

**LIVINGSTON COUNTY WATER AND  
SEWER AUTHORITY  
(A Discretely Presented Component Unit of  
the County of Livingston, New York)**

**Financial Statements as of  
December 31, 2021 and 2020  
Together with Independent  
Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

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**December 31, 2021 and 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

March 16, 2022

To the Board of Directors of the  
Livingston County Water and Sewer Authority

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Livingston County Water and Sewer Authority (the Authority), a New York Public Benefit Corporation, which is a discretely presented component unit of the County of Livingston, New York, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority'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 financial position of the Authority as of December 31, 2021 and 2020, and the changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 opinion.

#### ***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 Authority'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.

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***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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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, schedule of proportionate share of the net pension liability (asset), schedule of contributions - pension plans, and schedule of changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of revenues, expenses and changes in net position and schedule of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenue, expenses and change in net position and schedule of operating expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2021 and 2020**

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**Introduction**

The Livingston County Water and Sewer Authority (the Authority) is a public benefit corporation formed in 1995, created by legislation passed by the State of New York. Livingston County's (the County) Board of Supervisors appoints the volunteer members who comprise the Authority's Board. The NYS Authority Budget Office provides oversight of operations and practices of all public authorities in New York. The Authority also is required to meet the requirements of Federal, State, and County water pollution control and safe drinking water laws, thereby helping to protect the health of citizens, improving drinking water quality, and protecting the environment.

The Authority functions with required fair bidding laws, prevailing wage rates and financial safeguards. It is required to report as an Enterprise Fund similar to private business. Financial statements are prepared on the accrual basis in accordance with Generally Accepted Accounting Principles set forth by the Government Accounting Standards Board (GASB). Within these principles, revenues are recognized when earned, not received. Expenses are recognized when incurred, not when they are paid. The Authority is self-supporting and does not receive Federal, State or County appropriations for operating expenses or issuance of debt.

The Authority leased most of its workforce from the County's Public Works Department through December 31, 2018. Up until this time, employee related services, such as payroll, personnel, etc. were provided by the County. The County then billed the Authority annually for a share of the related indirect expenses. Payroll and health care costs were reimbursed monthly by the Authority. Beginning January 1, 2019, the Authority began employing these individuals directly and is no longer utilizing the County Department of Public Works.

The Authority has an overall staff of 13 full-time employees, which includes: One (1) Executive Director (who is the Chief Executive Officer and Chief Fiscal Officer of the Authority), One (1) Director of Operations, One (1) Principal Account Clerk, Two (2) Senior Account Clerk/Typists, Five (5) Water/Wastewater Maintenance Persons, and One (1) Building Maintenance Person, One (1) Senior Wastewater Treatment Plant Operator and One (1) Wastewater Treatment Plant Operator Trainee.

The discussion and analysis of the Authority's financial performance provides highlights of the Authority's major activities that had an effect on the operations of the Authority for the fiscal year ended December 31, 2021 with comparative data for 2020 and 2019. This report should be used and considered in conjunction with the 2021 audited financial statements, which follows this report.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The statement of net position and the statement of revenues, expenses, and changes in net position report information about the Authority as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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These two statements report the Authority's net position and changes in them from one year to the next. The Authority's net position, the difference between assets and liabilities, is one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in the Authority's operating revenue and the fluctuation of the Authority's expenses, to assess the overall health of the Authority.

**Financial Highlights**

- Net Position increased from 2020 by \$1,371,322, resulting in total 2021 net position of \$31,600,168.
- 2021 Operating Revenues increased over 2020 by \$290,691, or 8.2%.
- 2021 Operating Expenses increased over 2020 by \$71,321, or 1.6%.
- Net Position decreased from 2019 by \$922,278, resulting in total 2020 net position of \$30,228,846.
- 2020 Operating Revenues decreased over 2019 by \$71,882, or 2.0%.
- 2020 Operating Expenses increased over 2019 by \$721,051, or 19%.

The remainder of this report contains a series of financial information and tables disclosing the basis for the above financial highlights and the operations of the Authority.

**NOTES TO FINANCIAL STATEMENTS**

The financial statements also include notes that explain the information in the financial statements. They are essential to a full understanding of the data provided in the financial statements.

**STATEMENTS OF NET POSITION**

The condensed Statements of Net Position that follow provides information about the nature and amounts of resources (assets) and the obligations to the Authority's creditors (liabilities). The difference between the assets and liabilities is reported as net position. The following is a summary of the Authority's net position as of December 31 (in thousands):

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**Table 1 - Summary Statements of Net Position (in thousands)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets:			
Current and other assets	\$ 5,399	\$ 4,572	\$ 5,625
Capital assets, net	<u>38,138</u>	<u>34,909</u>	<u>34,771</u>
Total assets	<u>43,537</u>	<u>39,481</u>	<u>40,396</u>
Deferred outflows of resources	<u>1,160</u>	<u>599</u>	<u>35</u>
Liabilities:			
Current liabilities	2,032	600	455
Long-term liabilities	<u>10,301</u>	<u>9,244</u>	<u>8,819</u>
Total liabilities	<u>12,333</u>	<u>9,844</u>	<u>9,274</u>
Deferred inflows of resources	<u>764</u>	<u>7</u>	<u>6</u>
Net Position:			
Net investment in capital assets	29,705	27,608	27,251
Restricted	119	117	115
Unrestricted	<u>1,776</u>	<u>2,504</u>	<u>3,785</u>
Total net position	<u>\$ 31,600</u>	<u>\$ 30,229</u>	<u>\$ 31,151</u>

Current and other assets reflect the value of all cash accounts, accounts receivable, inventory, capital contribution receivables, prepaid expenses and funds held for others. These funds are the total customer payments and other operating deposits less the Authority's operating and repair expense payments. The balance of current and other assets increased approximately \$827,000 from 2020 to 2021. This increase is mainly related to an increase in amounts due from New York State of approximately \$1,059,000, which was related to the Clean Water and Drinking Water EFC grants. This increase in receivable was offset by a decrease in cash during the year.

In 2020, the balance of current and other assets reflect the value of all cash accounts, accounts receivable, inventory, capital contribution receivables, prepaid expenses and funds held for others. These funds are the total customer payments and other operating deposits less the Authority's operating and repair expense payments. The balance of current and other assets decreased approximately \$1,053,000 from 2019 to 2020. This decrease is mainly related to a decrease in amounts due from New York State of approximately \$1,053,000, which was related to the project with the Department of Corrections and Community Supervision (DOCCS). This amount was received in cash in 2020. This increase in cash was offset by capital purchases made during the year and an overall negative change in net position.



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Total liabilities show the total funds the Authority borrowed to improve infrastructure either with debt or other current year payables, as well as liabilities related to future retirement benefits of Authority employees. Total liabilities increased approximately \$2,489,000 from 2020 to 2021. This was the result of an increase of \$1,379,000 the accounts payable for capital work done prior to year end. There was also the an increase in BANs of approximately \$1.1 million as the Authority drew down on the EFC loan, completing work on the Waste Water Treatment Plant project.

Total liabilities show the total funds the Authority borrowed to improve infrastructure either with debt or other current year payables, as well as liabilities related to future retirement benefits of Authority employees. Total liabilities increased approximately \$570,000 from 2019 to 2020. This was the result of an increase in the total OPEB liability of approximately \$515,000 and the net pension liability of approximately \$197,000, due to changes in the actuarial valuations related to these plans. There was also a \$109,000 increase in accounts payable for capital work done prior to year end. These increases were offset by principal payments made on debt and BANs of approximately \$219,000.

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**

Net position changes as a result of operating activities over a period of one year (revenues earned, and expenses incurred). The following Statements of Revenue, Expenses, and Change in Net Position provide information on the Authority's operations for the years ended December 31, 2021, 2020 and 2019.

