



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

**ANNUAL FINANCIAL REPORT
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
December 31, 2025**

JERICHO WATER DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissions
Jericho Water District
Syosset, New York

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Jericho Water District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Correction of an Error

As discussed in Note 8 to the financial statements, the previously issued financial statements have been restated to correct a misstatement related to capital assets and the related beginning net position. Our opinion is not modified with respect to this matter.

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 Jericho Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 Jericho Water District 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jericho Water District 's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of the district's proportionate share of the net pension asset/(liability), schedule of district pension contributions, and schedule of changes in the district's total OPEB liability and related ratios on pages 4 through 18 and 54 through 59, respectively, 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.

Other Information

Management is responsible for the other information included in the financial statements. The other information on page 60 comprises the schedule of expenditures and financing sources - capital projects fund, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Cullen & Danowski, LLP

Port Jefferson Station, New York

May 1, 2026

JERICO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This section of the Jericho Water District (“the District”) annual financial report presents Management’s Discussion and Analysis (MD&A) of the District’s financial performance during the fiscal year ended December 31, 2025 in comparison with the year ended December 31, 2024, with emphasis on the current year. This information should be read in conjunction with the financial statements, notes to financial statements, and required supplementary information, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for the 2025 fiscal year are as follows:

- The District’s total net position, as reflected in the district-wide financial statements, was \$82,294,993 at December 31, 2025. This balance represents an increase of \$16,275,742 (24.65%) over the prior year. This was due to an excess of revenues over expenses using the economic resources measurement focus and accrual basis of accounting.
- The District’s expenses for the year, as reflected in the district-wide financial statements, total \$22,241,016. Of this amount, \$16,115,916 was offset by charges for services, and capital grants and contributions. General revenues of \$22,400,842 amount to 58.16% of total revenues and were adequate to cover the balance of operating expenses.
- The general fund’s total fund balance, as reflected in the fund financial statements, increased by \$3,840,923. This was due to an excess of revenues over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting.
- As of December 31, 2025, the District has the following bond authorizations:

Year Authorized	Amount Authorized	Issued	Unissued
2010	\$ 9,985,000	\$ 9,985,000	\$ -
2013/2017	20,895,000	16,650,000	4,245,000
2018	5,770,000	5,770,000	-
2019	33,229,000	28,788,000	4,441,000
2020	23,219,000	20,935,000	2,284,000
2022	39,149,150	23,000,000	16,149,150
2024	58,391,000	12,500,000	45,891,000
	\$190,638,150	\$117,628,000	\$ 73,010,150

The District is continuing to make significant capital expenditures resulting from bond authorizations, grants, and general appropriations for capital improvements to District facilities. As of December 31, 2025, the District has expended approximately 50% of the authorizations, and construction is ongoing.

- The District’s 2025 property tax levy of \$9,985,960 was a 5.00% increase over the 2024 tax levy, which exceeded the tax cap of 1.72%, and was approved by the Board of Commissioners (“the Board”). The increase in the tax levy was impacted by the increases within pumping and distribution of water, employee benefits, and debt service that is being used to fund capital projects.

JERICHO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

The district-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District, as a whole, in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District’s finances. These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District’s property tax and customer base, and the condition of the District’s buildings, infrastructure, and other capital assets.

The Statement of Activities

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

B. Fund Financial Statements

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

JERICO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

Governmental Funds

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

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

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

The District adopts an annual budget for the general fund. A budgetary comparison statement has been provided for the general fund within the RSI to demonstrate compliance with the budget.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position increased by \$16,275,742 between fiscal years 2025 and 2024. The increase is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. The 2024 balances for capital assets, net, and net investment in capital assets were restated as a result of the District completing a review of its capital asset records, which resulted in the elimination of obsolete capital asset items. As a result, both items were reduced by \$1,083,800. The "Capital Assets/Correction of an Error" Note provides additional information. A summary of the District's Statements of Net Position follows:

	2025	As Restated 2024	Increase (Decrease)	Percentage Change
Assets				
Current and other assets	\$ 65,504,798	\$ 47,496,947	\$ 18,007,851	37.91 %
Capital assets, net	139,518,728	133,456,240	6,062,488	4.54 %
Total Assets	205,023,526	180,953,187	24,070,339	13.30 %

JERICO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

	2025	As Restated 2024	Increase (Decrease)	Percentage Change
Deferred Outflows of Resources	\$ 2,192,959	\$ 3,615,578	\$ (1,422,619)	(39.35)%
Liabilities				
Current and other liabilities	8,719,921	11,739,349	(3,019,428)	(25.72)%
Long-term liabilities	98,763,064	87,343,895	11,419,169	13.07 %
Total OPEB liability	12,241,387	12,617,544	(376,157)	(2.98)%
Net pension liability - proportionate share	<u>1,274,061</u>	<u>1,158,563</u>	<u>115,498</u>	9.97 %
Total Liabilities	<u>120,998,433</u>	<u>112,859,351</u>	<u>8,139,082</u>	7.21 %
Deferred Inflows of Resources	<u>3,923,059</u>	<u>5,690,163</u>	<u>(1,767,104)</u>	(31.06)%
Net Position				
Net investment in capital assets	58,066,066	51,009,086	7,056,980	13.83 %
Restricted	20,225,508	15,442,015	4,783,493	30.98 %
Unrestricted (deficit)	<u>4,003,419</u>	<u>(431,850)</u>	<u>4,435,269</u>	1027.04 %
Total Net Position	<u>\$ 82,294,993</u>	<u>\$ 66,019,251</u>	<u>\$ 16,275,742</u>	24.65 %

The increase in current and other assets is primarily due to increases in cash and amounts due from other governments, offset by a decrease in amounts due from state and federal.

The increase in capital assets, net, is due to current year additions exceeding depreciation/amortization expense. The accompanying "Capital Assets Restatement" Note provides additional information.

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

The decrease in current and other liabilities is due to decreases in accounts payable and accrued liabilities, offset by the increase in amounts due to the short-term bond anticipation notes (BAN) payable.

The increase in long-term liabilities is due to the issuance of long-term bond anticipation notes and an increase in the compensated absences liability, net of the repayment of the current maturity of bond indebtedness.

The total OPEB liability decreased from the prior year, based on the actuarial valuation for the plan. The accompanying "Postemployment Healthcare Benefits" Note provides additional information.

