50
5/31/2022	US Treasury Notes/ Bonds	1,844,620	24.84%		730
		\$ 7,427,410	100.00%		278

The accrued interest on the investment accounts were \$34,127 and \$59,774 as of May 31, 2021 and May 31, 2020, respectively. The accrued interests are added to the market value of the investments in the statement of net position.

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Custodial Risk of Investments

Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Bank of New York Mellon as the trustee and custodian holds the Water Authority's investments.

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

The changes in the cost of capital assets and accumulated depreciation during the years ended May 31, 2021, and May 31, 2020, are reflected in the following table:

<u>Year Ended May 31,</u>	<u>2020</u>	<u>Increase</u>	<u>Reclassification and Retirement</u>	<u>2021</u>
Capital assets not subject to depreciation:				
Land and land rights	\$ 599,074	\$ 638,019	\$ -	\$ 1,237,093
Construction in progress	31,226,816	16,626,109	(30,346,216)	17,506,709
Total capital assets not being depreciated	31,825,890	17,264,128	(30,346,216)	18,743,802
Capital assets being depreciated:		-		
Wells and standpipes	6,086,412	-		6,086,412
Pumping and purification	24,092,579	29,341,141		53,433,720
Distribution system	45,036,612	658,946	(103,654)	45,591,904
Building, vehicles and equipment	20,161,161	346,129	(13,197)	20,494,093
Total capital assets being depreciated	95,376,764	30,346,216	(116,851)	125,606,129
Less accumulated depreciation:		-		
Wells and standpipes	(1,729,803)	(126,323)		(1,856,126)
Pumping and purification	(7,812,784)	(501,005)		(8,313,789)
Distribution system	(8,944,796)	(920,553)	103,654	(9,761,695)
Building, vehicles and equipment	(6,049,573)	(743,487)	13,197	(6,779,863)
Total accumulated depreciation	(24,536,956)	(2,291,368)	116,851	(26,711,473)
Total net capital assets being depreciated	70,839,808	28,054,848	-	98,894,656
Total net capital assets	\$ 102,665,698	\$ 45,318,976	\$ (30,346,216)	\$ 117,638,458

The depreciation expenses for the years ended May 31, 2021, and 2020 were \$2,291,368 and \$2,260,650, respectively.

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NOTE 5 – REVENUE BONDS PAYABLE

The changes in Revenue Bonds Payable in the year ended May 31, 2020 and May 31, 2021 were as follows:

	<u>May 31, 2020</u>	<u>Decreased</u>	<u>Increased</u>	<u>May 31, 2021</u>
Water System Revenue Bonds payable	\$ 100,440,000	\$ (2,720,000)	\$ -	\$ 97,720,000
Adjustment for deferred amounts:				
Unamortized premium	7,610,908	(1,060,545)	-	6,550,363
Total Revenue Bonds	<u>\$ 108,050,908</u>	<u>\$ (3,780,545)</u>	<u>\$ -</u>	<u>\$ 104,270,363</u>

	<u>May 31, 2019</u>	<u>Decreased</u>	<u>Increased</u>	<u>May 31, 2020</u>
Water System Revenue Bonds payable	\$ 103,045,000	(2,605,000)	\$ -	\$ 100,440,000
Adjustment for deferred amounts:				
Unamortized premium	7,987,617	(376,709)	-	7,610,908
Total Revenue Bonds	<u>\$ 111,032,617</u>	<u>(2,981,709)</u>	<u>\$ -</u>	<u>\$ 108,050,908</u>

SERIES 2005 REVENUE BONDS PAYABLE

On August 4, 2005, the Water Authority issued \$33,065,000 Water System Revenue Bonds, Series 2005 in part to provide sufficient funds to affect the advanced refunding of 1996 Series bonds, to finance the cost of acquisition and construction of improvements to the Water System and pay certain costs of issuance relating to the Series 2005 Bonds.

The interest on the refunding bonds ranged from 2.84% to 5.30% (average interest of 3.7%) and the bonds were issued at a premium of \$1,642,140. The \$28,155,000 remaining balance of the Water Authority's outstanding Series 1996A bonds had interest rates ranging from 5.65% to 6.43% (average interest of 5.6%). Simultaneously with the issuance of the Series 2005 Bonds, \$28,758,320, the amount of \$27,900,000 from the proceeds of the sale of the Series 2005 Bonds together with other available moneys, were used to purchase non-callable direct obligations of the USA. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the May 1, 2006, redemption of the bonds, at a redemption price of 102% plus accrued interest. As a result, \$28,225,000 of Series 1996A bonds are considered defeased and the liability for those bonds were removed from the financial statements.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of \$2,230,412. The Water Authority completed the refunding to reduce its total debt service payments over the next 30 years to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,314,315.

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SERIES 2010 REVENUE BONDS PAYABLE

On April 15, 2010, the Water Authority issued its Series 2010 Revenue Bonds. The Series 2010 Revenue Bonds include the Water System Revenue Bonds, Series 2010A (the "Series 2010A Bonds"), with aggregate principal balance of \$6,925,000, and Water System Revenue Bonds, Series 2010B (the "Series 2010B Bonds"), federally taxable, Build America Bonds, with aggregate principal balance of \$33,965,000. The Bonds were issued pursuant to the water system revenue bonds General Resolution adopted by the Water Authority on May 13, 1996, and the supplemental Series 2010 Resolution adopted on January 25, 2010. The Series 2010 Bonds are the third and fourth Series of Bonds (as that term is defined herein) to be issued under the General Resolution.

The Series 2010A Bonds were issued to finance costs of acquisition, improvements and additions to the water system, to fund a deposit to the Reserve Account, and to pay certain costs of issuance relating to the Series 2010A Bonds. The Series 2010B Bonds were issued to finance the cost of acquisition, improvements and additions to the water system, including the construction of the Water Authority's headquarters, to fund a deposit to the Reserve Account, and to pay certain costs of issuance relating to the Series 2010B Bonds. The Series 2010 Bonds, which are issued as Senior Lien Bonds, are the third and fourth Series of Bonds issued under the General Resolution. The Series 2010 Bonds are payable as to both interest and principal solely from the net revenues on parity with other outstanding Bonds.

The Water Authority has elected to treat the Series 2010B Bonds as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act") and to receive a cash subsidy from the US Treasury in connection therewith. Pursuant to the Recovery Act, the Water Authority is entitled to receive cash subsidy payments rebating a portion of the interest on the Build America Bonds from the US Treasury equal to 35% of the interest payable on the Series 2010B Bonds. The Water Authority will use this subsidy exclusively to pay interest on the Series 2010B Bonds. The Series 2010A Bonds are not subject to redemption prior to maturity. The Series 2010B Bonds are subject to Make-Whole and Extraordinary Redemption at the option of the Water Authority.

SERIES 2015 REVENUE BONDS PAYABLE

On April 22, 2015, the Water Authority issued the \$54,200,000 Water System Revenue Bonds Series 2015A and \$19,400,000 Water Revenue Refunding Series 2015B. The Series 2015A proceeds are used to finance the cost of construction of improvements to water system, to fund a portion of reserve account and to pay certain issuance costs. The proceeds of Series 2015B Bond together with Series 2005 Bond Debt Reserve Fund balances were applied to refund the \$23,885,000 outstanding balance of the Series 2005 Bonds, to pay \$666,789 of interest and fund a portion of reserve account and to pay certain issuance costs. The sources and uses of the Series 2015 Bonds are as follows:

Sources:

Bond Proceeds:	
Par Amount	\$ 73,600,000
Net Premium	9,410,647
Released Bond Funds	3,715,130
Total sources	\$ <u>86,725,777</u>

Uses:

Escrow Fund	\$ 24,551,790
Construction Fund	55,822,774
Reserve account, Series 2015	4,780,500
Deposit to Capitalized Interest Account Series 2015	1,128,088
Costs of Issuance	442,625
Total Uses	\$ <u>86,725,777</u>

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Series 2005A and 2005B Bonds are considered to be defeased and the liability for those bonds were removed from the financial statements.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of \$1,028,663. The Water Authority completed the refunding to reduce its total debt service payments over the next 30 years to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$4,023,167. The economic gain represents 16.84% of the outstanding balance of the refunded bonds.

The Series 2015 Bonds are subject to redemption at the option of the Water Authority on or after April 1, 2025, in whole or in part, at a price of par, plus accrued interest.

The Series 2015A Bonds maturing on April 1, 2040 (\$17,640,000), April 1, 2045 (\$10,000,00 at 4% interest) and April 1, 2045 (\$4,900,000 at 5% interest) are subject to mandatory redemption, at a price equal 100% of the principal plus accrued interest, over five-year periods, commencing in 2036, 2041 and 2041, respectively.

The average life and duration of the Series 2015 Bonds are 17.84 and 12.19, respectively. The average annual debt service is \$4,530,667 and the maximum annual debt service is \$4,780,500. The yield of the component bonds ranges from 0.31% to 3.79%, depending on the term of the bonds.

Make-whole Redemption

The Series 2010B Bonds are subject to redemption, in whole or in part, prior to their stated maturities, on any date. The redemption price is equal to the greater of:

- (i) 100% of the principal amount of such Series 2010B Bonds to be redeemed, plus accrued and unpaid interest, or
- (ii) The sum of the present values of the remaining scheduled payments of principal and interest discounted to the date of redemption at the Treasury Rate plus 30 basis points. "Treasury Rate" is the yield to maturity of the Treasury Issue, with equivalent maturity.

Extraordinary Redemption

The Series 2010B Bonds are subject to redemption prior to maturity at the option of the Water Authority, in whole or in part, on any date following the occurrence of an "Extraordinary Event", at redemption price equal to the greater of:

- (i) 100% of the principal amount of such Series 2010B Bonds to be redeemed, plus accrued and unpaid interest, or
- (ii) The sum of the present values of the remaining scheduled payments of principal and interest on such Series 2010B Bonds to be redeemed discounted to the date of redemption on a semiannual basis at the Treasury Rate plus 100 basis points.

An "Extraordinary Event" occurs if the 35% cash subsidy payment from the US Treasury to the Water Authority is reduced or eliminated as a result of change in provisions of Internal Revenue Code of 1986

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pertaining to Build America Bonds or determination by the Internal Revenue Service or the US Treasury that the Bonds do not qualify to receive the subsidy.

The Series 2010B Bonds maturing on April 1, 2025, 2030 and 2040 are subject to mandatory redemption prior to their stated maturity in part on each April 1 on and after April 1, 2021, 2026 and 2031, respectively. The Bonds will be redeemed from moneys required to be credited to the Bond Retirement Account in the Bond Fund at a redemption price equal to the principal amount to be redeemed, together with interest accrued on such principal amount to the date fixed for redemption.

The General Resolution requires the Water Authority to establish rates and other charges for the water that will be sufficient in each fiscal year to produce revenues (with deposits from Rate Stabilization Fund) that will be at least equal to: (i) the fiscal year's debt service and reserve fund replenishment obligations, operation and maintenance expenses (including amounts to be deposited to the Rate Stabilization Fund), and any other charges or liens; (ii) 1.20 times the debt service for such Fiscal Year.

OUTSTANDING REVENUE BONDS PAYABLE

The outstanding Water System Revenue Bonds on May 31, 2021 and 2020 consist of the following:

		Interest	Average Interest	Principal Balance May 31,	Principal	Principal Balance May 31,	Principal Balance May 31, 2021	
Revenue Bonds	Date	Rate	Rate	2020	Matured	2020	Current	Noncurrent
Series 2010:								
Series B Bond								
Term Bond	2025	6.01%	6.01%	\$6,090,000	(\$1,125,000)	\$4,965,000	\$1,170,000	\$3,795,000
Term Bond	2030	6.45%	6.45%	7,420,000		7,420,000		7,420,000
Term Bond	2040	6.70%	6.70%	20,455,000		20,455,000		20,455,000
Total Series 2010 B Bonds				33,965,000	(1,125,000)	32,840,000	1,170,000	31,670,000
Series 2015:								
Serial Bonds - (2015B)	2035	3%-5%	4.51%	12,780,000	(1,515,000)	11,265,000	1,590,000	9,675,000
Serial Bonds - (2015A)	2035	4%-5%	4.56%	21,155,000	(80,000)	21,075,000	85,000	20,990,000
Term Bond 2040 - (2015A)	2040	5%	5.00%	17,640,000		17,640,000		17,640,000
Term Bond 2045 - (2015A)	2045	5%	5.00%	10,000,000		10,000,000		10,000,000
Term Bond 2045 - (2015A)	2045	4%	4.00%	4,900,000		4,900,000		4,900,000
Total Series 2015A				53,695,000	(80,000)	53,615,000	85,000	53,530,000
Total Series 2015				66,475,000	(1,595,000)	64,880,000	1,675,000	63,205,000
Total				\$100,440,000	(\$2,720,000)	\$97,720,000	\$2,845,000	\$94,875,000

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FUTURE DEBT SERVICE REQUIREMENTS

On May 31, 2021, debt service payments to maturity for the Bond Series 2010 and 2015 were as follows:

SERIES 2010B BONDS

<u>Date</u>	<u>Principal</u>	<u>Gross Interest</u>	<u>Subsidy</u>	<u>Net Interest</u>	<u>Total Gross</u>	<u>Total Net</u>
2022	\$ 1,170,000	\$ 2,147,601	\$ (751,660)	\$ 1,395,941	\$ 3,317,601	\$ 2,565,941
2023	1,215,000	2,077,319	(727,062)	1,350,257	3,292,319	2,565,257
2024	1,265,000	2,004,334	(701,517)	1,302,817	3,269,334	2,567,817
2025	1,315,000	1,928,346	(674,921)	1,253,425	3,243,346	2,568,425
2026	1,365,000	1,849,354	(647,274)	1,202,080	3,214,354	2,567,080
2027-2031	7,730,000	7,850,451	(2,747,657)	5,102,793	15,580,450	12,832,793
2032-2036	9,540,000	5,067,966	(1,773,788)	3,294,178	14,607,966	12,834,178
2037-2040	9,240,000	1,580,766	(553,268)	1,027,498	10,820,766	10,267,498
Total	\$ <u>32,840,000</u>	\$ <u>24,506,137</u>	\$ <u>(8,577,147)</u>	\$ <u>15,928,989</u>	\$ <u>57,346,136</u>	\$ <u>48,768,989</u>

SERIES 2015A BONDS

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 85,000	\$ 2,536,613	\$ 2,621,613
2023	90,000	2,534,063	2,624,063
2024	95,000	2,531,363	2,626,363
2025	95,000	2,528,513	2,623,513
2026	105,000	2,525,663	2,630,663
2027-2031	10,405,000	11,701,613	22,106,613
2032-2036	13,385,000	9,105,575	22,490,575
2037-2041	17,165,000	5,332,250	22,497,250
2042-2045	12,190,000	1,447,000	13,637,000
Total	\$ <u>53,615,000</u>	\$ <u>40,242,653</u>	\$ <u>93,857,653</u>

SERIES 2015B BONDS

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,590,000	\$ 517,981	\$ 2,107,981
2023	1,670,000	438,481	2,108,481
2024	1,750,000	354,981	2,104,981
2025	1,840,000	267,481	2,107,481
2026	1,930,000	175,481	2,105,481
2027-2031	1,290,000	319,425	1,609,425
2032-2035	1,195,000	101,169	1,296,169
Total	\$ <u>11,265,000</u>	\$ <u>2,174,999</u>	\$ <u>13,439,999</u>

NOTE 6 – OTHER LONG-TERM LIABILITIES

Changes in long-term liabilities, other than the Bonds, were as follows:

	<u>May 31, 2020</u>	<u>Addition</u>	<u>Reduction</u>	<u>May 31, 2021</u>	<u>Due in 1- year</u>	<u>Noncurrent Liability</u>
Accrued vacation and sick leave	\$1,155,600	\$269,800	\$(40,000)	\$1,385,400	\$40,000	\$1,345,400

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NOTE 7 – EMPLOYEE BENEFITS

Retirement Plan Description

The Water Authority participates in the New York State and Local Employees' Retirement System (the System), a cost-sharing multiple-employer defined benefit retirement systems. The system provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System.

System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Water Authority also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance.

The System issues its own financial statements. The System's annual comprehensive financial reports, annual financial statements, annual employer allocation and pension amounts, and annual actuarial assumptions reports may be found at:

- <https://www.osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information>
- or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Eligibility and Benefits

The Water Authority employees are classified into tiers, based on the period of their enrollment time. The employees' eligibility, contributions and benefits depend on their respective tier. The employee tiers are as follows:

<u>Tier</u>	<u>Enrollment Period</u>
Tier 1	Before July 1, 1973
Tier 2	July 1, 1973 to July 27, 1976
Tier 3	July 27, 1976 to September 1, 1983
Tier 4	September 1, 1983 to January 1, 2010
Tier 5	January 1, 2010 to April 1, 2012
Tier 6	April 1, 2012 and after

Tiers 1 and 2

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

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

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2.0% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

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

Tiers 3, 4, and 5

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

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

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2.0% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3- and 4-members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

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

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2.0% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

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

Ordinary Disability Benefits

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

Accidental Disability Benefits

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

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) require ten years of service credit to be 100 percent vested.

Contributions

Member Contributions

The System is contributory for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976. For Tier 1 and Tier 2 employees, who had joined the System before July 27, 1976, the System is noncontributory. Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and

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4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Employer Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2020 was approximately 14.9 percent of covered employee payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2020, the applicable interest rate was 7 percent.

For the three years ended May 31, 2021, the Water Authority's contributions to the System were as follows

<u>Year Ended May 31,</u>	<u>Contribution</u>
2021	\$636,667
2020	\$631,620
2019	\$638,525

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

On May 31, 2021, and May 31, 2020, the Water Authority's reported a liability of \$3,442,508 and \$958,653, respectively, for its proportionate share of the net pension liability. The net pension liability reported by the Water Authority on May 31, 2021, and 2020 was measured as of March 31, 2020, and March 31, 2019, respectively. The total pension liability, used to calculate net pension liability, as of March 31, 2020, was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The Water Authority's proportion of the net pension liability was based on a projection of the Water Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. On May 31, 2021, and May 31, 2020, the Water Authority's proportion was 0.0130001% and 0.0135302%, respectively.

For the year ended May 31, 2021, and May 31, 2020, the Water Authority recognized pension expenses of \$1,251,373 and \$705,996, respectively. On May 31, 2021, and 2020, the Water Authority's reported deferred outflows of resources related to pensions from the following sources:

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	May 31, 2021		May 31, 2020	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 202,608	\$ -	\$ 188,779	\$ 64,353
Net difference between expected and actual investment earnings on pension assets	1,764,797		-	246,044
Changes in assumptions	69,316	59,853	240,967	-
Change in proportion and differences between employer's contribution and proportionate share of contributions	216,163	35,882	189,131	15,435
Authority contributions subsequent to the measurement date	636,667		631,620	-
Total deferred outflows and inflows of resources	<u>\$ 2,889,549</u>	<u>\$ 95,735</u>	<u>\$ 1,250,497</u>	<u>\$ 325,832</u>

The amounts of \$638,667 reported as deferred outflows of resources on May 31, 2021, is related to pensions resulting from the Water Authority contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources related to pensions are recognized in pension expense as follows:

<u>Year</u>	<u>Amount</u>
2022	\$397,829
2023	553,134
2024	675,104
2025	531,079

Actuarial Assumptions.

The total pension asset/(liability) as of March 31, 2020, measurement date, was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension asset/(liability) to March 31, 2020, measurement date.

	2021	2020
Measurement date	March 31, 2020	March 31, 2019
Actuarial valuation date	April 1, 2019	April 1, 2018
Actuarial cost method	Aggregate cost	Aggregate cost
Inflation rate	2.50%	2.50%
Investment rate of return,	6.8% compounded annually	7.0% compounded annually
Salary increases	4.2% indexed by service	4.2% indexed by service
Cost of living adjustment	1.3% annually	1.3% annually

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015, System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. The previous actuarial valuation as of April 1, 2018 used the Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

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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 previous actuarial valuation as of April 1, 2018, used a long-term expected rate of return of 7.0.

For the measurement date of March 31, 2020, the target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	36.0%	4.05%
International equity	14.0%	6.15%
Private equity	10.0%	6.75%
Real estate	10.0%	4.95%
Absolute return strategies	2.0%	3.25%
Opportunistic portfolio	3.0%	4.65%
Real assets	3.0%	5.95%
Bonds and mortgages	17.0%	0.75%
Cash	1.0%	0.00%
Inflation-indexed bonds	4.0%	0.50%
	<u>100.0%</u>	

Discount-Rate. The discount rate used to calculate the total pension liability was 6.8 percent. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption.

The following presents the Water Authority's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the Water Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (5.8%) or one-percentage point higher (7.8%) than the current rate:

	The Water Authority's Proportionate Share of Net Pension Liability		
	1% Decrease 5.8%	Current Discount 6.8 %	1% increase 7.8%
As of May 31, 2021	\$6,317,974	\$3,442,508	\$794,192

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Collective Net Position Liability of Participating Employers and Actuarial Information

The components of the net pension liability of the employers as of March 31, 2021 and 2020 were as follows:

(In Thousands)	<u>2021</u>	<u>2020</u>
Employers' total pension liability	\$194,596,261	\$189,803,429
Plan net position	(168,115,682)	(182,718,124)
Employers' net pension liability	<u>\$ 26,480,579</u>	<u>\$ 7,085,305</u>
Fiduciary net position as a percentage of total pension liability	86.4%	96.3%

NOTE 8 – ACCRUED VACATION AND SICK LEAVE

The Water Authority employees earn vacation leave each month at a scheduled rate in accordance with the years of service and sick leave at the rate of one day per month. The maximum accumulated sick leave is 100 days. Accumulated unpaid vacation and sick leave amounts are accrued as earned. On May 31, 2021, and May 31, 2020, the liabilities for accrued vacation were \$572,600 and \$403,300, respectively and for the sick leave were \$812,800 and \$752,300, respectively.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The New York State Department of Civil Service (DCS) administers the New York State Health Insurance Program (NYSHIP) which provides health insurance to current and retired employees of New York State, participating public authorities, and local governments. As administrator of NYSHIP, DCS performs all relevant administrative tasks. Annual benefit premiums charged to and paid by participants are generally the same, regardless of each individual employer's risk profile. The annual benefit premiums collected by DCS are remitted to the health insurance carrier for participants in the Empire Plan.

NYSHIP, as the name implies, is a program and does not exist as a separate entity or fund; therefore, it does not satisfy the requirements to be classified as a trust or trust equivalent as defined in paragraph 4 of GASBS 43 and paragraph 3 of GASBS 74.

Postemployment health insurance coverage is afforded under single employer defined benefit plan to the Water Authority's retired employees and their dependents in accordance with the provisions of a resolution adopted by the Water Authority's Board of Directors on September 17, 2002 and as amended November 9, 2009. The Board adopted resolution and amended resolution provides eligible enrollees with postretirement medical insurance coverage, limited to the health insurance programs offered by the Water Authority to its then full-time employees, as modified from time-to-time by the Board. These benefits continue for the lifetime of the retiree.

The summary of the retiree medical benefits and life insurance used in the valuation were as follows:

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Retiree Medical Benefit

Eligibility

Tier 1 - Hired prior to July 25, 2011: age 55 with 10 years of service.

Tier 2 - Hired on or after July 25, 2011: age 55 with 20 years of service.

Contribution

Tier 1 - retiree pays 40% of the cost of individual retiree medical coverage, and 60% of the cost of spousal coverage.

Tier 2 - retiree pays 50% of the cost of individual retiree medical coverage, and 65% of the cost of spousal coverage.

Effective June 1, 2020, all new retirees pay 20% of the cost of retiree medical coverage. The new cost share applies to all Tiers and Coverage Levels.

Plans: NYSHIP pre-65. Medicare Supplement post-65.

Medicare Part B - Reimbursement of the Part B premium for employee and or spouse.

