LOCUST VALLEY WATER DISTRICT

A Component Unit of the Town of Oyster Bay

Financial Statements

December 31, 2025

LOCUST VALLEY WATER DISTRICT
(A Component Unit of the Town of Oyster Bay)

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Locust Valley Water District
226 Buckram Road, PO Box 531
Locust Valley, NY 11560

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Locust Valley Water District, a component unit of the Town of Oyster Bay, New York (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3–7 and 33–38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Rynkar, Vail & Barrett, LLP
RYNKAR, VAIL & BARRETT, LLP

Jericho, New York
April 27, 2026

Our discussion and analysis of the Locust Valley Water District (the "District"), a component unit of the Town of Oyster Bay, New York (the "Town"), financial performance provides an overview of the District's financial activities for the year ended December 31, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements use the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's funds. These statements use the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are reported in a reconciliation at the bottom of each of the fund financial statements.

Condensed Financial Information

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

	In Thousands December 31,	
Condensed Statement of Net Position:	**2025**	**2024**
Assets		
Current and other assets	$ 16,392	$ 15,966
Capital assets	27,162	25,963
	43,554	41,929
Deferred Outflows of Resources		
Pensions	368	436
Other postemployment benefits	565	375
	933	811
Liabilities		
Current liabilities	3,298	2,817
Non-current liabilities	21,742	23,169
	25,040	25,986
Deferred Inflows of Resources		
Leases	4,187	4,707
Pensions	4	160
Other postemployment benefits	1,208	1,459
	5,399	6,326
Net Position		
Net investment in capital assets	7,619	6,428
Restricted	7,204	2,027
Unrestricted	(775)	1,973
	$ 14,048	$ 10,428

Continued

	In Thousands December 31,	
Changes in Net Position	**2025**	**2024**
Program Revenues		
Charges for services	$ 2,392	$ 2,413
Capital grants and contributions	495	643
	2,887	3,056
General Revenues		
Real property taxes	2,912	2,526
Other real property tax items	21	21
Interest	424	357
Rental income	412	403
Other local sources	1,415	319
	5,184	3,626
Total Revenues	8,071	6,682
Expenses - Water Supply Services	(4,451)	(4,640)
Changes in Net Position	$ 3,620	$ 2,042
Net Position - Beginning of the Year	10,428	8,386
Net Position - End of the Year	$ 14,048	$ 10,428

Financial Highlights

Government-wide Financial Statements

The District's total assets and deferred outflows of resources at December 31, 2025 were $44,487,234, an increase of $1,746,889 from the prior year balance. The increase was due to increases in cash due to the receipt of grant funds, and an increase in capital assets due to increased capital construction. These increases were offset by decreases in amounts due from the Town of Oyster Bay as a result of the District spending bonded funds on capital projects and decrease in due from state and federal government due to the receipt of grant funds. Total liabilities and deferred inflows of resources at December 31, 2025 were $30,438,416, a decrease of $1,873,590 from the prior year balance. This decrease is primarily due to the payment of principal on bond anticipation notes payable and general obligation bonds payable.

The District's net position as of December 31, 2025 was $14,048,818, an increase of $3,620,479 from the prior year net position. Of the District's total net position, $7,619,559 was a net investment in capital assets, $7,204,184 is restricted for payment of debt service, employee benefits and future capital projects and $774,925 was an unrestricted deficit.

Program revenues were $2,886,834 in the current year, which were $168,506 less than the prior year due to a decrease in capital grants and contributions.

General revenues were $5,184,293 in the current year, which was $1,557,665 more than the prior year due to an increase in real property taxes, interest earnings and the receipt of litigation settlement income from PFAS litigation.

Total operating expenses were $4,450,648 which were $189,195 less than the prior year due to less spending in water transmission and distribution expenditures.

Governmental Fund Financial Statements

General Fund

The General Fund reported revenues and other financing sources in excess of expenditures and other financing uses this year of $5,256,984, increasing the fund balance to $9,304,477. This increase was due to the transfer from the capital projects fund from the receipt of grant funds. These funds will be utilized to pay future debt service. This increase was also attributed to unanticipated water sales, interest earnings, and litigation settlements in conjunction with less than anticipated spending for administration and transmission and distribution expenditures.

The District receives most of its funding from water revenue. However, the District also receives funds from taxation, tank rentals, sales of supplies, fire hydrant rental, and interest. Seasonal and annual fluctuations in water rents caused by varying climatic conditions are common, as over 50% of the water consumed in the District is used for irrigation purposes.

The following table indicates the District's gallons billed and revenue figures for the last three years.

	2025	***2024***	***2023***
Gallons billed (in millions)	618	639	590
Water supply services revenue (in thousands)	$2,200	$2,262	$2,022

The real property taxes levied on behalf of the District and collected by the Town of Oyster Bay for 2025, were $2,912,419, an increase of 15% from 2024. In addition to the increase in property taxes, interest earnings increased due to higher cash balances held in the bank along with higher interest rates in 2025. Also, the District received income due to PFAS litigation settlements.

Overall, General Fund expenditures and other financing uses decreased $170,455 from the prior year primarily due to the decrease in transmission and distribution expenditures.

Capital Projects Fund

The Capital Projects Fund reported expenditures and other financing uses in excess of revenues and other financing sources this year of $5,220,958, decreasing the fund balance to $1,158,161. This decrease resulted from capital expenditures and the transfer to the General Fund of grant proceeds received.

Budgetary Highlights – General Fund

In 2025, the District appropriated expenditures in the original General Fund budget equal to estimated revenues and appropriated fund balance of $404,410. Over the course of the year, the District revised the budget as needed so that expenditures did not exceed appropriations. In the General Fund, various transfers between appropriations were approved for this purpose. The budget was also revised as a result of encumbrances from the prior year. resulting in a modified budget of $609,775 for December 31, 2025 along with an appropriation from the employee benefit accrued liability reserve fund of $186,516 for the payment of accrued sick and vacation time for retirements.

The District's actual results after encumbrances were approximately $5,680,000 better than budgeted during the year due to the following:

	In Thousands
Departmental income more than budget	$ 306
Use of money and property more than budget	308
Sales of property and compensation for loss more than budget	605
Other revenues and financing sources more than budget	3,908
Administration expenditures less than budget	241
Purification expenditures less than budget	18
Transmission and distribution expenditures less than budget	232
Employee benefit expenditures less than budget	62
	$ 5,680

Actual departmental income was more than budgeted due to conservatively budgeting metered water sales. Use of money and property, sales of property and compensation for loss, and other revenues were more than budgeted due to unanticipated increases in the sales of supplies and equipment, settlement revenue and premiums on obligations, respectively. Administration expenditures were less than budgeted due to the contingency budget remaining unused and office salaries being underbudget. This was due to a vacancy in an office position in the first half of 2025. Transmission and distribution expenditures were less than budgeted due to less than anticipated purchases of vehicles and plant equipment, and repairs for water mains. Employee benefits were less than budgeted due to less than anticipated workers' compensation costs, health and dental insurance due to vacancies in positions during 2025.

Capital Assets

At December 31, 2025, the District had $27,161,911 invested in capital assets, net of depreciation, including land, pump stations, transmission and distribution pipeline, and storage tanks. This represents an increase of $1,199,093.