Net pension liability – proportionate share represents the District's share of the ERS net pension liability at the measurement date of the respective year. The increase in the net pension liability is primarily due to the net change in the market value of the ERS' pension plan liability being in excess of the net change in the plan's total pension plan assets at the current year measurement date. The accompanying "Pension Plan – New York State" Note provides additional information.

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

JERICO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

The net investment in capital assets component of net position relates to the investment in capital assets at cost such as land; construction in progress; buildings and improvements; furniture and equipment; infrastructure; and, software, net of accumulated depreciation/amortization and related outstanding debt. This balance as of December 31, 2025, is computed as follows:

Capital assets, net	\$ 139,518,728
Deduct:	
Capital related accounts payable	(2,222,896)
Retainage payable	(1,923,931)
Bond anticipation notes payable	(91,384,000)
Less: Unspent BAN proceeds	21,198,654
Bonds payable, net	<u>(7,120,489)</u>
	<u><u>\$ 58,066,066</u></u>

The restricted component of net position relates to the District's reserves. This balance increased over the prior year due to the funding of reserves and interest allocated to the reserves, offset by the use of reserves to fund capital asset additions and debt service costs.

The unrestricted component of net position relates to the balance of the District's net position. This number does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis and is not permitted to accumulate funds for the OPEB liability.

B. Changes in Net Position

The results of this year's operations, as a whole, are reported in the Statement of Activities in the accompanying financial statements. The 2024 expenses were restated to reflect a loss on disposal that resulted from the review of capital assets, as previously discussed. A summary of this statement for the years ended December 31, 2025 and 2024 is as follows:

	2025	As Restated 2024	Increase (Decrease)	Percentage Change
Revenues				
Program revenues				
Charges for services	\$ 13,081,689	\$ 12,813,744	\$ 267,945	2.09 %
Capital grants & contributions	3,034,227	8,348,175	(5,313,948)	(63.65)%
General revenues				
Real property taxes	9,986,045	9,510,431	475,614	5.00 %
Other tax items	475,206	378,607	96,599	25.51 %
Use of money & property	2,106,518	1,808,285	298,233	16.49 %
Other	9,833,073	1,201,406	8,631,667	718.46 %
Total Revenues	<u>38,516,758</u>	<u>34,060,648</u>	<u>4,456,110</u>	13.08 %

JERICHO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

	<u>2025</u>	<u>As Restated 2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Expenses				
Program expenses				
Water administration	\$ 3,883,589	\$ 1,734,577	\$ 2,149,012	123.89 %
Source of supply, power, & pumping	2,920,579	2,499,610	420,969	16.84 %
Purification	1,259,914	864,085	395,829	45.81 %
Transmission & distribution	3,734,509	3,540,747	193,762	5.47 %
Employee benefits	1,685,127	2,148,831	(463,704)	(21.58)%
Debt service - interest	3,187,627	4,194,671	(1,007,044)	(24.01)%
Depreciation/amortization - unallocated	5,238,490	3,842,925	1,395,565	36.32 %
Loss on disposal	331,181	1,083,800	(752,619)	(69.44)%
Total Expenses	<u>22,241,016</u>	<u>19,909,246</u>	<u>2,331,770</u>	11.71 %
Total Change in Net Position	<u>\$ 16,275,742</u>	<u>\$ 14,151,402</u>	<u>\$ 2,124,340</u>	15.01 %

The District's net position increased by \$16,275,742 and \$14,151,402 for the years ended December 31, 2025 and 2024, as restated, respectively.

The District's revenues increased when compared to the prior year, primarily due to the following changes:

- Other revenues increased due to the litigation settlements received during the year. In addition, other revenues include premiums received from the issuance of BANs. The District received more in premiums than it had in the prior year.
- Real property taxes were levied in accordance with the 2025 budget, which was increased in anticipation of the rise in both operating and debt service costs.
- Use of money and property grew over the prior year as the District received higher interest earnings.
- Charges for services increased as a result of an upturn in water usage, as well as an escalation in water usage rates effective April 1, 2025.
- Capital grants and contributions decreased as the District recognized less in the New York State Water Infrastructure Improvement Act (WIIA) grants when compared to the prior year.

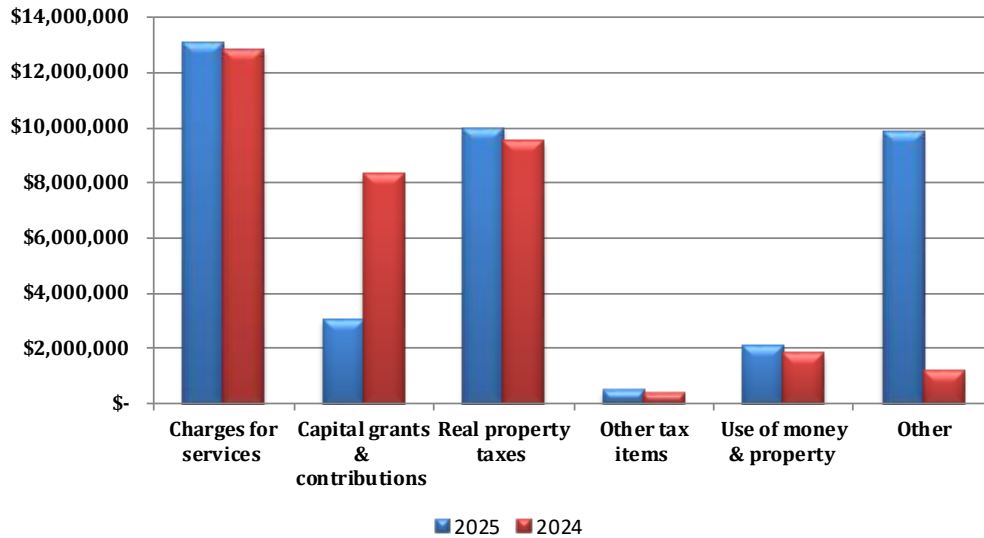
The District's expenses increased when compared to the prior year, mainly due to the following changes:

- Water administration increased as a result of incurring more legal fees for the settlements.
- Depreciation expense grew as a result of capital assets being placed into service.
- Loss on disposal represents the adjustments made to capital assets based on management's review of the capital asset records that were determined to be obsolete and should no longer be included in the capital asset records.
- Debt service - interest decreased due to a decrease in borrowing rates from 5% in 2024 to 4% in 2025 on the outstanding BANs payable.