Retiree Life Insurance

Date of hire prior to June 1, 1996, \$20,000 for hourly employees and \$40,000 for salaried employees, at no cost to the retiree.

Participant Count and Average Age

The number of participants and their average ages as of June 1, 2019, the effective date of the annual OPEB valuation, was as follows:

<u>Participants</u>	<u>Number</u>
Active employees	45
Retired employees	13
Total	<u>58</u>

Funding Policy

The Water Authority funding policy is to contribute the employer portion of retiree benefit payments annually.

Total OPEB Liability

The June 1, 2019 (Valuation date) Actuarial Valuation directly calculated the June 1, 2019 Total OPEB Liability (TOL). The June 1, 2019 TOL was increased (rolled forward) by service cost and interest and decreased by benefit payments to estimate the TOL as of May 31, 2021. The TOL as of May 31, 2021 was also adjusted to reflect any material plan changes after the valuation, if applicable.

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The following table presents the balances and changes of the total OPEB Liability during the fiscal year ended May 31, 2021, and 2020:

	May 31,	
	2021	2020
Total OPEB liability		
Beginning balance	\$ 7,598,949	\$ 6,764,056
Changes for the year:		
Service cost	310,796	242,793
Interest cost	169,665	248,011
Changes of benefit terms	2,786,817	-
Differences between expected and actual experience	(17,292)	(1,250,091)
Changes of assumptions	(82,164)	1,675,361
Benefit payments	(110,354)	(81,181)
Net change in total OPEB liability	3,057,468	834,893
Total OPEB liability - ending	<u>\$ 10,656,417</u>	<u>\$ 7,598,949</u>

Sensitivity of the Total OPEB Liability to Changes in Discount Rate

The discount rate assumption affects the net OPEB liability. The following table presents the effect of 1% change in the current discount rate of 2.20% on the amount of total OPEB liability:

	1% Decrease	Current	1% Increase
Discount rate	1.20%	2.20%	3.20%
Total OPEB liability as of May 31, 2021	\$12,981,079	\$10,656,417	\$8,845,263

Sensitivity of the Total OPEB Liability to Healthcare Cost Trend Rates

The volatility of the healthcare costs trend rates affects the size of the total OPEB liability. The following table presents the effect of 1% change in initial 6.50% and ultimate 4.6% healthcare cost trend rates on the amount of total OPEB liability:

	1% Decrease	Current	1% Increase
Healthcare cost trend rate (Initial and ultimate)	(5.50% -3.60%)	(6.50% -4.60%)	(7.50%-5.60%)
Total OPEB liability as of May 31, 2021	\$8,541,563	\$10,656,417	\$13,555,891

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

For the year ended May 31, 2021 and 2020, the Water Authority OPEB expense were as follows:

	May 31,	
<u>Description</u>	2021	2020
Service cost	\$ 310,796	\$ 242,793
Interest on the total OPEB liability	169,665	248,011
Differences between expected and actual experience - amortized	(117,861)	(116,303)
Changes of assumptions - amortized	176,018	183,420
Changes of benefit terms	2,786,817	-
Total OPEB expense	<u>\$ 3,325,435</u>	<u>\$ 557,921</u>

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The interest on the total OPEB liability recognized in OPEB expense was determined as follows:

	<u>Amount for Period</u>	<u>Portion of Period</u>	<u>Interest Rate</u>	<u>Interest on the Total OPEB Liability</u>
Beginning total OPEB liability	\$ 7,598,949	100%	2.16%	\$ 164,137
Service cost	310,796	100%	2.16%	6,713
Benefit payments	\$ (110,354)	50%	2.16%	<u>(1,192)</u>
Total interest on the OPEB liability				<u>\$ 169,665</u>

As of May 31, 2021, and 2020, the unamortized balances of deferred inflows and deferred outflows were as follows:

<u>May 31, 2021</u>		<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
<u>Description</u>			
Difference between expected and actual experience	\$		\$ (1,072,611)
Change in assumptions		1,656,128	(74,762)
Total	\$	<u>1,656,128</u>	<u>(1,147,373)</u>

<u>May 31, 2020</u>		<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
<u>Description</u>			
Difference between expected and actual experience	\$	1,173,180	\$ -
Change in assumptions			1,839,548
Total	\$	<u>1,173,180</u>	<u>1,839,548</u>

The deferred outflows and inflows are amortized over 11.1 years, and included in OPEB expense as follows:

<u>Year Ending May 31,</u>	<u>Amount Included in Expense</u>
2022	\$ 58,157
2023	58,157
2024	58,157
2025	58,157
2026	58,157
2027 -2032	217,970

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Water Authority

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are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The selection of all assumptions used in determining the total OPEB liability were made in conformity with Actuarial Standards and Practice issued by the Actuarial standards Board.

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

Actuarial Methodologies

Reporting Date: May 31, 2021

Measurement Date: May 31, 2021

Actuarial Valuation Date: June 1, 2019

Asset Valuation Method:

Not applicable (Unfunded Plan)

Actuarial Cost Method:

Change in Actuarial Cost Method: None.

Description of Current Actuarial Cost Method: Entry Age Normal (level percentage of salary)

Normal Cost: Under this method, the total normal cost is the sum of amounts necessary to fund each active member's normal retirement benefit if paid annually from entry age to assumed retirement age. Entry age is the age at which the employee would have been first eligible for the plan, if it had always been in effect. The cost for the plan is the difference between the total normal cost for the year and the anticipated member contributions for that year.

Past Service Liability: The present value of future benefits that relates to service before the valuation date is the total past service liability. The unfunded past service liability is the difference between the total past service liability and the assets (including accumulated member contributions) if any.

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Description of Actuarial Assumptions

The valuation reflects changes in the actuarial assumptions regarding interest, mortality, inflation, healthcare cost trend Rates and morbidity. The assumptions were changed to represent the Enrolled Actuary's current best estimate of anticipated experience of the plan.

Interest (Discount Rate)

2.20% (Prior: 2.16%)

Since the OPEB plan is not funded, the selection of the discount rate is consistent with the GASB 74/75 standards linking the discount rate to the 20- year AA municipal bond index for unfunded OPEB plans. The discount rate used for this valuation is equal to the published Bond Buyer GO 20-Bond Municipal Index effective as of May 31, 2021.

Rate of compensation increase (including inflation)

2.60%.

The assumption is based on historical national wage increases and input from the plan sponsor regarding future expectations.

Inflation

2.60%.

This assumption is consistent with the Social Security Administration's current best estimate of the ultimate long-term (75-year horizon) annual percentage increase in CPI, as published in the 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust (OASDI).

Mortality

Pub-2010 Public Retirement Plans Mortality tables for General Employees, for non-annuitants and annuitants, projected to the valuation date with scale MP-2019.

Mortality Improvement

Projected to date of decrement using Scale MP-2019 (generational).
(Prior: Projected to date of decrement using Scale MP-2017 (generational)).

The mortality assumption was updated to better reflect anticipated experience. The change in mortality rate increased liabilities by 2.9%.

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Retirement Age

Percentage of Employees Retiring Prior to End of Year:

<u>Age</u>	<u>Rate</u>
Less than 62	0%
62-64	9%
65-69	20%
70+	100%

The actuarial assumptions in regards the rates of retirement shown above are based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.

Termination Prior to Retirement

Sample Age-Based Withdrawal Rates (until eligible to retire).

Vaughn Ultimate Table multiplied by 0.5, Percentage of Employees Terminating prior to End of Year:

<u>Age</u>	<u>Rate</u>
25	6.80%
30	5.05%
35	3.95%
40	3.25%
45	2.75%
50	2.25%
55+	0.00%

The actuarial assumption regarding the withdrawal rates is based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.

Utilization

90% of current active members will elect medical coverage at retirement.
(Prior: 100% of current active members will elect medical coverage at retirement.)

The utilization rate assumption was updated to better reflect anticipated experience. The assumption change decreased the liabilities by 7.1%.

Spousal Coverage

50% of active members are assumed to be married and elect spousal benefits at retirement with wives 3 years younger than husbands.

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Healthcare Cost Trend Rates

The rate of increase is 6.50% in 2019, decreasing by 0.2% each year to an ultimate rate of 4.60% per year for 2029 and later.

(Prior: 7.50% in 2017, reducing by 0.5% each year to a final 4.60% per year rate for 2023 and later.)

Medicare Part B is assumed to increase by 2.60% per year. (Prior: 3.00% per year.)

Healthcare cost trend rates reflect both the current and long-term outlook for increases in healthcare costs. The short-term rates are based on recent industry surveys, plan experience and near-term expectations. The long-term trend rate is based on our general inflation assumption plus an adjustment to reflect expectations for long-term medical inflation.

The trend rates were changed to align with the inflation assumption change. The change in trend rates increased liabilities by 3.4%.

Annual Medical Premium Rates

	<u>2019</u>
Pre-65 - Employee Only	\$ 12,514
Pre-65 – Family	28,953
Post 65 – Employee Only	4,839
Post 65 – Two Person	13,603
Medicare Part B	1,626

Expected Claim Costs

The sample per capita claim for plans not integrated with Medicare was developed as follows: Using the total count of active participants eligible for post-retirement medical benefits and retirees currently electing medical coverage in a non-Medicare supplement plan, we calculate the total projected claims by multiplying the total count by the average annual premium. Using the cost increases derived from a study sponsored by the Society of Actuaries prepared by Dale H. Yamamoto from May 2013: *“Health Care Costs from Birth to Death”*, we allocate the total projected claims by age and gender.

For plans integrated with Medicare, the post Medicare eligible premium is assumed to be unaffected by age.

Patient Protection and Affordable Care Act (PPACA)

High-Cost Plan Excise Tax (“Cadillac Tax”) was repealed as part of the 2020 Further Consolidated Appropriations Act, which was signed in December 2019. The effect of repealing this tax reduced liabilities by 0.9%.

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NOTE 10 – NET POSITION

Net position represents the difference between assets and liabilities. As of May 31, 2021 and 2020 the components of net position were:

	2021	2020
Invested in capital assets net of related debt:		
Capital assets, net of accumulated depreciation	\$ 117,638,457	\$ 102,665,696
Revenue bonds payable and capital related payables	(97,720,000)	(100,440,000)
Bond premium	(6,550,363)	(7,610,908)
Deferred outflows	22,404	24,004
Unspent debt proceeds in construction and reserve funds	22,765,257	37,591,627
Accounts payable	(4,030,684)	383
 Total invested in capital assets, net of related debt	 32,125,071	 32,230,802
Restricted for Rate Stabilization and Customer Deposits:		
Restricted cash and equivalents	3,270,614	3,249,973
Less: customer deposits	(1,270,614)	(1,249,973)
 Total restricted for capital activity, rate stabilization and debt service	 2,000,000	 2,000,000
GASB 75 Adjustment		
Unrestricted	(644,863)	(4,118,134)
 Total net position	 \$ 33,480,208	 \$ 30,112,668

The May 31, 2018, unrestricted net position was reduced by \$2,579,837 to recognize additional net other postemployment benefits, as a consequence of implementing GASB statement 75, in the year ended May 31, 2019.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Litigation

The Water Authority is subject to lawsuits in the ordinary conduct of its affairs. The Water Authority does not believe, however, that any such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Water Authority.

Risk Management

The Water Authority is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2021, AND 2020

Insurance

The Water Authority's commercial insurance coverage provides for virtually all risks of loss including property, liability, automobile accidents and public official's coverage. The Water Authority also carries umbrella liability insurance coverage. This coverage is comparable to that of the prior fiscal year.

Compliance

The Water Authority is subject to various laws and regulations, which establish uniform minimum national water quality standards. The Water Authority has set up procedures for the continued evaluation of its operations to identify potential exposures and assure compliance with these standards.

NOTE 12 – LEASE REVENUE AGREEMENTS

The Water Authority has two lease agreements in place with different cell phone providers (licensees) for the leasing of Water Authority property to install and maintain cell phone transmission towers. Licensees may terminate the Agreement at any time with a thirty-day prior written notice to the Water Authority provided that Licensee has removed all of its personal property and has vacated and surrendered the nonexclusive possession of the Licensed Premises to the Water Authority prior to the effective date of the termination. The lease agreements are subject to an annual rental increase of 2% to 4%. For the year ended May 31, 2021, and 2020 the revenues from the lease agreements were \$330,168 and \$319,827, respectively

NOTE 13 – RATE CHANGES

Under the Water Authority Charter, the Board is empowered to set rates for all its customers. The rates are to be sufficient to pay for operations, maintenance, reserves, debt service, additions, extensions and betterment of the facilities. The Board has approved 10.77% and 10.57% increase in water rates effective on June 1, 2021, and June 1, 2020, respectively.

NOTE 14 – SUBSEQUENT EVENTS

The Water Authority evaluated subsequent events from May 31, 2021, through September 29, 2021, the date on which the financial statements were available to be issued. In June 2021, the Water Authority issued \$52,385,000 water system revenue bonds, series 2021A (Green Bonds), at \$11,250,626 premium, and \$43,070,000 water system revenue advance refunding bonds, series 2021B (Green Bonds). The proceeds of the series 2021A bonds are to be used to (i) finance costs of acquisition and construction of improvements and additions to the water system, (ii) fund a deposit into the reserve account and (iii) pay issuance costs. Proceeds of the series 2021B bonds were used to (i) refund \$37,605,000 of Series 2015A bonds and (ii) pay costs of issuance. The Water Authority determined that there were no other material subsequent events.

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WAWNC



REQUIRED SUPPLEMENTARY INFORMATION



THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
YEARS ENDED MAY 31, 2021, 2020, AND 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability			
Service cost	\$ 310,796	\$ 242,793	\$ 208,985
Interest	169,665	248,011	242,479
Change in Benefit terms	2,786,817	-	-
Differences between expected and actual experience	(17,292)	(1,250,091)	(43,074)
Changes of assumptions	(82,164)	1,675,361	380,094
Benefit payments	<u>(110,354)</u>	<u>(81,181)</u>	<u>(65,124)</u>
Net change in total OPEB liability	3,057,468	834,893	723,360
Total OPEB liability - beginning	<u>7,598,949</u>	<u>6,764,056</u>	<u>6,040,696</u>
Total OPEB liability - ending	\$ <u>10,656,417</u>	\$ <u>7,598,949</u>	\$ <u>6,764,056</u>
Discount rate	2.20%	2.16%	3.56%
Plan's fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 4,293,018	\$ 4,184,228	\$ 4,078,195
Total OPEB liability as a % of covered payroll	248.23%	181.61%	165.86%

*Information prior to the year ended May 31, 2019 is not available.

The notes to the Required Supplementary Information are an integral part of this schedule.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION
NET PENSION LIABILITY OF NEW YORK STATE EMPLOYEE'S RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	2021	2020	2019	2018	2017	2016
Measurement date	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015
Water Authority's proportion share of net pension liability	0.0130001%	0.0135302%	0.0137008%	0.0134700%	0.0139611%	0.0139346%
Water Authority's proportionate share of net pension liability	\$3,442,508	\$958,653	\$442,184	\$1,265,672	\$2,240,800	\$470,745
Water Authority's covered-employee payroll (Measurement date as of March 31)	\$4,653,949	\$4,972,664	\$4,329,622	\$4,226,374	\$4,021,348	\$3,746,954
Water Authority's proportionate share of the net pension liability as a percentage of the covered-employee payroll	73.97%	19.28%	10.21%	29.95%	55.72%	12.56%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.30%	98.20%	94.70%	90.70%	97.90%

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

The notes to the Required Supplementary Information are an integral part of this schedule.

THE WATER AUTHORITY OF WESTERN NASSAU COUNTY
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

YEAR ENDED MAY 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$636,667	\$631,620	\$638,525	\$624,506	\$595,561	\$688,041	\$748,116	\$724,700	\$696,900	\$595,700
Contributions in relation to contractually required contributions	\$636,667	\$631,620	\$638,525	\$624,506	\$595,561	\$688,041	\$748,116	\$724,700	\$696,900	\$595,700
Contribution excess (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee Payroll										
(Water Authority fiscal year end)	\$4,293,917	\$4,184,228	\$4,314,686	\$4,213,397	\$3,991,415	\$3,893,563	\$3,924,590	\$3,776,376	\$3,589,958	\$3,715,880
Contributions as percentage of covered-employee payroll	14.83%	15.10%	15.66%	15.45%	14.24%	17.58%	19.06%	19.19%	19.41%	16.03%

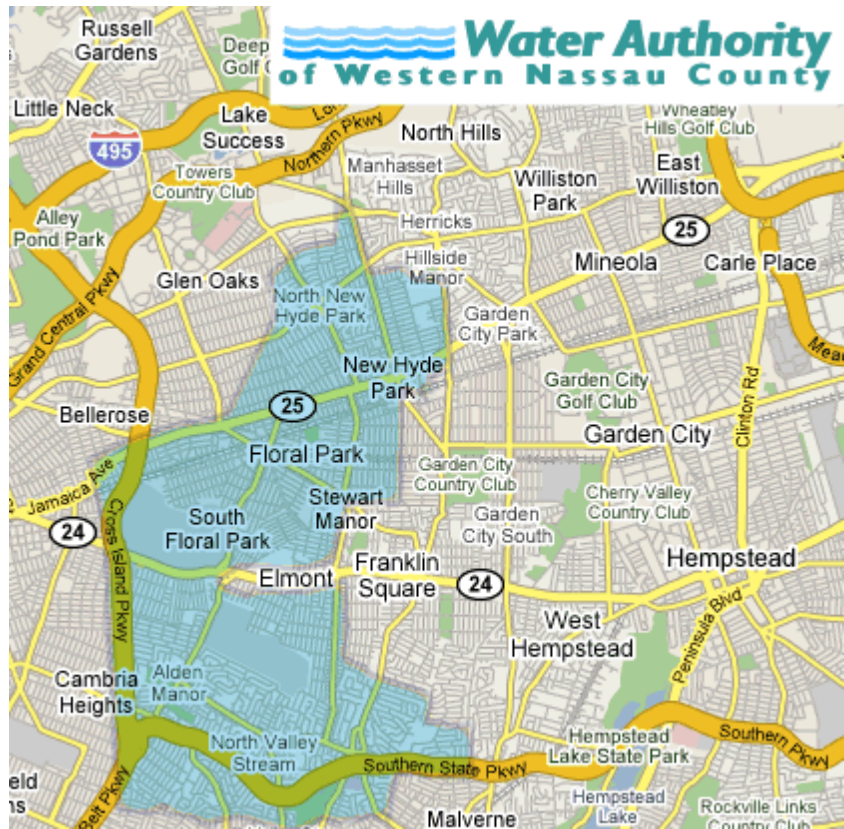
The notes to the Required Supplementary Information are an integral part of this schedule.

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SECTION C: STATISTICAL SECTION



WATER AUTHORITY OF WESTERN NASSAU COUNTY

STATISTICAL SECTION (UNAUDITED)

This section of the Water Authority of Western Nassau County's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Water Authority's overall financial health.

Contents Page

	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the Water Authority's financial performance has changed over time.</i>	93
Revenue Capacity <i>These schedules contain information to help the reader assess the Water Authority's most significant revenue source – water sales.</i>	101
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the Water Authority's current levels of outstanding debt and the Water Authority's ability to issue additional debt in the future</i>	107
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Water Authority's financial activities take place</i>	113
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Water Authority's financial report relates to services the Water Authority provides and the activities it performs.</i>	119

SECTION C: STATISTICAL SECTION

Financial Trends



WATER AUTHORITY OF WESTERN NASSAU COUNTY
STATEMENTS OF NET POSITION
LAST TEN FISCAL YEARS,

ASSETS	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Current assets										
Cash and cash equivalents	\$3,730,917	\$4,318,014	\$4,059,739	\$3,916,529	\$2,474,218	\$3,368,404	\$3,512,301	\$4,991,562	\$4,072,982	\$9,717,775
Rate stabilization fund & Customer deposit	560,000	560,000	570,000	1,070,000	1,070,000	1,070,000	1,522,000	2,000,000	2,000,000	5,000,368
Accounts receivable, net	405,653	535,186	678,043	1,224,755	731,733	985,325	746,158	693,310	808,942	1,223,845
Unbilled	1,950,000	2,241,000	1,810,000	1,850,000	2,180,000	3,030,000	3,386,000	3,107,000	2,904,000	2,908,000
Prepayments & other current assets	205,510	137,527	205,946	190,725	181,774	407,920	229,748	247,800	320,134	432,205
Materials and supplies,	218,512	253,955	235,586	286,575	306,120	215,056	263,632	292,394	330,692	285,822
Total current assets	7,070,592	8,045,682	7,559,314	8,538,584	6,943,845	9,076,705	9,659,839	11,332,066	10,436,750	19,568,015
Restricted cash & cash equivalents										
Customer deposits	949,312	990,612	1,029,887	1,077,947	1,121,523	1,166,383	1,195,202	1,226,335	1,249,973	1,270,614
Bond construction and reserve fund	11,752,270	11,272,406	10,783,178	14,335,018	18,306,030	31,996,608	18,525,277	16,955,161	28,703,287	17,932,832
Bond interest and payment fund	234,874	234,875	232,945	529,904	1,163,269	772,211	1,176,692	1,198,055	1,401,155	1,210,454
Total restricted cash and cash equivalents	12,936,456	12,497,893	12,046,010	15,942,869	20,590,822	33,935,202	20,897,171	19,379,551	31,354,415	20,413,900
Restricted investments										
Construction fund	9,956,005	3,811,774	309,970	54,553,311	47,776,615	28,441,487	24,676,259	17,910,164	1,990,250	-
Bond reserve fund	4,852,095	1,519,860	628,997	-	-	-	7,022,938	5,342,434	5,496,935	3,621,971
Total restricted investments	14,808,100	5,331,634	938,967	54,553,311	47,776,615	28,441,487	31,699,197	23,252,598	7,487,185	3,621,971
Capital and other assets										
Property, plant and equipment, net	52,433,616	63,873,372	68,063,563	69,888,539	72,887,677	79,908,512	87,136,943	99,370,881	102,665,698	117,638,458
Other assets	675,114	687,485	566,327	431,116	385,999	508,492	421,286	438,825	480,697	347,587
Total capital and other assets	53,108,730	64,560,857	68,629,890	70,319,655	73,273,676	80,417,004	87,558,229	99,809,706	103,146,395	117,986,045
Total non-current assets	80,853,286	82,390,384	81,614,867	140,815,835	141,641,113	142,793,693	140,154,597	142,441,855	141,987,995	142,021,916
Total assets	87,923,878	90,436,066	89,174,181	149,354,419	148,584,958	151,870,398	149,814,436	153,773,921	152,424,745	161,589,931
Deferred outflows										
Total deferred outflows	1,268,612	1,201,753	1,132,345	780,122	838,353	2,667,820	1,495,054	1,623,579	3,114,049	4,493,319
Source: Accounting Department										