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**Table 2 - Statement of Revenues, Expenses and Changes in Net Position (in thousands)**

	Sewer			Water		
	2021	2020	2019	2021	2020	2019
Operating revenue:						
Service fees	\$ 1,878	\$ 1,841	\$ 1,868	\$ 1,652	\$ 1,413	\$ 1,351
O&M service fees	15	30	17	85	142	169
Permit fees	34	24	10	107	74	162
Other income	37	13	28	47	28	32
Total operating revenues	<u>1,964</u>	<u>1,908</u>	<u>1,923</u>	<u>1,891</u>	<u>1,657</u>	<u>1,714</u>
Operating expenses:						
Wages, salaries, and benefits	755	683	543	587	572	464
Contracted employees	-	-	-	-	-	-
Professional services	277	297	282	128	119	90
Utilities	177	167	175	132	121	125
Equipment/building expense	88	77	58	123	128	193
Vehicle expenses	16	15	17	16	11	17
Purchased water and sewer	63	90	96	580	483	488
Outside services	161	291	86	127	103	46
Depreciation	854	833	723	444	430	257
Other	28	34	76	27	59	55
Total operating expenses	<u>2,419</u>	<u>2,487</u>	<u>2,056</u>	<u>2,164</u>	<u>2,026</u>	<u>1,735</u>
Total operating income (loss)	<u>(455)</u>	<u>(579)</u>	<u>(133)</u>	<u>(273)</u>	<u>(369)</u>	<u>(21)</u>
Non-operating revenue (expense):						
Contract with NYS	-	-	-	-	-	91
Developers and customers	-	-	-	21	19	318
Interest revenue	4	12	15	24	31	30
Interest expense	(64)	(66)	(72)	-	-	-
Gain (loss) on sale of assets	(32)	15	1	90	15	1
Grant revenue	556	-	-	1,500	-	-
Total non-operating revenue (expense)	<u>464</u>	<u>(39)</u>	<u>(56)</u>	<u>1,635</u>	<u>65</u>	<u>440</u>
Special item:						
Transfer of debt from Livingston County	-	-	(735)	-	-	(699)
Change in net position	<u>\$ 9</u>	<u>\$ (618)</u>	<u>\$ (924)</u>	<u>\$ 1,362</u>	<u>\$ (304)</u>	<u>\$ (280)</u>

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The Statements of Revenues, Expenses, and Changes in Net Position (Table 2) show a total increase in net position in 2021 of approximately \$1,371,000, a decrease of approximately \$922,000 in 2020, and a decrease in net position in 2019 of approximately \$1,204,000. Operating revenue is income earned by the Authority from normal operations. Total operating revenue increased approximately \$290,000, 8.1%, in 2021 from 2020. In 2020, total operating revenue decreased approximately \$72,000, 2.0%, from 2019.

Non-operating revenue increased approximately \$2,073,000 in 2021 compared to 2020. Approximately \$1,500,000 of this was Water Infrastructure Improvement Act (WIIA) grant funding earned as work was done on the Water System Improvements project.

In 2020, non-operating revenue decreased approximately \$358,000 compared to 2019. In 2019, \$318,000 in capital contributions revenue was recognized for water infrastructure work done in conjunction with the DOCCS project on two local farms.

Operating expense reflects the expenses incurred by the Authority during the execution of normal operating procedures. These normal operating costs include: personnel, professional, utilities, vehicle, equipment, building, permit, supply, and depreciation on capital assets. The Authority has Administrative, Treatment and Transmission/Collection Departments. The workforce performs work for both the water and sewer areas. All direct costs are applied directly to the applicable water/sewer service area. All indirect costs (costs applicable to both water and sewer, such as administrative salaries) are applied according to the number of service units within each service area. Operating expenses increased approximately \$70,000, 2%, in 2021 from 2020. Operating expenses increased \$722,000, or approximately 19.0%, from 2019 to 2020.

**Table 3 - Capital Assets at Year End (in thousands)**

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Land	\$ 150	\$ 150	\$ 150
Construction work-in-progress	5,039	1,154	288
Right-of-use asset	346	-	-
Buildings	5,702	5,466	5,434
Water distribution system	16,855	16,855	16,690
Sewer collection system	25,367	25,367	25,367
Machinery and equipment	4,663	4,677	4,408
Leasehold improvements	871	871	871
Less: Accumulated Depreciation	<u>(20,855)</u>	<u>(19,631)</u>	<u>(18,437)</u>
Total capital assets, net	<u>\$ 38,138</u>	<u>\$ 34,909</u>	<u>\$ 34,771</u>

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As shown in Table 3 above, the Authority's capital assets increased approximately \$3,229,000 in 2021. This is the result of various upgrade projects in work in progress for approximately \$3,885,000, as well as the addition of a right-of-use asset related to the Village of Livonia water system for approximately \$346,000. These increases were offset by depreciation expense of approximately \$1.3 million dollars. In 2020, the Authority's capital assets increased approximately \$138,000. This is the result of various upgrade projects in work in progress, as well as the purchase of a dump truck and backhoe loader. These increases were offset by depreciation expense of approximately \$1.3 million dollars.

**Table 4 - Long-Term Debt Outstanding at Year End (in thousands)**

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Sewer Installment Bond	\$ 1,970	\$ 2,060	\$ 2,145
Drinking Water Installment Bond	603	635	666
Clean Water Installment Bond	<u>1,005</u>	<u>1,040</u>	<u>1,075</u>
Total bonds payable	<u>\$ 3,578</u>	<u>\$ 3,735</u>	<u>\$ 3,886</u>

As of December 31, 2021, the Authority had \$3,578,000 in outstanding bonds payable. In 2008, the Authority entered into a Trust Indenture under which debt is issued. The Authority covenants in its indenture that it will establish water and sewer rates sufficient to cover the sum of: (1) 105% times debt service, (2) operating revenues exceed operating expenses as defined by the covenant, and (3) any additional amounts required to restore the debt service reserve fund to the debt service reserve requirement. As of December 31, 2021, 2020, and 2019, there were no covenant violations with any outstanding debt issues for the Authority.

On July 21, 2021, the Authority and the Village of Livonia (the Village) entered into an agreement in which the Village leases its water distribution system to the Authority so that the Authority can operate and maintain such improvements and provide water delivery services for the benefit of Village residents. As a result, as of December 31, 2021, the Authority has a capital lease obligation of approximately \$254,000.

**FUTURE FACTORS**

**County-wide Water Supply Expansion**

The Authority will be managing next efforts in Livingston County to increasing access to water in the central and western parts of Livingston County. Next steps will include identifying preferred alternatives for water supply and distribution along with environmental reviews and funding applications. *Success: Assist County in developing and implementing scope of work and strategy for water expansion (June 2022). Execute strategy include making best use of existing funding sources as well as seeking needed funding for advancement. (December 2023).*

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**County-wide Leak Detection Survey & Repairs**

The Authority will be partnering with Livingston County to utilize grant funds to complete a county-wide leak detection survey. The leak survey will include all municipal water systems in the County including Authority systems. *Success: Completion of the leak detection survey and report identifying severity of leaks and prioritization of repairs (July 2022). Make necessary repairs to limit water loss (December 2022).*

**County-wide Water System Improvements – Phase 2-4**

Phases 2-4 include County-wide improvements of disinfection system upgrades, THM tank removal systems, SCADA systems upgrades and improvements, installation of new water meters for Authority customers throughout the consolidated water district, various distribution improvements and a new water storage tank. Total project cost estimated at \$8.5M. *Success: Completion of project on-time and within budget, including additionally added work (December 2023).*

**Lakeville Wastewater Plant Upgrades – Phase 2**

Phase 2 started June 2021 and is expected to end summer/fall 2022. This is a \$5.5M project which includes upgrades to the Lakeville WWTP, including the construction of a UV treatment building and a covered sludge storage building. *Success: Completion of project on-time and within budget. Additional items to consider, painting of sludge storage tank and digester cover inspection (September 2022).*

**Supervisory Control and Data Acquisition (SCADA) System Wide Improvements – Phase 1**

This project includes standardizing and designing the Authority SCADA system and bidding the initial phase of implementation. Cost of this first phase is \$1M. *Success: SCADA analysis and report completed outlining design, build out and schedule (July 2022), bid and award Phase 1 of SCADA improvements (December 2022).*

**Groveland Station Wastewater Treatment Plant Assessment**

The Groveland Station WWTP needs an assessment to outline any needed capital improvements. There has not been a review of the Groveland Station WWTP since its construction 20 years ago. This assessment will provide a priority list and cost estimates of capital improvements and maintenance items for future budgeting purposes. *Success: Completion of Groveland Station WWTP assessment and incorporate recommendations into capital program (May 2022).*

**Water and Sewer Rate Study & Analysis**

The Authority has grown over the past 20 years and is expected to grow significantly over the next 10 years. The current rate structure has been put together as new customers or municipal water systems are transferred to the Authority with little coordination of the larger water and sewer systems. Reviewing the existing rate structure which will include unit charge definitions and consistency, cost of service and debt charges which will assist in determining a comprehensive and universal rate schedule. *Success: Completion of rate study analysis and recommendation for rate changes as part of 2023 proposed budget (June/July 2022).*

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**Avon Wastewater Treatment Plant Capacity Assessments**

There have been continuing economic development interests that require additional sewer capacity at the Lakeville and/or Avon WWTP's. These economic development interests also impact sewer conveyance investments based on sewer capacity availability. In recent years Authority had discussed a partnership with the Village of Avon regarding sewer capacity. An updated assessment of the Avon WWTP is needed to understand cost options related to increasing each plants discharge permit. This project involves the intermunicipal cooperation of the Livingston County IDA, Village of Avon Town of Avon and LCWSA. *Success: Completion of the assessment and develop strategy to apply for CDBG, EFC and other funding sources (June 2022).*

**Groveland Wastewater Treatment Plant Disinfection Project**

The Authority has been awarded \$367,576 through the DEC QWIP (Quality Water Improvement Program) to install ultraviolet effluent disinfection at the Groveland Station Wastewater Treatment Facility. This project will improve water quality by reducing pathogens in the treatment plant's discharge. *Success: Design, bid and build project. Design (May 2022), Construction starts (May 2023) and Operational (May 2024).*

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the Executive Director, LCWSA, P.O. Box 396, Lakeville, New York, 14480; or call 585-346-3523.