JERICHO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

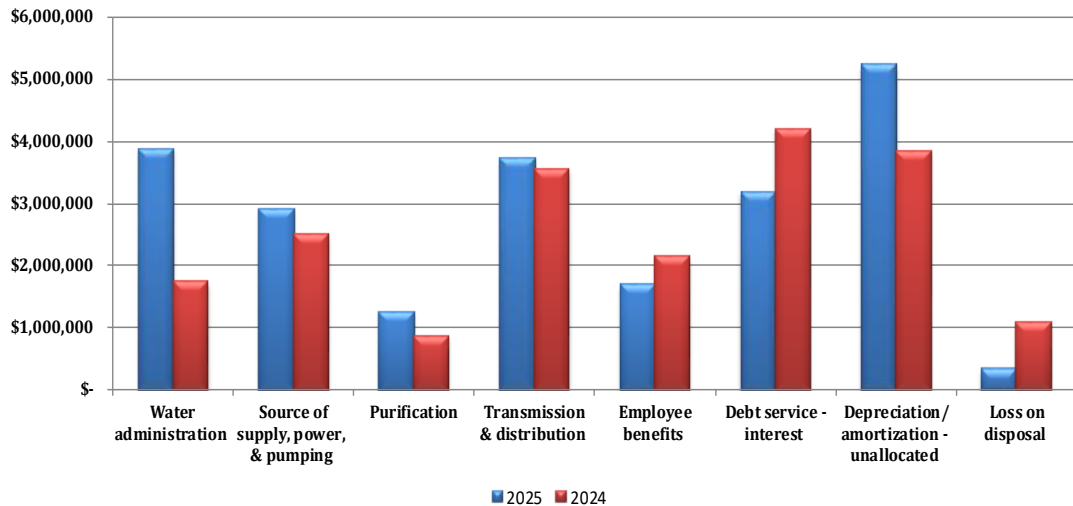
As graphically portrayed below, the District primarily relies on water use charges and real property taxes to support government operations. Collectively, they provided 59.89% and 65.54% of the District's revenues in fiscal years 2025 and 2024, respectively.

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



	Charges for services	Capital grants & contributions	Real property taxes	Other tax items	Use of money & property	Other
2025	33.96%	7.88%	25.93%	1.23%	5.47%	25.53%
2024	37.62%	24.51%	27.92%	1.11%	5.31%	3.53%

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



	Water administration	Source of supply, power, & pumping	Purification	Transmission & distribution	Employee benefits	Debt service - interest	Depreciation / Amortization - unallocated	Loss on disposal
2025	17.46%	13.14%	5.66%	16.79%	7.58%	14.33%	23.55%	1.49%
2024	8.71%	12.57%	4.34%	17.78%	10.79%	21.07%	19.30%	5.44%

JERICO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of December 31, 2025, the governmental funds reported a combined fund balance of \$57,581,937, an increase of \$17,972,474. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2025	2024	Increase (Decrease)	Percentage Change
General Fund				
Nonspendable: Inventory	\$ 903,183	\$ 891,127	\$ 12,056	1.35 %
Restricted:				
Retirement contribution	326,685	313,500	13,185	4.21 %
Employee benefit accrued liability	942,147	904,230	37,917	4.19 %
Capital	12,905,234	10,422,813	2,482,421	23.82 %
Repairs	1,902,894	1,593,460	309,434	19.42 %
Debt service	1,153,168	1,088,068	65,100	5.98 %
Assigned:				
Appropriated fund balance	150,000	150,000	-	0.00 %
Future debt service	8,600,000	7,850,000	750,000	9.55 %
Emerging contaminants	2,000,000	1,750,000	250,000	14.29 %
Encumbrances	109,814	108,875	939	0.86 %
Unassigned: Fund balance	6,616,650	6,696,779	(80,129)	(1.20)%
	<u>35,609,775</u>	<u>31,768,852</u>	<u>3,840,923</u>	12.09 %
Capital Projects Fund				
Restricted:				
Capital	2,947,617	1,017,624	1,929,993	189.66 %
Repairs	47,763	102,320	(54,557)	(53.32)%
Unspent long-term BAN proceeds	18,975,758	6,504,614	12,471,144	191.73 %
Assigned: Unappropriated fund balance	1,024	216,053	(215,029)	(99.53)%
	<u>21,972,162</u>	<u>7,840,611</u>	<u>14,131,551</u>	180.24 %
Total Governmental Funds				
Fund Balance	<u>\$ 57,581,937</u>	<u>\$ 39,609,463</u>	<u>\$ 17,972,474</u>	45.37 %

A. General Fund

The general fund is the principal operating fund of the District. For the year ended December 31, 2025, the fund balance increased by \$3,840,923, as revenues of \$32,966,610 exceeded expenditures and other financing uses of \$29,125,687.

The following is a summary of the major changes that resulted in revenues and other financing sources increasing over the prior year. Reclassifications were made to the 2024 revenues to conform with the current year presentation.

JERICHO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

	2025	2024	Increase (Decrease)	Percentage Change
Real Property taxes	\$ 9,986,045	\$ 9,510,431	\$ 475,614	5.00 %
Other Tax Items	475,206	378,607	96,599	25.51 %
Program Revenues	12,984,472	12,742,757	241,715	1.90 %
Use of Money & Property	2,106,518	1,808,285	298,233	16.49 %
Fines & Forfeitures	60,350	71,250	(10,900)	(15.30)%
Sale of Property & Compensation for Loss	6,364,436	490,850	5,873,586	1196.62 %
Miscellaneous	989,583	639,306	350,277	54.79 %
	<u>\$ 32,966,610</u>	<u>\$ 25,641,486</u>	<u>\$ 7,325,124</u>	28.57 %

- The increase in sale of property & compensation for loss is primarily due to the legal settlements received in the current year.
- Property taxes increased due to an increase in the tax levy in accordance with the 2025 budget.
- Miscellaneous revenue increased as a result of the District receiving more premiums on the BAN issuances than it had in the prior year.
- As previously mentioned, use of money and property grew over the prior year as the District received higher interest earnings.
- Metered water sales (program revenues) increased as a result of an upturn in water usage, as well as an increase in water usage rates effective April 1, 2025.