WATER AUTHORITY OF WESTERN NASSAU COUNTY
STATEMENTS OF NET POSITION
LAST TEN FISCAL YEARS,
(Continued)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Liabilities and Net position										
Current liabilities:										
Accounts payable and accrued expenses	\$1,597,358	\$3,425,660	\$1,419,921	\$2,204,933	\$1,544,595	\$3,755,745	\$1,555,110	\$5,299,301	\$3,707,856	\$6,388,937
Unearned revenue	662,014	568,843	466,723	360,818	271,307	88,886	105,411	115,853	111,181	120,074
Accrued interest payable	388,747	383,460	377,905	271,896	836,740	820,114	806,460	794,681	831,955	823,845
Customer advance on construction	180,166	100,370	87,366	96,621	155,023	118,563	90,802	82,683	208,129	3,029,284
Water revenue bond payable	1,550,000	1,595,000	1,640,000	2,395,000	2,280,000	2,380,000	2,490,000	2,605,000	2,720,000	2,845,000
Accrued vacation and sick leave	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Total current liabilities	4,418,285	6,113,333	4,031,915	5,369,268	5,127,665	7,203,308	5,087,783	8,937,518	7,619,121	13,247,140
Noncurrent liabilities:										
Water revenue bonds payable & premium	67,578,373	65,924,806	64,215,818	119,683,201	117,030,506	114,275,418	111,409,326	108,427,617	105,330,908	101,425,363
Customer and other deposits	1,009,232	1,050,528	1,089,817	1,137,911	1,181,447	1,209,885	1,239,050	1,273,306	1,303,883	1,317,868
Due to employee retirement system	-	-	-	629,685	470,745	2,240,809	1,265,663	442,184	958,653	3,442,508
Other post-employment benefits	1,408,447	1,734,981	2,059,485	2,378,838	2,738,036	3,100,611	6,040,696	6,764,056	7,598,949	10,656,417
Accrued vacation and sick leave	778,900	788,100	820,100	848,500	858,500	910,900	909,500	932,400	1,115,600	1,345,400
Total noncurrent liabilities	70,774,952	69,498,415	68,185,220	124,678,135	122,279,234	121,737,623	120,864,235	117,839,563	116,307,993	118,187,556
Total liabilities	75,193,237	75,611,748	72,217,135	130,047,403	127,406,899	128,940,931	125,952,018	126,777,081	123,927,114	131,434,696
Deferred inflows										
Total deferred inflows	-	-	-	-	-	265,600	208,189	807,186	1,499,012	1,168,346
Net Position										
Net investment in capital assets	11,525,474	14,543,793	15,436,386	17,286,185	20,874,337	24,508,287	24,676,970	26,988,565	32,230,802	32,125,071
Restricted for rate stabilization	560,000	560,000	570,000	1,070,000	1,070,000	1,070,000	1,522,000	2,000,000	2,000,000	2,000,000
Unrestricted	1,913,779	922,278	2,083,005	1,730,953	72,075	(246,600)	(1,049,687)	(1,175,332)	(4,118,134)	(644,863)
Total net position	\$13,999,253	\$16,026,071	\$18,089,391	\$20,087,138	\$22,016,412	\$25,331,687	\$25,149,283	\$27,813,233	\$30,112,668	\$33,480,208

Source: Accounting Department

WATER AUTHORITY OF WESTERN NASSAU COUNTY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

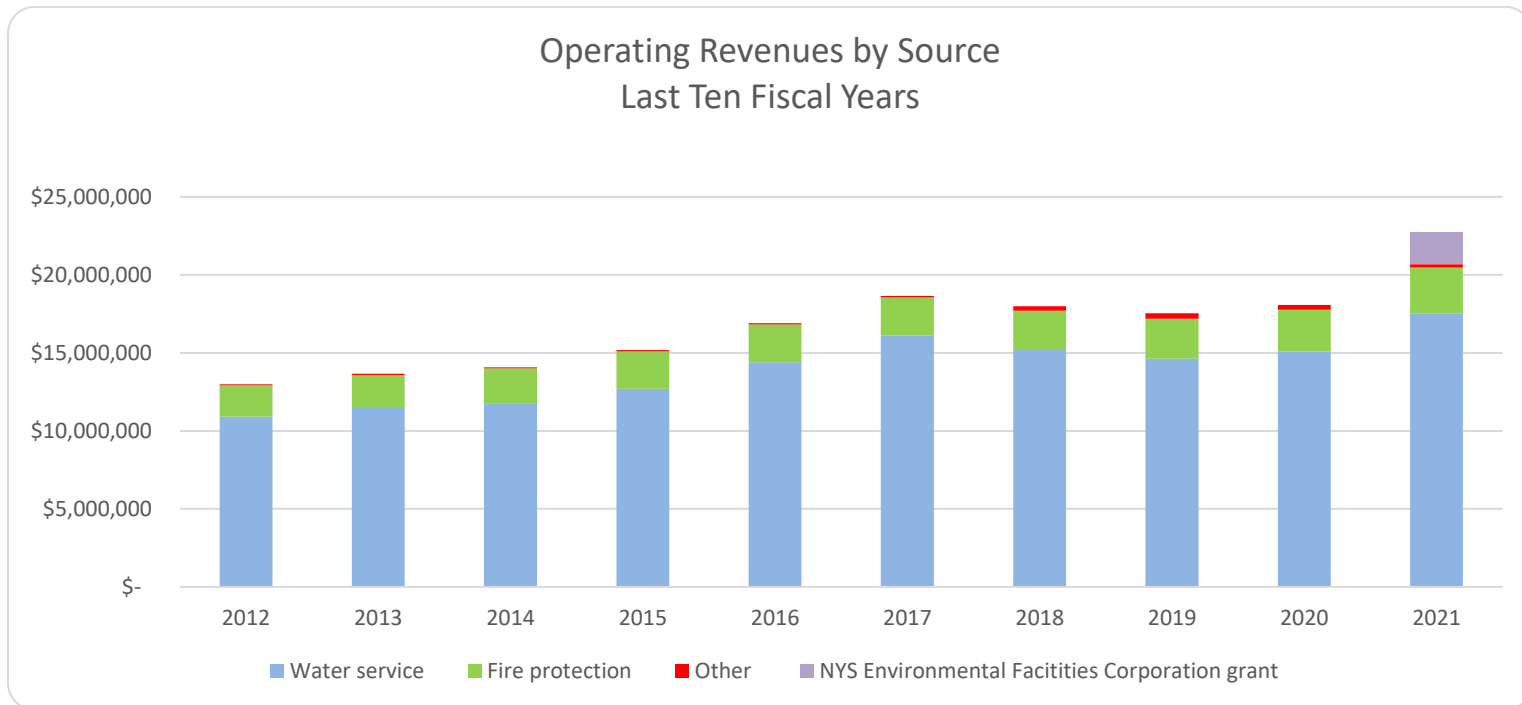
	LAST TEN FISCAL YEARS									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Water service	\$10,909,705	\$11,475,847	\$11,772,296	\$12,701,608	\$14,407,227	\$16,117,154	\$15,180,449	\$14,616,572	\$15,082,056	\$17,526,447
Fire protection	2,019,112	2,109,979	2,239,254	2,396,619	2,405,433	2,446,154	2,517,923	2,577,479	2,676,259	2,955,449
NYS Environmental Facilities corporation grant	-	-	-	-	-	-	-	-	-	2,029,221
Other water revenues	59,650	71,021	66,316	82,597	92,427	85,156	296,372	349,771	311,766	195,412
Total operating revenues	12,988,467	13,656,847	14,077,866	15,180,824	16,905,087	18,648,464	17,994,744	17,543,822	18,070,081	22,706,529
Operating expenses:										
Operations	6,154,917	6,682,648	7,155,325	6,840,640	6,541,974	6,721,012	6,911,418	7,181,705	7,773,228	8,330,718
Maintenance	1,845,803	1,924,246	1,913,099	2,131,416	2,086,055	2,559,011	2,419,097	2,384,844	2,404,909	2,710,866
Operating expenses before depreciation	8,000,720	8,606,894	9,068,424	8,972,056	8,628,029	9,280,023	9,330,515	9,566,549	10,178,137	11,041,584
Change in OPEB benefit terms	-	-	-	-	-	-	-	-	-	2,786,817
Depreciation	1,168,265	1,271,165	1,546,468	1,806,744	1,988,943	2,129,673	2,252,822	2,217,359	2,260,652	2,291,367
Total operating expenses	9,168,985	9,878,059	10,614,892	10,778,800	10,616,972	11,409,696	11,583,337	11,783,908	12,438,789	16,119,768
Operating income	3,819,482	3,778,788	3,462,974	4,402,024	6,288,115	7,238,768	6,411,407	5,759,914	5,631,292	6,586,761
Non-operating revenue (expense):										
Interest income	247,852	122,817	74,188	302,646	379,001	330,035	154,611	1,096,111	777,634	21,878
Miscellaneous income	357,310	375,320	375,941	346,696	332,936	316,216	291,647	303,506	319,827	330,168
Interest on long term debt	(2,624,800)	(2,226,107)	(1,825,291)	(3,261,740)	(5,046,242)	(4,545,208)	(4,435,696)	(4,471,045)	(4,404,782)	(3,546,731)
Other amortization, net	(34,528)	(24,000)	(24,492)	(24,504)	(24,536)	(24,536)	(24,536)	(24,536)	(24,536)	(24,536)
Total non-operating expenses	(2,054,166)	(1,751,970)	(1,399,654)	(2,636,902)	(4,358,841)	(3,923,493)	(4,013,974)	(3,095,964)	(3,331,857)	(3,219,221)
Change in net Position	1,765,316	2,026,818	2,063,320	1,765,122	1,929,274	3,315,275	2,397,433	2,663,950	2,299,435	3,367,540
GASB Statement Nos. 68 & 71 implementation	-	-	-	232,625	-	-	-	-	-	-
GASB Statement No75 implementation	-	-	-	-	-	-	(2,579,837)	-	-	-
Net position beginning	12,233,937	13,999,253	16,026,071	18,089,391	20,087,138	22,016,412	25,331,687	25,149,283	27,813,233	30,112,668
Net position ending	\$13,999,253	\$16,026,071	\$18,089,391	\$20,087,138	\$22,016,412	\$25,331,687	\$25,149,283	\$27,813,233	\$30,112,668	\$33,480,208

Source: Accounting Department

WATER AUTHORITY OF WESTERN NASSAU COUNTY
OPERATING REVENUE BY SOURCE
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water service	\$10,909,705	\$11,475,847	\$11,772,296	\$12,701,608	\$14,407,227	\$16,117,154	\$15,180,449	\$14,616,572	\$15,082,056	\$17,526,447
Fire protection	2,019,112	2,109,979	2,239,254	2,396,619	2,405,433	2,446,154	2,517,923	2,577,479	2,676,259	2,955,449
NYS Environmental Facilities corporation grant	--	-	-	-	-	-	-	-	-	2,029,221
Other water revenues	59,650	71,021	66,316	82,597	92,427	85,156	296,372	349,771	311,766	195,412
Total	\$12,988,467	\$13,656,847	\$14,077,866	\$15,180,824	\$16,905,087	\$18,648,464	\$17,994,744	\$17,543,822	\$18,070,081	\$22,706,529

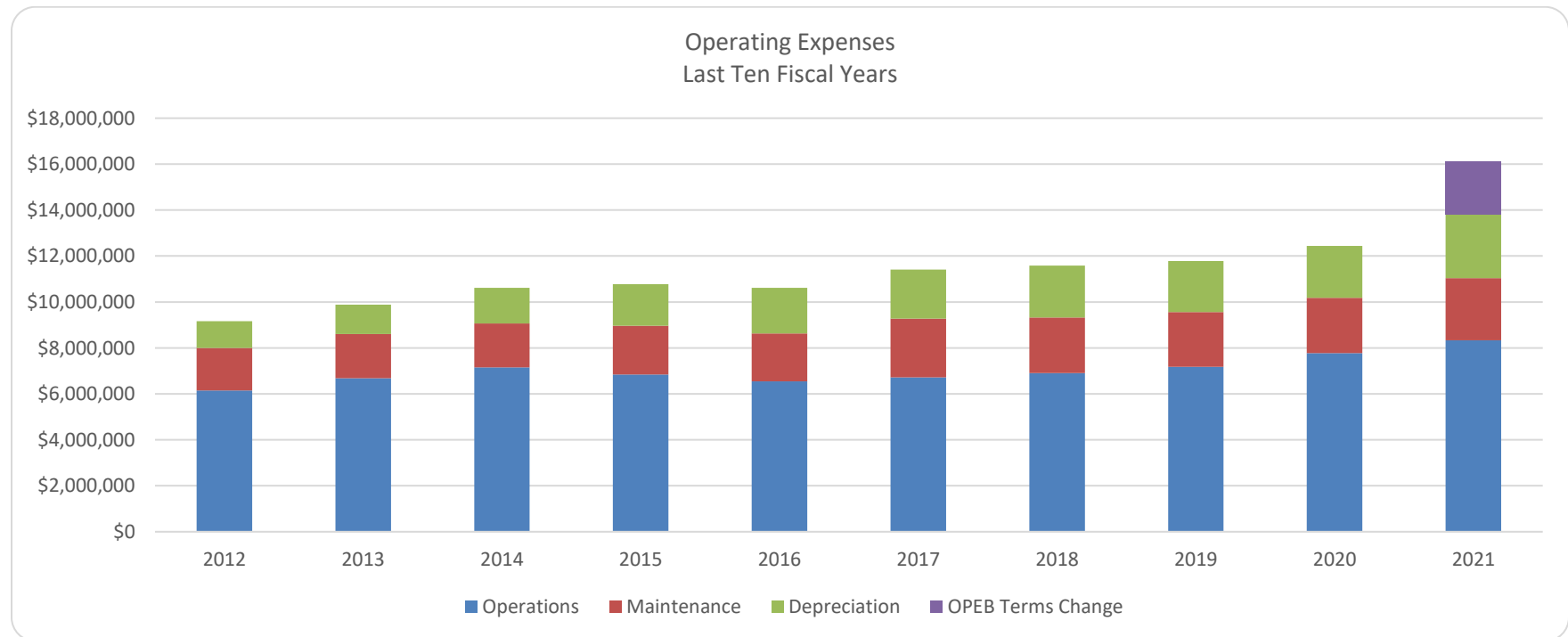
Source: Accounting Department



WATER AUTHORITY OF WESTERN NASSAU COUNTY
OPERATING EXPENSES
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operations	\$ 6,154,917	\$ 6,682,648	\$ 7,155,325	\$ 6,840,640	\$ 6,541,974	\$ 6,721,012	\$ 6,911,418	\$ 7,181,705	\$ 7,773,228	\$ 8,330,718
Maintenance	1,845,803	1,924,246	1,913,099	2,131,416	2,086,055	2,559,011	2,419,097	2,384,844	2,404,909	2,710,866
Change in OPEB benefit terms	-	-	-	-	-	-	-	-	-	2,786,817
Depreciation	1,168,265	1,271,165	1,546,468	1,806,744	1,988,943	2,129,673	2,252,822	2,217,359	2,260,652	2,291,367
Total operating expenses	<u>\$ 9,168,985</u>	<u>\$ 9,878,059</u>	<u>\$ 10,614,892</u>	<u>\$ 10,778,800</u>	<u>\$ 10,616,972</u>	<u>\$ 11,409,696</u>	<u>\$ 11,583,337</u>	<u>\$ 11,783,908</u>	<u>\$ 12,438,789</u>	<u>\$ 16,119,768</u>

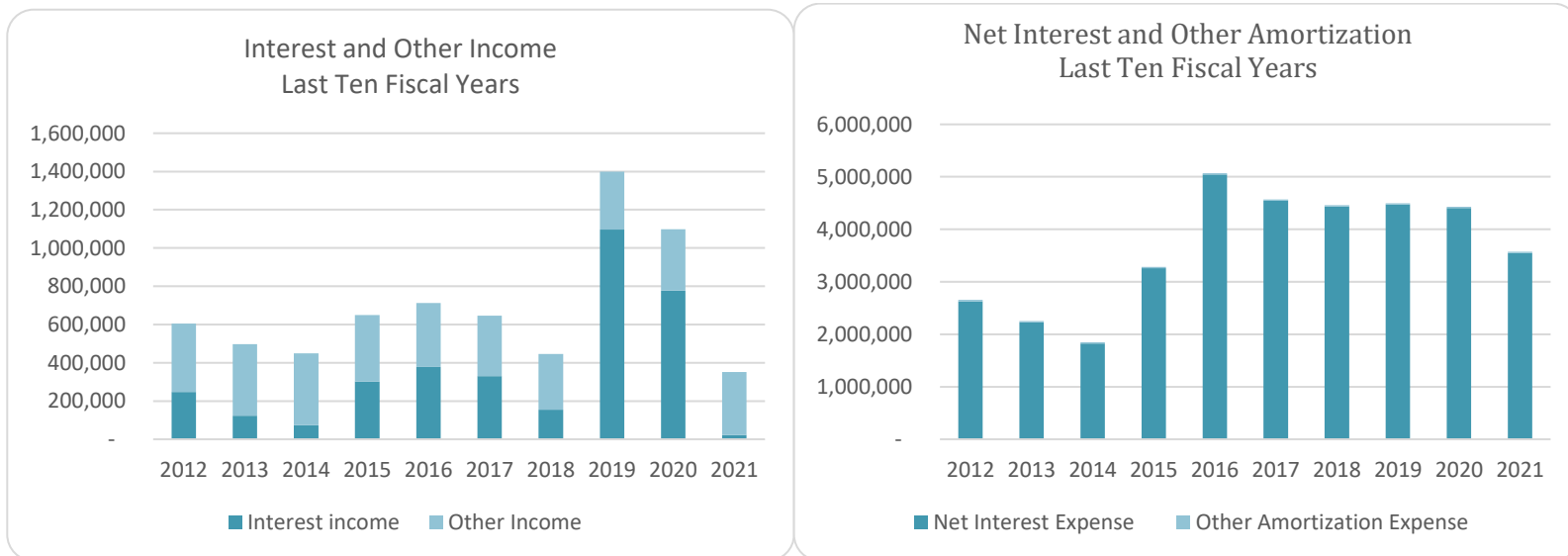
Source: Accounting Department



WATER AUTHORITY OF WESTERN NASSAU COUNTY
NON-OPERATING REVENUES AND EXPENSES
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Interest income	\$247,852	\$122,817	\$74,188	\$302,646	\$379,001	\$330,035	\$154,611	\$1,096,111	\$777,634	\$21,878
Miscellaneous income, net	357,310	375,320	375,941	346,696	332,936	316,216	291,647	303,506	319,827	330,168
Interest on long- term debt, net	(2,624,800)	(2,226,107)	(1,825,291)	(3,261,740)	(5,046,242)	(4,545,208)	(4,435,696)	(4,471,045)	(4,404,782)	(3,546,731)
Other amortization, net	(34,528)	(24,000)	(24,492)	(24,504)	(24,536)	(24,536)	(24,536)	(24,536)	(24,536)	(24,536)
Total non-operating expenses	<u>\$(2,054,166)</u>	<u>\$(1,751,970)</u>	<u>\$(1,399,654)</u>	<u>\$(2,636,902)</u>	<u>\$(4,358,841)</u>	<u>\$(3,923,493)</u>	<u>\$(4,013,974)</u>	<u>\$(3,095,964)</u>	<u>\$(3,331,857)</u>	<u>\$(3,219,221)</u>

Source: Accounting Department

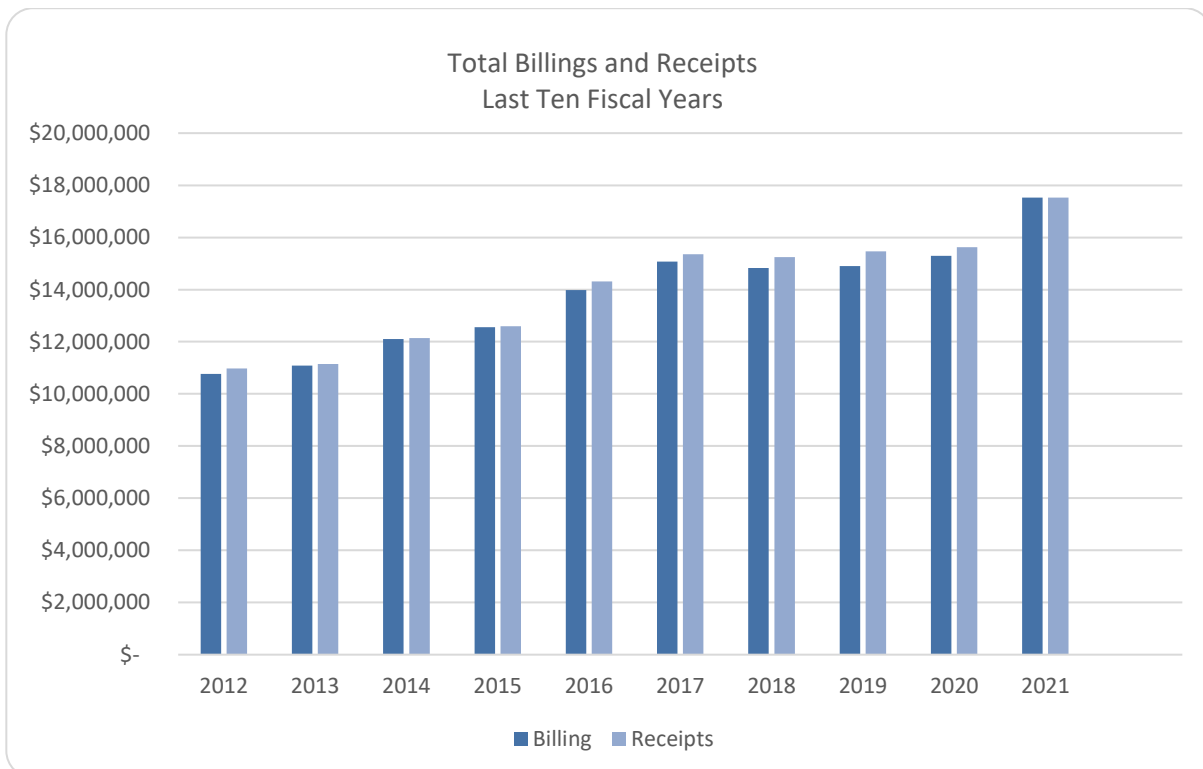


**WATER AUTHORITY OF WESTERN NASSAU COUNTY
HISTORICAL COLLECTION RATES
LAST TEN FISCAL YEARS**

Fiscal Year	Total Billing	Total Receipts	Percent Collected
2012	\$10,764,804	\$10,977,814	101.98%
2013	11,082,651	11,152,059	100.63%
2014	12,105,577	12,144,396	100.32%
2015	12,553,754	12,595,730	100.33%
2016	13,980,919	14,307,894	102.34%
2017	15,075,774	15,355,416	101.85%
2018	14,829,883	15,240,689	102.77%
2019	14,903,979	15,469,552	103.79%
2020	15,289,137	15,626,464	102.21%
2021	17,526,415	17,522,522	99.98%

* Excludes fire hydrants billings and receipts.