Capital assets, net of depreciation, at December 31, 2025, consist of the following:

	In Thousands
Land	$ 1,953
Construction in progress	384
Buildings	1,943
Water tanks	4,215
Wells and pumphouses	17,109
Infrastructure	1,482
Vehicles and equipment	59
Office, furniture and equipment	17
	$ 27,162

Major capital additions and improvements for 2025 included:

	In Thousands
Well #8 Perchlorate Removal	$ 1,515
Well #6 Rehabilitation	255
	$ 1,770

Construction and Other Capital Acquisition Commitments

Construction in progress commitments for equipment purchases and other capital acquisition commitments amounting to $539,055 have been recorded as encumbrances in the Capital Projects Fund. It is anticipated that these projects will be paid for by the issuance of general obligation bonds.

Debt

The District currently has bonded debt in the amount of $5,773,500 and long-term bond anticipation notes of $13,950,000. The debt service cost related to bonds and bond anticipation notes for the District was $2,051,718 in 2025. The debt service for bonded debt and bond anticipation notes is projected to be $2,127,315 in 2026. The District will pay the debt service through its current operating budget and the use of restricted fund balance.

As of December 31, 2025, the District had $22,600,000 of authorized but unissued debt.

Economic Factors and Next Year's Budget

Since weather cannot be predicted in the long-term and irrigation accounts for over 50% of the water consumed in the District, it is difficult to estimate future annual water supply revenue. The District expects basic increases in all areas of operation. While construction projects in long-term planning are expected to be paid for through bonding and grants, increased treatment costs and basic maintenance issues for the water system remain. Capital project expenditures expected to be financed through bonded debt, grants and the capital reserve in the District's 2026 capital improvement budget are approximately $1,037,800. Major capital improvements planned for 2026 through 2030 include:

- Well No. 6 Rehabilitation
- Well No. 9 PFAS Treatment
- Well No. 6 Granulated Active Carbon Filter Changeout
- Well No. 5 Granulated Active Carbon Filter Changeout
- Truck Purchase
- Replacement of Caustic Tanks at Well Nos. 5, 6 & 7
- Generator Replacement at Well Nos. 6 & 7

The estimated total costs for the projects above are approximately $13,658,000. The District was awarded a Bipartisan Infrastructure Law grant up to $4,900,000 to fund the construction of PFAS treatment at Well No. 9. Well No. 6 Rehabilitation is funded with the District's capital project reserve. Well Nos. 5 & 6 Granulated Active Carbon Filter Replacement and the truck purchase will be funded through general fund appropriations.

In order to pay the bonds necessary for the new facilities outlined in the engineering reports, the Board adopted a new water rate schedule with increases in 2026. The real property tax amount for 2026 has been set at $3,161,249. This is an increase from the prior year budgeted tax revenue of 9%, or $248,836 which is above the property tax cap set by New York State. This increase in excess of the property tax cap was approved by a voting majority of the Board of Commissioners.

Contacting the District's Financial Management

This financial report is designed to provide our consumers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent at the District Office, 226 Buckram Road, Locust Valley, New York, or at (516) 671-1783.

LOCUST VALLEY WATER DISTRICT

GOVERNMENT-WIDE FINANCIAL STATEMENTS
Statement of Net Position
December 31, 2025

ASSETS		
Current Assets		
Cash and cash equivalents		$ 8,571,390
Accounts receivable		924,670
Due from Town of Oyster Bay - net		1,268,994
Due from state and federal government		495,000
Inventory of materials and supplies		143,692
Prepaid expenses		248,949
Lease receivable within one year		289,471
Settlement receivable within one year		50,188
		11,992,354
Non-Current Assets		
Lease receivable within more than one year		4,167,085
Settlement receivable within more than one year		232,939
Non-depreciable capital assets		2,336,749
Depreciable capital assets - net of depreciation		24,825,162
		31,561,935
	Total Assets	43,554,289
DEFERRED OUTFLOWS OF RESOURCES		
Pensions		367,674
Other postemployment benefits		565,271
	Total Deferred Outflows of Resources	932,945
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses		1,142,768
Accrued interest payable		526,416
Other liabilities		24,656
Non-current liabilities due within one year		1,604,163
		3,298,003
Non-Current Liabilities		
General obligation bonds payable, inclusive of premiums		5,025,660
Bond anticipation notes		13,380,000
Accrued compensated absences		316,169
Net pension liability - proportionate share		356,733
Other postemployment benefits obligation		2,663,018
		21,741,580
	Total Liabilities	25,039,583
DEFERRED INFLOWS OF RESOURCES		
Leases		4,186,864
Pensions		4,177
Other postemployment benefits		1,207,792
	Total Deferred Inflows of Resources	5,398,833
NET POSITION		
Net investment in capital assets		7,619,559
Restricted		7,204,184
Unrestricted (deficit)		(774,925)
	Total Net Position	$ 14,048,818

See notes to financial statements.

LOCUST VALLEY WATER DISTRICT

GOVERNMENT-WIDE FINANCIAL STATEMENTS
Statement of Activities
Year Ended December 31, 2025

Governmental Activities	
Home and Community Services - Water supply services	
Expenses	$ (4,450,648)
Revenue:	
Charges for services	2,391,834
Capital grants and contributions	495,000
	(1,563,814)
General Revenues	
Real property taxes	2,912,419
Other real property tax items	20,898
Interest	424,173
Rental income	411,868
Other	1,414,935
	5,184,293
Changes in Net Position	3,620,479
Net Position - Beginning	10,428,339
Net Position - Ending	$ 14,048,818

See notes to financial statements.

LOCUST VALLEY WATER DISTRICT

FUND FINANCIAL STATEMENTS
Balance Sheet - Governmental Funds
December 31, 2025

	General Fund	Capital Projects Fund	Total
ASSETS			
Cash and cash equivalents	$ 8,571,390	$ -	$ 8,571,390
Accounts receivable	924,670		924,670
Due from Town of Oyster Bay - net	24,255	1,244,739	1,268,994
Due from state and federal government		495,000	495,000
Due from other funds		374,816	374,816
Inventory of materials and supplies	143,692		143,692
Prepaid expenses	248,949		248,949
Leases receivable	4,456,556		4,456,556
Settlement receivable	321,500		321,500
	$ 14,691,012	$ 2,114,555	$ 16,805,567
LIABILITIES			
Accounts payable and accrued expenses	$ 170,800	$ 956,394	$ 1,127,194
Due to other funds	374,816		374,816
Other liabilities	3,200		3,200
Unearned revenue	24,656		24,656
	573,472	956,394	1,529,866
DEFERRED INFLOWS OF RESOURCES			
Rental income - leases	4,186,864	-	4,186,864
Water sales - unavailable	304,699	-	304,699
Settlement income - unavailable	321,500		321,500
	4,813,063	-	4,813,063
FUND BALANCES (DEFICIT)			
Nonspendable	392,641		392,641
Restricted	7,204,184	1,158,161	8,362,345
Assigned	335,145		335,145
Unassigned	1,372,507	-	1,372,507
	9,304,477	1,158,161	10,462,638
	$ 14,691,012	$ 2,114,555	$ 16,805,567

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:	
Total governmental fund balances	$ 10,462,638
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds:	
Capital assets- non-depreciable	2,336,749
Capital assets- depreciable	32,412,054
Accumulated depreciation	(7,586,892)
	27,161,911
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows in the funds:	
Water sales - unavailable	304,699
Settlement income - unavailable	283,127
Deferred outflows of resources related to pensions plans and other postemployment benefits payable included in the Statement of Net Position	932,945
Long-term liabilities are not due and payable in the current period and, therefore, are not included in the funds:	
General obligation bonds payable, inclusive of premiums	(5,868,323)
Bond anticipation notes	(13,950,000)
Accrued compensated absences	(442,669)
Net pension liability - proportionate share	(356,733)
Other postemployment benefits obligation	(2,728,018)
Retainage percentages	(12,374)
Accrued interest payable	(526,416)
Deferred inflows of resources related to pensions plans and other postemployment benefits payable included in the Statement of Net Position	(1,211,969)
Net Position of Governmental Activities	$ 14,048,818

See notes to financial statements.