The following is a summary of the major changes that resulted in expenditures and other financing uses increasing over the prior year:

	2025	2024	Increase (Decrease)	Percentage Change
Water Administration	\$ 3,846,668	\$ 1,816,925	\$ 2,029,743	111.71 %
Source of Supply, Power, & Pumping	2,920,579	2,499,610	420,969	16.84 %
Purification	1,259,914	864,085	395,829	45.81 %
Transmission and Distribution	3,748,425	3,604,807	143,618	3.98 %
Employee Benefits	2,281,404	2,087,172	194,232	9.31 %
Debt Service	7,868,170	7,021,280	846,890	12.06 %
Other Financing Uses	7,200,527	1,523,317	5,677,210	372.69 %
	<u>\$ 29,125,687</u>	<u>\$ 19,417,196</u>	<u>\$ 9,708,491</u>	50.00 %

- Other financing uses increased mainly due to transferring more to the capital projects fund to provide financing for current capital projects and installation projects.
- Water administration increased due to incurring more legal fees related to settlements.

JERICHO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

- Debt service increased as the District paid more in principal on the outstanding bond anticipation notes, offset by a decrease in interest payments on the BANs because of a decrease in interest rates, as previously mentioned.
- Sources of supply, power, and pumping increased due to additional electric and gas use and increases in the rates for these utilities because of treatment facilities coming online in 2025.
- Purification increased due to the increase in water analysis costs because of additional treatment facilities going into operation.

The following is a summary of the District's general fund restricted fund balance activities:

	Balance at 12/31/24	Interest Earned	Funding	Use of Reserve	Balance at 12/31/25
Retirement contribution	\$ 313,500	\$ 13,185	\$	\$	\$ 326,685
Employee benefit accrued liability	904,230	37,917			942,147
Capital	10,422,813	354,421	5,000,000	(2,872,000)	12,905,234
Repairs	1,593,460	59,434	250,000		1,902,894
Debt	1,088,068		1,153,168	(1,088,068)	1,153,168
	<u>\$ 14,322,071</u>	<u>\$ 464,957</u>	<u>\$ 6,403,168</u>	<u>\$ (3,960,068)</u>	<u>\$ 17,230,128</u>

In addition, the District increased the amounts assigned for future debt service payments by \$750,000 and the assignment for emerging contaminants by \$250,000.

B. Capital Projects Fund

The capital projects fund is used to account for financial resources earmarked for specific capital projects. The net change in the capital projects fund – fund balance is an increase of \$14,131,551. This increase was due to revenue and other financing sources of \$26,218,754 in excess of expenditures of \$12,087,203. The District recognized \$15,865,000 in proceeds from long-term BANs, \$7,200,527 in operating transfers in, \$119,000 in miscellaneous revenue representing premiums received as part of the BAN issuance that will be used to fund the projects, and \$40,071 in installation income. In addition, the District recognized \$2,994,156 in state source revenues from the WIIA grant. The District's capital projects are for facility improvements and new water treatment infrastructure needed to treat for various new contaminants in accordance with State mandated guidelines.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2025 Budget

The District's general fund approved budget for the year ended December 31, 2025 was \$22,774,310. This amount was increased by encumbrances carried forward from the prior year in the amount of \$108,875, and budget revisions in the amount of \$9,221,843, for a final budget of \$32,105,028.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$11,428,850 in program revenues and \$9,985,960 in real property taxes.

JERICHO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

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

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

Opening, Unassigned Fund Balance	\$ 6,696,779
Fund balance appropriated for budget revision	(535,000)
Revenues Over Budget	4,577,457
Expenditures, Other Financing Uses, and Encumbrances Under Budget	2,869,527
Unused appropriated reserves	(50,000)
Net Change in Nonspendable Fund Balance	(12,056)
Net Change in Restricted Fund Balance	(5,780,057)
Net Change in Assigned Fund Balance	(1,000,000)
Appropriated for the 2026 Budget	<u>(150,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 6,616,650</u>

Opening, Unassigned Fund Balance

The \$6,696,779 shown in the table is the District's December 31, 2024 unassigned fund balance.

Fund Balance Appropriated for Budget Revision

The District increased appropriations by \$535,000, which was funded by unassigned fund balance. The increase was needed to fund the additional principal payment on BANs, which decreases the unassigned portion of the general fund's fund balance.

Revenues Over Budget

The 2025 final budget for revenues was \$28,389,153. Actual revenues recognized for the year were \$32,966,610. The excess of actual revenues and other financing sources over estimated or budgeted revenues was \$4,577,457. This excess was primarily within program revenues, use of money and property, and miscellaneous categories of the budget. The District received larger interest earnings due to higher interest rates (use of money and property), had greater metered water sales as a result of rate increases (program revenues), and issued BANs, receiving a premium on obligations (miscellaneous). This change contributes directly to the change in the unassigned portion of the general fund's fund balance from December 31, 2024 to December 31, 2025. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2025 final budget for expenditures and other financing uses was \$32,105,028. Actual expenditures and other financing uses for the year were \$29,125,687, and outstanding encumbrances were \$109,814. Combined, the expenditures and other financing uses and encumbrances for 2025 were \$29,235,501. The final budget was under expended by \$2,869,527. This change contributes to the unassigned portion of the

JERICHO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

general fund balance from December 31, 2024 to December 31, 2025. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Unused Appropriated Reserves

In the 2025 budget, \$50,000 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated expenditures, this funding was not needed and, therefore, it was returned to the reserves for future use.

Net Change in Nonspendable Fund Balance

Nonspendable fund balance consists of inventory. The resulting balance sheet assets cannot be spent because they are not in spendable form. Accordingly, an equal amount of fund balance is classified as nonspendable. The increase in nonspendable fund balance reduces the unassigned fund balance.

Net Change in Restricted Fund Balance

Monies transferred into authorized reserves do not affect the total fund balance unless and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in § 4. A. of this MD&A details the allocation of interest earnings and funding transfers to the reserves, net of the use of the amounts restricted for capital to fund engineering services as part of a 5-year capital plan and the purchase of equipment.

Net Change in Assigned Fund Balance

The \$1,000,000 shown in the table represents an additional assignment for future debt service and funding of the assignment for emerging contaminants. The increase in the assignment decreases the unassigned fund balance.