Source: Accounting Department



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SECTION C: STATISTICAL SECTION

Revenue Capacity

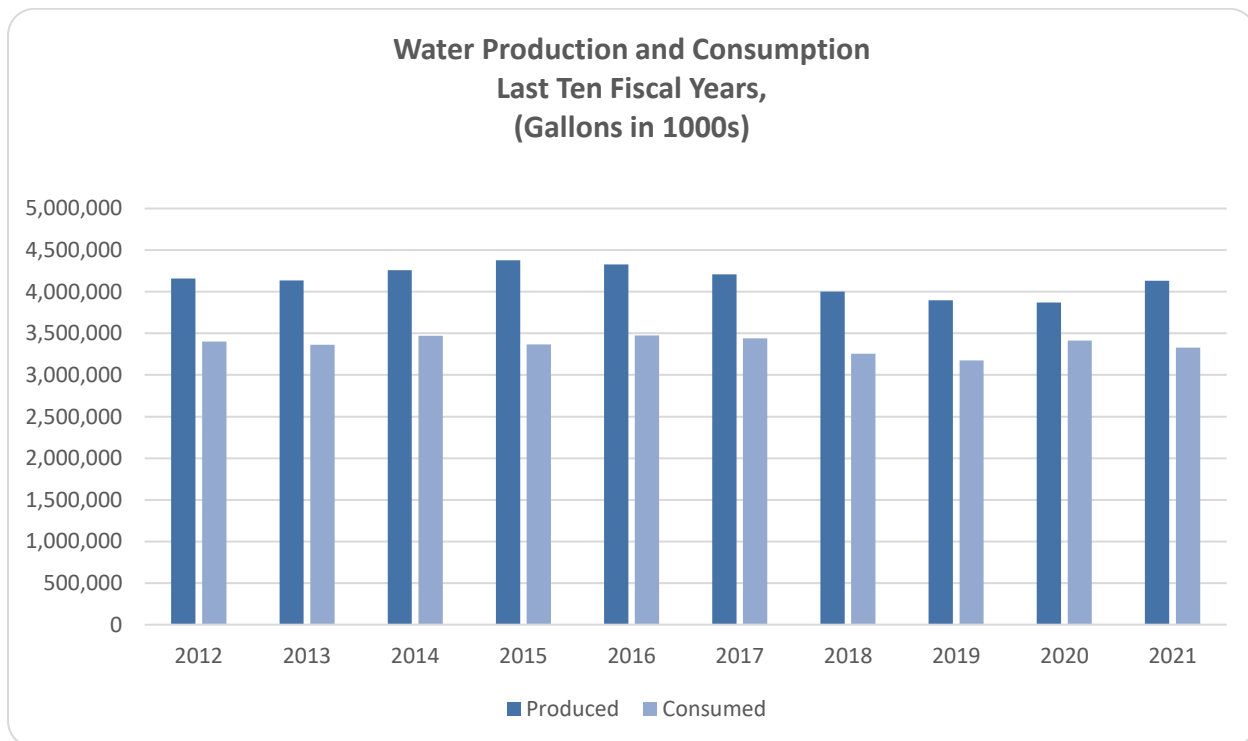


WATER AUTHORITY OF WESTERN NASSAU COUNTY
WATER PRODUCED AND CONSUMED
(In Thousands of Gallons)
LAST TEN FISCAL YEARS

Fiscal Year	Water Produced	Water Consumed	Unbilled Potable Water	Percent Unbilled (a)	Average Quarterly Charge Per Customer		Average Annual Charge
					Minimum Charge	Consumption Charge	
2012	4,159,000	3,401,000	758,000	18.20%	\$32.20	\$62.52	\$378.86
2013	4,137,000	3,363,000	774,000	18.70%	33.75	64.80	394.22
2014	4,258,000	3,470,000	788,000	18.50%	35.78	72.02	437.22
2015	4,378,000	3,367,000	1,011,000	23.10%	38.29	73.48	447.07
2016	4,328,000	3,476,000	852,000	19.69%	41.51	82.54	496.18
2017	4,208,000	3,441,000	767,000	18.23%	44.38	89.65	536.12
2018	4,002,000	3,254,000	748,000	18.69%	46.12	85.50	526.50
2019	3,897,000	3,174,000	723,000	18.55%	46.63	77.98	528.62
2020	3,871,000	3,413,000	458,000	11.83%	48.42	87.23	542.61
2021	4,131,000	3,328,000	803,000	19.44%	53.54	101.63	620.65

(a) Included in the water produced figures are planned programs including the annual main flushing and well and pump maintenance which results in higher percentages of unbilled water.

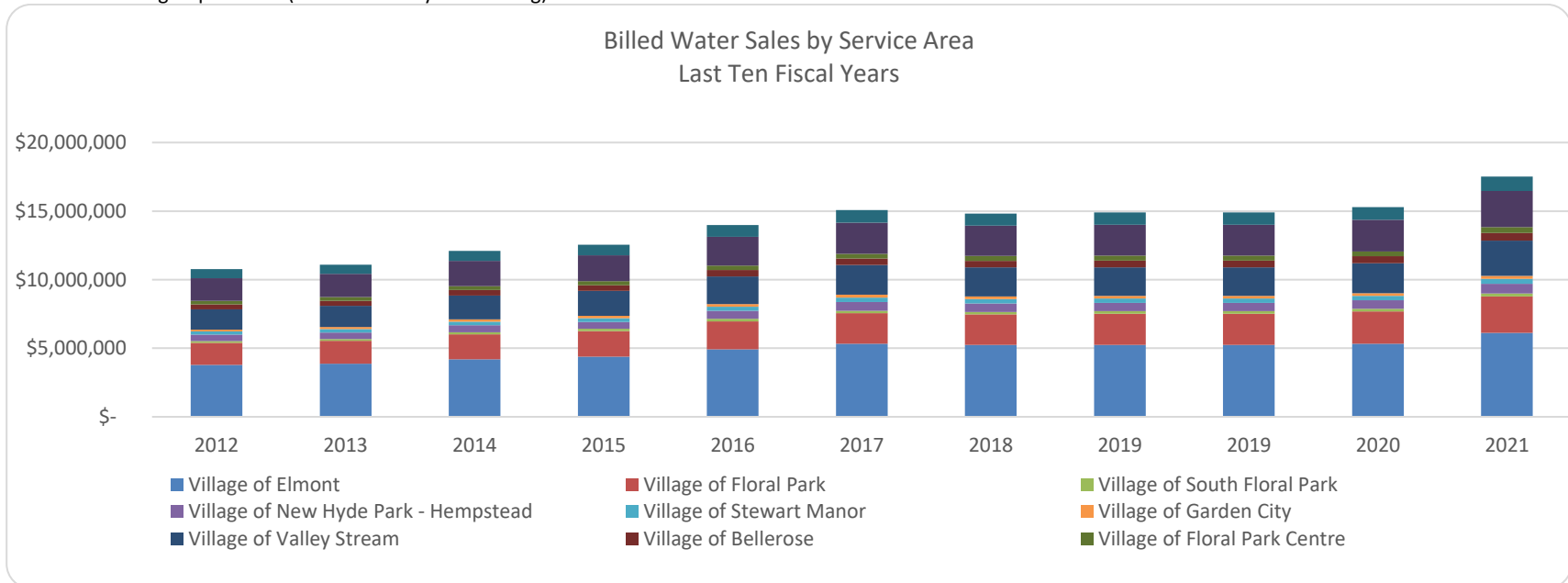
Source: Accounting Department



WATER AUTHORITY OF WESTERN NASSAU COUNTY
BILLED WATER SALES BY SERVICE AREA
LAST TEN FISCAL YEARS

Service Area	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Village of Elmont	\$ 3,790,032	\$ 3,874,622	\$ 4,190,560	\$ 4,384,296	\$ 4,919,907	\$ 5,326,861	\$ 5,244,789	\$ 5,253,604	\$ 5,326,876	\$ 6,130,691
Village of Floral Park	1,603,562	1,658,847	1,828,007	1,861,490	2,039,630	2,225,536	2,220,867	2,259,076	2,360,846	2,638,223
Village of South Floral Park	133,361	145,064	154,414	165,273	183,830	185,519	181,538	186,434	188,069	224,446
Village of New Hyde Park - Hempstead	460,808	469,049	497,942	511,696	579,847	628,522	618,646	606,459	620,747	697,098
Village of Stewart Manor	231,316	247,190	274,910	277,859	315,836	331,748	325,532	316,680	324,187	368,693
Village of Garden City	139,437	148,798	168,303	164,393	186,277	198,364	189,539	190,394	193,774	224,769
Village of Valley Stream	1,480,146	1,551,599	1,731,468	1,817,399	2,019,127	2,164,807	2,114,969	2,093,450	2,185,095	2,571,970
Village of Bellerose	352,349	365,199	398,272	415,129	453,713	487,400	484,114	495,055	506,091	558,068
Village of Floral Park Centre	256,324	269,043	294,433	293,575	323,938	343,966	346,035	351,226	353,057	415,375
New Hyde Park North Hempstead	1,663,522	1,698,090	1,836,022	1,885,243	2,097,012	2,270,598	2,215,976	2,254,210	2,305,087	2,648,936
Franklin Square	653,947	655,150	731,246	777,401	861,802	912,453	887,878	897,391	925,308	1,048,145
Total	\$10,764,804	\$11,082,651	\$12,105,577	\$12,553,754	\$13,980,919	\$15,075,774	\$14,829,883	\$14,903,979	\$15,289,137	\$17,526,414

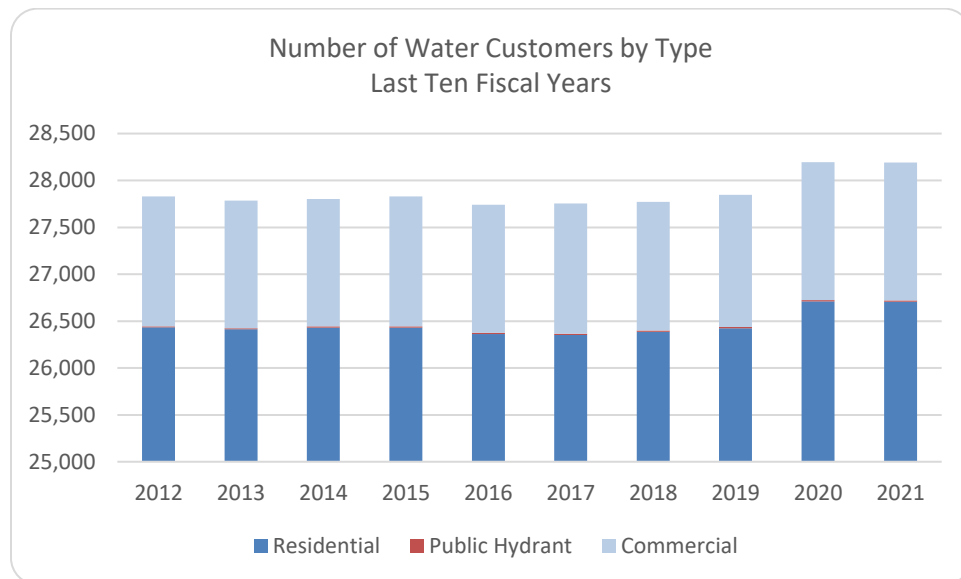
Source: Accounting Department (Excludes fire hydrant billing).



WATER AUTHORITY OF WESTERN NASSAU COUNTY
NUMBER OF WATER CUSTOMERS BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Residential Customers	Public Fire Hydrant Customers	Commercial Customers	Total Customers
2012	26,432	13	1,385	27,830
2013	26,412	13	1,360	27,785
2014	26,430	13	1,359	27,802
2015	26,430	13	1,385	27,828
2016	26,363	13	1,366	27,742
2017	26,352	13	1,390	27,755
2018	26,387	13	1,372	27,772
2019	26,425	13	1,407	27,845
2020	26,710	13	1,470	28,193
2021	26,708	13	1,469	28,190

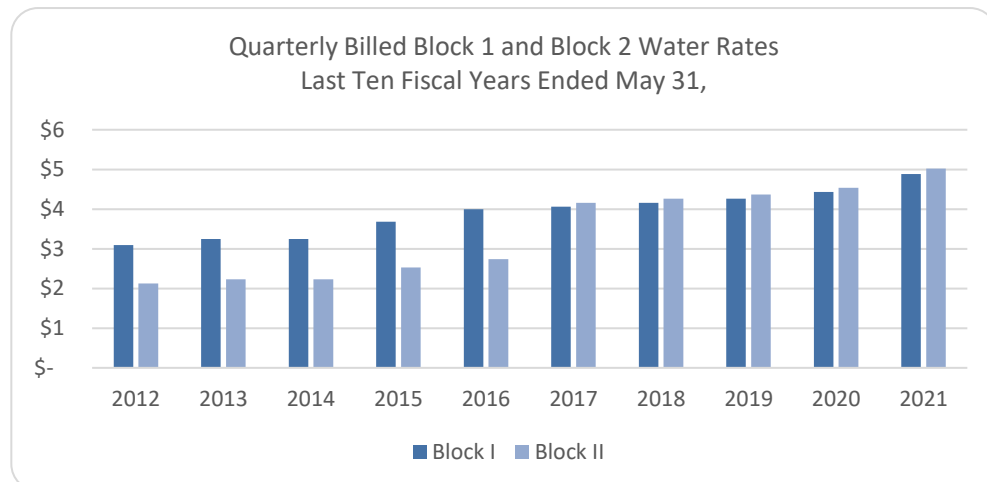
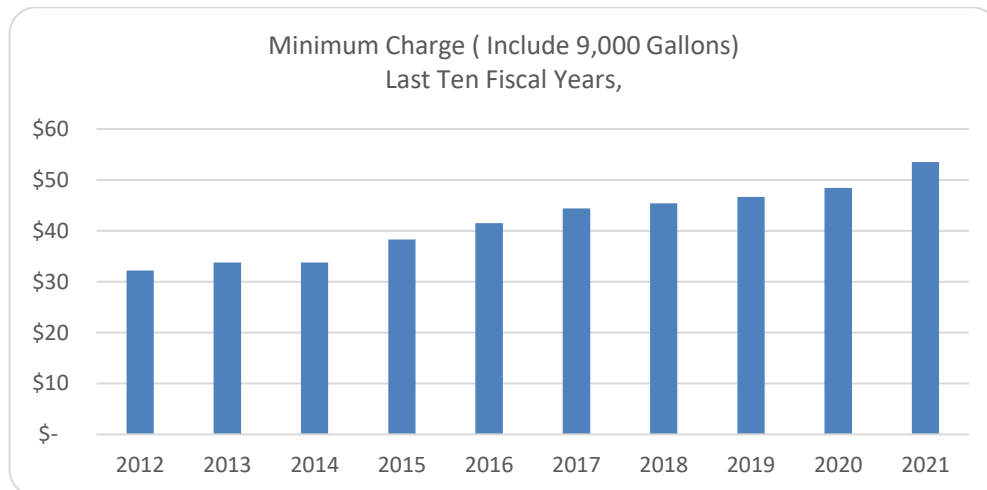
Source: Accounting Department.



WATER AUTHORITY OF WESTERN NASSAU COUNTY
QUARTERLY BILLED WATER RATES
LAST TEN FISCAL YEARS

Year	Water Rates Minimum	Water Rates Per 1,000 Gallons	
		Block I	Block II
2012	\$32.20	\$3.097	\$2.125
2013	33.75	3.246	2.228
2014	33.75	3.246	2.228
2015	38.29	3.683	2.527
2016	41.51	3.993	2.739
2017	44.38	4.060	4.160
2018	45.39	4.162	4.264
2019	46.63	4.266	4.371
2020	48.42	4.430	4.540
2021	53.54	4.897	5.018

Source: Accounting Department



WATER AUTHORITY OF WESTERN NASSAU COUNTY
ANNUAL BILLINGS OF TEN LARGEST CUSTOMERS
LAST TEN FISCAL YEARS

Customer Name	2012		2013		2014		2015		2016	
	Amount	Amount	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
NY Racing Association	\$436,303	\$436,303	\$411,911	3.71%	\$413,824	3.42%	\$484,418	3.86%	\$600,397	4.30%
Valley Park Owners Co	59,042	59,042	59,974	0.54%	65,713	0.54%	74,009	0.59%	78,548	0.56%
Franklin Hospital Medical Center	55,821	55,821	57,711	0.52%	58,106	0.48%	62,679	0.50%	71,152	0.51%
Broadval LLC/Dutchcon LLC	14,536	14,536	22,141	0.20%	25,210	0.21%	33,936	0.27%	39,465	0.28%
Village of Floral Park	27,026	27,026	45,559	0.41%	40,298	0.33%	38,677	0.31%	39,918	0.29%
Flower View Gardens	38,397	38,397	29,974	0.27%	31,825	0.26%	36,703	0.29%	40,069	0.29%
Town of North Hempstead	-	-	-	-	-	-	-	-	-	-
Central High School District 2	15,971	15,971	31,130	0.28%	36,672	0.30%	30,499	0.24%	22,199	0.16%
YS FRANKLIN INC.	13,058	13,058	13,875	0.13%	16,629	0.14%	17,514	0.14%	18,716	0.13%
Utica Avenue Hotel LLC.	-	--	-	-	-	-	-	-	-	-
Elmont School District	12,834	12,834	16,007	0.14%	17,477	0.14%	19,854	0.16%	28,858	0.21%
Central High School District 1	6,923	6,923	6,420	0.06%-	12,340	0.10%	6,218	0.05%	9,862	0.07%-

Customer Name	2017		2018		2019		2020		2021		
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Rank
NY Racing Association	\$811,731	5.38%	\$817,096	5.51%	\$796,377	5.51%	\$751,297	4.91%	\$699,562	6.31%	1
Valley Park Owners Co	100,568	0.67%	98,291	0.66%	100,072	0.72%	120,243	0.79%	117,001	1.06%	2
Franklin Hospital Medical Center	104,685	0.69%	106,108	0.72%	103,352	0.66%	103,142	0.67%	102,521	0.93%	3
Broadval LLC/Dutchcon LLC	69,779	0.46%	77,507	0.52%	80,727	0.44%	81,501	0.53%	77,859	0.70%	4
Village of Floral Park	63,185	0.42%	64,912	0.44%	79,525	0.52%	111,961	0.73%	72,425	0.65%	5
Flower View Gardens	45,807	0.30%	57,280	0.39%	54,625	0.39%	49,971	0.33%	54,279	0.49%	6
Town of North Hempstead	-	-	-	-	-	-	-	-	42,707	.039%	7
Central High School District 2	47,927	0.32%	39,600	0.27%	49,807	0.27%	43,007	0.28%	37,179	0.34%	8
YS FRANKLIN INC.	26,312	0.18%	28,065	0.19%	28,809	0.19%	29,185	0.19%	26,944	0.24%	9
Utica Avenue Hotel LLC.	-	-	-	-	-	-	-	-	26,356	0.24%	10
Elmont School District	41,762	0.28%	30,562	0.21%	29,854	0.19%	30,241	0.20%	-	-	-
Central High School District 1	37,476	0.25%	27,537	0.19%	28,653	0.21%	26,931	0.18%	-	-	-

Source: Accounting Department

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SECTION C: STATISTICAL SECTION

Debt Capacity



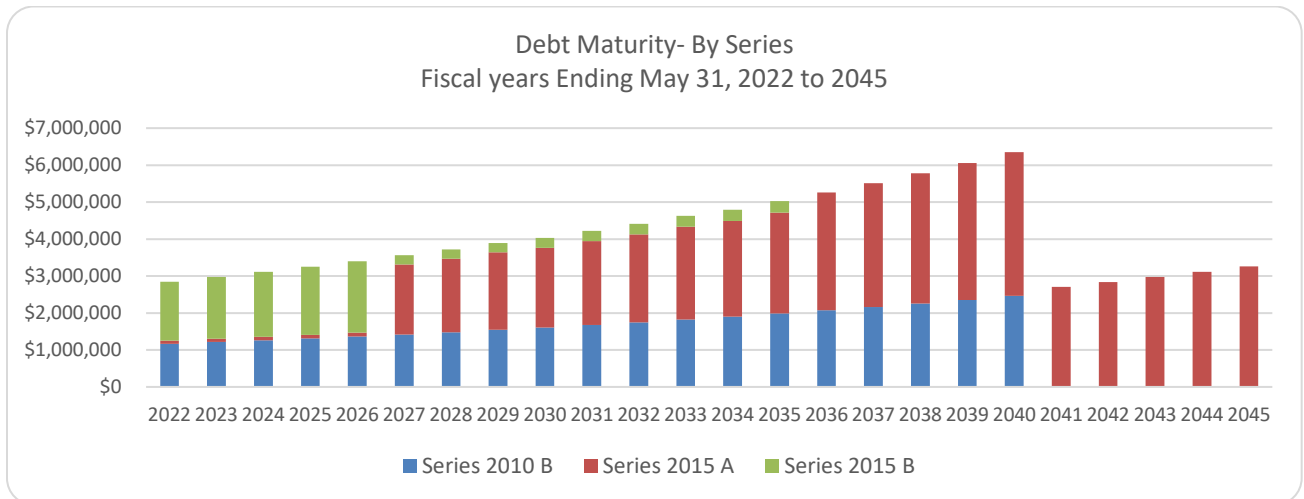
WATER AUTHORITY OF WESTERN NASSAU COUNTY
AMOUNTS, RATIOS AND PER CAPITA AMOUNTS OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS
(In Thousands)

Debt by Type	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water Revenue Bonds, Series 2005										
Serial Bonds 3.00% - 5.00%, due through 2026	\$22,390	\$21,210	\$19,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Term Bonds 5.00%, due 2030	2,015	2,015	2,015	-	-	-	-	-	-	-
Term Bonds 5.00%, due 2035	3,150	3,150	3,150	-	-	-	-	-	-	-
Subtotal Series 2005	27,555	26,375	25,150	-	-	-	-	-	-	-
Premium on Series 2005	1,375	1,317	1,258	-	-	-	-	-	-	-
Subtotal Series 2005 and premium	28,930	27,692	26,408	-	-	-	-	-	-	-
Water Revenue Bonds Series 2010										
Serial Bonds A 2.00% - 4.00%, due through 2020	6,140	5,770	5,400	5,025	4,090	3,125	2,125	1,085	1,125	-
Term Bonds B 6.00% - 6.70%, due through 2040	33,965	33,965	33,965	33,965	33,965	33,965	33,965	33,965	32,840	32,840
Subtotal Series 2010	40,105	39,735	39,365	38,990	38,055	37,090	36,090	35,050	33,965	32,840
Premium on series 2010	94	93	83	78	66	51	35	20	4	-
Subtotal Series 2010 and premium	40,199	39,828	39,448	39,068	38,121	37,141	36,125	35,070	33,969	32,840
Water Revenue Bonds Series 2015										
Serial & Term Bonds A 4.00% - 5.00%, due through 2045	-	-	-	54,200	53,990	53,920	53,850	53,775	53,695	53,615
Serial Bonds B 3.00% - 5.00%, due through 2035	-	-	-	19,400	18,150	16,905	15,595	14,220	12,780	11,265
Subtotal Series 2015	-	-	-	73,600	72,140	70,825	69,445	67,995	66,475	64,880
Premium on series 2015	-	-	-	9,411	9,050	8,689	8,329	7,968	7,607	6,550
Subtotal Series 2015 and premium	-	-	-	83,011	81,190	79,514	77,774	75,963	74,082	71,430
Total long-term debt and premium	\$69,129	\$67,520	\$65,856	\$122,079	\$119,311	\$116,655	\$113,899	\$111,033	\$108,051	\$104,270
Percentage Series 2005	42%	41%	40%	-	-	-	-	-	-	-
Percentage Series 2010	58%	59%	60%	32%	32%	32%	32%	32%	32%	32%
Percentage Series 2015	-	-	-	68%	68%	68%	68%	68%	68%	68%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Per Capita Debt (dollars)										
Service area population	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Per capita debt (In Dollars)	\$576.07	\$562.67	\$548.80	\$1,017.32	\$994.25	\$972.13	\$949.16	\$925.28	\$900.42	\$872.67

WATER AUTHORITY OF WESTERN NASSAU COUNTY
DEBT MATURITY SCHEDULE BY SERIES
MAY 31, 2022

Year	Series 2010 B	Series 2015 A	Series 2015 B	Total
2022	\$1,170,000	\$85,000	\$1,590,000	\$2,845,000
2023	1,215,000	90,000	1,670,000	2,975,000
2024	1,265,000	95,000	1,750,000	3,110,000
2025	1,315,000	95,000	1,840,000	3,250,000
2026	1,365,000	105,000	1,930,000	3,400,000
2027	1,420,000	1,895,000	245,000	3,560,000
2028	1,480,000	1,990,000	250,000	3,720,000
2029	1,545,000	2,095,000	255,000	3,895,000
2030	1,610,000	2,155,000	265,000	4,030,000
2031	1,675,000	2,270,000	275,000	4,220,000
2032	1,750,000	2,380,000	285,000	4,415,000
2033	1,825,000	2,505,000	295,000	4,625,000
2034	1,905,000	2,585,000	305,000	4,795,000
2035	1,985,000	2,730,000	310,000	5,025,000
2036	2,075,000	3,185,000	-	5,260,000
2037	2,165,000	3,345,000	-	5,510,000
2038	2,260,000	3,520,000	-	5,780,000
2039	2,355,000	3,700,000	-	6,055,000
2040	2,460,000	3,890,000	-	6,350,000
2041	-	2,710,000	-	2,710,000
2042	-	2,840,000	-	2,840,000
2043	-	2,975,000	-	2,975,000
2044	-	3,115,000	-	3,115,000
2045	-	3,260,000	-	3,260,000
Total	\$ 32,840,000	\$ 53,615,000	\$ 11,265,000	\$ 97,720,000