LOCUST VALLEY WATER DISTRICT

FUND FINANCIAL STATEMENTS
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
Year Ended December 31, 2025

	General Fund	Capital Projects Fund	Total
Revenues			
Real property taxes	$ 2,912,419	$ -	$ 2,912,419
Other real property tax items	20,898	-	20,898
Departmental income	2,351,320	-	2,351,320
Use of money and property	794,678	-	794,678
Licenses and permits	500	-	500
Sales of property and compensation for loss	947,939	-	947,939
Other miscellaneous sources	183,369	-	183,369
State aid	-	495,000	495,000
	7,211,123	495,000	7,706,123
Expenditures			
Current:			
Administration	979,684	-	979,684
Source of supply, power and pumping	404,851	-	404,851
Purification	177,079	-	177,079
Transmission and distribution	1,469,465	-	1,469,465
Employee benefits	706,748	-	706,748
Capital outlay	-	1,880,552	1,880,552
Debt service	2,051,718	-	2,051,718
	5,789,545	1,880,552	7,670,097
Excess (Deficiency) of Revenues Over Expenditures	1,421,578	(1,385,552)	36,026
Other Financing Sources (Uses)			
Interfund transfers in	3,835,406	-	3,835,406
Interfund transfers out	-	(3,835,406)	(3,835,406)
Total Other Financing Sources (Uses)	3,835,406	(3,835,406)	-
Net Change in Fund Balances	5,256,984	(5,220,958)	36,026
Fund Balance - beginning	4,047,493	6,379,119	10,426,612
Fund Balance - ending	$ 9,304,477	$ 1,158,161	$ 10,462,638

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities:	
Net Change in Fund Balances	$ 36,026
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the lives of the assets:	
Capital assets purchases capitalized	1,929,413
Depreciation expense	(707,745)
Loss on disposal	(22,575)
The issuance of long-term debt provides current financial resources, while the repayment of bond, bond anticipation note, and installment purchase debt principal consumes the current financial resources in the governmental funds:	
Repayment of bond and bond anticipation note principal	1,248,900
Premiums on bonds	41,363
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	323,641
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Accrued compensated absences	141,801
Pension expense	35,615
Other postemployment benefits	336,830
Retainage percentages	231,853
Accrued interest cost	25,357
Change in Net Position of Governmental Activities	$ 3,620,479

See notes to financial statements.

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Locust Valley Water District (the "District") supplies water to the residents of the Locust Valley water district. The District's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The more significant accounting policies established in GAAP and used by the District are discussed below.

a. ***Financial Reporting*** - The Town of Oyster Bay, New York (the "Town") is financially accountable, as a result of fiscal dependency, for the District. Long-term debt of the District, which is backed by the full faith and credit of the Town, and other fiscal matters, results in a fiscal interdependency with the Town. Accordingly, the District is a component unit of the Town of Oyster Bay, New York.

b. ***Basic Financial Statements - Government-Wide Statements*** - The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities, which consist of the water supply services and general administrative services, as governmental.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

The government-wide Statement of Activities reports both the gross and net costs of the District's function (home and community service - water supply services). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. Program revenues include (a) charges for services, and (b) operating and capital grants and contributions that are directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants reflect capital-specific grants. Program revenues are directly associated with the function. The net costs (by function) are normally covered by general revenues.

Interfund transactions have been eliminated from the government-wide financial statements.

This government-wide focus is centered on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation and related debt. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

c. ***Basic Financial Statements - Fund Financial Statements*** - The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund type is used by the District:

Governmental Funds - The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources), rather than upon net income. The following are descriptions of the major governmental funds of the District:

General Fund - is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for and reported in another fund.

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

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

1) *Accrual* - Governmental activities in the government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when incurred.

2) *Modified Accrual* - The governmental funds' financial statements are presented using a current financial resource measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after the financial statement date. Grant revenue pursuant to a reimbursable grant arrangement is recorded when eligible expenditures are incurred. Expenditures are recorded when incurred except that: (a) principal and interest on indebtedness are not recognized as expenditures until due and (b) compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as expenditures when paid.

3) *Use of Estimates* - The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

e. ***Financial Statement Amounts*** - Financial statement amounts include the following:

1) *Cash and Cash Equivalents* - Cash and cash equivalents include cash in banks and liquid investments with maturities of three months or less at time of purchase.

2) *Accounts Receivable* - Accounts receivable include amounts due from customers and unbilled water usage. Receivables are recorded, and revenues recognized as earned. At December 31, 2025, the District considered all remaining accounts receivable to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

3) *Leases receivable* - Leases receivable are measured at the present value of lease payments expected to be received during the lease term.

4) *Settlement Receivable* – settlement receivable includes amounts due as a result of the emergent contaminant litigation.

5) *Interfund Receivables/Payables* – the operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year.

6) *Inventory of Materials and Supplies* - Inventory of materials and supplies consists of meters, parts, and supplies held for consumption, and are valued at the lower of cost or net realizable value using the first-in, first-out ("FIFO") method. Inventory is accounted for under the consumption method, whereby cost is recorded as expenditure at the time of consumption.

7) *Prepaid expenses* - Prepaids represent insurance, retirement benefits and other services that will benefit a future period.

8) *Capital Assets* - The accounting treatment depends on whether the assets are reported in the government-wide or fund financial statements.

   a) *Government-Wide Financial Statements* - In the government-wide financial statements, all capital assets are valued at historical cost or estimated historical cost if actual is unavailable except for donated capital assets, which are recorded at their acquisition value at the date of donation. Capital assets purchased or acquired with an original cost of $5,000 or more are capitalized and included as capital assets in the government-wide financial statements.

      Depreciation of all exhaustible fixed assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives and salvage values by type of asset is as follows:

Assets	***Life***	***Salvage Values***
Water tanks	20-40 years	25%
Buildings	15-40 years	25%
Wells and pumphouses	5-40 years	25%
Transportation and maintenance equipment	3 years	-
Office equipment	5 years	-
Infrastructure	40 years	25%

   b) *Fund Financial Statements* - In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

9) *Deferred Outflows and Inflows of Resources* - In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first is related to the net pension (asset) liability reported in the government-wide Statement of Net Position. This represents the differences between expected and actual experience, changes of assumptions, and changes in proportion and differences between the District's contributions and proportionate share of contributions. This amount also includes the District contributions to the pension systems subsequent to the measurement date. See Note 9 for more details. The second item is related to other postemployment benefits liability. This represents differences between expected and actual experience and the changes in assumptions. See Note 11 for more details.