Appropriated Fund Balance

The District has chosen to use \$150,000 of available December 31, 2025 unassigned fund balance to partially fund the 2026 approved operating budget. As such, the December 31, 2025 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the District will begin the 2026 fiscal year with an unassigned fund balance of \$6,616,650. This is a decrease of \$80,129 in the unassigned balance from the prior year.

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

A. Capital Assets

At December 31, 2025, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital outlays and other additions of \$11,632,159 in excess of depreciation/amortization expense of \$5,238,490 and loss on disposal of \$331,181. A summary of the

JERICO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

District's capital assets, net of accumulated depreciation/amortization at December 31, 2025 and 2024 is as follows:

	2025	As Restated 2024	Increase (Decrease)
Land	\$ 284,000	\$ 284,000	\$ -
Construction work in progress	32,569,058	38,889,784	(6,320,726)
Buildings and improvements	24,644,919	16,751,700	7,893,219
Improvements other than buildings	7,166,386	5,959,871	1,206,515
Machinery & equipment	38,180,923	33,967,083	4,213,840
Infrastructure (water mains)	10,148,892	10,322,718	(173,826)
Wells, water tanks & structures	26,524,550	27,278,064	(753,514)
Software	-	3,020	(3,020)
Capital assets, net	<u>\$ 139,518,728</u>	<u>\$ 133,456,240</u>	<u>\$ 6,062,488</u>

The majority of the additions are for the ongoing improvements related to new water treatments.

The December 31, 2024 total reflects the correction of an error, as the District performed a review and updated its capital asset records. Additional details on this correction can be found in the "Capital Assets/Correction of an Error" Note.

The District is continuing to make significant capital expenditures resulting from bond authorizations, grants, and general fund appropriations for capital improvements to District facilities. As of December 31, 2025, the District has expended approximately 50% of the authorizations, and construction is ongoing.

B. Debt Administration

At December 31, 2025, the District had combined long-term debt of \$97,490,500. The bond anticipation notes and bonds were issued for major improvements to the District's infrastructure and facilities. The decreases in outstanding debt represent principal payments made throughout the year, while the increase represents a new issuance. A summary of the outstanding debt at December 31, 2025 and 2024 is as follows:

	Issue Date	Interest Rate	2025	2024	Increase (Decrease)
Bond anticipation notes payable					
	2024	4.00%	\$ -	\$ 78,228,000	\$(78,228,000)
	2025	4.00%	90,568,000	-	90,568,000
			<u>\$ 90,568,000</u>	<u>\$ 78,228,000</u>	<u>\$ 12,340,000</u>
Bonds payable					
	2018	3.00 - 4.00%	\$ 4,701,000	\$ 5,214,000	\$ (513,000)
	2021	2.00 - 4.00%	438,000	572,000	(134,000)
	2022	5.00%	1,853,500	2,115,200	(261,700)
			<u>\$ 6,992,500</u>	<u>\$ 7,901,200</u>	<u>\$ (908,700)</u>

The District has received authorization from the Town of Oyster Bay to issue a total of \$190,638,150 in serial bonds to fund capital improvements to the District's facilities and infrastructure. As of December 31, 2025,

JERICO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

the District has issued \$117,628,000 in bonds and BANs related to these authorizations, and \$73,010,150 remains unissued.

Additional information on the District's long-term debt can be found in the "Long-Term Liabilities" Note.

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are estimated amounts due for compensated absences, which are based on employment contracts, and total OPEB liability and net pension liability – proportionate share, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at December 31, 2025 and 2024 is as follows:

	2025	2024	Increase (Decrease)
Compensated absences payable	\$ 1,074,575	\$ 1,032,929	\$ 41,646
Total OPEB liability	12,241,387	12,617,544	(376,157)
Net pension liability - proportionate share	1,274,061	1,158,563	115,498
	\$ 14,590,023	\$ 14,809,036	\$ (219,013)

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The Board adopted the District's 2026 budget on September 4, 2025. The District expects to maintain the same quality level of service to its taxpayers and customers that it has historically provided. The 2026 budget of \$24,162,147 represents a \$1,387,837 (6.09%) increase over the 2025 budget. The majority of this increase is within salaries, transfers to capital, and debt service. Partial funding for the budget will be provided by estimated non-property tax revenues of \$13,776,468, which is an increase of \$1,188,118 (9.44%). Additionally, the District has elected to appropriate \$150,000 from unassigned fund balance and \$50,000 from the employee benefit accrued liability reserve, which remain unchanged from the previous year, towards the next year's budget. The real property tax levy of \$10,185,679 will provide the balance of the funding for the budget, which is an increase of \$199,719 (2.00%) over 2025.

B. Water Sales

The District derives a significant amount of its operating revenues from water sales. For water utilities, water revenues are dependent on the amount of rainfall, particularly during the summer months. As such, these revenues are unpredictable and very volatile. Water revenues for the District can vary significantly from a rainy year to a dry year. Water revenues are budgeted on the conservative side, which is in anticipation of a rainy year. However, actual water revenues can still fall far short of the District's estimates. The District continued to budget conservatively for 2026. The District also believes that such adverse weather conditions can easily recur consecutively over two years or more. Gallons billed and water revenues for the past five years are as follows:

JERICO WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Continued)

	Gallons billed (millions)		Water Revenue Recognized in General Fund (thousands)
2025	4,933	\$	12,784
2024	4,896		12,576
2023	4,703		11,513
2022	4,830		10,379
2021	4,803		9,829

C. Tax Cap

New York State law limits the annual increase in the property tax levy of municipalities to the lesser of 2% or the rate of inflation plus additional statutory adjustments to the tax levy limit. Municipalities may override the tax levy limit (tax cap) by drafting a local law or resolution that overrides the tax levy limit; however, that budget must be approved by at least a 60 percent majority of the governing body. Based on the law, the District's tax levy cap for 2026 is 2.12%. The District's 2026 property tax increase of 2.00% was less than the tax cap and did not require an override vote.

8. ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's taxpayers, customers, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Jericho Water District's Business Manager at Jericho Water District, 125 Convent Road, Syosset, New York 11791.