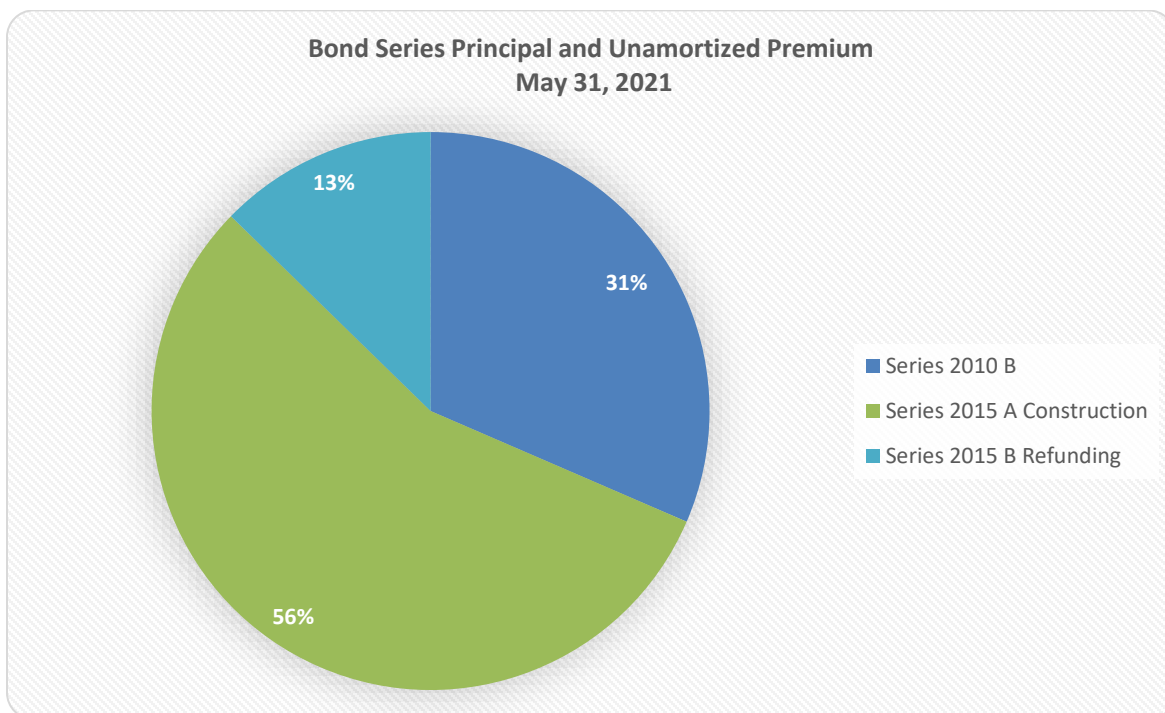
Source: Accounting Department



WATER AUTHORITY OF WESTERN NASSAU COUNTY
OUTSTANDING PRINCIPAL AND UNAMORTIZED PREMIUM BY BOND SERIES
MAY 31, 2021

Series	Principal Amount	Unamortized Premium	Total
Series 2010 B	\$ 32,840,000	\$ -	\$ 32,840,000
Series 2015 A Construction	53,615,000	4,577,618	58,192,618
Series 2015 B Refunding	11,265,000	1,972,744	13,237,744
Total	\$ 97,720,000	\$ 6,550,362	\$ 104,270,362

Source: Accounting Department



WATER AUTHORITY OF WESTERN NASSAU COUNTY
SCHEDULE OF DEBT SERVICE
MAY 31, 2021

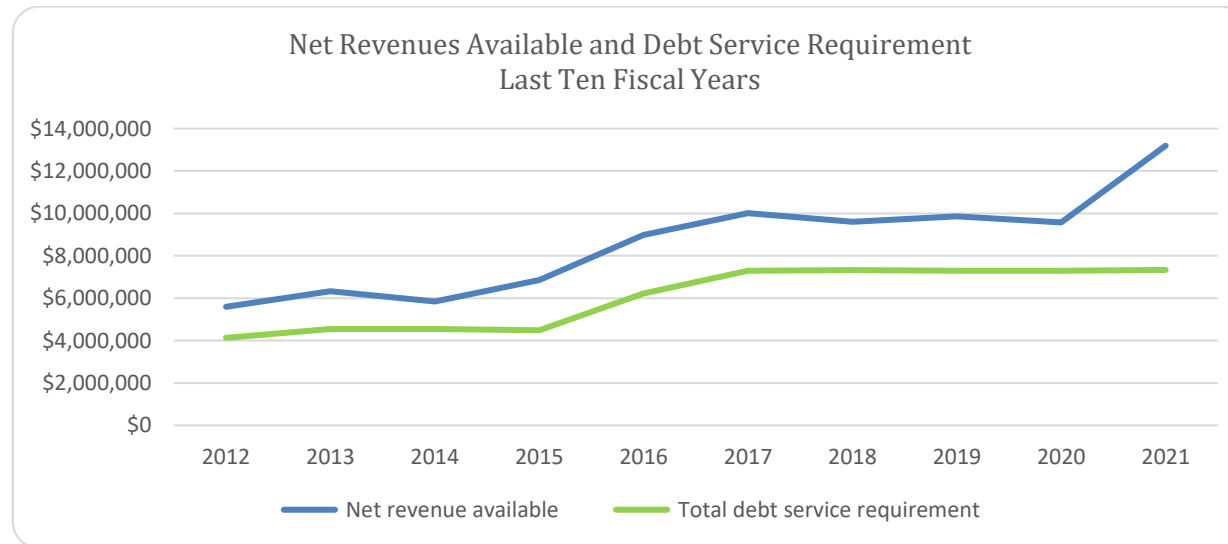
Year	<u>Series 2010 B</u>		<u>Build America Bond Subsidy</u>	<u>Series 2015A Construction</u>		<u>Series 2015 B Refunding</u>		Total
	Redemption	Interest	2010 B	Redemption	Interest	Redemption	Interest	
2022	\$1,170,000	\$2,147,601	\$(751,660)	\$85,000	\$2,536,613	\$1,590,000	\$517,981	\$7,295,535
2023	1,215,000	2,077,319	(727,062)	90,000	2,534,063	1,670,000	438,481	7,297,801
2024	1,265,000	2,004,334	(701,517)	95,000	2,531,362	1,750,000	354,981	7,299,160
2025	1,315,000	1,928,346	(674,921)	95,000	2,528,512	1,840,000	267,481	7,299,419
2026	1,365,000	1,849,354	(647,274)	105,000	2,525,663	1,930,000	175,481	7,303,224
2027	1,420,000	1,761,298	(616,454)	1,895,000	2,522,513	245,000	78,981	7,306,338
2028	1,480,000	1,669,693	(584,393)	1,990,000	2,427,763	250,000	71,631	7,304,694
2029	1,545,000	1,574,219	(550,976)	2,095,000	2,328,262	255,000	64,131	7,310,636
2030	1,610,000	1,474,551	(516,093)	2,155,000	2,265,412	265,000	56,482	7,310,352
2031	1,675,000	1,370,690	(479,741)	2,270,000	2,157,662	275,000	48,200	7,316,811
2032	1,750,000	1,258,448	(440,457)	2,380,000	2,044,163	285,000	39,606	7,316,760
2033	1,825,000	1,141,180	(399,413)	2,505,000	1,925,163	295,000	30,344	7,322,274
2034	1,905,000	1,018,887	(356,610)	2,585,000	1,843,750	305,000	20,756	7,321,783
2035	1,985,000	891,233	(311,932)	2,730,000	1,714,500	310,000	10,463	7,329,264
2036	2,075,000	758,218	(265,376)	3,185,000	1,578,000	-	-	7,330,842
2037	2,165,000	619,172	(216,710)	3,345,000	1,418,750	-	-	7,331,212
2038	2,260,000	474,096	(165,934)	3,520,000	1,251,500	-	-	7,339,662
2039	2,355,000	322,653	(112,928)	3,700,000	1,075,500	-	-	7,340,225
2040	2,460,000	164,845	(57,696)	3,890,000	890,500	-	-	7,347,649
2041	-	-	-	2,710,000	696,000	-	-	3,406,000
2042	-	-	-	2,840,000	567,600	-	-	3,407,600
2043	-	-	-	2,975,000	434,000	-	-	3,409,000
2044	-	-	-	3,115,000	295,000	-	-	3,410,000
2045	-	-	-	3,260,000	150,400	-	-	3,410,400
Total	\$32,840,000	\$24,506,137	\$(8,577,147)	\$53,615,000	\$40,242,653	\$11,265,000	\$2,171,999	\$156,066,641

Source: Accounting Department

WATER AUTHORITY OF WESTERN NASSAU COUNTY
DEBT SERVICE COVERAGE
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total operating revenues	\$12,988,467	\$13,656,848	\$14,077,866	\$15,180,824	\$16,905,087	\$18,648,464	\$17,994,744	\$17,543,822	\$18,070,081	\$22,706,529
Total operating expenses	9,168,985	9,878,059	10,614,892	10,778,800	10,616,972	11,409,696	11,583,337	11,783,908	12,438,789	16,119,768
Operating income	3,819,482	3,778,789	3,462,974	4,402,024	6,288,115	7,238,768	6,411,407	5,759,914	5,631,292	6,586,761
Interest & other income	605,162	1,281,037	450,129	649,342	711,937	646,251	446,258	1,399,617	1,097,461	352,046
Add: Depreciation, Amortization and other	1,168,265	1,271,165	1,936,732	1,806,744	1,988,943	2,129,673	2,741,355	2,704,859	2,843,109	6,256,044
Net revenue available	5,592,909	6,330,991	5,849,835	6,858,110	8,988,995	10,014,692	9,599,020	9,864,390	9,571,862	13,194,851
Interest payments	2,624,800	2,992,499	2,945,386	2,840,080	3,824,539	5,011,149	4,949,291	4,803,011	4,690,411	4,613,402
Principal repayment	1,505,000	1,550,000	1,595,000	1,640,000	2,395,000	2,280,000	2,380,000	2,490,000	2,605,000	2,720,000
Total debt service requirement	\$4,129,800	\$4,542,499	\$4,540,386	\$4,480,080	\$6,219,530	\$7,291,149	\$7,329,291	\$7,293,011	\$7,295,411	\$7,333,402
Debt coverage ratio	1.35	1.39	1.29	1.53	1.45	1.38	1.31	1.35	1.31	1.80

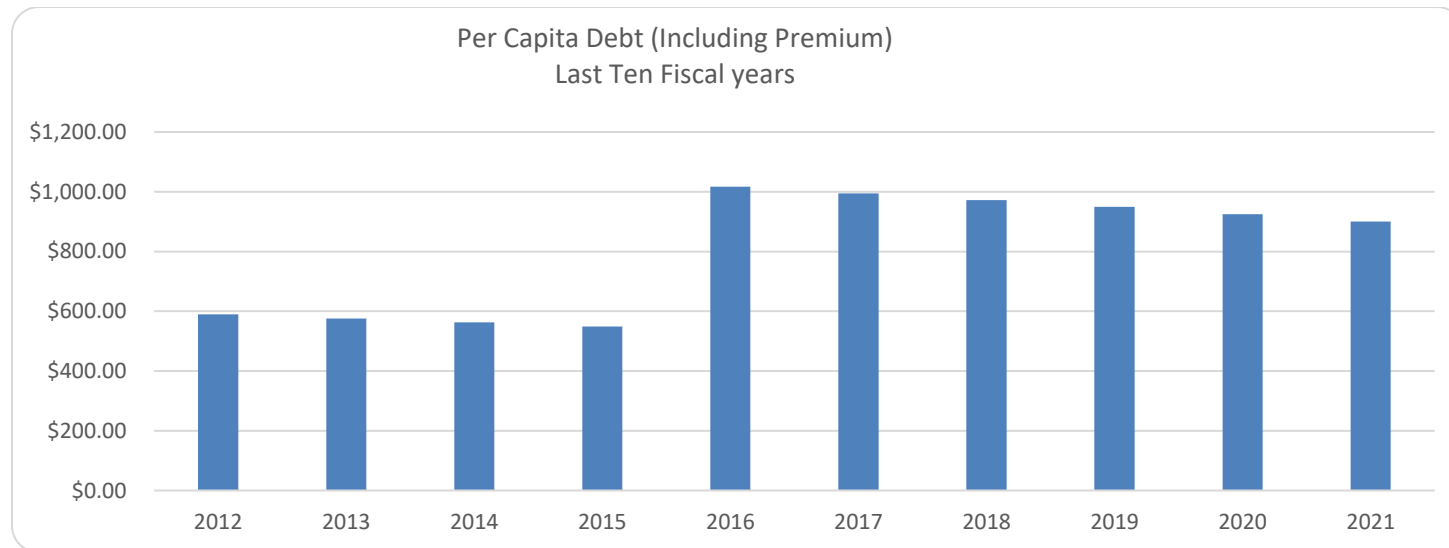
Source: Accounting Department.



WATER AUTHORITY OF WESTERN NASSAU COUNTY
WATER AUTHORITY PER CAPITA INDEBTEDNESS
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total outstanding indebtedness	\$67,660,000	\$66,110,000	\$64,515,000	\$112,590,000	\$110,195,000	\$107,915,000	\$105,535,000	\$103,045,000	\$100,440,000	97,720,000
Unamortized premium on revenue bonds	1,468,373	1,409,806	1,340,818	9,488,201	9,115,506	8,740,418	8,364,326	7,987,617	7,610,908	6,550,363
Total outstanding debt & unamortized premium	\$69,128,373	\$67,519,806	\$65,855,818	\$122,078,201	\$119,310,506	\$116,655,418	\$113,899,326	\$111,032,617	\$108,050,908	104,720,363
Population served	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Per capita debt (including premium)	\$576.07	\$562.67	\$548.80	\$1,017.32	\$994.25	\$972.13	\$949.16	\$925.28	\$900.42	\$872.67

Source: Accounting Department



SECTION C: STATISTICAL SECTION

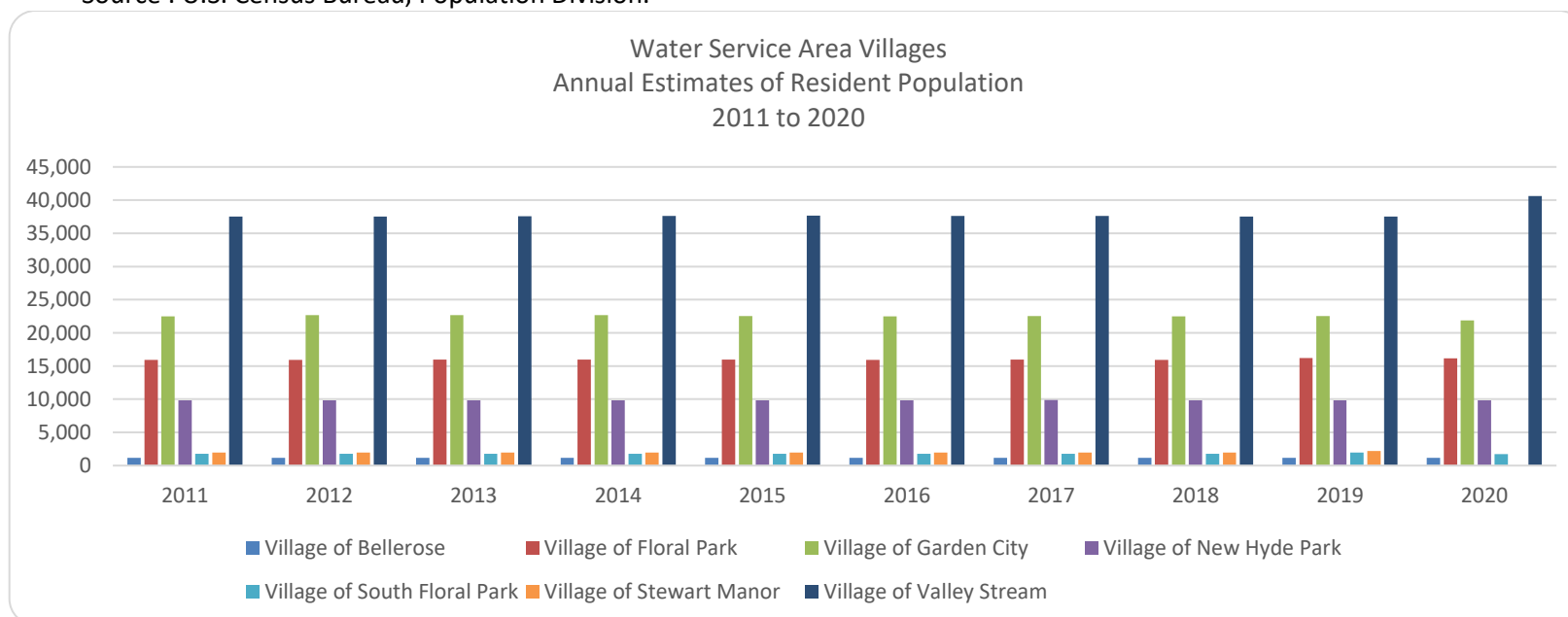
Demographic and Economic Information



WATER AUTHORITY OF WESTERN NASSAU COUNTY
WATER SERVICE AREA VILLAGES
ANNUAL ESTIMATES OF THE RESIDENT POPULATION
2011 TO 2020

Areas	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Village of Bellerose	1,171	1,173	1,171	1,172	1,171	1,170	1,170	1,165	1,178	1,173
Village of Floral Park	15,930	15,945	15,959	15,979	15,961	15,942	15,948	15,923	16,209	16,172
Village of Garden City	22,481	22,659	22,663	22,659	22,510	22,473	22,542	22,495	22,533	21,884
Village of New Hyde Park	9,815	9,831	9,840	9,850	9,842	9,842	9,866	9,842	9,846	10,257
Village of South Floral Park	1,777	1,777	1,779	1,781	1,783	1,788	1,787	1,787	1,986	1,741
Village of Stewart Manor	1,969	1,969	1,972	1,971	1,970	1,968	1,965	1,962	2,191	1,992
Village of Valley Stream	37,500	37,543	37,570	37,599	37,667	37,626	37,606	37,523	37,523	40,634

Source : U.S. Census Bureau, Population Division.



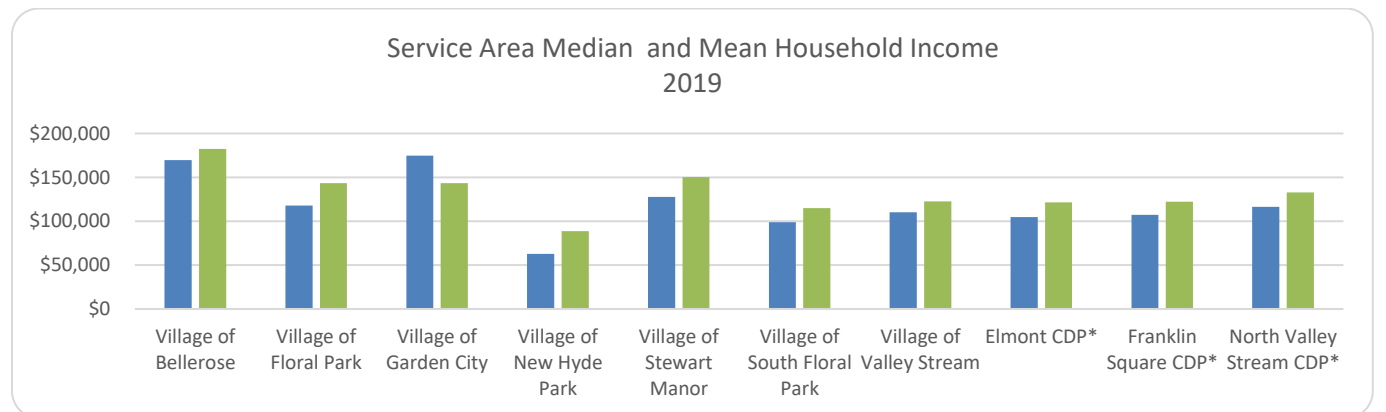
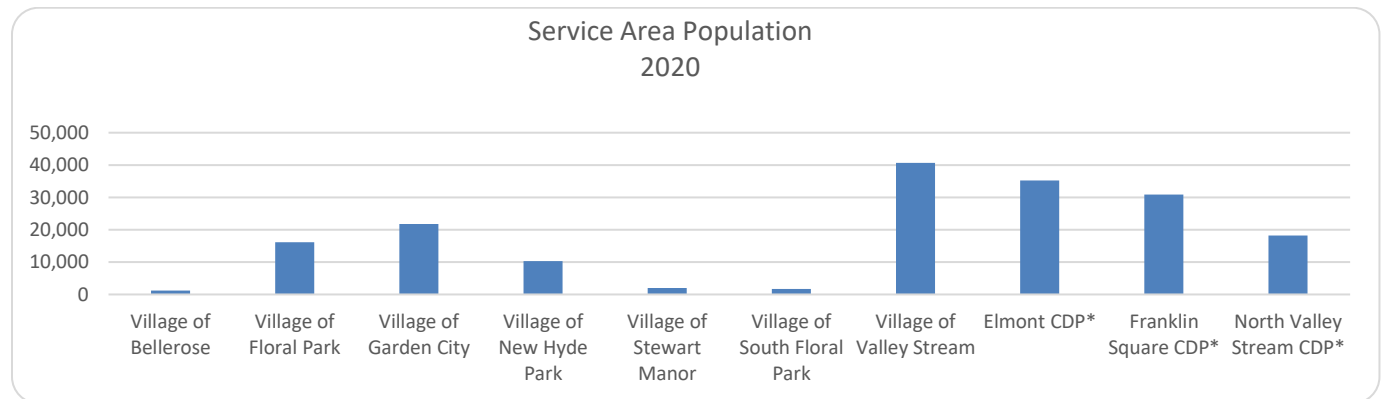
WATER AUTHORITY OF WESTERN NASSAU COUNTY
SERVICE AREA POPULATION, MEDIAN AGE, MEDIAN HOUSEHOLD INCOME
AND OCCUPIED HOUSING UNITS

Areas (a)	Population		Median Age		Household Income 2015-2019		Occupied Housing Units	
	2020	2010	2015-2019	2010	Median	Mean	2020	2010
Village of Bellerose	1,173	1,193	44.6	37.7	\$169,531	\$182,457	384	399
Village of Floral Park	16,172	15,863	42.7	41.0	117,857	143,229	5,746	5,630
Village of Garden City	21,804	22,371	43.8	40.8	174,886	143,229	7,513	7,087
Village of New Hyde Park	10,257	9,712	40.1	44.2	62,843	88,607	3,260	3,240
Village of Stewart Manor	1,992	1,896	47.2	40.4	127,546	150,357	691	723
Village of South Floral Park	1,741	1,764	38.1	43.2	98,864	114,947	507	497
Village of Valley Stream	40,634	37,511	43.4	38.2	110,189	122,524	12,494	11,626
Elmont CDP*	35,265	33,198	39.2	36.9	104,671	121,656	9,896	9,777
Franklin Square CDP*	30,903	29,320	41.1	42.5	107,415	122,175	9,903	9,992
North Valley Stream CDP*	18,197	16,628	43.0	38.8	116,224	132,697	5,447	5,101

The Water Authority serves a population of approximately 120,000 within the Town of Hempstead and the Town of North Hempstead. The Town of Hempstead component includes the incorporated villages of Bellerose, Floral Park, New Hyde Park, South Floral Park, Stewart Manor and portions of Garden City and Valley Stream. The area within the Town of Hempstead also includes the unincorporated areas of Bellerose Terrace, Elmont and portions of Franklin Square and North Valley Stream. The area within the Town of North Hempstead includes the unincorporated areas of Floral Park, Floral Park Centre and New Hyde Park. The latest data available is for 2019

* CDP is the abbreviation for Census Designated Place, the statistical counterpart of an incorporated place. CDPs are delineated to provide data for settled concentrations of populations.

Sources: U.S. Census Bureau's 2010 and 2020 Decennial Censuses and American Community Survey of 2015-2019.