In addition to liabilities, the Statement of Net Position and Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualifies for reporting in this category. For the first item, the District reports unearned revenue from unavailable water rents. This unavailable income is deferred and will be recognized in the governmental funds as an inflow of resources in the period that the amounts become available. The second item is related to the pension reported in the government-wide Statement of Net Position. This represents the differences between expected and actual experience, changes of assumptions, net difference between projected and actual earnings on pension plan investments and the change in proportion and differences between the District's contributions and its proportionate share of contributions. See Note 9 for more details. The third item is related to the other postemployment benefits liability reported in the government-wide Statement of Net Position. This represents the differences between expected and actual experience and the changes in assumptions. See Note 11 for more details. The last item reported in the governmental funds and government-wide Statement of Net Position is related to the long-term leases receivable for space that the District leases to third parties. Income will be recognized systematically over the terms of the lease agreements. Variable payments, if applicable are recorded as an inflow of resources in the period the payment is received. See Note 6 for more details.

10) *Long-term Liabilities* - All long-term debt and other long-term liabilities are reported as liabilities in the government-wide statements. Bond premiums and discounts are deferred and amortized over the life of the bonds, when significant. Debt issuance costs are expensed as incurred. Long-term debt and liabilities consist of general obligation bonds, bond anticipation notes, installment purchase debt, compensated absences, other postemployment benefits payable and the net pension liability - proportionate share.

    Only the portion of long-term liabilities expected to be financed from expendable available financial resources is reported as liabilities in governmental fund financial statements. Debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. Issuance costs are reported as debt service expenditures.

11) *Compensated Absences* - The District allows employees to accumulate unused sick leave and vacation time to a maximum of 260 days. Upon termination, vacation leave is paid at 100% and sick time is paid at 50% to 100%, depending on length of service. The liability for these compensated absences is recorded in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

12) *Postemployment Benefits* – In addition to providing pension benefits, the District, per its contract with employees, will pay full premium costs for the medical, dental and vision coverage for an employee or Commissioner ("participant") of the District at retirement, provided the participant has been employed with the District for more than 10 years prior to the date of retirement.

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

13) *Other Benefits* – Eligible District employees may choose to participate in the New York State and Local Employees' Retirement System (the "ERS"). District employees may choose to participate in the District's elective deferred compensation plan established under Internal Revenue Code Section 457.

14) *Property Taxes and Delinquent Water Bills* - Property taxes and delinquent water bills are collected by the Town of Oyster Bay Receiver of Taxes on behalf of the District. The Town of Oyster Bay Receiver of Taxes collects all real property taxes for the Town, Nassau County, Town Special Districts and School Districts. Town and County taxes are levied and become a lien on January 1 and are due in two installments payable by February 10 and August 10. The Town remits 100% of the amount of real property tax levied and the delinquent water bills to the District. Responsibility for the collection of unpaid taxes rests with Nassau County.

15) *Interfund Transfers* - Interfund transfer balances represent the funding of capital expenditures through General Fund appropriations and residual capital project balances used to service the debt.

16) *Net Position and Fund Equity Classification* - In the government-wide financial statements, equity is classified as net position and displayed in three components:

a) *Net Investment in Capital Assets* - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

c) *Unrestricted* - Consists of all other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

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

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

a) *Nonspendable Fund Balance* - includes amounts that cannot be spent because they are either not in spendable form, not available within a year, or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory of materials and supplies and prepaid expenses recorded in the General Fund.

b) *Restricted Fund Balance* - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Restricted for Debt – Unspent long-term debt proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the General Fund.

Employee Benefit Accrued Liability Reserve – Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based on unused and unpaid sick leave, personal leave, holiday, or vacation time due an employee upon termination of the employee's service. This reserve was established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

Capital Projects – A Capital reserve was established pursuant to section 6-c of the General Municipal Law of the State of New York. This reserve is a general reserve for improvements as defined by the District and is accounted for in the General Fund. Unspent long-term debt proceeds are subject to external constraints contained in the debt agreement and are accounted for in the Capital Projects Fund.

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

d) *Assigned Fund Balance* - includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The District assigned fund balance for the next year's budget. The Board of Commissioners has the authority to assign amounts to be used for specific purposes through resolution. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

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

The District's fund balance policy, adopted by the Board, recommends that the District maintain an unassigned fund balance of 25% of the General Fund operating budget.

2 - FUTURE ACCOUNTING STANDARDS

The District has adopted all the current Statements of the GASB that are applicable. The following is not an all-inclusive list of GASB statements issued, but the statements that the District feels may have a future impact on these financial statements.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. This statement is effective for the District's year ending December 31, 2026.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, Disclosure of Certain Capital Assets. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025. This statement is effective for the District's year ending December 31, 2026.

GASB Statement No. 105 – In December 2025, GASB issued Statement No. 105, Subsequent Events. The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in the application and better meeting the information needs of financial statement users. The requirements of this statement are effective for reporting periods beginning after June 15, 2026. This statement is effective for the District's year ending December 31, 2027.

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

3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data - The District's budget policies are as follows:

The District prepares an annual budget for the General Fund, which is approved by the Board of Commissioners. The budget is then submitted to the Town of Oyster Bay for inclusion in the Town budget and a public hearing is held thereon. The budget is not subject to referendum. Any revisions to the annual budget are adopted by resolution of the Board of Commissioners.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the General and Capital Projects Funds. Expenditures for such commitments are recorded in the period in which the liability is incurred.

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

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

For the 2025 budget, the District has been approved to increase its property tax levy by 15%.

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

	General Fund	Capital Projects Funds	Total
Nonspendable:			
Inventory of materials and supplies	$ 143,692	$ -	$ 143,692
Prepaid items	248,949		248,949
Total Nonspendable	392,641	-	392,641
Restricted for:			
Debt	4,687,422		4,687,422
Employee benefit accrued liability	416,842		416,842
Capital projects	2,099,920	1,158,161	3,258,081
Total Restricted	7,204,184	1,158,161	8,362,345
Assigned to:			
Subsequent year's budget	148,000		148,000
Water supply services	187,145		187,145
Total Assigned	335,145	-	335,145
Unassigned	1,372,507	-	1,372,507
Total Fund Balances	$ 9,304,477	$ 1,158,161	$ 10,462,638

4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The District's investment policies are governed by state statutes. In addition, the District has its own written policy. The District is authorized to use time and demand accounts and can invest its excess funds in certificates of deposit. The District's funds are deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks. It is the District's policy to require third party collateral for bank deposits above the FDIC limit per institution. Permissible investments include obligations of the US Treasury, US Agencies and

investments made by the New York Cooperative Liquid Asset Security System (NYCLASS).
It is the District's policy to require collateral held in the name of the District for demand deposits, money market deposits and certificates of deposit for all deposits not covered by the Federal Deposit Insurance Corporation. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

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

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

- Uncollateralized
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agency but not in the District's name

At December 31, 2025, the carrying amount of the District's deposits was $3,920,181, and the bank balance was $3,941,799. Of the total bank balance, $250,000 was insured by the FDIC and the remaining $3,691,799 was collateralized by a third-party financial institution, in the District's name.