JERICHO WATER DISTRICT
Statement of Net Position
December 31, 2025

ASSETS

Cash and cash equivalents	
Unrestricted	\$ 15,913,457
Restricted	24,027,151
Receivables	
Accounts receivable	5,431,671
Due from other governments	18,584,396
Inventory	903,183
Prepays	644,940
Capital assets not being depreciated	32,853,058
Capital assets being depreciated, net of accumulated depreciation/amortization	<u>106,665,670</u>
Total Assets	<u>205,023,526</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension	879,909
Other postemployment benefits	<u>1,313,050</u>
Total Deferred Outflows of Resources	<u>2,192,959</u>

LIABILITIES

Payables	
Accounts payable	2,481,568
Accrued liabilities	3,349,917
Retainage payable	1,923,931
Bond anticipation notes payable	816,000
Developer deposits	42,177
Unearned credits - collections in advance	106,328
Long-term liabilities	
Due within one year	
Bond anticipation notes payable	4,207,000
Bonds payable, net	981,296
Total other postemployment benefits liability	518,284
Due after one year	
Bond anticipation notes payable	86,361,000
Bonds payable, net	6,139,193
Compensated absences payable	1,074,575
Total other postemployment benefits liability	11,723,103
Net pension liability - proportionate share	<u>1,274,061</u>
Total Liabilities	<u>120,998,433</u>

DEFERRED INFLOWS OF RESOURCES

Pension	64,543
Other postemployment benefits	<u>3,858,516</u>
Total Deferred Inflows of Resources	<u>3,923,059</u>

NET POSITION

Net investment in capital assets	58,066,066
Restricted:	
Retirement contribution	326,685
Employee benefit accrued liability	942,147
Capital	15,852,851
Repairs	1,950,657
Debt	1,153,168
Unrestricted	<u>4,003,419</u>
Total Net Position	<u>\$ 82,294,993</u>

JERICHO WATER DISTRICT
Statement of Activities
For the Year Ended December 31, 2025

Program Revenues	
Charges for services	\$ 13,081,689
Capital grants and contributions	<u>3,034,227</u>
 Total Program Revenues	 <u>16,115,916</u>
Program Expenses	
Home and community services	
Water supply services	
Water administration	3,883,589
Source of supply, power and pumping	2,920,579
Purification	1,259,914
Transmission and distribution	3,734,509
Employee benefits	1,685,127
Debt service - interest	3,187,627
Depreciation/amortization - unallocated	5,238,490
Loss on disposal	<u>331,181</u>
 Total Program Expenses	 <u>22,241,016</u>
 Net Program Revenue	 <u>(6,125,100)</u>
General Revenues	
Real property taxes	9,986,045
Other tax items	475,206
Use of money and property	2,106,518
Fines and forfeitures	60,350
Sale of property and compensation for loss	561,983
Compensation for loss - settlements	8,102,157
Miscellaneous	<u>1,108,583</u>
 Total General Revenues	 <u>22,400,842</u>
 Change in Net Position	 <u>16,275,742</u>
 Net Position - Beginning of Year, as Previously Reported	 67,103,051
Restatement - Correction of prior-period error	<u>(1,083,800)</u>
 Net Position - Beginning of Year, as Restated	 <u>66,019,251</u>
 Net Position - End of Year	 <u><u>\$ 82,294,993</u></u>

JERICHO WATER DISTRICT
Balance Sheet - Governmental Funds
December 31, 2025

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents			
Unrestricted	\$ 15,913,457	\$	\$ 15,913,457
Restricted	16,076,960	7,950,191	24,027,151
Receivables			
Accounts receivable	5,416,671	15,000	5,431,671
Due from other funds	167,017		167,017
Due from other governments	1,339,695	17,244,701	18,584,396
Inventory	903,183		903,183
Total Assets	\$ 39,816,983	\$ 25,209,892	\$ 65,026,875
 LIABILITIES			
Payables			
Accounts payable	\$ 258,672	\$ 2,222,896	\$ 2,481,568
Accrued liabilities	188,171		188,171
Due to other funds		167,017	167,017
Bond anticipation notes payable		816,000	816,000
Developer deposits	10,360	31,817	42,177
Unearned credits - collections in advance	106,328		106,328
Total Liabilities	563,531	3,237,730	3,801,261
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues:			
unbilled metered water sales/settlement funds	3,643,677		3,643,677
 FUND BALANCES			
Nonspendable: Inventory	903,183		903,183
Restricted:			
Retirement contribution	326,685		326,685
Employee benefit accrued liability	942,147		942,147
Capital	12,905,234	2,947,617	15,852,851
Repairs	1,902,894	47,763	1,950,657
Debt	1,153,168		1,153,168
Unspent long-term BAN proceeds		18,975,758	18,975,758
Assigned:			
Appropriated fund balance	150,000		150,000
Future debt service	8,600,000		8,600,000
Emerging contaminants	2,000,000		2,000,000
Unappropriated fund balance	109,814	1,024	110,838
Unassigned: Fund balance	6,616,650		6,616,650
Total Fund Balances	35,609,775	21,972,162	57,581,937
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 39,816,983	\$ 25,209,892	\$ 65,026,875

JERICHO WATER DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the District-wide Statement of Net Position
December 31, 2025

Total Governmental Fund Balances \$ 57,581,937

The costs of building, acquiring, or the right-to-use capital and intangible assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 177,751,795	
Less: Accumulated depreciation/amortization	<u>(38,233,067)</u>	
Capital assets, net		139,518,728

Prepaid items are accounted for as expenditures in the period of acquisition, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes prepaid items among the assets of the District as a whole. 644,940

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

Deferred outflows of resources	879,909	
Net pension liability - proportionate share	(1,274,061)	
Deferred inflows of resources	<u>(64,543)</u>	
		(458,695)

Total other postemployment benefits liability, as well as deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	1,313,050	
Total other postemployment benefits liability	(12,241,387)	
Deferred inflows of resources	<u>(3,858,516)</u>	
		(14,786,853)

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position. 3,643,677

Long-term and related liabilities are not due and payable in the current period, and, therefore, are not reported as liabilities in the governmental funds. Long-term and related liabilities consisted of:

Accrued interest on debt	(3,161,746)	
Retainage payable	(1,923,931)	
Bond anticipation notes payable	(90,568,000)	
Bonds payable, net	(7,120,489)	
Compensated absences payable	<u>(1,074,575)</u>	
		<u>(103,848,741)</u>