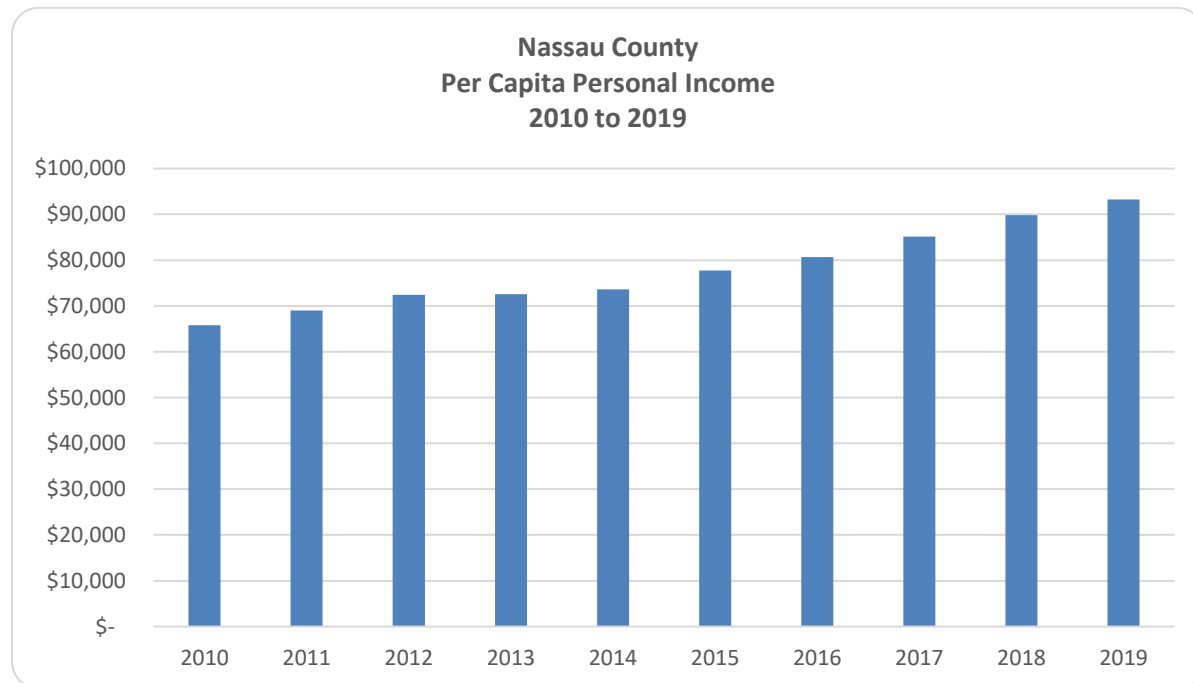


WATER AUTHORITY OF WESTERN NASSAU COUNTY
NASSAU COUNTY, NEW YORK, POPULATION, TOTAL PERSONAL INCOME
AND PER CAPITA PERSONAL INCOME AND UNEMPLOYMENT RATE
2010 TO 2020

Year	Total Personal Income (In Thousands) (a)	Population (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2010	\$88,218,382	1,341,882	\$65,761	7.30%
2011	92,904,849	1,347,270	68,979	6.90%
2012	97,887,881	1,350,924	72,460	7.10%
2013	98,311,077	1,354,842	72,549	6.10%
2014	100,046,324	1,358,673	73,618	4.80%
2015	105,860,697	1,361,350	77,762	4.30%
2016	109,859,435	1,361,500	80,690	4.00%
2017	115,629,528	1,357,664	85,168	4.10%
2018	122,032,177	1,358,343	89,839	3.50%
2019	126,521,571	1,356,924	93,241	3.30%
2020	N/A	1,395,774	N/A	8.40%

Source: US Department of Commerce, Bureau of Economic Analysis. Estimate of the annual per capita personal income for 2020 is not available.

- a. All dollar estimates are in current dollars (not adjusted for inflation).
- b. US Census Bureau midyear estimates, for 2010 to 2019. April 1, 2020, Census estimate for 2020.
- c. US Census Bureau midyear estimates.
- d. New York State Department of Labor, revised estimates.



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WATER AUTHORITY OF WESTERN NASSAU COUNTY
NASSAU COUNTY, NEW YORK, ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY
LAST TEN YEARS

Industry Title	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NAICS 00: Total, All Industries	586,165	588,790	596,302	604,709	612,815	621,953	628,993	632,387	632,135	563,168
NAICS 01: Total, All Private	504,936	510,770	519,169	526,876	534,792	543,980	551,469	554,868	554,158	488,507
NAICS 11: Agriculture, Forestry, Fishing and Hunting	207	205	173	175	173	191	194	213	217	175
NAICS 111: Crop Production	65	56	24	25	26	26	34	37	36	38
NAICS 112: Animal Production	-	-	6	66	65	68	-	59	54	28
NAICS 115: Agriculture & Forestry Support Activity	90	98	87	86	81	110	112	117	103	88
NAICS 22: Utilities *	-	-	2,465	3,637	3,757	3,883	4,041	3,900	3,867	3,176
NAICS 221: Utilities	-	-	2,465	3,637	3,757	3,883	4,041	3,900	3,867	3,176
NAICS 23: Construction	24,614	25,207	27,360	28,557	29,275	30,158	31,872	33,389	33,306	29,276
NAICS 236: Construction of Buildings	6,218	6,205	6,832	6,948	7,201	7,474	7,922	8,326	8,261	7,139
NAICS 237: Heavy and Civil Engineering Construction	1,699	1,768	1,828	1,923	2,205	2,257	2,340	2,540	2,757	2,335
NAICS 238: Specialty Trade Contractors	16,697	17,234	18,701	19,685	19,869	20,427	21,611	22,523	22,288	19,802
NAICS 31-33: Manufacturing	19,002	18,932	18,684	17,793	17,568	17,365	17,591	17,794	17,186	15,199
NAICS 311: Food Manufacturing	2,627	2,784	2,784	2,844	2,942	2,958	3,344	3,536	3,431	2,915
NAICS 312: Beverage & Tobacco Product Manufacturing	65	71	84	75	88	91	94	82	94	90
NAICS 313: Textile Mills	96	72	69	47	39	33	39	35	37	38
NAICS 314: Textile Product Mills	182	195	183	199	223	240	220	206	185	146
NAICS 315: Apparel Manufacturing	369	323	251	287	250	213	195	270	175	112
NAICS 321: Wood Product Manufacturing	233	210	236	160	195	166	156	263	126	123
NAICS 322: Paper Manufacturing	210	205	188	195	182	159	151	1,106	274	259
NAICS 323: Printing and Related Support Activities	1,228	1,170	1,196	1,110	1,079	1,105	1,039	987	1,013	924
NAICS 325: Chemical Manufacturing	920	1,253	1,179	1,044	992	979	998	1,376	918	852
NAICS 326: Plastics & Rubber Products Manufacturing	831	793	886	831	869	898	896	84	819	764
NAICS 327: Nonmetallic Mineral Product Manufacturing	262	388	372	435	450	483	489	2,228	490	457
NAICS 331: Primary Metal Manufacturing	92	90	116	110	112	94	93	1,853	77	72
NAICS 332: Fabricated Metal Product Manufacturing	2,205	2,149	2,100	2,104	2,141	2,123	2,204	1,947	2,302	2,005
NAICS 333: Machinery Manufacturing	2,843	2,484	2,387	2,197	2,176	1,967	1,868	571	1,729	1,570
NAICS 334: Computer and Electronic Product Mfg.	2,279	2,286	2,231	2,180	2,137	2,131	2,057	1,040	1,803	1,670
NAICS 335: Electrical Equipment and Appliances	357	358	366	361	450	489	551	820	569	589
NAICS 336: Transportation Equipment Manufacturing	2,233	2,151	1,981	1,600	1,166	1,072	1,055	1,372	1,047	947
NAICS 337: Furniture and Related Product Mfg.	692	705	788	781	803	803	790	17,794	775	672
NAICS 339: Miscellaneous Manufacturing	1,278	1,232	1,239	1,234	1,233	1,332	1,332	3,536	1,304	995
NAICS 42: Wholesale Trade	26,873	26,904	27,484	27,320	27,689	26,834	25,709	25,579	24,908	22,267
NAICS 423: Merchant Wholesalers, Durable Goods	13,387	13,228	13,781	13,788	14,120	13,621	11,932	12,025	11,638	10,215
NAICS 424: Merchant Wholesalers, Nondurable Goods	10,578	10,709	10,749	10,928	10,956	10,610	11,297	11,957	11,795	10,805
NAICS 425: Electronic Markets and Agents/Brokers	2,909	2,967	2,955	2,604	2,613	2,604	2,481	1,597	1,475	1,247
NAICS 44-45: Retail Trade	76,741	77,619	78,730	79,775	80,002	80,271	81,619	81,048	78,697	66,146
NAICS 441: Motor Vehicle and Parts Dealers	6,354	6,589	6,732	6,935	7,140	7,211	7,259	7,245	7,105	5,973
NAICS 442: Furniture and Home Furnishings Stores	3,280	3,445	3,040	3,026	3,049	3,016	3,300	3,231	3,135	2,520
NAICS 443: Electronics and Appliance Stores	3,474	3,401	3,230	3,355	3,541	3,292	3,274	3,077	2,967	2,571
NAICS 444: Building Material & Garden Supply Stores	4,718	4,587	5,486	5,531	5,472	5,541	5,522	5,420	5,392	4,671
NAICS 445: Food and Beverage Stores	16,676	16,825	16,954	17,617	17,862	17,988	18,912	18,854	18,497	17,170
NAICS 446: Health and Personal Care Stores	6,638	6,907	6,965	6,794	6,704	6,808	6,906	7,145	7,040	6,345
NAICS 447: Gasoline Stations	1,560	1,541	1,456	1,465	1,511	1,561	1,619	1,607	1,626	1,549
NAICS 448: Clothing and Clothing Accessories Stores	9,974	10,259	10,100	9,923	9,914	10,082	9,928	9,674	9,154	6,133
NAICS 451: Sporting Goods/Hobby/Book/Music Stores	3,294	3,394	3,394	3,619	3,775	3,862	3,780	3,601	3,436	2,629
NAICS 452: General Merchandise Stores	14,009	13,932	14,450	14,540	14,008	13,722	13,737	13,664	12,714	10,584
NAICS 453: Miscellaneous Store Retailers	3,673	3,830	3,572	3,625	3,526	3,670	3,892	4,056	3,928	2,982
NAICS 454: Nonstore Retailers	3,092	2,909	3,352	3,347	3,500	3,519	3,492	3,474	3,704	3,020
NAICS 48-49: Transportation and Warehousing	14,815	15,202	15,515	15,184	15,264	15,563	15,764	16,119	17,665	17,176
NAICS 481: Air Transportation	504	485	460	451	401	428	351	341	296	241
NAICS 483: Water Transportation	642	608	485	468	450	418	402	366	431	483
NAICS 484: Truck Transportation	1,944	2,054	2,168	2,239	2,245	2,359	2,432	2,527	2,524	2,312
NAICS 485: Transit and Ground Passenger Transport	4,502	5,464	5,636	5,187	5,094	4,992	4,768	4,661	4,461	3,198
NAICS 487: Scenic and Sightseeing Transportation	48	58	48	75	66	63	79	92	88	30
NAICS 488: Support Activities for Transportation	3,247	3,315	3,379	3,470	3,575	3,717	3,639	3,632	3,775	3,493
NAICS 492: Couriers and Messengers	3,307	2,572	2,587	2,620	2,684	2,856	3,224	3,396	3,958	4,992
NAICS 493: Warehousing and Storage	569	595	695	675	745	725	863	1,098	2,123	2,418

WATER AUTHORITY OF WESTERN NASSAU COUNTY
NASSAU COUNTY, NEW YORK, ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY
LAST TEN YEARS
(Continued)

Industry Title	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NAICS 51: Information	13,663	13,607	13,424	11,907	10,989	10,377	10,232	9,863	8,304	7,782
NAICS 511: Publishing Industries	2,327	2,238	2,083	1,913	1,575	1,570	1,654	1,557	1,373	1,237
NAICS 512: Motion Picture & Sound Recording Ind	1,784	1,877	1,593	831	797	822	697	732	771	394
NAICS 515: Broadcasting (except Internet)	-	-	-	650	624	631	641	498	569	713
NAICS 517: Telecommunications	3,203	2,980	2,984	6,761	6,426	5,832	5,643	5,466	4,017	3,469
NAICS 518: ISPs, Search Portals, & Data Processing	1,067	1,089	1,101	1,027	1,034	1,030	1,118	1,139	1,204	1,592
NAICS 519: Other Information Services	687	674	743	724	533	492	480	471	370	376
NAICS 52: Finance and Insurance	30,451	30,943	31,070	31,253	31,127	29,937	29,857	28,695	27,708	27,179
NAICS 522: Credit Intermediation & Related Activity	10,377	10,773	10,801	10,709	10,491	9,464	8,980	9,102	8,465	8,293
NAICS 523: Financial Investment & Related Activity	3,910	3,680	3,458	3,477	3,580	3,488	3,850	3,363	3,430	3,408
NAICS 524: Insurance Carriers & Related Activities	15,628	15,945	16,763	17,017	16,948	16,867	16,891	16,090	15,648	15,318
NAICS 525: Funds, Trusts & Other Financial Vehicles	536	547	46	45	109	117	135	139	165	159
NAICS 53: Real Estate and Rental and Leasing	9,628	9,895	9,747	10,316	10,390	10,676	10,890	10,607	10,315	9,750
NAICS 531: Real Estate	8,317	8,418	8,259	8,643	8,988	9,178	9,453	9,280	9,070	8,696
NAICS 532: Rental and Leasing Services	1,191	1,341	1,362	1,540	1,351	1,428	1,395	1,283	1,191	1,004
NAICS 533 : Lessors, Non-Financial Intangible Assets	119	136	127	134	52	70	42	44	53	51
NAICS 54: Professional and Technical Services	34,173	35,200	36,605	37,771	38,448	38,659	39,540	39,035	38,144	35,638
NAICS 541: Professional and Technical Services	34,173	35,200	36,605	37,771	38,448	38,659	39,540	39,035	38,144	35,638
NAICS 55: Management of Companies and Enterprises	6,501	6,981	6,462	6,604	6,716	7,345	7,461	7,371	6,633	5,993
NAICS 551: Management of Companies and Enterprises	6,501	6,981	6,462	6,604	6,716	7,345	7,461	7,371	6,633	5,993
NAICS 56: Administrative and Waste Services	28,819	29,243	29,443	30,086	30,509	32,334	31,943	30,199	30,663	26,692
NAICS 561: Administrative and Support Services	27,538	27,988	28,126	28,747	29,093	30,730	30,403	28,540	29,266	25,392
NAICS 562: Waste Management and Remediation	1,281	1,255	1,317	1,339	1,415	1,604	1,540	1,659	1,398	1,299
NAICS 61: Educational Services	19,678	20,167	19,900	19,864	20,305	20,813	20,762	21,156	21,259	17,420
NAICS 611: Educational Services	19,678	20,167	19,900	19,864	20,305	20,813	20,762	21,156	21,259	17,420
NAICS 62: Health Care and Social Assistance	114,455	113,402	114,014	115,383	120,248	125,379	128,661	134,024	139,939	132,893
NAICS 621: Ambulatory Health Care Services	42,156	43,025	43,828	44,813	46,675	47,593	48,035	50,171	53,179	49,006
NAICS 622: Hospitals	38,761	37,268	37,333	36,749	39,271	42,253	44,872	47,592	49,552	50,426
NAICS 623: Nursing and Residential Care Facilities	14,706	14,388	13,435	13,484	13,472	13,738	13,767	13,984	14,801	13,900
NAICS 624: Social Assistance	18,832	18,722	19,418	20,337	20,830	21,794	21,987	22,277	22,407	19,562
NAICS 71: Arts, Entertainment, and Recreation	11,199	11,303	11,842	11,911	11,910	11,707	12,508	12,474	12,293	7,829
NAICS 711: Performing Arts and Spectator Sports	3,910	3,932	4,070	4,026	3,715	3,368	3,351	3,242	3,163	1,982
NAICS 712: Museums, Parks and Historical Sites	317	309	326	324	319	335	362	347	338	208
NAICS 713: Amusement, Gambling & Recreation Ind	6,972	7,062	7,446	7,561	7,876	8,004	8,796	8,885	8,792	5,640
NAICS 72: Accommodation and Food Services	41,661	43,818	45,983	47,179	48,221	48,907	50,907	51,241	50,695	37,990
NAICS 721: Accommodation	2,340	2,466	2,472	2,380	2,359	2,379	2,639	2,751	2,646	1,631
NAICS 722: Food Services and Drinking Places	39,321	41,352	43,511	44,799	45,861	46,527	48,268	48,490	48,050	36,359
NAICS 81: Other Services, Ex. Public Admin	27,459	27,544	27,984	28,912	29,202	29,983	30,292	30,757	30,206	24,058
NAICS 811: Repair and Maintenance	6,581	6,443	6,398	6,595	6,660	6,681	6,665	6,714	6,587	5,794
NAICS 812: Personal and Laundry Services	10,812	10,824	11,187	11,885	12,309	12,953	13,528	14,031	13,868	9,895
NAICS 813: Membership Organizations & Associations	8,224	8,411	8,596	8,572	8,467	8,555	8,282	8,269	8,083	6,959
NAICS 814: Private Households	1,843	1,866	1,804	1,859	1,765	1,794	1,818	1,743	1,668	1,411
Total, All Government	81,229	78,020	77,133	77,833	78,023	77,973	77,524	77,519	77,977	74,661
Federal Government	5,468	5,264	5,218	5,155	5,201	5,258	5,227	5,035	5,019	5,405
State Government	3,644	2,557	2,220	3,107	3,143	3,162	3,277	3,316	3,341	3,365
Local Government	72,117	70,199	69,695	69,571	69,679	69,553	69,020	69,168	69,617	65,891
Unclassified	2,445	2,106	2,281	3,249	2,997	3,586	1,614	1,401	2,150	1,866
Unclassified	2,445	2,106	2,281	3,249	2,997	3,586	1,614	1,401	2,150	1,866

*Employment data and subtotals are as presented by the US Department of Labor. The 2020 numbers are preliminary estimates.

*Data for utilities were not segregated in 2011 and 2012.

Source: Quarterly Census of Employment and Wages, developed through a cooperative program between the State of New York and the Bureau of Labor Statistics.

WATER AUTHORITY OF WESTERN NASSAU COUNTY
NASSAU COUNTY, NEW YORK
AVERAGE ANNUAL EMPLOYMENT BY INDUSTRY
2011, 2020 AND FIRST QUARTER OF 2021

	2011			2020			First Quarter 2021		
	Average Employment	Percent of Total	Rank	Average Employment	Percent of Total	Rank	Average Employment	Percent of Total	Rank
NAICS 62: Health Care and Social Assistance	114,455	19.61%	1	132,893	23.60%	1	135,820	23.73%	1
Total, All Government	81,229	13.92%	2	74,661	13.26%	2	78,019	13.63%	2
NAICS 44-45: Retail Trade	76,741	13.15%	3	66,146	11.75%	3	68,295	11.93%	3
NAICS 72: Accommodation and Food Services	41,661	7.14%	4	37,990	6.75%	4	38,513	6.73%	4
NAICS 54: Professional and Technical Services	34,173	5.86%	5	35,638	6.33%	5	35,745	6.24%	5
NAICS 23: Construction	24,614	4.22%	10	29,276	5.20%	6	28,564	4.99%	6
NAICS 52: Finance and Insurance	30,451	5.22%	6	27,179	4.83%	7	27,611	4.82%	7
NAICS 56: Administrative and Waste Services	28,819	4.94%	7	26,692	4.74%	8	26,462	4.62%	8
NAICS 81: Other Services, Ex. Public Admin	27,459	4.70%	8	24,058	4.27%	9	24,619	4.30%	9
NAICS 42: Wholesale Trade	26,873	4.60%	9	22,267	3.95%	10	22,251	3.89%	10
NAICS 48-49: Transportation and Warehousing	14,815	2.54%	13	17,176	3.05%	12	17,571	3.07%	11
NAICS 61: Educational Services	19,678	3.37%	11	17,420	3.09%	11	17,420	3.04%	12
NAICS 31-33: Manufacturing	19,002	3.26%	12	15,199	2.70%	13	15,697	2.74%	13
NAICS 53: Real Estate and Rental and Leasing	9,628	1.65%	16	9,750	1.73%	14	9,827	1.72%	14
NAICS 51: Information	13,663	2.34%	14	7,782	1.38%	16	7,365	1.29%	15
NAICS 71: Arts, Entertainment, and Recreation	11,199	1.92%	15	7,829	1.39%	15	6,392	1.12%	16
NAICS 55: Management of Companies and Enterprises	6,501	1.11%	17	5,993	1.06%	17	6,178	1.08%	17
NAICS 21: Mining	8	0.00%	20	3,176	0.56%	18	3,124	0.55%	18
Unclassified	2,445	0.42%	18	1,866	0.33%	19	2,800	0.49%	19
NAICS 11: Agriculture, Forestry, Fishing and Hunting	207	0.04%	19	175	0.03%	20	138	0.02%	20
Total	583,621	100.00%		563,166	100.00%		572,411	100.0%	

Source: Quarterly Census of Employment and Wages developed through a cooperative program between the State of New York and the U.S. Bureau of Labor Statistics.