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
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**Statements of Net Position**  
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	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,579,774	\$ 2,880,721
Accounts receivable	905,776	795,503
Due from New York State	1,059,352	-
Current portion of capital contributions receivable	56,410	54,073
Inventory	41,875	53,977
Prepaid expenses	127,324	107,101
Funds held for others	35,638	34,770
	<u>4,806,149</u>	<u>3,926,145</u>
<b>NONCURRENT ASSETS:</b>		
Restricted cash	11,220	11,202
Funds held by trustee	107,349	105,705
Capital contributions receivable, net of current portion	474,108	529,014
Capital assets, net	38,138,332	34,909,004
	<u>38,731,009</u>	<u>35,554,925</u>
<b>Total noncurrent assets</b>	<u>38,731,009</u>	<u>35,554,925</u>
<b>Total assets</b>	<u>43,537,158</u>	<u>39,481,070</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related	683,081	233,176
Total other postemployment benefits related	476,596	365,817
	<u>1,159,677</u>	<u>598,993</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	1,670,748	292,153
Current portion of bonds and bond anticipation note payable	226,725	228,225
Current portion of capital lease	40,000	-
Other current liabilities	58,721	45,016
Funds held for others	35,638	34,770
	<u>2,031,832</u>	<u>600,164</u>
<b>Total current liabilities</b>	<u>2,031,832</u>	<u>600,164</u>

(Continued)

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Statements of Net Position**  
**December 31, 2021 and 2020**

	2021	2020
<b>NONCURRENT LIABILITIES:</b>		
Bond anticipation note payable	4,531,484	3,495,236
Bonds payable, net of current portion	3,421,050	3,577,775
Capital lease, net of current portion	213,976	-
Compensated absences	37,395	37,709
Net pension liability	2,225	209,871
Total other postemployment benefits liability	2,094,564	1,923,480
Total noncurrent liabilities	<u>10,300,694</u>	<u>9,244,071</u>
 Total liabilities	 <u>12,332,526</u>	 <u>9,844,235</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related	649,119	6,982
Total other postemployment benefits related	<u>115,022</u>	<u>-</u>
 Total deferred inflows of resources	 <u>764,141</u>	 <u>6,982</u>
 <b>NET POSITION</b>		
Net investment in capital assets	29,705,097	27,607,768
Restricted	118,569	116,907
Unrestricted	<u>1,776,502</u>	<u>2,504,171</u>
 Total net position	 <u><u>\$ 31,600,168</u></u>	 <u><u>\$ 30,228,846</u></u>

The accompanying notes are an integral part of these statements.



**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUE:		
Service fees	\$ 3,530,252	\$ 3,253,127
Operation and maintenance service fees	99,483	172,104
Permit fees	141,477	97,412
Other income	<u>83,594</u>	<u>41,472</u>
Total operating revenue	<u>3,854,806</u>	<u>3,564,115</u>
OPERATING EXPENSES:		
Administrative	764,282	682,482
Treatment	1,138,408	1,061,949
Transmission/collection	1,382,343	1,504,553
Depreciation	<u>1,297,974</u>	<u>1,262,702</u>
Total operating expenses	<u>4,583,007</u>	<u>4,511,686</u>
Total operating income (loss)	<u>(728,201)</u>	<u>(947,571)</u>
NON-OPERATING REVENUE (EXPENSE):		
Interest revenue	27,546	42,612
Interest expense	(64,009)	(66,197)
Gain on sale of capital assets	58,152	29,700
Grant revenue	<u>2,056,424</u>	<u>-</u>
Total non-operating revenue (expense)	<u>2,078,113</u>	<u>6,115</u>
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>1,349,912</u>	<u>(941,456)</u>
CAPITAL CONTRIBUTIONS:		
Developers and customers	<u>21,410</u>	<u>19,178</u>
Total capital contributions	<u>21,410</u>	<u>19,178</u>
CHANGE IN NET POSITION	1,371,322	(922,278)
NET POSITION - beginning of year	<u>30,228,846</u>	<u>31,151,124</u>
NET POSITION - end of year	<u>\$ 31,600,168</u>	<u>\$ 30,228,846</u>

The accompanying notes are an integral part of these statements.

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Statements of Cash Flows**

**For the Years Ended December 31, 2021 and 2020**

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES:		
Revenues -		
Receipts from service fees	\$ 3,519,462	\$ 3,461,496
Receipts from permit fees	141,477	97,412
Service fees collected for other governments	756,622	878,422
Other operating receipts	83,594	41,472
Expenses -		
Payments to vendors and suppliers for goods and services	(2,109,128)	(2,055,301)
Payments to employees for wages and benefits	(1,167,597)	(1,139,667)
Service fees remitted to other governments	(756,622)	(878,422)
Net cash flow from operating activities	467,808	405,412
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash received under New York State contract	-	1,053,440
Purchases of capital assets	(2,737,036)	(1,234,040)
Proceeds on disposal of capital assets	79,600	29,904
Cash received for capital contributions	52,569	50,381
Grants received for capital assets	997,072	-
Proceeds from bond anticipation note payable	1,106,248	-
Withdrawals from (increases to) funds held with trustee	(1,644)	(1,645)
Principal payments made on bond anticipation note	(71,500)	(67,000)
Repayments of bond payable	(156,725)	(151,725)
Interest on capital debt	(64,867)	(67,005)
Net cash flow from capital and related financing activities	(796,283)	(387,690)
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	27,546	42,612
Net cash flow from investing activities	27,546	42,612
CHANGE IN CASH AND CASH EQUIVALENTS	(300,929)	60,334
CASH AND CASH EQUIVALENTS - beginning of year	2,891,923	2,831,589
CASH AND CASH EQUIVALENTS - end of year	\$ 2,590,994	\$ 2,891,923
CLASSIFIED AS:		
Cash and cash equivalents	\$ 2,579,774	\$ 2,880,721
Restricted cash and cash equivalents	11,220	11,202
Total cash and cash equivalents	\$ 2,590,994	\$ 2,891,923

(Continued)

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Statements of Cash Flows**

**For the Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (728,201)	\$ (947,571)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation	1,297,974	1,262,702
Change in:		
Accounts receivable	(110,273)	36,265
Inventory	12,102	(4,577)
Prepaid expenses	(20,223)	(17,723)
Accounts payable	(157,733)	(39,038)
Compensated absences	(314)	8,338
Pension items - ERS	(15,414)	(834)
Other postemployment benefit items	175,327	149,152
Other current liabilities	<u>14,563</u>	<u>(41,302)</u>
Net cash flow from operating activities	<u>\$ 467,808</u>	<u>\$ 405,412</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITY:		
Capital assets received directly from developers and customers	\$ 21,410	\$ 19,178
Capital assets purchased but not yet paid in cash	1,536,328	147,878
Right-to-use asset acquired through lease obligation	<u>253,976</u>	<u>-</u>
Total non-cash capital and related financing activity	<u>\$ 1,811,714</u>	<u>\$ 167,056</u>

The accompanying notes are an integral part of these statements.

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

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**1. ORGANIZATION AND REPORTING ENTITY**

The Livingston County Water and Sewer Authority (the Authority) is a public benefit corporation organized under the Public Authorities Law of the State of New York. The Authority was created to finance, construct, operate and maintain water and sewage facilities for the benefit of the residents of the County of Livingston, New York (the County).

The Authority was created by special New York State legislation on July 26, 1995 and commenced operations with the appointment of its officers on August 23, 1995 and September 13, 1995.

Members of the Authority's governing board are appointed by the County's Board of Supervisors; however, the Board of Supervisors exercises no oversight responsibility for management of the Authority, or accountability for fiscal matters. The County is not liable for any Authority indebtedness. The Authority is considered a component unit of the County and is included as such within the County's basic financial statements as a discretely presented component unit.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

**Basis of Presentation**

GASB requires the classification of net position into three components, as defined below:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent capital-related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted Net Position - This component of net position consists of amounts which have external constraints placed on its use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This component consists of net position that does not meet the definition of "net investment in capital assets," or "restricted."

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

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

---

**Cash and Cash Equivalents**

The Authority's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are carried at cost plus accrued interest, which approximates fair value.

Certain assets are classified on the balance sheet as restricted because their use is limited. The proceeds of bond sales can only be used for the stated purpose of the borrowing and; therefore, any remaining proceeds are restricted. Also, certain assets were restricted to fund development and repairs associated with specific service areas.