Total Net Position \$ 82,294,993

JERICHO WATER DISTRICT
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2025

	General	Capital Projects	Total Governmental Funds
Revenues			
Real property taxes	\$ 9,986,045	\$	\$ 9,986,045
Other tax items	475,206		475,206
Program revenues	12,984,472		12,984,472
Use of money and property	2,106,518		2,106,518
Fines and forfeitures	60,350		60,350
Sale of property and compensation for loss	561,983		561,983
Compensation for loss - settlements	5,802,453		5,802,453
Miscellaneous	989,583	119,000	1,108,583
Installation income		40,071	40,071
State sources		2,994,156	2,994,156
Total Revenues	32,966,610	3,153,227	36,119,837
Expenditures			
Home and Community Services			
Water Supply Services			
Water administration	3,846,668		3,846,668
Source of supply, power, and pumping	2,920,579		2,920,579
Purification	1,259,914		1,259,914
Transmission and distribution	3,748,425		3,748,425
Employee benefits	2,281,404		2,281,404
Debt service			
Principal	4,433,700		4,433,700
Interest	3,434,470		3,434,470
Capital outlay		12,087,203	12,087,203
Total Expenditures	21,925,160	12,087,203	34,012,363
Excess (Deficiency) of Revenues over Expenditures	11,041,450	(8,933,976)	2,107,474
Other Financing Sources and (Uses)			
Proceeds of debt		15,865,000	15,865,000
Operating transfers in		6,850,527	6,850,527
Operating transfers (out)	(6,850,527)		(6,850,527)
BANs redeemed			
Operating transfers in		350,000	350,000
Operating transfer (out)	(350,000)		(350,000)
Total Other Financing Sources and (Uses)	(7,200,527)	23,065,527	15,865,000
Net Change in Fund Balances	3,840,923	14,131,551	17,972,474
Fund Balances - Beginning of Year	31,768,852	7,840,611	39,609,463
Fund Balances - End of Year	<u>\$ 35,609,775</u>	<u>\$ 21,972,162</u>	<u>\$ 57,581,937</u>

JERICO WATER DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances - Governmental Funds to the District-wide Statement of Activities
For the Year Ended December 31, 2025

Net Change in Fund Balances \$ 17,972,474

Long-term Revenue and Expense Differences

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

Metered water sales, unbilled	\$ 97,217	
Legal settlements	2,299,704	

Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.

Increase in compensated absences payable	(41,646)	
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Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may be more than the amounts incurred during the year resulting in an increase in a long-term asset (prepaid) and an increase in net position.

Increase in prepaid items	97,947	2,453,222
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Capital Related Differences

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

Capital outlays and other additions	11,632,159	
Loss on disposal	(331,181)	
Depreciation/amortization expense	(5,238,490)	
	6,062,488	

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

	366,871	6,429,359
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Long-Term Debt Transactions

Proceeds from the issuance of long-term bond anticipation notes are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not effect the Statement of Activities.

	(15,865,000)	
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The amortization of the deferred premium on the refunding of bonds, decreases interest expense in the Statement of Activities.

	53,777	
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Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Bond anticipation notes	3,525,000	
Bond payable	908,700	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from December 31, 2024 to December 31, 2025.

	193,066	(11,184,457)
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Pension and Other Postemployment Benefits Differences

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

Employees' retirement system	132,927	
Other postemployment benefits	472,217	
	605,144	

Change in Net Position of Governmental Activities	\$ 16,275,742	
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JERICHO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District, which was established in 1923, is governed by Town Law and other general laws of the State of New York. The Board of Commissioners (“the Board”) is the legislative body responsible for overall operations. The Board consists of three members, all of whom are elected by residents of the District for terms of three years. The primary function of the District is to provide water service to District residents.

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

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

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

B. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District. Eliminations have been made to exclude the double-counting of interfund transactions. Governmental activities are generally financed through taxes, program revenues, and other exchange and non-exchange transactions. Capital grants and contributions reflect capital-specific grants and contributions, if any.

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

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

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

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

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

C. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment), and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities that the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes a change in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

D. Real Property Taxes

Calendar

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

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

E. Payment in Lieu of Taxes (PILOT)

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-2016 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and instead allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law Section 1020-q ("the LIPA Reform Act") enacted by the state in 2013. These LIPA payments are not the result of tax abatement agreements, but were designed to compensate local taxing jurisdictions for property tax revenue lost due to LIPA's tax-exempt status.

F. Restricted Resources

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

JERICHO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Interfund Transactions

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

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

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

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

H. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, pension costs, OPEB, potential contingent liabilities, and useful lives of capital assets and intangible assets.

I. Cash and Cash Equivalents/Investments

Cash and cash equivalents consists of cash on hand, bank deposits, and investments with an original maturity date of 90 days or less from the date of acquisition. Included in cash and cash equivalents are highly liquid investments held within the New York Cooperative Liquid Assets Securities System (NYCLASS).

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

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and consists of amounts in restricted legal reserves and unspent debt proceeds and premiums.

J. Receivables

Receivables include amounts due from customers. Receivables are recorded when the transaction takes place, and the respective revenues are recognized as earned in the district-wide financial statements, and when available in the fund financial statements. Revenue from unbilled water usage at year end is recognized in the district-wide financial statements. Receivables are shown net of allowance for uncollectibles, if any.

JERICHO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

K. Inventory and Prepaids

Inventory consists of supply type items and is recorded at cost using an average cost basis, which approximates market, using the first-in, first-out basis. These items are reported as assets using the consumption method. A current asset for inventory is recorded at the time of purchase, and an expense/expenditure is reported in the year the goods or services are consumed.

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

Prepaids represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as an asset in the district-wide financial statements. In the governmental funds, prepaid items are recorded as expenditures in the period the payments are made using the purchase method.

L. Capital Assets

The district-wide financial statements report both capital and intangible assets, such as software. Capital assets are reported at actual cost, when the information is available, or at estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

All capital assets, except land and construction in progress, are depreciated/amortized on a straight-line basis over their estimated useful lives; intangible assets are amortized on a straight-line basis over the term of their underlying agreements, as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings & improvements	\$ 5,000	Straight line	20 - 30 years
Improvements other than buildings	5,000	Straight line	15 years
Machinery & equipment	5,000	Straight line	3 - 15 years
Infrastructure (water mains)	5,000	Straight line	40 years
Wells, water tanks, & structures	5,000	Straight line	20 - 40 years
Software	5,000	Straight line	3 years

M. Deferred Outflows of Resources

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

JERICHO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

N. Short-Term Debt

The Town of Oyster Bay may issue bond anticipation notes (BAN) on behalf of the District, in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during the calendar year 2015 through, and including, 2021. However, BANs issued in anticipation of bonds for an assessable improvement may be renewed from time to time for a period not exceeding one year for each such renewal, and without limitation as to the number of such renewals. These renewals cannot extend beyond the period of probable usefulness of the object or purpose for which it is issued, as computed from the date of the first note or notes issued. BANs that are replaced with long-term financing, or renewed subsequent to year end, are treated as long-term liabilities, as these notes will not require the use of working capital during that period.