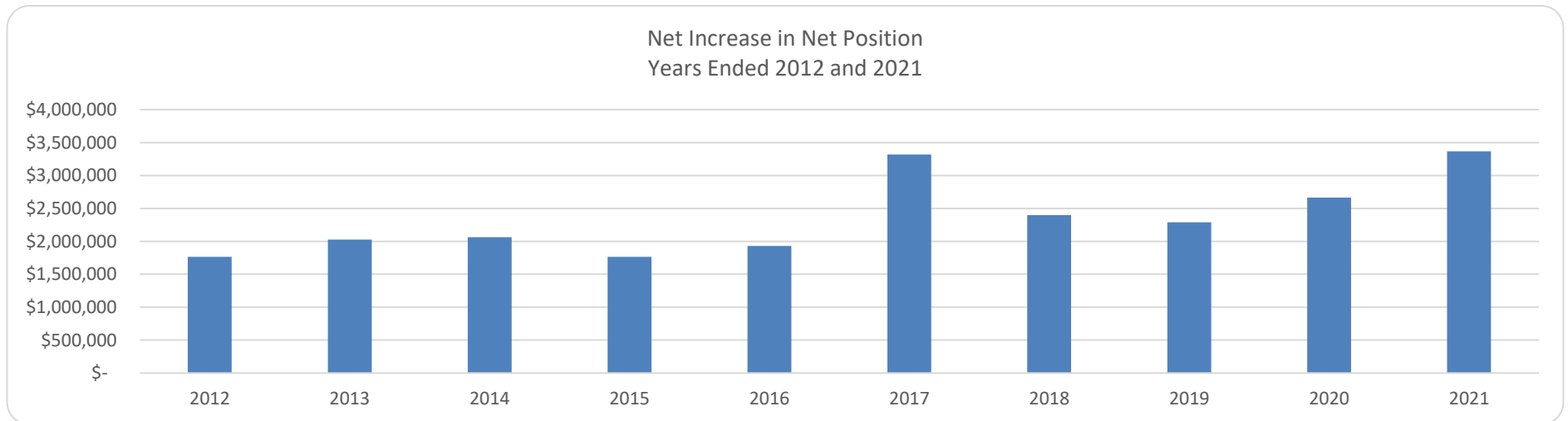
SECTION C: STATISTICAL SECTION

Operating Information



WATER AUTHORITY OF WESTERN NASSAU COUNTY
STATISTICAL SUMMARY AND FLASH REPORT
LAST TEN FISCAL YEARS

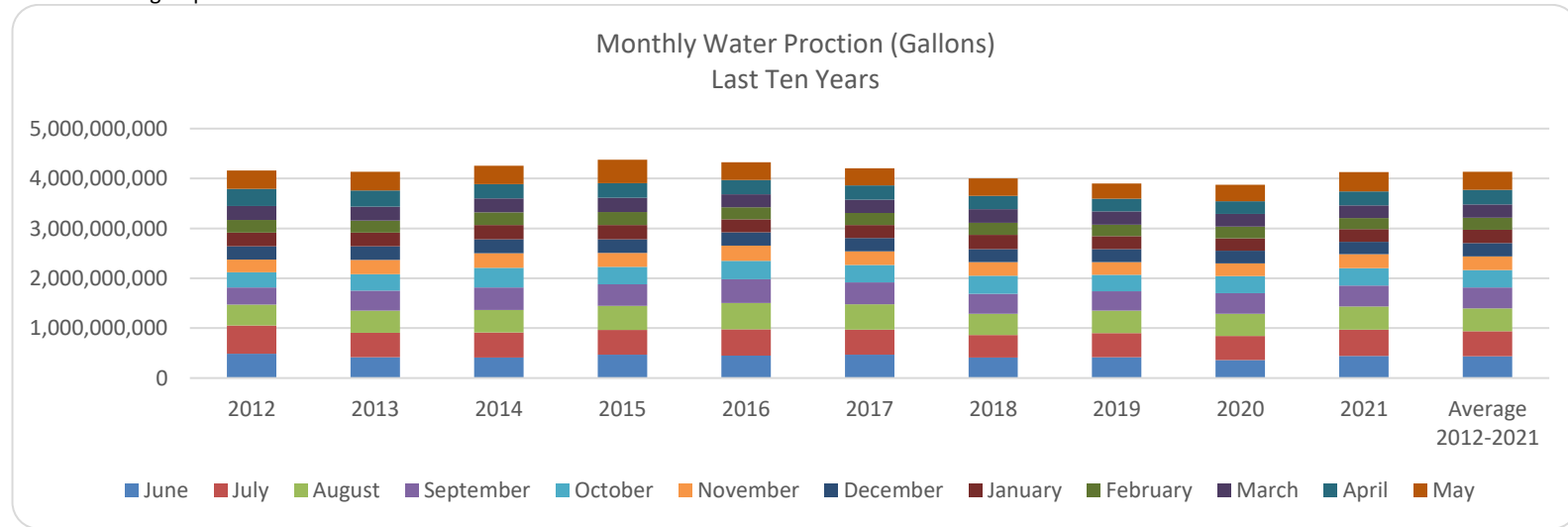
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Estimated population served	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Employees head count	50	51	49	47	50	48	48	49	46	46
Billed consumption (million gallons)	3,401	3,401	3,470	3,367	3,976	3,441	3,254	3,174	3,143	3,328
Average daily consumption (million gallons)	9.31	9.31	9.51	9.23	9.52	9.43	8.92	8.70	8.61	9.12
OPERATING INFORMATION										
Treated water storage capacity	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9	119	119
Fire hydrants operated and maintained	2,432	2,432	2,432	2,432	2,432	2,432	2,433	2,433	2,432	2,432
FINANCIAL INFORMATION										
Net property, plant & equipment	\$52,433,616	\$63,874,772	\$68,063,563	\$69,888,539	\$72,887,677	\$79,908,512	\$87,136,943	\$99,370,881	\$102,665,698	\$117,638,458
Rate stabilization cash and cash equivalent	\$560,000	\$560,000	\$570,000	\$1,070,000	\$1,070,000	\$1,070,000	\$1,522,000	\$2,000,000	\$2,000,000	\$2,000,000
Total long-term debt	\$67,660,000	\$66,110,000	\$64,515,000	\$112,590,000	\$110,195,000	\$107,915,000	\$105,535,000	\$103,045,000	\$100,440,000	\$97,720,000
Rate increases	4.80%	6.02%	7.00%	8.41%	9.40%	2.50%	2.50%	2.50%	10.57%	10.77%
Operating revenues	\$12,988,468	\$13,656,848	\$14,077,866	\$15,180,824	\$16,905,087	\$18,648,464	\$17,994,744	\$17,543,822	\$18,070,081	\$22,706,529
Operating expenses	\$9,168,985	\$9,878,059	\$10,614,892	\$10,778,800	\$10,616,972	\$11,409,696	\$11,583,337	\$11,783,908	\$12,438,789	\$16,119,768
Operating income	\$3,819,483	\$3,778,789	\$3,462,974	\$4,402,024	\$6,288,115	\$7,238,768	\$6,411,407	\$5,759,914	\$5,631,292	\$6,586,761
Debt service	\$4,129,800	\$4,547,786	\$4,540,386	\$4,480,080	\$6,219,539	\$7,291,149	\$7,329,291	\$7,330,857	\$7,295,411	\$7,333,402
Depreciation and amortization	\$1,202,793	\$1,310,273	\$1,936,732	\$1,806,744	\$1,988,943	\$2,129,673	\$2,252,822	\$2,217,359	\$2,260,652	\$2,291,367
GASB Statement Nos 68 and 71 implementations	-	-	-	\$232,625	-	-	-	-	-	-
GASB Statement No 75 implementations (liability)	-	-	-	-	-	-	\$2,579,837	-	-	-
Net increase in net position	\$1,765,317	\$2,026,818	\$2,063,320	\$1,765,122	\$1,929,274	\$3,315,275	\$2,397,433	\$2,663,950	\$2,290,435	\$3,367,540
Source: Accounting Department.										



WATER AUTHORITY OF WESTERN NASSAU COUNTY
MONTHLY WATER PRODUCTION (GALLONS)
LAST TEN FISCAL YEARS

Month	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average 2012-2021
June	485,796,408	415,920,744	413,476,668	468,927,660	451,895,352	468,505,512	410,759,040	419,187,024	363,224,526	444,280,590	434,197,352
July	567,544,986	490,898,166	500,476,506	494,058,606	522,179,940	499,834,194	449,884,176	479,275,464	483,220,908	529,008,792	501,638,174
August	417,422,346	447,850,242	452,281,272	485,088,174	528,555,198	509,743,866	426,534,450	451,839,456	441,217,002	463,669,800	462,420,181
September	345,894,732	396,395,910	447,688,476	431,253,348	477,790,212	437,057,460	398,368,338	388,581,762	416,177,892	414,291,279	415,349,941
October	306,189,468	332,347,356	393,596,754	349,110,516	368,361,132	351,037,894	364,489,140	331,508,538	338,431,842	350,992,809	348,606,545
November	252,733,512	287,086,254	294,783,900	279,347,682	307,161,090	272,569,974	270,846,180	256,497,174	257,907,369	279,386,934	275,832,007
December	265,064,268	271,980,438	280,999,356	276,014,592	268,037,064	265,565,196	264,713,754	259,025,808	255,302,706	249,059,190	265,576,237
January	276,207,689	270,144,930	284,563,734	283,432,278	255,909,846	266,223,354	286,852,566	258,080,832	246,872,682	252,637,032	268,092,494
February	254,568,474	245,128,584	254,241,018	259,273,926	241,954,314	239,321,826	242,541,600	232,305,540	230,325,993	223,790,139	242,345,141
March	277,330,218	279,318,678	280,909,686	287,733,204	262,654,920	266,026,380	268,326,678	261,945,804	255,286,653	252,820,512	269,235,273
April	342,281,604	323,435,292	286,489,632	292,221,828	284,911,374	283,944,036	267,784,986	255,903,996	256,101,870	280,215,867	287,329,049
May	367,582,458	376,549,128	368,398,014	471,478,446	358,831,620	348,114,654	351,113,688	303,138,558	327,145,317	390,878,184	366,323,007
	4,158,616,163	4,137,055,722	4,257,905,016	4,377,940,260	4,328,242,062	4,207,944,346	4,002,214,596	3,897,289,956	3,871,214,760	4,131,031,128	4,136,945,401

Source: Accounting Department

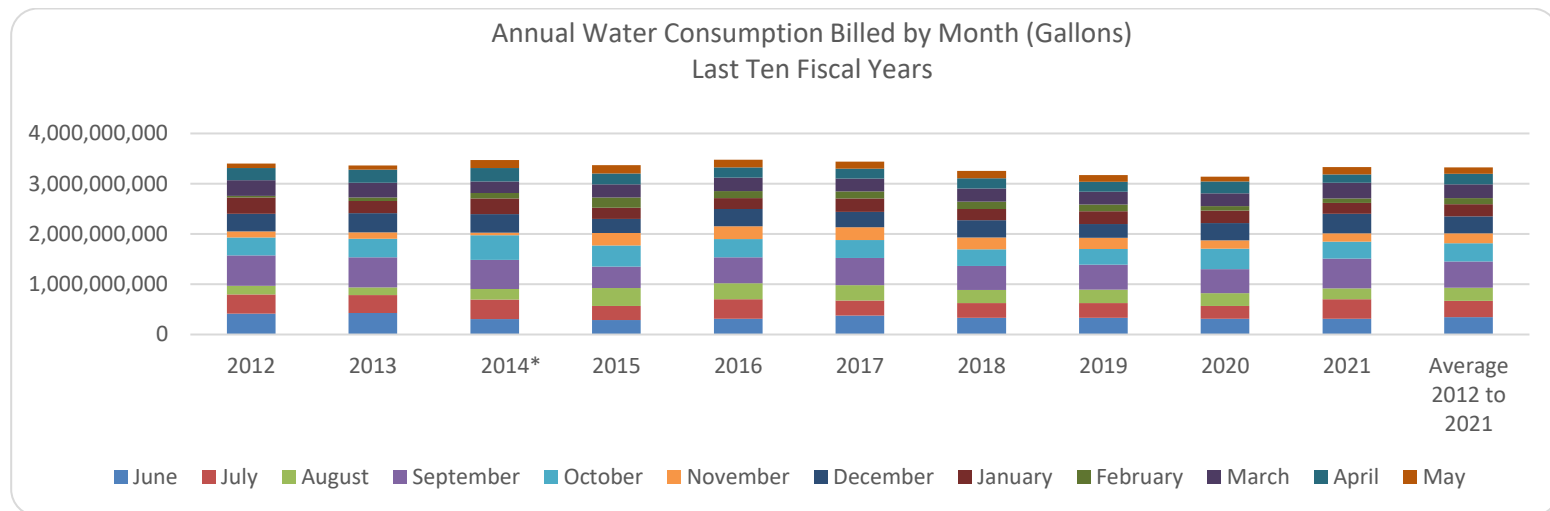


WATER AUTHORITY OF WESTERN NASSAU COUNTY
ANNUAL WATER CONSUMPTION BILLED BY MONTH (GALLONS)
LAST TEN FISCAL YEARS

Month	2012	2013	2014*	2015	2016	2017	2018	2019	2020	2021	Average 2012 to 2021
June	413,437,500	425,337,750	309,621,750	285,524,250	310,895,250	378,644,250	330,853,500	331,302,000	310,947,750	312,158,2500	344,344,500
July	382,331,250	356,779,500	385,202,250	283,273,500	392,601,750	296,893,500	295,309,500	297,117,000	259,717,500	388,051,500	328,008,333
August	171,570,750	154,800,000	210,009,750	353,835,750	318,147,750	307,693,500	261,288,000	265,897,500	249,657,750	218,450,250	255,704,583
September	604,166,250	597,716,250	582,278,250	428,210,250	511,770,000	542,663,250	477,389,250	495,372,000	482,372,250	592,414,500	525,786,000
October	361,052,250	368,883,750	486,779,250	422,100,000	363,897,000	353,409,000	328,427,250	311,277,750	402,140,250	333,664,500	360,539,083
November	121,548,000	129,597,750	49,267,500	245,076,750	257,098,500	253,351,500	238,140,750	221,548,500	169,594,500	168,858,000	200,534,917
December	350,163,000	381,285,772	373,030,500	282,745,500	342,065,250	308,926,500	344,887,500	278,349,750	339,918,750	386,877,000	335,024,336
January	321,443,250	243,748,500	313,923,000	218,567,250	218,660,250	266,373,750	220,294,500	253,230,000	251,073,750	215,298,000	245,409,917
February	33,393,750	69,076,500	105,366,750	204,788,250	140,912,250	136,882,500	148,310,250	133,424,250	91,210,500	91,458,750	116,606,333
March	309,940,500	292,157,257	231,380,250	265,101,750	262,326,000	256,349,250	262,459,500	254,094,750	250,716,000	312,876,000	274,002,334
April	241,111,500	261,793,500	264,096,750	211,508,250	206,359,500	195,435,750	198,279,750	195,961,500	238,493,250	162,172,500	212,346,167
May	90,583,500	81,789,000	159,300,750	166,416,000	151,575,750	144,825,000	148,282,500	136,677,750	96,810,750	145,989,750	129,216,667
Total	3,400,741,500	3,362,965,529	3,470,256,750	3,367,147,500	3,476,309,250	3,441,447,750	3,253,922,250	3,174,252,750	3,142,653,000	3,328,269,000	3,327,523,170

* In fiscal year 2014 the Water Authority adjusted its billing schedule.

Source: Accounting Department

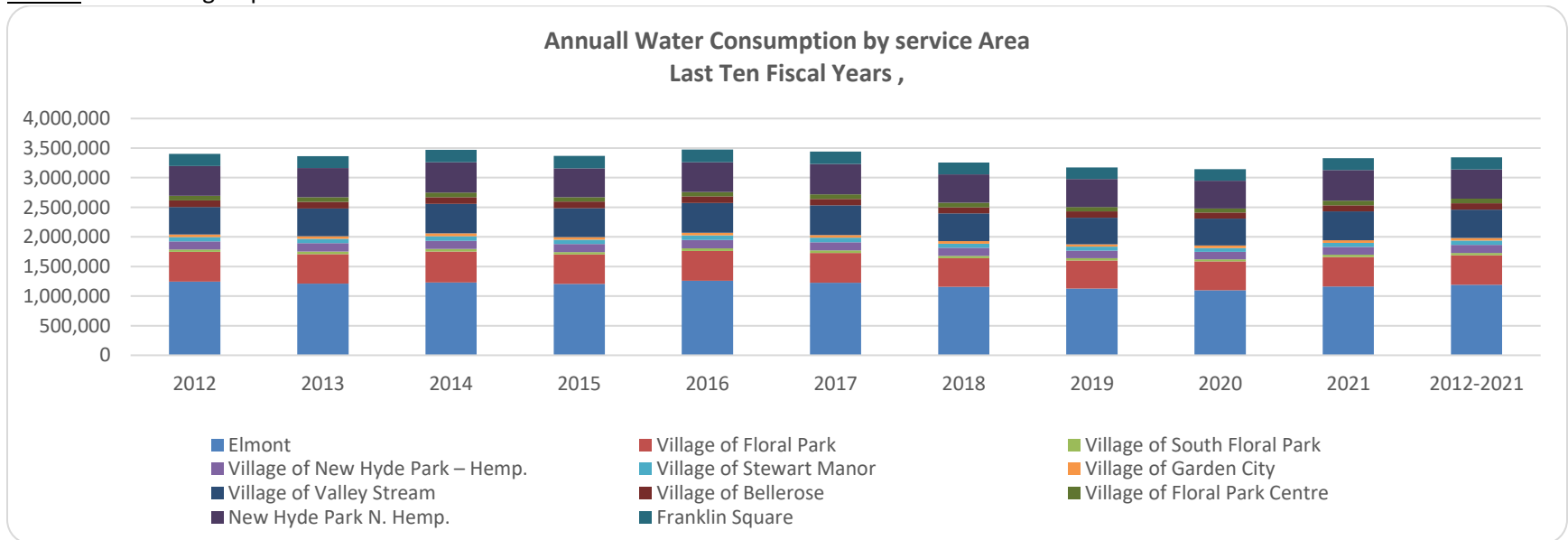


WATER AUTHORITY OF WESTERN NASSAU COUNTY
ANNUAL WATER CONSUMPTION BY SERVICE AREA(a)
LAST TEN FISCAL YEARS
(IN THOUSANDS OF GALLONS)

Service Area	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average 2012-2021
Elmont	1,242,617	1,208,479	1,229,779	1,206,584	1,261,769	1,222,858	1,156,308	1,126,540	1,099,022	1,162,991	1,191,695
Village of Floral Park	502,937	501,113	522,931	496,190	500,831	506,127	485,165	474,583	485,158	495,077	497,011
Village of South Floral Park	40,872	42,278	42,291	42,360	44,241	41,492	39,407	39,594	38,150	42,202	41,289
Village of New Hyde Park – Hemp.	136,763	140,057	139,271	133,865	140,143	140,729	132,877	126,370	124,445	128,257	134,278
Village of Stewart Manor	72,030	73,814	77,449	72,930	77,225	75,370	71,269	67,361	66,138	68,975	72,256
Village of Garden City	42,935	43,924	46,995	42,822	45,042	45,724	42,010	41,331	40,497	43,187	43,447
Village of Valley Stream	468,658	472,111	498,735	490,068	503,633	499,399	468,785	450,210	453,429	489,900	479,493
Village of Bellerose	109,921	108,968	112,558	110,240	111,092	110,723	105,854	105,655	104,051	105,226	108,429
Village of Floral Park Centre	76,892	77,501	80,408	74,438	76,067	76,561	74,741	73,754	71,427	77,549	75,934
New Hyde Park N. Hemp.	502,727	497,118	511,231	490,290	503,198	512,062	480,663	474,892	467,794	515,766	495,574
Franklin Square	204,390	197,603	208,609	207,361	213,066	210,403	196,843	193,963	192,542	199,142	202,392
Total	3,400,742	3,362,966	3,470,257	3,367,148	3,476,309	3,441,448	3,253,922	3,174,253	3,142,653	3,328,269	3,328,269

(a) Includes consumption for Fire Sprinkler Customers

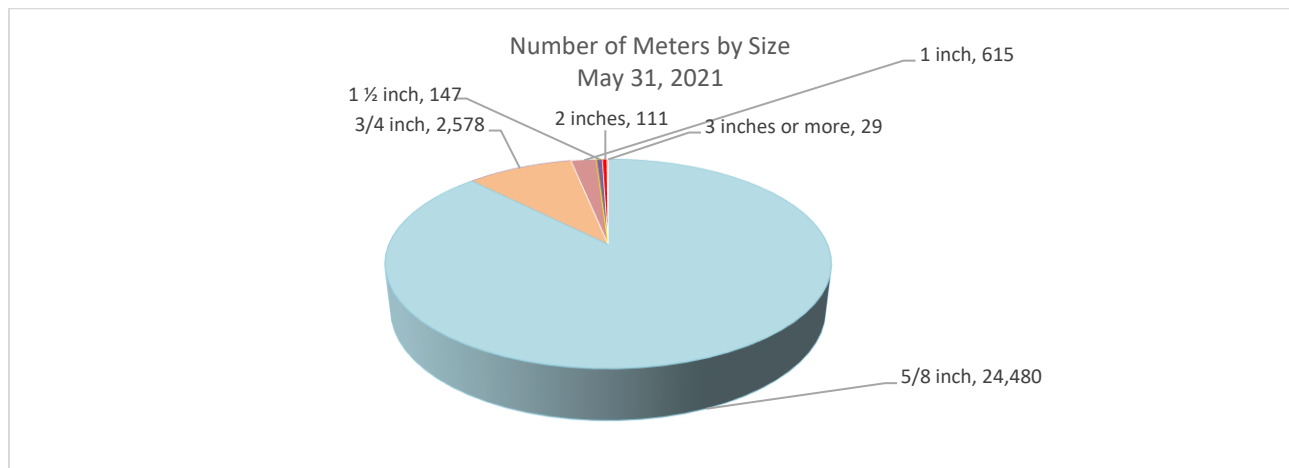
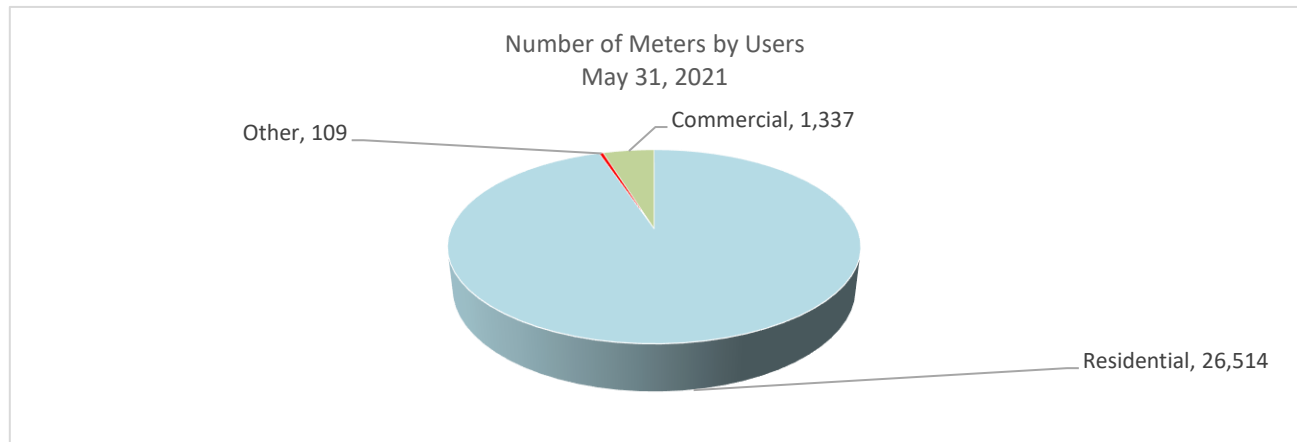
Source: Accounting Department



WATER AUTHORITY OF WESTERN NASSAU COUNTY
ACTIVE METERS BY SIZE
MAY 31, 2021

Size	Total	Residential	Commercial	Municipal	Large Users
5/8 inch	24,480	23,942	527	10	1
3/4 inch	2,578	2,166	393	18	1
1 inch	615	406	188	17	4
1 ½ inch	147	-	136	9	2
2 inches	111	-	78	27	6
3 inches	9	-	5	4	-
4 inches	7	-	4	2	1
6 inches	8	-	5	-	3
8 inches	5	-	1	-	4
Total	27,960	26,514	1,337	87	22

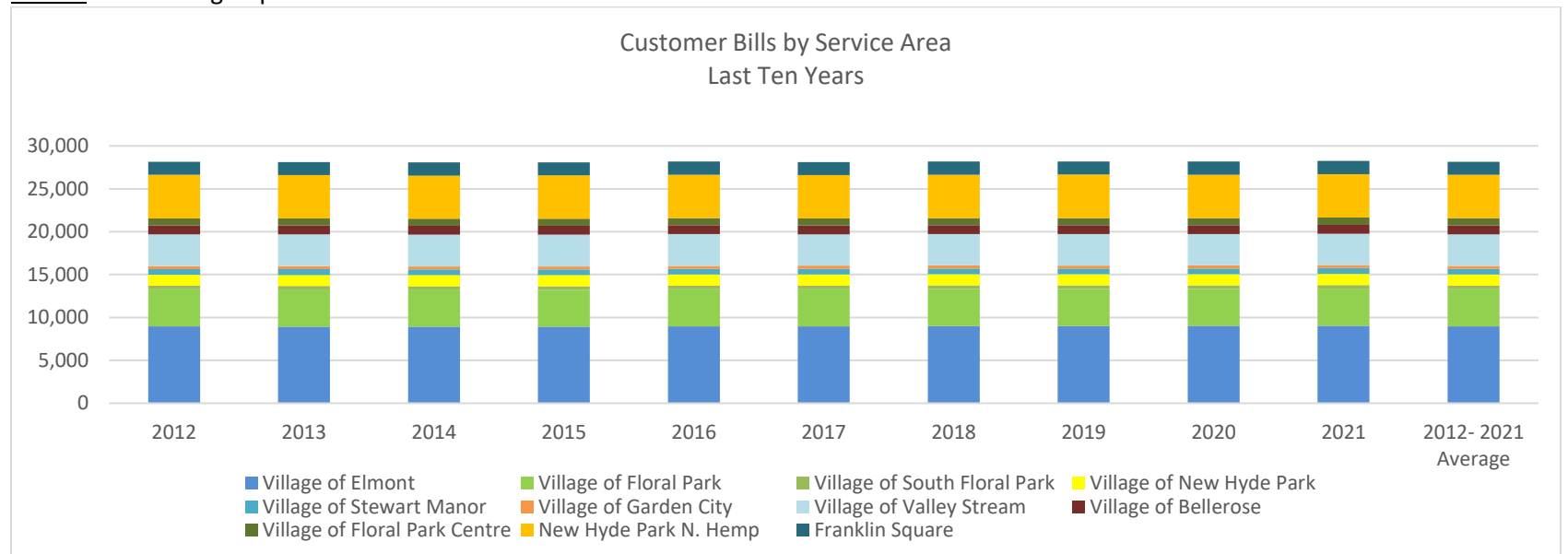
Source: Accounting Department



WATER AUTHORITY OF WESTERN NASSAU COUNTY
CUSTOMER BILLS BY SERVICE AREA
LAST TEN FISCAL YEARS

Service Area	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average 2012- 2021
Village of Elmont	8,971	8,940	8,928	8,926	8,959	8,972	8,987	9,004	9,017	9,033	8,974
Village of Floral Park	4,328	4,317	4,315	4,308	4,328	4,319	4,329	4,333	4,326	4,342	4,325
Village of South Floral Park	400	405	407	407	408	411	411	409	411	413	408
Village of New Hyde Park	1,268	1,288	1,284	1,290	1,311	1,312	1,316	1,300	1,300	1,302	1,297
Village of Stewart Manor	661	664	662	664	663	664	667	658	659	665	663
Village of Garden City	357	358	356	356	354	357	358	356	354	359	357
Village of Valley Stream	3,717	3,704	3,699	3,695	3,702	3,644	3,647	3,651	3,656	3,657	3,677
Village of Bellerose	1,028	1,029	1,025	1,026	1,032	1,033	1,034	1,037	1,034	1,034	1,031
Village of Floral Park Centre	825	828	825	830	833	832	835	835	837	838	832
New Hyde Park N. Hemp	5,067	5,056	5,049	5,057	5,061	5,051	5,061	5,082	5,058	5,068	5,061
Franklin Square	1,531	1,524	1,523	1,521	1,526	1,525	1,522	1,529	1,525	1,528	1,525
Total	28,153	28,113	28,073	28,080	28,177	28,120	28,167	28,194	28,180	28,239	28,150

Source: Accounting Department.