For purposes of presenting the statement of cash flows, the Authority considers all highly liquid short-term investments with a maturity of three months or less from year-end to be cash or cash equivalents.

**Accounts Receivable**

Accounts receivable consist of fees for services for sewer and water charges due from individuals and other governments. Accounts receivable are carried on the statements of net position at net realizable value. The Authority has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require the allowance method to be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

**Due from New York State**

Due from New York State consists of amounts due from NYS Environmental Facilities Corporation (NYS EFC) related to grant revenue that has been earned by the Authority but not yet received. Management expects this revenue to be fully collectible.

**Capital Contributions Receivable**

Capital contributions receivable represents contractual agreements with a village and two farms to repay the Authority for capital improvements that were made to system infrastructure to benefit the village's water system, and to provide additional system capacity to meet the farms' anticipated water demands. In addition, interest is charged by the Authority for amounts expended during project completion at rates equivalent to borrowings incurred by the Authority during that time and are recorded as interest income in the accompanying statements of revenues, expenses and changes in net position.

**Inventory**

Inventory of meters and supplies is stated at the lower of cost determined on the first-in, first-out method or market.

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

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**Capital Assets**

Capital assets, including distribution/collection systems, are stated at cost. Depreciation is provided using the straight-line method over the following estimated useful lives:

Machinery and equipment	5 - 10 years
Buildings	20 - 40 years
Water distribution system	30 - 50 years
Sewer collection system	20 - 50 years
Leasehold improvements	40 years

Improvements, renewals and significant repairs that do not extend the life of the asset are expensed as incurred. When assets are retired or otherwise disposed of, the related asset and accumulated depreciation are written off and any related gains or losses are recorded.

**Funds Held by Trustee**

Funds held by M&T Bank (the Trustee) consist of fixed income United States Government securities. The Authority reports these items at reported values by the trustee. In 2021 and 2020, this represents debt service funds required under the debt service reserve requirement.

**Revenue Recognition**

Revenues from water and sewer sales are recognized at the time of service delivery based on actual or estimated water meter readings and actual sewer units.

**Capital Contributions**

Capital contributions represent amounts that developers, customers and governments have contributed for betterments or additions to capital assets. These contributions are received in cash or in the form of non-cash contributions of capital items and are recorded at market value on the date of donation.

**Operating and Non-Operating Revenues and Expenses**

Operating revenue consists of water and sewer service fees and other related revenue. The Authority defines non-operating revenue as grant revenues, interest earnings on investment assets, and gains or losses on the sales of assets. Non-operating expenses consist of interest expense.

**Unearned Revenue**

Unearned revenue also arises when resources are received by the Authority before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Authority has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

**Compensated Absences**

Authority employees earn vacation time based on length of employment and employee contracts. Upon termination, employees are paid full value for any accrued unused vacation time. The Authority records this as a long-term liability.

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

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**Total Other Postemployment Benefits**

The Authority administers a single-employer defined benefit Other Postemployment Benefit (OPEB) Plan (the Plan). The only employees eligible for the health care benefits through the Plan are the four employees previously employed by Livingston County who were transferred to the Authority without a break in service on January 1, 2019. Those County employees who worked for the Authority but retired prior to the employee lease termination with the County will receive retiree health care benefits through the County, but these costs will be reimbursed by the Authority. Employees hired by the Authority after January 1, 2019 are not eligible for retiree health insurance. The total other postemployment benefit liability is actuarially determined and presented as a long-term liability.

**Pensions**

The Authority participates in the New York State Employees' Retirement System.

**Deferred Outflows and Inflows of Resources**

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows 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) until then. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

**Income Taxes**

As a public benefit corporation, the Authority is exempt from federal and state income taxes, as well as state and local property and sales taxes.

**Budget**

The Authority is not required to have a legally adopted budget. However, under the New York State Public Authorities Law, the Authority board must approve and issue a budget on an annual basis representing the Authority's objectives and priorities for the year.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**3. DEPOSITS WITH FINANCIAL INSTITUTIONS**

The guidelines established by the Authority permit the investment of funds held by the Authority to be invested in accordance with New York State Public Authorities Law. Investments must be in the form of obligations of the State of New York, or in general obligations of its political subdivisions; obligations of the United States.

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

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The Authority's investment policy requires its deposits and investments to be 100% collateralized through federal deposit insurance or other obligations. Obligations that may be pledged as collateral are obligations of, or guaranteed by, the United States or the State of New York. Collateral must be delivered to the Authority or an authorized custodial bank. In addition, the Authority's investment policy includes the following provisions for interest rate risk, credit risk and custodial credit risk (as defined below):

- Interest rate risk  
Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
- Credit risk  
The Authority's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Authority's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:
  - o Interest bearing demand accounts.
  - o Certificates of deposit.
  - o Obligations of the United States Treasury and United States agencies.
  - o Obligations of New York State and its localities.
- Custodial credit risk  
Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Authority's investment and deposit policy, all deposits of the Authority including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The Authority's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:
  - o Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
  - o Obligations issued or fully insured or guaranteed by New York State and its localities.

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority did not have any investments that are measured using Level 2 or Level 3 inputs.



**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

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Fair value measurements of the Authority's investments at December 31, 2021 were comprised of U.S. Treasury Bonds valued at \$90,277 based on quoted market prices (Level 1 inputs). Fair value measurements of the Authority's investments at December 31, 2020 were comprised of U.S. Treasury Bonds valued at \$90,277 based on quoted market prices (Level 1 inputs). On the Statements of Net Position, these investments are included in funds held with trustee.

At December 31, 2021 and 2020, respectively, cash and cash equivalents and restricted cash held by the Authority in financial institutions (not including funds held for others or funds held by trustee) were \$2,590,994 and \$2,891,923. At December 31, 2021 and 2020, cash and cash equivalents and restricted cash consisted of bank demand deposit and money market accounts, which are not subject to investment risk relating to changing interest rates. The Authority's deposits and investments are required to be collateralized in the event of loss due to the failure of the issuer or counterparty to its investments.

At December 31, 2021, the reported amount of the Authority's deposits, including funds held for others, was \$2,626,632 and the bank balance was \$2,776,076. Of the bank balance, \$250,000 was covered by federal depository insurance, with the remaining amount covered by collateral held in the pledging bank's trust department in the Authority's name.

At December 31, 2020, the reported amount of the Authority's deposits, including funds held for others, was \$2,926,693 and the bank balance was \$3,132,464. Of the bank balance, \$500,000 was covered by federal depository insurance, with the remaining amount covered by collateral held in the pledging bank's trust department in the Authority's name.

**4. RESTRICTED CASH**

The Authority's cash is restricted for the following purposes as of December 31:

	2021	2020
Capital development and repairs	\$ 11,220	\$ 11,202

**5. FUNDS HELD BY TRUSTEE**

Funds held by trustee refers to cash held by a third party for the benefit of the Authority. The funds held by trustee are not subject to the Authority's Investment and Deposit Policy or collateralization requirements. As of December 31, 2021 and 2020, this amount was \$107,349 and \$105,705, respectively. In both 2021 and 2020, the funds held by trustee were for debt service required by the Authority's Trust Indenture. As mentioned in footnote 3, the debt service funds held by trustee include U.S. Treasury Bonds which are stated at market value.

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

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**6. ACCOUNTS RECEIVABLE**

The Authority's accounts receivable as of December 31 are as follows:

	2021	2020
Water and sewer service fees	\$ 679,077	\$ 599,916
Due from local governments	<u>226,699</u>	<u>195,587</u>
	<u>\$ 905,776</u>	<u>\$ 795,503</u>

**7. CAPITAL CONTRIBUTIONS RECEIVABLE**

Capital contributions receivable at December 31 are as follows:

	2021	2020
Village of Geneseo	\$ 242,754	\$ 283,477
Sparta Farms, LP	144,634	150,533
Dairy Knoll Farms, LLC	<u>143,130</u>	<u>149,077</u>
	<u>\$ 530,518</u>	<u>\$ 583,087</u>

Future scheduled principal payments of capital contributions are as follows at December 31:

2022	\$ 56,410
2023	57,289
2024	59,781
2025	62,383
2026	65,096
2027-2031	88,105
2032-2036	93,674
2037-2041	<u>47,780</u>
	<u>\$ 530,518</u>

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

**8. CAPITAL ASSETS**

The Authority's capital assets for 2021 are as follows:

	Balance January 1	Increases	Transfers	Decreases	Balance December 31
Land	\$ 150,285	\$ -	\$ -	\$ -	\$ 150,285
Construction work-in-progress	1,153,041	4,120,950	(235,618)	-	5,038,373
Total non-depreciable assets	1,303,326	4,120,950	(235,618)	-	5,188,658
Right-of-use asset	-	346,471	-	-	346,471
Buildings	5,466,078	-	235,618	-	5,701,696
Water distribution system	16,854,599	-	-	-	16,854,599
Sewer collection system	25,366,844	-	-	-	25,366,844
Machinery and equipment	4,677,383	81,329	-	(95,217)	4,663,495
Leasehold improvements	871,377	-	-	-	871,377
Total depreciable assets:	53,236,281	427,800	235,618	(95,217)	53,804,482
Less: Accumulated depreciation-					
Right-of-use asset	-	-	-	-	-
Buildings	(2,578,613)	(154,633)	-	-	(2,733,246)
Water distribution system	(4,314,475)	(335,215)	-	-	(4,649,690)
Sewer collection system	(10,272,895)	(581,365)	-	-	(10,854,260)
Machinery and equipment	(2,442,836)	(204,977)	-	73,769	(2,574,044)
Leasehold improvements	(21,784)	(21,784)	-	-	(43,568)
Total accumulated depreciation	(19,630,603)	(1,297,974)	-	73,769	(20,854,808)
Net depreciable assets	33,605,678	(870,174)	235,618	(21,448)	32,949,674
Total capital assets, net	\$ 34,909,004	\$ 3,250,776	\$ -	\$ (21,448)	\$ 38,138,332

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

The Authority's capital assets for 2020 are as follows:

	Balance January 1	Increases	Transfers	Decreases	Balance December 31
Land	\$ 150,285	\$ -	\$ -	\$ -	\$ 150,285
Construction work-in-progress	287,425	1,173,053	(274,035)	(33,402)	1,153,041
Total non-depreciable assets	437,710	1,173,053	(274,035)	(33,402)	1,303,326
Buildings	5,433,895	-	32,183	-	5,466,078
Water distribution system	16,689,787	-	164,812	-	16,854,599
Sewer collection system	25,366,844	-	-	-	25,366,844
Machinery and equipment	4,408,273	261,445	77,040	(69,375)	4,677,383
Leasehold improvements	871,377	-	-	-	871,377
Total depreciable assets	52,770,176	261,445	274,035	(69,375)	53,236,281
Less: Accumulated depreciation-					
Buildings	(2,434,368)	(144,245)	-	-	(2,578,613)
Water distribution system	(3,986,076)	(328,399)	-	-	(4,314,475)
Sewer collection system	(9,760,699)	(581,367)	-	69,171	(10,272,895)
Machinery and equipment	(2,255,929)	(186,907)	-	-	(2,442,836)
Leasehold improvements	-	(21,784)	-	-	(21,784)
Total accumulated depreciation	(18,437,072)	(1,262,702)	-	69,171	(19,630,603)
Net depreciable assets	34,333,104	(1,001,257)	274,035	(204)	33,605,678
Total capital assets, net	\$ 34,770,814	\$ 171,796	\$ -	\$ (33,606)	\$ 34,909,004

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

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**9. BOND ANTICIPATION NOTE**

On February 1, 2018, the Authority issued a Bond Anticipation Note (BAN) Series 2018 through the Environmental Facilities Corporation (EFC) for a maximum amount of \$4,306,960 for the Lakeville wastewater treatment plant upgrades. This BAN included an initial rate of 0.00% under a NYS EFC short-term financing program, which is considered a direct borrowing. On September 23, 2020, the Authority adopted a resolution authorizing a new EFC Clean Water Facility note to effect an increase in financing from EFC from \$4,303,960 to \$7,603,105. The new EFC BAN was dated August 5, 2021 in the amount of \$7,603,105, also with an initial interest rate of 0.00%. This BAN replaces the original 2018 BAN in the amount of \$4,306,960 and has a maturity date of February 1, 2023. At that time, the Authority can convert the BAN to long-term financing if all conditions are met and if such financing is made available by EFC. Principal payments of \$71,500 and \$67,000 in 2021 and 2020, respectively, were required to be made based on actual total draws made on the BAN. The Authority did not draw down on the BAN in 2020. In 2021, the Authority drew down \$1,106,248, which increased the total BAN outstanding as of year end. A third principal payment will be required to be made based upon actual draw downs to date in 2022. As of December 31, 2021 and 2020, the estimated amount of the payment due in the next fiscal year was \$70,000 and \$71,500, respectively. This is included in the current portion of bonds and bond anticipation notes payable. The remaining amount outstanding is reported under noncurrent liabilities. The following is a summary of changes in short-term debt:

	2021	2020
Balance - January 1	\$ 3,566,736	\$ 3,633,736
Borrowings	1,106,248	-
Repayments	(71,500)	(67,000)
Balance - December 31	<u>\$ 4,601,484</u>	<u>\$ 3,566,736</u>

On November 4, 2021, the Authority issued a Bond Anticipation Note (BAN) through the Environmental Facilities Corporation (EFC) for a maximum amount of \$4,000,000 for the Water System Improvements Project. This BAN includes a interest free sum of \$1,333,333 and a market rate sum of \$2,666,667 at a market rate of 0.33% under a NYS EFC short-term financing program, which is considered a direct borrowing. The BAN has a maturity date of November 4, 2026. At that time, the Authority can convert the BAN to long-term financing if all conditions are met and if such financing is made available by EFC. The Authority did not draw down on this BAN in 2021.

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**10. FINANCING ARRANGEMENTS**

The Authority had the following debt outstanding as of December 31, 2021:

	Balance January 1	Increases	Decreases	Due Within One Year	Due After One Year
<u>Direct Borrowings</u>					
On August 27, 2009, the Authority issued a \$2,921,000 Sewer Installment Bond with the NYS Environmental Facilities Corporation to fund the cost of various sewer projects. The bond has an interest rate of 4.27% and will mature on August 1, 2039.	\$ 2,060,000	\$ -	\$ (90,000)	\$ (90,000)	\$ 1,880,000
On February 7, 2011 the Authority issued a \$951,750 Drinking Water Installment Bond with the NYS Environmental Facilities Corporation to fund the cost of the Groveland Station water project. The note has an interest rate of 0% and will mature on August 31, 2040.	634,500	-	(31,725)	(31,725)	571,050
On May 1, 2012, the Authority was a part of a \$1,322,692 offering of the NYS EFC Revenue Bonds to fund the cost of various sewer projects. The bond has an interest rate of 3.74% and will mature on May 1, 2042.	1,040,000	-	(35,000)	(35,000)	970,000
	<u>\$ 3,734,500</u>	<u>\$ -</u>	<u>\$ (156,725)</u>	<u>\$ (156,725)</u>	<u>\$ 3,421,050</u>

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The Authority had the following debt outstanding as of December 31, 2020:

	Balance January 1	Increases	Decreases	Due Within One Year	Due After One Year
<u>Direct Borrowings</u>					
On August 27, 2009, the Authority issued a \$2,921,000 Sewer Installment Bond with the NYS Environmental Facilities Corporation to fund the cost of various sewer projects. The bond has an interest rate of 4.27% and will mature on August 1, 2039.	\$ 2,145,000	\$ -	\$ (85,000)	\$ (90,000)	\$ 1,970,000
On February 7, 2011 the Authority issued a \$951,750 Drinking Water Installment Bond with the NYS Environmental Facilities Corporation to fund the cost of the Groveland Station water project. The note has an interest rate of 0% and will mature on August 31, 2040.	666,225	-	(31,725)	(31,725)	602,775
On May 1, 2012, the Authority was a part of a \$1,322,692 offering of the NYS EFC Revenue Bonds to fund the cost of various sewer projects. The bond has an interest rate of 3.74% and will mature on May 1, 2042.	1,075,000	-	(35,000)	(35,000)	1,005,000
	<u>\$ 3,886,225</u>	<u>\$ -</u>	<u>\$ (151,725)</u>	<u>\$ (156,725)</u>	<u>\$ 3,577,775</u>

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The Authority receives an interest subsidy from NYS Environmental Facilities Corporation each year on the 2009 and 2012 issuances. The subsidy is reflected in the payout schedule below. Future scheduled principal and interest payments on bonds from indirect borrowings are as follows at December 31:

	Principal	Interest	Total
2022	\$ 156,725	\$ 62,579	\$ 219,304
2023	161,725	60,241	221,966
2024	161,725	57,744	219,469
2025	161,725	55,205	216,930
2026	171,725	52,593	224,318
2027-2031	888,625	220,245	1,108,870
2032-2036	963,625	142,589	1,106,214
2037-2041	766,900	54,435	821,335
2041-2045	<u>145,000</u>	<u>2,508</u>	<u>147,508</u>
	<u>\$ 3,577,775</u>	<u>\$ 708,139</u>	<u>\$ 4,285,914</u>

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

Interest paid	\$ 64,867
Plus: Interest accrued in the current year	20,976
Less: Interest accrued in the prior year	<u>(21,834)</u>
Total interest expense	<u>\$ 64,009</u>

In 2008, the Authority entered into a Trust Indenture under which debt is issued. The Trust Indenture pledges all revenues and other income collected by the Authority for payment of principal and interest on the bonds. The Trust Indenture also generally requires establishment of certain trust funds, for which M&T Bank acts as a trustee, into which monies are to be deposited. The Authority is required to maintain on deposit amounts sufficient to cover the annual debt service (as defined in the Trust Indenture) of its bonds. The Authority covenants in its indenture that it will establish water and sewer rates sufficient to cover the sum of: (1) 105% times debt service, (2) operating revenues exceed operating expenses as defined by the covenant, and (3) any additional amounts required to restore the debt service reserve fund to the debt service reserve requirement. As of December 31, 2021 and 2020, there were no covenant violations with any outstanding debt issues for the Authority. The Authority includes in their customer billings an amount designated for debt service. The intention by the Board, related to the use of these revenues, is to satisfy debt service requirements.