As of December 31, 2025, the District did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

The District participates in cooperative investment arrangements pursuant to New York General Municipal Law, Article 3A and 5-G. Those investment pools are not registered with the SEC and are overseen by elected Governing Boards of the participating members. The District has $4,651,109 in NYCLASS investments at December 31, 2025.

NYCLASS investments are stated at cost, which approximates market value. Cost of the shares is considered to approximate fair market value. The investments are highly liquid and considered to be cash equivalents. Additional information concerning the cooperative is presented in the annual report of the New York CLASS, which can be found on its website at https://www.newyorkclass.org.

6 - LEASES RECEIVABLE

The District has entered into various agreements to lease space on District water tanks to companies for their cellular antennas and equipment. The District as a lessor has the following leases:

a. A 203-month lease with T-Mobile for their right-to-use space on the District's water tank. This term provides the lessee with three extension options, each for 60 months. An initial lease receivable and deferred inflow of resources was recorded in the amount of $1,393,552. As of December 31, 2025, the value of the lease receivable was $1,160,835 and the deferred inflow of resources was $1,064,960. The lessee is required to make monthly fixed payments of $6,061, which is subject to 3.00% annual escalations. The lease has an interest rate of 1.4420%. For the year ended December 31, 2025, the District recognized lease revenue of $82,148 and interest income of $17,302.

b. A 218-month lease with PSE&G for their right-to-use space on the District's water tank. This term provides the lessee with four extension options, each for 60 months. An initial lease receivable and deferred inflow of resources was recorded in the amount of $1,351,260. As of December 31, 2025, the value of the lease receivable was $1,028,897 and the deferred inflow of resources was $962,817. The lessee is required to make annual fixed payments of $76,000 which is subject to 3.00% annual escalations. The lease has an interest rate of 3.4640%. For the year ended December 31, 2025, the District recognized lease revenue of $66,358 and interest income of $3,461.

c. A 63-month lease with Verizon for their right-to-use space on the District's water tank. An initial lease receivable and deferred inflow of resources was recorded in the amount of $348,630. As of December 31, 2025, the value of the lease receivable was $89,061 and the deferred inflow of resources was $83,007. The lessee is required to make monthly fixed payments of $5,185, which is subject to 3.00% annual escalations. The lease has an interest rate of 0.6860%. For the year ended December 31, 2025, the District recognized lease revenue of $66,406 and interest income of $867.

d. A 146-month lease with AT&T for their right-to-use space on the District's water tank. This term provides the lessee with two extension options, each for 60 months, and provided the lessee with a termination period of two months as of the lease commencement. An initial lease receivable and deferred inflow of resources was recorded in the amount of $901,619. As of December 31, 2025, the value of the lease receivable was $657,203 and the deferred inflow of resources was $605,196. The lessee is required to make monthly fixed payments of $5,508, which is subject to 3.00% annual escalations. The lease has an interest rate of 1.2720%. For the year ended December 31, 2025, the District recognized lease revenue of $74,106 and interest income of $8,822.

e. A 240-month lease with Dish Wireless for their right-to-use space on the District's water tank. This term provides the lessee with one extension for 60 months. An initial lease receivable and deferred inflow was recorded in the amount of $1,681,010. As of December 31, 2025, the value of the lease receivable was $1,520,560 and the deferred inflow of resources was $1,470,884. The lessee is required to make annual payments of $89,400, which is subject to 3.00% annual escalations. The lease has an interest rate of 3.679%. For the year ended December 31, 2025, the District recognized lease revenue of $84,050 and interest income of $57,322.

The following is the amortization schedule for the lease receivable:

		Principal	Interest	Total
Years Ending December 31,	2026	$ 289,471	$ 116,244	$ 405,715
	2027	251,337	111,004	362,341
	2028	248,911	105,725	354,636
	2029	265,217	100,058	365,275
	2030	282,270	93,963	376,233
	2031 - 2035	1,513,156	363,875	1,877,031
	2036 - 2040	1,313,565	164,166	1,477,731
	2041 - 2043	292,629	16,329	308,958
		$ 4,456,556	$ 1,071,364	$ 5,527,920

6 - SETTLEMENT RECEIVABLE

The District entered into class action lawsuits with 3M Company and Dupont for per-and polyfluoroalkyl (PFAS) contamination. As part of the settlement the District received $407,923 and $91,356 respectively, net of litigation costs. 3M Company will be paying the remainder of their settlement over the next eight years. The District recorded a receivable and deferral of $321,500 in the fund financial statements and will reduce these amounts by future payments. In the government wide financial statements $283,127 was recognized as revenue and a discounted receivable was recorded at 3.4% for $283,127.

Future payments are as follows:

		Principal	Interest	Total
Years Ending December 31,	2026	$ 50,188	$ 9,626	$ 59,814
	2027	36,940	7,920	44,860
	2028	45,673	6,664	52,337
	2029	41,619	5,111	46,730
	2030	28,080	3,696	31,776
	2031 - 2033	80,627	5,356	85,983
		$ 283,127	$ 38,373	$ 321,500

7- CAPITAL ASSETS

Capital assets for the year ended December 31, 2025, are as follows:

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/25
Capital assets not being depreciated:				
Land	$ 1,953,014			$ 1,953,014
Construction in progress	5,616,374	$ 1,864,965	$ 7,097,604	383,735
Total capital assets not being depreciated	7,569,388	1,864,965	7,097,604	2,336,749
Depreciable capital assets:				
Building	2,479,503			2,479,503
Water tanks	5,697,828			5,697,828
Wells and pumphouses	13,562,998	7,103,754	90,300	20,576,452
Infrastructure	3,248,478			3,248,478
Vehicles and equipment	273,003	58,298	41,465	289,836
Office, furniture and equipment	119,957			119,957
Total depreciable capital assets	25,381,767	7,162,052	131,765	32,412,054
Accumulated depreciation:				
Building	461,800	74,521		536,321
Water tanks	1,386,475	96,298		1,482,773
Wells and pumphouses	3,067,439	468,133	67,725	3,467,847
Infrastructure	1,740,749	25,990		1,766,739
Vehicles and equipment	232,001	39,934	41,465	230,470
Office, furniture and equipment	99,873	2,869		102,742
Total accumulated depreciation	$ 6,988,337	$ 707,745	$ 109,190	7,586,892
Total net depreciable capital assets				24,825,162
Total capital assets				$ 27,161,911

Depreciation expense was charged to home and community services - water supply services.

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At December 31, 2025, the District has not recorded any such impairment losses.

8 - INDEBTEDNESS

Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2025:

	Balance 1/1/2025	Increases	Reductions		Balance 12/31/25	Non-current Liabilities Due Within One Year
General obligation bonds	$ 6,552,400	$ -0-	$ 778,900		$ 5,773,500	$ 801,300
Add: Premiums on obligations	136,186	-0-	41,363		94,823	41,363
Total General obligation bonds	6,688,586	-0-	820,263		5,868,323	842,663
Bond anticipation note payable	14,420,000	-	470,000		13,950,000	570,000
Compensated absences	584,470	-	141,801	*	442,669	126,500
Net pension liability	304,626	204,380	152,273		356,733	-0-
Other postemployment benefits	2,624,437	725,601	622,020		2,728,018	65,000
Totals	$ 24,622,119	$ 929,981	$ 2,206,357		$ 23,345,743	$ 1,604,163

*The change in the compensated absences liability is presented as a net change.