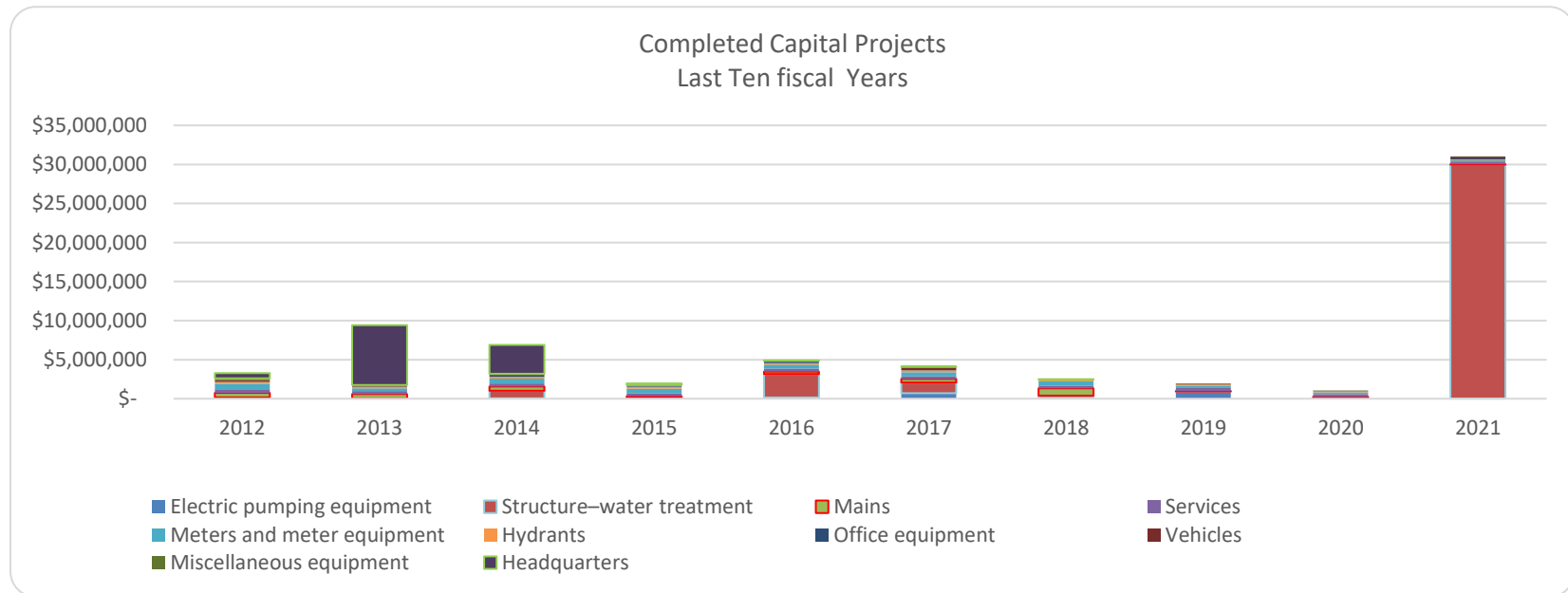


WATER AUTHORITY OF WESTERN NASSAU COUNTY
COMPLETED CAPITAL PROJECTS
LAST TEN FISCAL YEARS

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Electric pumping equipment	\$ 45,655	\$ 705	\$ 44,072	\$ 44,898	\$ 169,745	\$ 715,810	\$ 111,808	\$ 904,693	\$ 124,741	\$ 2,931
Structure–water treatment	106,720	51,158	967,269	107,218	2,995,594	1,365,755	276,390	17,523	4,579	29,976,228
Mains	581,324	533,633	531,361	164,493	290,893	445,125	946,817	73,853	97,966	35,565
Services	483,645	405,336	419,587	398,334	380,295	308,497	324,042	360,527	350,398	354,664
Meters and meter equipment	703,616	344,052	594,671	555,573	509,061	563,482	545,947	332,816	241,164	157,257
Hydrants	206,745	218,381	236,956	265,416	199,062	238,264	175,040	149,612	112,084	122,065
Office equipment	113,063	15,620	235,288	49,496	191,452	7,774	13,953	12,904	28,884	94,534
Vehicles	146,640	43,411	101,451	68,496	101,720	434,501	33,438	31,642	60,193	253,138
Miscellaneous equipment	207,079	126,062	63,390	115,012	14,134	3,484	27,208	62,522	25,331	1,158
Headquarters	662,933	7,665,384	3,700,094	167,229	20,815	6,030	747	-	-	-
Total additions	\$ 3,257,420	\$ 9,403,742	\$ 6,894,139	\$ 1,936,165	\$ 4,872,771	\$ 4,088,722	\$ 2,455,390	\$ 1,946,092	\$ 1,045,340	\$ 30,997,540

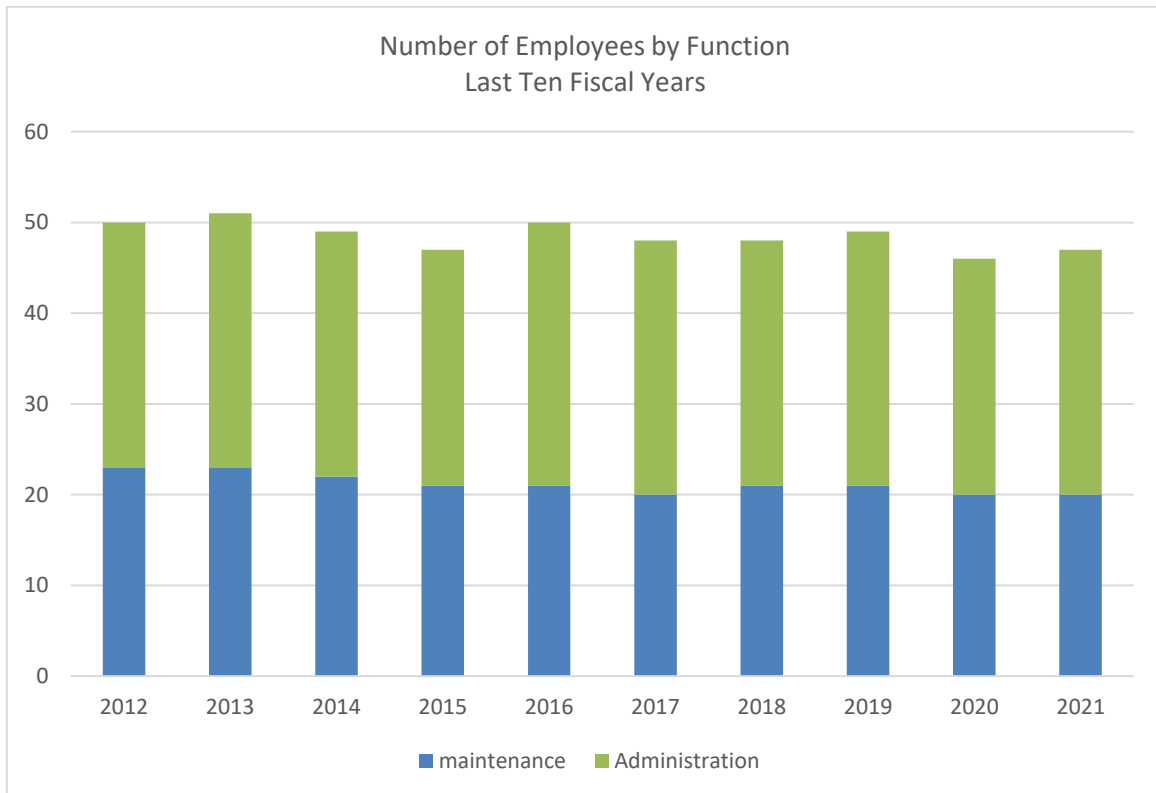
Data available for the fiscal years ended May 31, 2010 and later.

Source: Accounting Department.



WATER AUTHORITY OF WESTERN NASSAU COUNTY
NUMBER OF EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

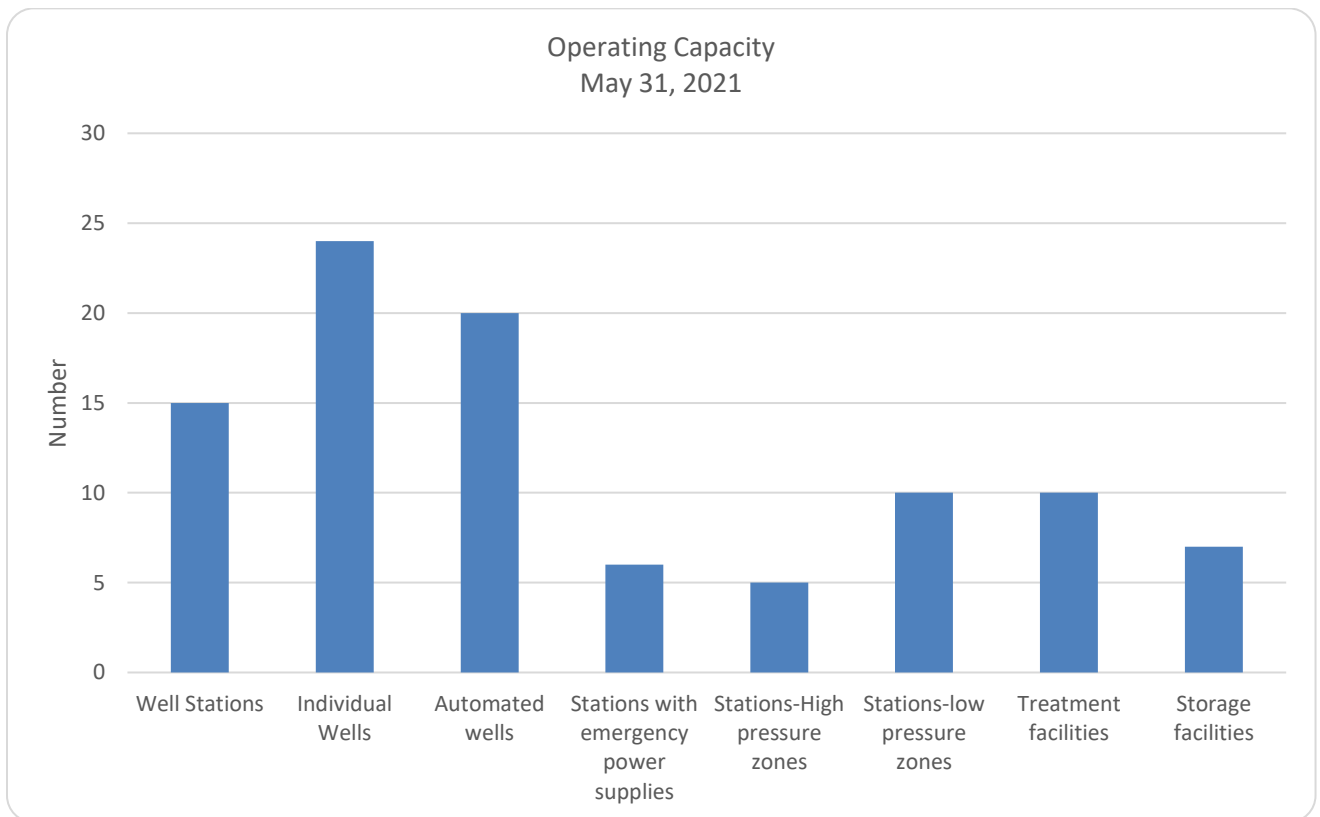
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration										
Chairman (P/T)	1	1	1	1	1	1	1	1	1	1
Executive Director	1	1	1	1	1	1	1	1	1	1
Treasurer (P/T)	1	1	1	1	1	-	1	1	1	1
Personnel Director	1	1	1	1	1	1	1	1	1	1
Customer Service	7	8	8	7	7	7	7	7	7	7
Meter Reading/Repairs	5	4	3	4	4	4	4	4	4	4
Information Technology	2	2	1	1	1	1	1	1	2	2
Accounting/Billing	3	3	3	3	3	3	3	3	1	1
Support Staff	2	2	3	2	2	2	2	2	2	2
Subtotal Administration	23	23	22	21	21	20	21	21	20	20
System Maintenance										
Water system maintenance	1	1	1	1	1	1	1	1	1	1
Inspectors	2	2	2	2	2	2	2	2	2	2
Water distribution	13	14	13	12	13	12	11	12	11	10
Water treatment	9	9	10	10	12	12	12	12	12	12
Maintenance Support	2	2	1	1	1	1	1	1	1	2
Subtotal Maintenance	27	28	27	26	29	28	27	28	26	27
Total Employees	50	51	49	47	50	48	48	49	46	47



WATER AUTHORITY OF WESTERN NASSAU COUNTY
OPERATING CAPACITY
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Water Supply</u>										
Well Stations	15	15	15	15	15	15	15	15	15	15
Individual Wells	24	24	24	24	24	24	24	24	24	24
Automated wells	16	17	18	18	18	18	18	18	20	20
Stations with emergency power supplies	5	5	5	5	5	5	5	6	7	7
Stations-High pressure zones	5	5	5	5	5	5	5	5	5	5
Stations-low pressure zones	10	10	10	10	10	10	10	10	10	10
<u>Treatment</u>										
Treatment facilities	7	9	9	9	9	9	9	9	11	11
<u>Storage</u>										
Storage facilities	7	7	7	7	7	7	7	7	7	7
Storage capacity (Million Gallons)	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9
<u>Transmission and Distribution</u>										
Water mains (2 to 16 inches diameter), Thousand linear feet	1,235	1,235	1,235	1,235	1,235	1,235	1,235	1,235	1,235	1,235
Fire Hydrants	2,432	2,432	2,432	2,432	2,432	2,432	2,432	2,433	2,433	2,432
<u>Interconnections</u>										
Interconnections to Nassau County	11	11	11	11	11	11	11	11	11	11
Interconnections to NYC system	13	13	13	13	13	6	6	6	6	6

Source: Accounting Department



WATER AUTHORITY OF WESTERN NASSAU COUNTY

WELL-STATION DESCRIPTION

FISCAL YEAR ENDED MAY 31, 2021

Well Station	Pressure Zone	Well No.	Storage Tank (Million Gallons)	Treatment Type	Emergency Power
Bryant Ave. W. of North 5 th Street, New Hyde Park	High	9		1,2	-
Hempstead Turnpike West of Plainfield Ave., Elmont	Low	15D	4.7	-	-
Elmont Rd., South of Atherton Ave, Elmont	Low	15A	—	1,2,4	-
Elmont Rd., South of Belpark Ave, Elmont	Low	15B	—	1,2,4	Yes
Elmont Rd., South of Joan Court, Elmont	Low	15C,15E	—	1,2,4	Yes
North 4 th St., South of Hillside Ave, North Hempstead (New Hyde Park)	High	16A	—	1,2	-
Evergreen Ave., West of Denton Ave., North Hempstead (New Hyde Park)	High	20	0.5	1,2,4,5	-
Elmont Rd. North of Oliver Ave, North Valley Stream	Low	25A	—	1,2,6	-
Miriam Pkwy. North of Stuyvesant St., Elmont	Low	28,28A,28B	1.5	1,2,5,6	Yes
Swale Rd. East of Park Lane South, Franklin Square	Low	30	0.6	1,2,6	-
Franklin Ave. North of Southern State Parkway, North Valley Stream	Low	34	—	1, 3	-
Cisney Ave. West of Gilbert Ct, Floral Park	Low	35,35A	1.0	1,2,4	Yes
Union Turnpike. West of N.H.P. Rd, North Hempstead (New Hyde Park)	High	40,40A	—	1,2,4	Yes
Makofske Ave. and Chelsea St. Elmont	Low	44,44A,44B,44C	2.0	1,2,4,5	
2 nd Ave. & South 6 th St., New Hyde Park	High	57,57A	1.3	1,2,4	Yes

Treatment type are as follows:

1. Chlorination
2. Corrosion Control
3. Zinc Metaphosphate Sequestration (iron removal)
4. Air Stripper VOC Removal
5. GAC Treatment (PFA Removal)
6. Iron removal plant

Source: Accounting Department

WATER AUTHORITY OF WESTERN NASSAU COUNTY
SCHEDULE OF INSURANCE IN FORCE
FOR FISCAL YEAR ENDED MAY 31, 2021

	TYPE	PREMIUM	TERM	COVERAGE	COVERAGE LIMITS
Property and Liability Protection					
Commercial Package & General Liability					
Zurich Insurance Group		\$242,563	3/1/2021-3/1/2022	Blanket real & personal property	\$56,060,650
				Business interruption-all locations	500,000
				117 South 6 th St., New Hyde Park, NY	412,300
				General aggregate	2,000,000
				Products/operations aggregate	2,000,000
				Personal and advertising Injury	1,000,000
				Each occurrence	1,000,000
				Premises Damage	1,000,000
					1,000,000-
				Employee benefit liability	2,000,000
				Composite rated	2,700,000
Commercial Automobile					
Zurich Insurance Group		\$72,389	3/1/2021-3/1/2022	Liability	\$1,000,000
				Personal injury	50,000
				Uninsured/underinsured motorist	1,000,000
				Deductible	100-500
Commercial Umbrella					
Zurich Insurance Group		\$30,368	3/1/2021-3/1/2022	Per occurrence	\$1,000,000
				General Aggregate	30,000,000
				Product/ operations aggregate	10,000,000
Excess Umbrella					
C&F North River Insurance Company		\$33,880	3/1/2021-3/1/2022	Limit	\$10,000,000
				Excess of Zurich Insurance Umbrella	10,000,000
Excess Umbrella					
Navigators Insurance Co		\$32,250	3/1/2021-3/1/2022	Limit	\$10,000,000
				Excess of Zurich	20,000,000
Catastrophe Liability Plus					
Navigators Insurance Company		\$31,131	3/1/2021-3/1/2022	Limit	\$10,000,000
				Excess of C&F North River Insurance Company	30,000,000
Public Officials Employment					
Zurich Insurance Group		\$18,503	3/1/2021-3/1/2022	Public Officials:	
				Limit each wrongful act	\$10,000,000
				Annual aggregate	10,000,000
				Employment;/Third Party Liability:	
				Limit each wrongful act	10,000,000
				Annual aggregate	10,000,000
				Deductible	15,000
Crime					
Utica National Insurance Group		\$ 4,065	3/1/20200-3/1/2021	Employee theft-per loss	\$900,000
				Employee theft – per employee	100,000
				Forgery of alteration	1,000,000
				Computer and fund transfer fraud	1,000,000
				Faithful performance- per loss	900,000
				Faithful performance -per employee	100,000
				Deductible	10,000
Workers Compensation					
Utica National Insurance Group		\$177,556	7/1/2021-7/1/2022	Bodily injury by accident each accident	\$1,000,000
				Bodily injury by disease policy limit	1,000,000
				Bodily injury by disease each employee	1,000,000

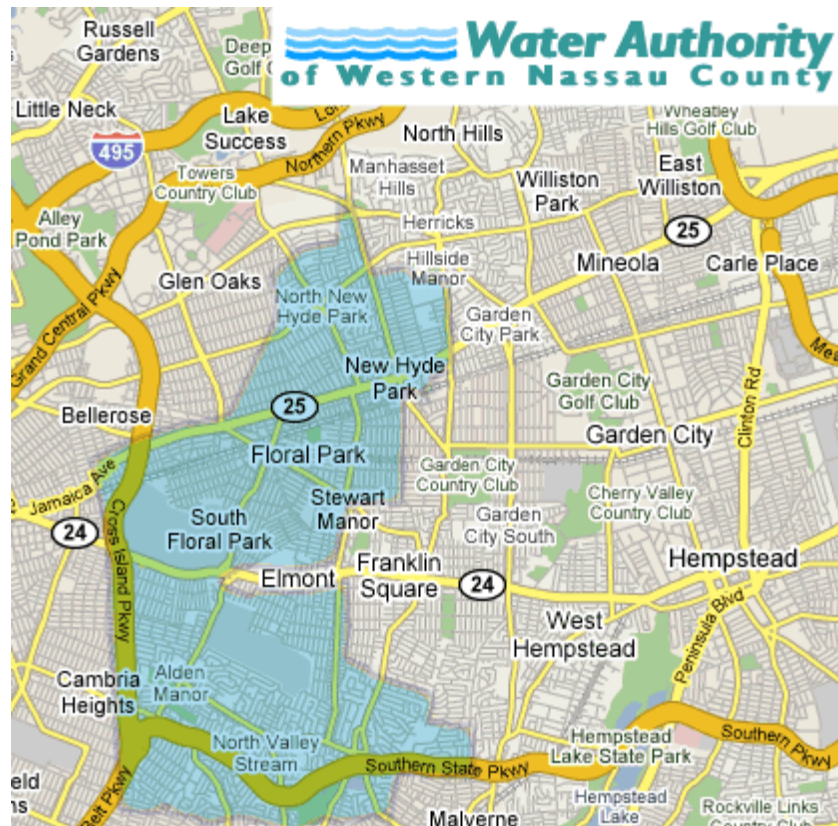
Source: Accounting Department.

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SECTION D: COMPLIANCE SECTION



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

Board of Directors
Water Authority of Western Nassau County
New Hyde Park, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Water Authority of Western Nassau County (the Water Authority) as of and for the year ended May 31, 2021, which comprise the statement of net position as of May 31, 2021 and the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated, September 29, 2021

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

TABRIZCHI & Co., CPA, P.C.

Astoria, NY
September 29, 2021