Should an event of default occur on any of the bonds under the general revenue bond resolution, the Trustee may declare the principal of all bonds outstanding to be due and payable immediately.



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**11. CAPITAL LEASES**

On July 21, 2021, the Authority and the Village of Livonia (the Village) entered into an agreement in which the Village leases its water distribution system to the Authority so that the Authority can operate and maintain such improvements and provide water delivery services for the benefit of Village residents. The term of this agreement is 40 years. In accordance with this agreement, the Authority shall make annual payments of \$40,000 to the Village, with an additional one-time payment made in the first year of \$52,495.

This lease is defined as a capital lease and the related water distribution system is recorded as an asset that is amortized over the term of the lease or the asset's useful life, whichever is shorter. Thus, the asset is amortized over 40 years. The lease obligation is shown as a liability. The amortization on the related right-of-use asset will be included as an operating expense.

Water facilities under capital leases that are included within capital assets as of December 31 are as follows:

	2021
Right-of-use asset	\$ 346,471
Less: Accumulated amortization	<u>-</u>
	<u>\$ 346,471</u>

Long-term capital lease activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Due Within One Year	Due After One Year
Capital lease	\$ -	\$ 346,471	\$ (92,495)	\$ (40,000)	\$ 213,976

The future minimum lease obligation and the net present value of the minimum lease payments as of December 31, 2021 were as follows:

Year Ending December 31:	Amount
2022	\$ 40,000
2023	40,000
2024	40,000
2025	40,000
2026	40,000
Thereafter	<u>80,000</u>
Total minimum lease payments	280,000
Less: amount representing interest	<u>(26,024)</u>
Present value of minimum lease payments	<u>\$ 253,976</u>

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**12. PENSION PLAN**

**New York State and Local Employees' Retirement System Plan Description**

The Authority participates in the New York State Employees' Retirement System (NYSERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing, multiple employer public employee retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYS RSSL). Once an employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees in NYERS contribute 3% of their salary throughout their active membership. For employees who joined after April 1, 2012, employees contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of contributions required, and were as follows:

NYSERS

2021	\$	97,052
2020	\$	28,775
2019	\$	4,772

Of the cash paid for NYSERS during 2021, \$28,405 represents amounts owed for the period of January 1 - March 31, 2022 and is shown in prepaid expenses on the accompanying statement of net position.

Of the cash paid for NYSERS during 2020, \$24,281 represents amounts owed for the period of January 1 - March 31, 2021 and is shown in prepaid expenses on the accompanying statement of net position.

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

At December 31, 2021, the Authority reported a net pension liability of \$2,225 for its proportionate share of the NYS ERS net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2020, the Authority reported a net pension liability of \$209,871 for its proportionate share of the NYS ERS net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2021, the Authority's proportionate share was .0022341%, which was an increase from its proportionate share of .0007925% measured at December 31, 2020.

At December 31, 2020, the Authority's proportionate share was .0007925%, which was an increase from its proportionate share of .0001872% measured at December 31, 2019.

For the year ended December 31, 2021, the Authority recognized pension expense of \$94,014. At December 31, 2021, the Authority reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,168	\$ -
Changes in assumptions	409,029	7,714
Net difference between projected and actual earnings on pension plan investments	-	639,031
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	161,670	2,374
Contributions subsequent to the measurement date	85,214	-
Total	<u>\$ 683,081</u>	<u>\$ 649,119</u>

The Authority recognized \$85,214 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2022.

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For the year ended December 31, 2020, the Authority recognized pension expense of \$79,840. At December 31, 2020 the Authority reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,352	\$ -
Changes in assumptions	4,226	3,649
Net difference between projected and actual earnings on pension plan investments	107,590	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	36,165	3,333
Contributions subsequent to the measurement date	72,843	-
Total	<u>\$ 233,176</u>	<u>\$ 6,982</u>

The Authority recognized \$72,843 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2020, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2021.

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

Plan's Year Ended March 31:	2021
2022	\$ 4,181
2023	28,442
2024	5,688
2025	(89,563)
	<u>\$ (51,252)</u>

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**Actuarial Assumptions**

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

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Aggregate Cost Method
Inflation	2.70%
Salary scale	4.4% indexed by service
Cost-of-living adjustments	1.40%
Decrements	Based on Plan's experience from April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9%, net of investment expense, including inflation

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

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Aggregate Cost Method
Inflation	2.50%
Salary scale	4.2% indexed by service
Cost-of-living adjustments	1.3% annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2018
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation

In 2021 and 2020, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target allocations and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 are summarized below:

Asset Type	2021	
	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	32	4.05
International Equity	15	6.30
Private Equity	10	6.75
Real Estate	9	4.95
Opportunistic/Absolute Return Strategies	3	4.50
Credit	4	3.63
Real Assets	3	5.95
Fixed Income	23	0.00
Cash	1	0.50
	<u>100%</u>	

The target allocations and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

Asset Type	2020	
	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	36	4.05
International Equity	14	6.15
Private Equity	10	6.75
Real Estate	10	4.95
Absolute Return Strategies	2	3.25
Opportunistic Portfolio	3	4.65
Real Assets	3	5.95
Bonds and Mortgages	17	0.75
Cash	1	0.00
Inflation-Indexed Bonds	4	0.50
	<u>100%</u>	

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**Discount Rate**

The discount rate used to calculate the total pension liability in 2021 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to calculate the total pension liability in 2020 was 6.8%. 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Authority's proportionate share of the net pension liability for 2021 calculated using the discount rate of 5.9%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.9%) or 1% higher (6.9%) than the current rate:

	1% Decrease 4.9%	Current Discount 5.9%	1% Increase 6.9%
Proportionate Share of Net Pension liability (asset)	<u>\$ 617,485</u>	<u>\$ 2,225</u>	<u>\$ (565,165)</u>

The following presents the Authority's proportionate share of the net pension liability for 2020 calculated using the discount rate of 6.8%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (5.8%) or 1% higher (7.8%) than the current rate:

	1% Decrease 5.8%	Current Discount 6.8%	1% Increase 7.8%
Proportionate Share of Net Pension liability (asset)	<u>\$ 385,173</u>	<u>\$ 209,871</u>	<u>\$ 48,418</u>

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**Pension Plan Fiduciary Net Position (000's)**

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

	2021	2020
Total pension liability	\$220,680,157	\$194,596,261
Net position	<u>220,580,583</u>	<u>168,115,682</u>
Net pension liability (asset)	<u>\$ 99,574</u>	<u>\$ 26,480,579</u>
ERS net position as a percentage of total pension liability	99.95%	86.39%

**13. POSTEMPLOYMENT HEALTH CARE BENEFITS**

**Plan Description**

The Authority provides certain health care benefits for retired employees. The Authority administers a single-employer defined benefit Other Postemployment Benefit (OPEB) Plan (the Plan). The only employees eligible for the health care benefits through the Plan are the four employees previously employed by the County who were transferred to the Authority without a break in service on January 1, 2019. Those County employees who worked for the Authority but retired prior to the employee lease termination with the County will receive retiree health care benefits through the County, but these costs will be reimbursed by the Authority. Employees hired by the Authority after January 1, 2019 shall not be eligible for retiree health insurance.

The obligations of the Plan are established by action of the Authority pursuant to applicable collective bargaining and employment agreements. The Authority will pay its portion of the premium for the retiree and spouse for the lifetime of the retiree. The costs of administering the Plan are paid by the Authority. The Authority currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Employees Covered by Benefit Terms**

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

Active employees	<u>4</u>
Total participants	<u><u>4</u></u>

**Total OPEB Liability**

The Authority's total OPEB liability of \$2,094,564 reported at December 31, 2021 was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2021.

The Authority's total OPEB liability of \$1,923,480 reported at December 31, 2020 was measured as of January 1, 2020 and was determined by an actuarial valuation as of January 1, 2019.