General Obligation Serial Bonds - The District periodically borrows money to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term obligations, which are backed by the full faith and credit debt of the Town of Oyster Bay, bear interest at rates ranging from 2.0% to 5.0% and have maturity dates ranging from 2027 to 2033.

Principal and interest payments to maturity of the general obligation serial bonds as of December 31, 2025 are as follows:

		Principal	Interest	Total
Years Ending December 31,	2026	$ 801,300	$ 197,863	$ 999,163
	2027	830,800	168,111	998,911
	2028	817,500	137,243	954,743
	2029	671,300	110,493	781,793
	2030	696,300	86,244	782,544
	2031-2033	1,956,300	108,561	2,064,861
		$ 5,773,500	$ 808,515	$ 6,582,015

Interest expense totaling $777,461 for general obligation bonds and bond anticipation notes have been included in home and community services - water supply service expense in the statement of activities.

Bond Anticipation Notes (BANs) - BANs are generally used as a temporary means of financing capital expenditures in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter. BANs are expected to be paid from the proceeds of future bond issues after renewal of these notes. However, bond anticipation notes issued in anticipation of bonds for an assessable improvement may be renewed from time-to-time for a period not exceeding one year for each such renewal, and without limitation as to the number of such renewals. These renewals cannot extend beyond the period of probable usefulness of the object or purpose for which it is issued, as computed from the date of the first note or notes issued. BANs that are replaced with long-term financing, or renewed subsequent to year-end, are treated as long-term obligations. The District's BANs are considered long-term obligations and reported in the government-wide Statement of Net Position. These notes bear interest rates of 4.00% and were renewed on March 5, 2026. See Note 13 for more information.

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

Other Postemployment Benefits - Represents the cost of postemployment healthcare in the year when the employee services are received and provides information useful in assessing potential demands on the District's future cash flows. See Note 11 for more details.

Net Pension Liability - Proportionate Share - Represents the District's proportionate share of the ERS net pension liability. See Note 9 for more details.

All long-term liabilities are paid from the General Fund.

9 - PENSION PLANS

a. ***Plan Description*** - The District participates in the New York State and Local Employees' Retirement System (the "ERS"). This is a cost-sharing, multi-employer, defined benefit pension plan. The ERS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (the "NYSRSSL"). Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

   The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance.

   As set forth in the NYSRSSL, the Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the ERS and for the custody and control of their funds. The ERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be found at: www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

b. ***Benefits Provided*** - The ERS provides retirement benefits as well as death and disability benefits.

   Tiers 1 and 2

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

Benefit calculation - Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and 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 of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20% greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than the average of the previous two years.

Tiers 3, 4, and 5

Eligibility - 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% 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 of employment. For Tier 3, 4, and 5 members, each year' compensation used in the final average salary calculation 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 members is age 63.

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

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

Disability Retirement Benefits

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

Ordinary Death Benefits

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

c. ***Post-Retirement Benefit Increases***

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

Funding Policy - Generally, Tiers 3, 4 and 5 members must contribute 3% of their salary to the ERS. As a result of Article 19 of the RSSL, eligible Tiers 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the ERS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tiers 5 and 6 members are required to contribute for all years of service. Under the authority of the New York State Retirement and Social Security Law, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. The contribution paid during the current year was equal to 100% of the required payment. The contractually required contribution for the year ended December 31, 2025 was $166,793.

d. ***Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pension*** - At December 31, 2025, the District reported the following (asset) liability for its proportionate share of the net pension (asset) liability for the ERS. The net pension (asset) liability was measured as of March 31, 2025 for ERS. The total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation. The District's proportion of the net pension (asset) liability was based on a projection of the District's long-term share of contributions to the ERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the District.

	ERS
Actuarial valuation date	April 1, 2024
Net pension (asset) liability	$ 356,733
District's portion of the Plan's total net pension liability	0.0020806%
Change in allocation of the ERS System's total net pension (asset) liability since the prior measurement date	0.0000117%

For the year ended December 31, 2025, the District's recognized pension expense is $131,178. At December 31, 2025, the District's reported deferred outflows of resources related to pension from the following sources are as follows:

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 88,544	$ 4,177
Changes of assumptions	14,961	-0-
Net difference between projected and actual earnings on pension plan investments	27,988	-0-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	107,456	-0-
District's contributions subsequent to the measurement date	128,725	-0-
Total	$ 367,674	$ 4,177

The District's contribution, subsequent to the measurement date, will be recognized as a reduction of the net pension (asset) liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	ERS
Years Ending December 31, 2026	$ 108,013
2027	121,098
2028	(8,864)
2029	14,525
	$ 234,772

e. ***Actuarial Assumptions*** - The total pension (asset) liability as of the measurement date of March 31, 2025 was determined by using an actuarial valuation as of April 1, 2024 with update procedures used to roll forward the total pension (asset) liability to the measurement date.

	ERS
Measurement date	March 31, 2025
Actuarial valuation date	April 1, 2024
Investment rate of return (net of investment expense, including inflation)	5.9%
Salary increases	4.3%
Cost of living adjustments	1.5%
Inflation rate	2.9%

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 returns net of investment expense 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.

Demographic assumptions used in the April 1, 2024 actuarial valuation are based on results of an actuarial experience study completed on April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries Scale MP-2021.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2025 are summarized below:

	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Asset Type:		
Domestic equity	25.0%	3.54%
International equity	14.0%	6.57%
Private equity	15.0%	7.25%
Real estate	12.0%	4.95%
Opportunistic/Absolute return strategies	3.0%	5.25%
Credit	4.0%	5.40%
Real assets	4.0%	5.55%
Fixed Income	22.0%	2.00%
Cash	1.0%	0.25%
	100.0%	

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

f. ***Discount Rate*** - The discount rate used to calculate the total pension (asset) liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the ERSs' 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 (asset) liability.

g. ***Sensitivity of the Proportionate Share of the Net Pension (Asset) Liability to the Discount Rate Assumption*** - The following presents the District's proportionate share of the net pension (asset) liability calculated using the discount rate of 5.9%, as well as what the District's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is 1% point lower (4.9%) or 1% point higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
District's proportionate share of the net pension liability/(asset)	$ 1,032,432	$ 356,733	$ (207,475)

h. ***Pension Plan Fiduciary Net Position*** - The components of the current-year net pension (asset) liability of the employers participating in the ERS's as of March 31, 2025 were as follows (In thousands):

	ERS
Employers' total pension liability	$ 247,600,239
Plan fiduciary net position	230,454,512
Employers' net pension (asset)/liability	$ 17,145,727
Ratio of plan fiduciary net position to the Employers' total pension liability	93.08%

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial statements.

10 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; health care; and workers' compensation, for which the District carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year, and settlements have not exceeded coverage in the past three years.

11 - Other Postemployment Benefits (Obligations for Health Insurance)

In the government-wide financial statements, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The District recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows. No assets are accumulated in a trust that meets the criteria for paragraph 4 of GASB Statement No. 75.

Plan Description - The District administers a single-employer Other Postemployment Benefits ("OPEB") plan ("the Retiree Medical, Dental, Vision, and Medicare Part B Insurance" or "the Plan") for its employees. The Plan provides medical through the Empire Core Plan Enhancement; dental through Guardian; vision through the Davis Optical Plan; and Medicare Part B insurance. Article 11 of the State Compiled Statues grants the authority to establish and amend the benefit terms and financial requirements to the Board of Commissioners. The Plan does not issue a publicly available financial report. The District, per its contracts with employees, will pay the full premium costs for the medical, dental, and optical insurance coverage for an employee or commissioner of the District at retirement, provided the employee has reached age 55 and has been employed by the District for at least 10 years prior to the date of retirement. These contracts will be renegotiated at various times in the future. The retiree is also eligible for Medicare reimbursement in the amount of $2,220 per year. Upon death of an active or retired employee or commissioner, the District will pay the full cost of health insurance.

The OPEB valuation is based on census data as of January 1, 2025. The number of participants as of this date is as follows:

Active employees	12
Inactive employees receiving benefits	4
	16

There have been no significant changes in the number of participants or the type of coverage since that date.

Total OPEB Liability – The District's total liability of $2,728,018 was measured as of December 31, 2025, and was determined by an actuarial valuation as of January 1, 2025.

Contributions - The District funds the Plan at its own discretion, on a pay-as-you-go basis. During the year ended December 31, 2025, the District paid $50,989 for retiree insurance premiums, inclusive of Medicare Part B premiums.

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 benefit costs between the employer and plan members to that point.

The total OPEB liability in the January 1, 2025 valuation, measured as of December 31, 2025 was determined using the following actuarial assumptions and other inputs:

Salary increases	- 3.50%
Payroll growth rate	2.50%
Discount rate	- 4.83%
Healthcare cost trend rates	- 8.5% pre-65 and 6.0% post-65 in 2025, grading down 0.5% for pre-65 per annum to an ultimate rate of 4.5% in years 2032 and later.

The discount rate was based on the Bond Buyer's 20 Bond Index. The discount rate used as of December 31, 2025 was 4.83%.

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

The demographic assumptions used for the valuation were based on the rates developed in the report, "Development of Recommended Actuarial Assumptions" for New York/SUNY GASB 75 Valuation prepared by the AON Hewitt dated August 2022.

Annual OPEB Cost and Net OPEB Obligation - The following table shows the components of the District's other postemployment benefits liability:

Net OPEB obligation - beginning of year	$ 2,624,437
Changes for the year:	
Service cost	119,456
Interest	122,407
Changes in benefit terms	(288,648)
Differences between expected and actual experience	483,738
Changes in assumptions and other inputs	(282,383)
Benefit payments	(50,989)
Increase/(Decrease) in net OPEB obligation	103,581
Net OPEB obligation - end of year	$ 2,728,018

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.83%) or 1-percentage-point higher (5.83%) than the current discount rate:

One Percent Decrease (3.83%)	*Discount Rate (4.83%)*	*One Percent Increase (5.83%)*
$ 3,206,314	$ 2,728,018	$ 2,350,089

Sensitivity of the total OPEB liability to changes in the Healthcare cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower (8.0%) or 1-percentage-point higher (10.0%) than the current healthcare cost trend rates:

One Percent Decrease (8.0% decreasing to 3.5%)	*Healthcare Cost Trend Rates (9.0% decreasing to 4.5%)*	*One Percent Increase (10.0% decreasing to 5.5%)*
$ 2,328,832	$ 2,728,018	$ 3,235,688

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

For the year ended December 31, 2025, the District recognized OPEB expense of ($285,841). At December 31, 2025, the District reported deferred outflows or inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	*Deferred Inflows of Resources*
Differences between expected and actual experience	$ 486,711	$ 485,797
Changes of assumptions	78,560	721,995
Total	$ 565,271	$ 1,207,792

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

Years Ending December 31, 2026	$ (314,998)
2027	(293,292)
2028	(87,823)
2029	35,957
2030	17,635
	$ (642,521)

12 - COMMITMENTS AND CONTINGENCIES

Construction and Other Capital Acquisition Commitments

Construction in progress commitments for equipment purchases and other capital acquisition commitments amounting to $539,055 have been recorded as encumbrances in the Capital Projects Fund. It is anticipated that these projects will be paid for by the issuance of general obligation bonds and capital reserve funds.

13 - SUBSEQUENT EVENTS

The District's management has evaluated subsequent events through the date the financial statements were available to be issued. The following subsequent events require disclosure:

Debt Issuance

On March 5, 2026, the Town of Oyster Bay on the District's behalf renewed and issued bond anticipation notes totaling $14,550,000, which included $500,000 of additional borrowing. The bond anticipation notes will mature on March 5, 2027, and bear interest rates of 3.75% - 4.0%.

LOCUST VALLEY WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2025
(Unaudited)

	Budget Amounts			Variance Positive
	Original	*Final*	*Actual*	*(Negative)*
Revenues				
Real Property Taxes				
Ad valorem	$ 2,912,413	$ 2,912,413	**$ 2,912,419**	$ 6
Other Real Property Tax Items				
Payment in lieu of taxes	23,000	23,000	**20,898**	(2,102)
Departmental Income				
Metered water sales	1,975,000	1,975,000	**2,200,119**	225,119
Hydrant rentals and sprinkler charges	48,330	48,330	**48,335**	5
Interest and penalties - water rents	16,000	16,000	**21,713**	5,713
Other water charges	5,000	5,000	**81,153**	76,153
	2,044,330	2,044,330	**2,351,320**	306,990
Use of Money and Property				
Interest earnings	75,000	75,000	**382,810**	307,810
Rental Income	411,700	411,700	**411,868**	168
	486,700	486,700	**794,678**	307,978
Licenses and Permits				
Sprinkler and Hydrant Permits	1,000	1,000	**500**	(500)
	1,000	1,000	**500**	(500)
Sales of Property and Compensation for Loss				
Insurance recoveries	-	-	**13,631**	13,631
Sale of equipment	-	-	**11,200**	11,200
Sale of supplies	40,000	40,000	**121,269**	81,269
Legal settlements		302,559	**801,839**	499,280
	40,000	342,559	**947,939**	605,380
Other Miscellaneous Sources				
Refund of prior years expenditure	-	-	**330**	330
Premiums on obligations	-	100,000	**166,842**	66,842
Miscellaneous revenue	10,000	10,000	**16,197**	6,197
	10,000	110,000	**183,369**	73,369
Total Revenue	5,517,443	5,920,002	**7,211,123**	1,291,121

LOCUST VALLEY WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2025
(Unaudited)