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**Actuarial Methods and Other Inputs**

The total OPEB liability in the actuarial valuation prepared for the December 31, 2021 and 2020 reporting dates were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Fiscal Year Ending 2021	2.5%																																
	Fiscal Year Ending 2020	2.4%																																
Salary Scale	3%																																	
Discount Rate	2.12 % as of January 1, 2021																																	
	2.74 % as of January 1, 2020																																	
Actuarial Cost Method	Entry Age Normal Level - Level Percent of Pay																																	
Mortality - Actives	The RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2020.																																	
Mortality - Retirees	The RPH-2014 Mortality Table for Healthy Annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2020.																																	
Turnover	Rates of decrement due to turnover based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service’s actuarial consultant in the report titled, <i>Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 75 Valuation (August 2020)</i> .																																	
Retirement Incidence	Rates of decrement due to retirement based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service’s actuarial consultant in the report titled, <i>Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 75 Valuation (August 2020)</i> .																																	
Medical Trend	<table><tr><th colspan="2">Fiscal Year Ending 2021</th></tr><tr><th colspan="2">To Fiscal Year</th></tr><tr><th>Ending</th><th>Post-65</th></tr><tr><td>2022</td><td>6.50%</td></tr><tr><td>2023</td><td>6.00%</td></tr><tr><td>2024</td><td>6.00%</td></tr><tr><td>2025</td><td>5.50%</td></tr><tr><td>2026</td><td>5.45%</td></tr><tr><td>2031</td><td>5.18%</td></tr><tr><td>2036</td><td>5.18%</td></tr><tr><td>2041</td><td>5.18%</td></tr><tr><td>2051</td><td>5.18%</td></tr><tr><td>2061</td><td>4.86%</td></tr><tr><td>2071</td><td>4.45%</td></tr><tr><td>2081</td><td>4.04%</td></tr><tr><td>2091</td><td>4.04%</td></tr></table>		Fiscal Year Ending 2021		To Fiscal Year		Ending	Post-65	2022	6.50%	2023	6.00%	2024	6.00%	2025	5.50%	2026	5.45%	2031	5.18%	2036	5.18%	2041	5.18%	2051	5.18%	2061	4.86%	2071	4.45%	2081	4.04%	2091	4.04%
Fiscal Year Ending 2021																																		
To Fiscal Year																																		
Ending	Post-65																																	
2022	6.50%																																	
2023	6.00%																																	
2024	6.00%																																	
2025	5.50%																																	
2026	5.45%																																	
2031	5.18%																																	
2036	5.18%																																	
2041	5.18%																																	
2051	5.18%																																	
2061	4.86%																																	
2071	4.45%																																	
2081	4.04%																																	
2091	4.04%																																	

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Medical Trend	Fiscal Year Ending 2020		
	To Fiscal Year		
	Ending	Pre-65	Post-65
	2020	5.70%	7.10%
	2021	7.00%	7.00%
	2022	6.50%	6.50%
	2023	6.00%	6.00%
	2024	5.86%	5.86%
	2029	5.18%	5.18%
	2034	5.18%	5.18%
	2039	5.18%	5.18%
	2049	4.98%	4.98%
	2059	4.75%	4.75%
	2069	4.42%	4.42%
	2079	3.94%	3.94%
	2089	3.94%	3.94%

Election Percentage	Fiscal Years Ending 2021 and 2020	
	Participant Group	% Electing Coverage
	Retiree	100%
	Retiree's Spouse	80%
	Surviving Spouse	100%

**Marriage Rate** For fiscal years 2021 and 2020, it is assumed that 70% of retirees will be married at the time of their retirement, with the male spouse assumed to be approximately 3 years older than the female.

**Morbidity** To reflect the differences in covered health care expenses due to aging, the premiums are adjusted by age and gender using the following age-sex factors:

Fiscal Years Ending 2021 and 2020		
Age	Male	Female
40-44	0.805	1.229
45-49	1.016	1.349
50-54	1.339	1.587
55-59	1.74	1.835
60-64	2.233	2.184
65-69	0.933	0.886
70-74	1.025	0.973
75-79	1.089	1.040
80-84	1.111	1.071
85-89	1.073	1.044
90-94	1.004	0.958
95+	0.931	0.827

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

Post-65 Medical Coverage It has been assumed for this valuation that all future retirees enrolling in post-65 medical coverage will enroll in the same Medicare Advantage plan provided by Livingston County to its post-65 retirees.

Per Capita Costs The Authority provides pre-65 medical coverage to all actives and eligible future retirees through the SimplyBlue Plus Platinum 2 plan, a community rated plan provided through Excellus. For post-65 medical coverage is provided through Medicare Advantage plan (Medicare Blue Choice 1 Copay Plan). This plan is rated solely on the experience of post-65 retirees.

The following table presents per capita costs of the plan, including administrative fees, which was used to calculate the actuarial accrued liability, separated by male and female:

Fiscal Year Ending 2021			
Age	Male	Female	
40-44	\$ 6,491	\$	9,906
45-49	8,196		10,881
50-54	10,794		12,800
55-59	14,033		14,798
60-64	18,088		17,609
65-69	4,834		4,591
70-74	5,311		5,042
75-79	5,643		5,389
80-84	5,757		5,550
85-89	5,560		5,410
90-94	5,202		4,964
95+	4,824		4,285

Fiscal Year Ending 2020			
Age	Male	Female	
40-44	\$ 5,765	\$	8,797
45-49	7,278		9,663
50-54	9,586		11,367
55-59	12,462		13,141
60-64	15,992		15,637
65-69	4,954		4,704
70-74	5,442		5,166
75-79	5,782		5,522
80-84	5,899		5,686
85-89	5,697		5,543
90-94	5,330		5,086
95+	4,943		4,391

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
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**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

**Changes in the Total OPEB Liability**

	2021	2020
Balance at January 1,	\$ 1,923,480	\$ 1,408,511
Service cost	51,388	31,936
Interest cost	54,111	59,058
Difference between expected and actual experience	(139,918)	-
Changes in assumptions and other inputs	205,503	423,975
Balance at December 31,	<u>\$ 2,094,564</u>	<u>\$ 1,923,480</u>

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

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate for the year ending December 31, 2021:

	1% Decrease	Current Discount	1% Increase
	<u>1.12%</u>	<u>2.12%</u>	<u>3.12%</u>
Total OPEB Liability	<u>\$ 2,529,275</u>	<u>\$ 2,094,564</u>	<u>\$ 1,754,713</u>

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate for the year ending December 31, 2020:

	1% Decrease	Current Discount	1% Increase
	<u>1.74%</u>	<u>2.74%</u>	<u>3.74%</u>
Total OPEB Liability	<u>\$ 2,340,608</u>	<u>\$ 1,923,480</u>	<u>\$ 1,598,614</u>

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

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

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate for the year ending December 31, 2021:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 1,723,687</u>	<u>\$ 2,094,564</u>	<u>\$ 2,572,918</u>

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate for the year ending December 31, 2020:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 1,551,906</u>	<u>\$ 1,923,480</u>	<u>\$ 2,409,844</u>

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

For the year ended December 31, 2021, the Authority recognized OPEB expense of \$175,327. As of December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 115,022
Changes of assumptions	<u>476,596</u>	<u>-</u>
Total	<u>\$ 476,596</u>	<u>\$ 115,022</u>

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

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For the year ended December 31, 2020, the Authority recognized OPEB expense of \$149,152. As of December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -
Changes of assumptions	<u>365,817</u>
Total	<u><u>\$ 365,817</u></u>

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

Fiscal Year Ending	Amount
2022	\$ 69,828
2023	69,828
2024	69,828
2025	69,828
2026	65,393
Thereafter	<u>16,869</u>
	<u><u>\$ 361,574</u></u>

**14. FUNDS HELD FOR OTHERS**

At December 31, the Authority maintained funds for other unrelated governments related to capital projects and collections for customer charges billed by the Authority, as follows:

	2021	2020
Compact of towns (flood gates)	\$ 22,260	\$ 22,225
Collections	<u>13,378</u>	<u>12,545</u>
	<u><u>\$ 35,638</u></u>	<u><u>\$ 34,770</u></u>

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Notes to Basic Financial Statements**  
**December 31, 2021 and 2020**

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**15. COMMITMENTS AND CONTINGENCIES**

**Contingencies**

The Authority has various insurance policies with third-party carriers related to property protection and casualty.

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

**Lakeville Wastewater Treatment Plant Upgrades Project**

On February 1, 2018, the Authority entered into a short-term Clean Water State Revolving Fund financing agreement with the New York State Environmental Facilities Corporation for a total project cost of \$5,716,460. The budget was amended in 2020 to a total project cost of \$9,877,366 to finance additional improvements at the WWTP. The project is financed with \$7,707,606 of debt (0% long term interest rate) along with a WIIA grant in the amount of \$1,412,500 and a WQIP grant in the amount of \$767,250. It is anticipated that the project will close by the end of 2022.