	Budget Amounts				Variance
	Original	Final	Actual	Encum-brances	Positive (Negative)
Expenditures					
Administration					
Office salaries	316,500	316,500	**258,089**		58,411
Commissioners' fees	25,000	25,000	**23,900**		1,100
Insurance	150,000	150,000	**143,937**		6,063
Legal services	35,000	334,059	**326,559**		7,500
Audit and accounting services	30,000	30,000	**25,355**		4,645
Notices, advertising, and election costs	20,500	20,500	**17,667**		2,833
Stationery, office, and miscellaneous	47,500	62,000	**57,588**		4,412
Communications	22,700	22,700	**20,271**		2,429
Consultants	54,000	74,000	**70,491**		3,509
Utilities	24,000	17,000	**16,576**		424
Postage	12,000	13,000	**12,053**		947
Educational	13,000	8,000	**5,423**		2,577
Permits	3,000	3,000	**1,775**		1,225
Contingency	200,000	145,000	-		145,000
	953,200	1,220,759	**979,684**	-	241,075
Source of Supply, Power and Pumping					
Power and fuel for pumps	400,000	405,000	**404,851**		149
Purification					
Water treatment and analysis	210,000	195,000	**177,079**		17,921
Transmission and Distribution Expenditures					
Salaries	703,700	882,200	**857,698**		24,502
Engineering	65,000	65,000	**33,977**		31,023
Automobile	36,000	36,000	**30,621**		5,379
Maintenance - grounds	50,000	40,000	**34,176**		5,824
Maintenance - building	20,600	20,600	**18,444**		2,156
Uniforms	5,000	5,000	**4,236**		764
Repairs:					
Pump station	90,000	105,000	**71,247**	26,750	7,003
Hydrants, tanks and mains	168,000	140,000	**99,432**		40,568
Cottage - repairs and utilities	5,000	5,000	**3,075**		1,925
Equipment and supplies:					
Tools	3,000	3,000	**2,463**		537
Vehicle and plant equipment	340,000	340,000	**78,865**	160,395	100,740
Hydrant parts	5,000	12,000	**5,433**		6,567
Purchase of meters and supplies	155,000	234,850	**229,798**		5,052
	1,646,300	1,888,650	**1,469,465**	**187,145**	232,040
Employee Benefits					
Retirement system	156,500	167,500	**166,793**		707
Taxes - social security and medicare	82,300	90,315	**83,406**		6,909
Worker's Compensation	30,000	30,000	**24,862**		5,138
Health insurance	434,835	423,835	**383,906**		39,929
Health insurance buy back	30,000	30,000	**23,518**		6,482
Dental and optical insurance	27,000	27,000	**24,263**		2,737
	760,635	768,650	**706,748**	-	61,902

LOCUST VALLEY WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
Year Ended December 31, 2025
(Unaudited)

	Budget Amounts				
	Original	*Final*	*Actual*	*Encum-brances*	*Variance Positive (Negative)*
Debt Service					
Principal	1,148,900	1,248,900	**1,248,900**		-
Interest	802,818	802,818	**802,818**		-
	1,951,718	2,051,718	**2,051,718**	-	-
Total Expenditures	5,921,853	6,529,777	**5,789,545**	187,145	553,087
Deficiency of Revenues Over Expenditures	(404,410)	(609,775)	**1,421,578**	**(187,145)**	1,844,208
Other Financing Sources (Uses)					
Interfund transfers in			**3,835,406**		3,835,406
	-	-	**3,835,406**	-	3,835,406
Net Change in Fund Balance	$ (404,410)	$ (609,775)	**5,256,984**	$ (187,145)	$ 5,679,614
Fund Balance - Beginning			**4,047,493**		
Fund Balance - Ending			**$ 9,304,477**		

LOCUST VALLEY WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of District's Proportionate Share of the Net Pension (Asset) Liability
December 31, 2025
(Unaudited)

NYSERS	*2025*	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*2017*	*2016*
District's portion of the pension (asset) liability	0.0020806%	0.0020689%	0.0020044%	0.0018383%	0.0017321%	0.0018609%	0.0017816%	0.0019592%	0.0021142%	0.0022640%
District's proportionate share of the net pension (asset) liability	$ 356,733	$ 356,733	$ 429,835	$ (150,271)	$ 1,725	$ 492,776	$ 126,234	$ 63,232	$ 198,652	$ 357,342
District's covered-employee payroll	$ 1,155,016	$ 957,262	$ 909,841	$ 826,137	$ 907,486	$ 753,447	$ 660,053	$ 632,584	$ 625,846	$ 631,136
District's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	30.89%	37.27%	47.24%	(18.19%)	0.19%	65.40%	19.12%	10.00%	31.74%	56.62%
Plan fiduciary net position as a percentage of the total pension (asset) liability coming from the plan	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70% *-+ 1	90.68%

Changes of assumptions.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.
The following are the discount rates used in the current and prior period:

2025	5.90%
2024	5.90%
2023	5.90%
2022	5.90%
2021	5.90%
2020	6.80%
2019	7.00%
2018	7.00%
2017	7.00%
2016	7.00%

In 2024, the annuitant mortality rates were based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. In 2021 and 2022, the annuitant mortality rates were based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. In 2020, the annuitant mortality rates were based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018.

LOCUST VALLEY WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of District's Pension Contributions
December 31, 2025
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 166,793	$ 144,943	$ 112,001	$ 99,163	$ 148,862	$ 115,554	$ 108,865	$ 103,857	$ 102,620	$ 99,602
Contributions in relation to the contractually required contribution	166,793	144,943	112,001	99,163	148,862	115,554	108,865	103,857	102,620	99,602
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 990,982	$ 1,000,214	$ 941,263	$ 906,208	$ 804,981	$ 913,526	$ 685,807	$ 639,698	$ 621,829	$ 623,792
Contributions as a percentage of covered-employee payroll	16.83%	14.49%	11.90%	10.94%	18.49%	12.65%	15.87%	16.24%	16.50%	15.97%

LOCUST VALLEY WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the District's Total Other Postemployment Benefit (OPEB) Liability and Related Ratios
December 31, 2025
(Unaudited)

Period	*Total OPEB Liability - beginning of the period*	*Service cost*	*Interest on total OPEB liability*	*Changes is Benefit Terms*	*Differences between expected and actual experience*	*Changes of assumptions or other inputs*	*Benefit payments*	*Total OPEB liability - end of the period*	*Covered-employee payroll*	*Total OPEB liability as a percentage of covered-employee payroll*
January 1, 2025 - December 31, 2025	$ 2,624,437	119,456	122,407	(288,648)	483,738	(282,383)	(50,989)	2,728,018	885,073	308.23%
January 1, 2024 - December 31, 2024	2,812,762	131,826	95,695		(22,168)	(375,194)	(18,484)	2,624,437	867,100	302.67%
January 1, 2023 - December 31, 2023	3,506,493	114,392	93,639		(1,061,281)	178,059	(18,540)	2,812,762	845,951	332.50%
January 1, 2022 - December 31, 2022	4,330,983	208,436	92,968		(58,580)	(1,014,272)	(53,042)	3,506,493	770,553	455.06%
January 1, 2021 - December 31, 2021	3,264,897	200,035	89,623		815,447	16,705	(55,724)	4,330,983	751,759	576.11%
January 1, 2020 - December 31, 2020	2,779,552	142,588	79,912		(36,571)	310,747	(11,331)	3,264,897	790,616	412.96%
January 1, 2019 - December 31, 2019	2,623,452	100,454	91,581		(561,606)	539,964	(14,293)	2,779,552	771,333	360.00%
January 1, 2018 - December 31, 2018	2,777,450	88,394	97,584		-	(281,260)	(58,716)	2,623,452	632,584	415.00%

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

Notes to Schedule:

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

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

Changes of benefit terms.

None

Changes of assumptions.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2025	4.83%
2024	4.08%
2023	3.26%
2022	3.72%
2021	2.06%
2020	2.12%
2019	2.74%
2018	4.10%
2017	3.44%