**Water System Improvement Project**

On November 4, 2021, the Authority entered into a short-term Drinking Water State Revolving Fund financing agreement with New York State Environmental Facilities Corporation for a total project cost of \$7,000,000. The project is financed with \$4,000,000 of debt (\$1,333,333 at a long term interest rate of 0% and \$2,666,667 at a long term rate of 0.33%) along with a WIIA grant in the amount of \$3,000,000. In January of 2022, the Board increased the total borrowing to \$5,500,000 bringing the total project financing to \$8,500,000. It is anticipated that the project will close by the end of 2023.

**16. COVID-19**

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Authority and its future results and financial position is not presently determinable.

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
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**Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)**  
**For the Year Ended December 31:**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net pension liability (asset)	0.0022341%	0.0007925%	0.0001872%	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.						
Proportionate share of the net pension liability (asset)	\$ 2,225	\$ 209,871	\$ 13,264							
Covered-employee payroll	\$ 689,904	\$ 219,459	\$ 52,308							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.32%	95.63%	25.36%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.95%	86.39%	96.27%							



**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
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**Schedule of Contributions - Pension Plans (Unaudited)**  
**For the Year Ended December 31:**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 97,052	\$ 28,775	\$ 4,772							
Contributions in relation to the contractually required contribution	<u>97,052</u>	<u>28,775</u>	<u>4,772</u>							
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
Covered-employee payroll	<u>\$ 689,904</u>	<u>\$ 219,459</u>	<u>\$ 52,308</u>							
Contributions as a percentage of covered-employee payroll	14.07%	13.11%	9.12%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

**Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)**  
**For the Year Ended December 31:**

	Last 10 Fiscal Years									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB Liability -										
Service cost	\$ 51,388	\$ 31,936	\$ -							
Interest	54,111	59,058	-							
Changes of benefit terms	-	-	-							
Differences between expected and actual experience	(139,918)	-	-							
Changes in assumptions	205,503	423,975	-							
Benefit payments	-	-	-							
Transfer of Total OPEB Liability from the County	-	-	1,408,511							
Total change in total OPEB liability	171,084	514,969	1,408,511							
Total OPEB liability - beginning	1,923,480	1,408,511	-							
Total OPEB liability - ending	<u>\$ 2,094,564</u>	<u>\$ 1,923,480</u>	<u>\$ 1,408,511</u>							
Covered-employee payroll	\$ 284,875	\$ 279,865	\$ 259,234							
Total OPEB liability as a percentage of covered-employee payroll	735%	687%	543%							

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as it becomes available.

**Notes to schedule:**

*Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate in effect at the measurement date each year was as follows:*

2.12%	2.74%	4.10%
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**Plan Assets.** No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

Schedule I

**Schedule of Revenues, Expenses and Changes In Net Position**  
**For the Years Ended December 31, 2021 and 2020**

	2021			2020		
	Sewer	Water	Total	Sewer	Water	Total
<b>OPERATING REVENUE:</b>						
Service fees	\$ 1,878,334	\$ 1,651,918	\$ 3,530,252	\$ 1,840,663	\$ 1,412,464	\$ 3,253,127
O&M service fees	15,000	84,483	99,483	29,852	142,252	172,104
Permit fees	34,095	107,382	141,477	23,810	73,602	97,412
Other income	36,764	46,830	83,594	13,080	28,392	41,472
<b>Total operating revenue</b>	<b>1,964,193</b>	<b>1,890,613</b>	<b>3,854,806</b>	<b>1,907,405</b>	<b>1,656,710</b>	<b>3,564,115</b>
<b>OPERATING EXPENSES:</b>						
Administrative	393,412	370,870	764,282	338,145	344,337	682,482
Treatment	518,800	619,608	1,138,408	541,302	520,647	1,061,949
Transmission/collection	652,569	729,774	1,382,343	774,590	729,963	1,504,553
Depreciation	853,974	444,000	1,297,974	833,074	429,628	1,262,702
<b>Total operating expenses</b>	<b>2,418,755</b>	<b>2,164,252</b>	<b>4,583,007</b>	<b>2,487,111</b>	<b>2,024,575</b>	<b>4,511,686</b>
<b>Total operating income (loss)</b>	<b>(454,562)</b>	<b>(273,639)</b>	<b>(728,201)</b>	<b>(579,706)</b>	<b>(367,865)</b>	<b>(947,571)</b>
<b>NON-OPERATING REVENUE (EXPENSE):</b>						
Interest revenue	3,685	23,861	27,546	11,592	31,020	42,612
Interest expense	(64,009)	-	(64,009)	(66,197)	-	(66,197)
Gain on sale of capital assets	(32,121)	90,273	58,152	15,088	14,612	29,700
Grant revenue	556,424	1,500,000	2,056,424	-	-	-
<b>Total non-operating revenue (expense)</b>	<b>463,979</b>	<b>1,614,134</b>	<b>2,078,113</b>	<b>(39,517)</b>	<b>45,632</b>	<b>6,115</b>
<b>GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND SPECIAL ITEM</b>	<b>9,417</b>	<b>1,340,495</b>	<b>1,349,912</b>	<b>(619,223)</b>	<b>(322,233)</b>	<b>(941,456)</b>
<b>CAPITAL CONTRIBUTIONS:</b>						
Developers and customers	-	21,410	21,410	-	19,178	19,178
<b>Total capital contributions</b>	<b>-</b>	<b>21,410</b>	<b>21,410</b>	<b>-</b>	<b>19,178</b>	<b>19,178</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 9,417</b>	<b>\$ 1,361,905</b>	<b>\$ 1,371,322</b>	<b>\$ (619,223)</b>	<b>\$ (303,055)</b>	<b>\$ (922,278)</b>
<b>NET POSITION - beginning of year</b>			<b>30,228,846</b>			<b>31,151,124</b>
<b>NET POSITION - end of year</b>			<b>\$ 31,600,168</b>			<b>\$ 30,228,846</b>

**LIVINGSTON COUNTY WATER AND SEWER AUTHORITY**  
**(A Discretely Presented Component Unit of the County of Livingston, New York)**

Schedule II

**Schedule of Operating Expenses**  
**For the Years Ended December 31, 2021 and 2020**

	2021			2020		
	Sewer	Water	Total	Sewer	Water	Total
<b>OPERATING EXPENSES:</b>						
Administrative -						
Wages, salaries, and benefits	\$ 248,542	\$ 236,287	\$ 484,829	\$ 202,521	\$ 195,829	\$ 398,350
Professional services	126,742	115,937	242,679	116,865	115,411	232,276
Small equipment purchases	-	-	-	-	9,159	9,159
Travel and training	1,802	2,847	4,649	622	970	1,592
Equipment and building maintenance	999	971	1,970	949	745	1,694
Utilities	1,482	1,441	2,923	304	4,133	4,437
Outside services	2,539	2,655	5,194	4,167	3,592	7,759
Other	11,306	10,732	22,038	12,717	14,498	27,215
Total administrative	393,412	370,870	764,282	338,145	344,337	682,482
Treatment -						
Wages, salaries, and benefits	181,159	39,059	220,218	131,701	37,481	169,182
Purchased water/sewer	63,420	580,328	643,748	89,684	483,086	572,770
Utilities	63,672	217	63,889	57,489	-	57,489
Outside services	34,241	-	34,241	65,169	-	65,169
Equipment and building maintenance	31,967	-	31,967	29,546	-	29,546
Professional services	138,084	-	138,084	164,422	-	164,422
Small equipment purchases	2,830	-	2,830	34	-	34
Travel and training	352	-	352	-	80	80
Permits, fees and inspections	3,070	-	3,070	3,060	-	3,060
Other	5	4	9	197	-	197
Total treatment	518,800	619,608	1,138,408	541,302	520,647	1,061,949
Transmission/collection -						
Wages, salaries, and benefits	325,121	311,591	636,712	348,548	338,941	687,489
Utilities	112,179	130,100	242,279	109,683	116,607	226,290
Equipment and building maintenance	55,107	121,871	176,978	47,785	126,220	174,005
Vehicle expense	16,220	15,771	31,991	14,944	11,277	26,221
Outside services	124,202	124,685	248,887	221,401	99,214	320,615
Professional services	12,109	12,104	24,213	15,779	3,092	18,871
Small equipment purchases	5,148	6,084	11,232	13,567	14,881	28,448
Permits, fees and inspections	450	2,540	2,990	375	3,515	3,890
Travel and training	406	1,295	1,701	2,123	2,064	4,187
Other	1,627	3,733	5,360	385	14,152	14,537
Total transmission/collection	652,569	729,774	1,382,343	774,590	729,963	1,504,553
Depreciation	853,974	444,000	1,297,974	833,074	429,628	1,262,702
Total operating expenses	\$ 2,418,755	\$ 2,164,252	\$ 4,583,007	\$ 2,487,111	\$ 2,024,575	\$ 4,511,686

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

March 16, 2022

To the Board of Directors of  
Livingston County Water and Sewer Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Livingston County Water and Sewer Authority (the Authority), a public benefit corporation of the State of New York and a discretely presented component unit of the County of Livingston, New York, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 16, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

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**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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