O. Developer Deposits

Developer deposits represent funds advanced from real estate developers for the installation of new water mains and connection to the District's water distribution system. Any funds remaining after the installation is completed are refunded to the developer.

P. Collections in Advance

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

Q. Employee Benefits - Compensated Absences

Compensated absences consist of unpaid accumulated vacation and sick leave.

Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 25 days per year, but may accumulate no more than a maximum of 60 days. Upon separation from service other than termination for cause, employees are paid for all unused accumulated vacation leave. Employees accrue sick leave at a rate of 13 days per year and may accumulate such credits up to a total of 240 days. Upon separation from service other than termination for cause, employees are paid for a percentage of their unused accumulated sick leave, which ranges from 50% to 100% based on the number of years employed.

In the district-wide financial statements, the District recognizes a liability for compensated absences, including vacation and sick leave, when employees have earned the right to the leave, and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability is measured at the employee's pay rate at the reporting date, including salary-related payments, such as social security and Medicare taxes.

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

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

R. Other Benefits

Eligible District employees participate in the ERS.

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

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides individual, family, or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting as set forth by GASB.

S. Long-Term Debt

The Town of Oyster Bay, on behalf of the District, borrows money in order to acquire land, equipment, or software, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the Town. The repayment of principal and interest will be recorded in the general fund.

In the fund financial statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources. Further, unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the district-wide financial statements, premiums received on original long-term debt issuances are netted with bonds payable and amortized over the life of the bonds.

T. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenues/expense credit) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds, when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables for unbilled water sales and settlement funds. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the district-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pension reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in the collective pension expense. The third item is related to OPEB and represents the change in the total OPEB liability not included in OPEB expense.

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

U. Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

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

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

Retirement Contribution Reserve - Retirement Contribution Reserve General Municipal Law (GML) §6-r is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The reserve is accounted for in the general fund.

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

Capital Reserve – Capital reserve general was established pursuant to §6-c of the General Municipal Law of the State of New York for capital improvement, capital machinery, and equipment. This reserve is a general reserve for improvements as defined by the District's engineers. These reserves are accounted for in the general fund and the capital projects fund.

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Repairs Reserve – Repairs Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board, without voter approval, may establish a repair reserve by a majority vote of its members. Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve over the next two subsequent fiscal years. These reserves are accounted for in the general fund and the capital projects fund.

Restricted for Debt – Unexpended balances of proceeds of borrowings for capital projects, interest and earnings from investing proceeds of debt, and premiums and accrued interest on long-term borrowings are recorded in the general fund and held until appropriated for debt payments. These restricted amounts are accounted for in the general fund.

Unspent Long-Term BAN Proceeds – Unspent long-term BAN proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual, positive amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year’s budget and encumbrances not classified as restricted at the end of the fiscal year, as well as the following:

Assigned for Future Debt Service – The balance represents an amount set aside to make future debt service payments on new serial bonds.

Assigned for Emerging Contaminants – The balance represents an amount set aside for future water treatments for emerging contaminants.

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

Fund Balance Classification

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

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

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

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

unrestricted fund balances shall be applied first to the committed fund balance to the extent that there is a commitment, to assigned fund balance to that there is an assignment, and then to the unassigned fund balance.

2. FUTURE ACCOUNTING STANDARDS

The GASB Statements are issued to set GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but the statements that the District feels may have a future impact on these financial statements. The District will evaluate the impact of these pronouncements and implement them, as applicable, if material.

Effective for the Year Ending	Statement
December 31, 2026	GASB No. 103 – <i>Financial Reporting Model Improvements</i>
December 31, 2026	GASB No. 104 – <i>Disclosures of Certain Capital Assets</i>
December 31, 2027	GASB No. 105 – <i>Subsequent Events</i>

GASB Statement No. 103 was issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This statement also addresses certain application issues.

GASB Statement No. 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosure, such as leased assets, intangible right-to-use assets, and assets held for sale.

GASB Statement No. 105 was issued to improve financial reporting related to subsequent events by clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events, and by specifying the information items that are required to be disclosed about subsequent events.

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

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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

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

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

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

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in

JERICHO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting are used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

4. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget Policies

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

- The District's administration prepares a proposed budget for the general fund and submits it to the Board for approval.
- A public hearing is held in September, the first Thursday after the first Tuesday of the month.
- The proposed budget for the general fund is then submitted to the Oyster Bay Town Board for approval.
- Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred.

JERICHO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balance. These supplemental appropriations may occur, subject to legal restriction, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The District had the following supplemental appropriations during the year:

Budget Revisions	
Engineering services for five year capital plan funded by capital reserve	\$ 2,500,000
Legal fees associated with class action suit funded by settlement fund revenues	1,823,926
Capital equipment purchases funded by capital reserve	372,000
Hydrants funded by additional revenues	12,390
Interfund transfers funded by settlement fund revenues:	
Well No. 27 and 28 PFAS Treatment	3,978,527
Additional principal payment on BAN funded by unassigned fund balance	535,000
Total Budget Revisions	\$ 9,221,843

Budgets are adopted annually on a basis consistent with GAAP, and are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Restricted Fund Balance

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

	Balance 12/31/24	Interest Earned	Funding	Use of Reserve	Balance 12/31/25
General Fund					
Retirement contribution	\$ 313,500	\$ 13,185	\$	\$	\$ 326,685
Employee benefit accrued liability	904,230	37,917			942,147
Capital	10,422,813	354,421	5,000,000	(2,872,000)	12,905,234
Repairs	1,593,460	59,434	250,000		1,902,894
Debt	1,088,068	714,215	438,953	(1,088,068)	1,153,168
Capital Projects Fund					
Capital	1,017,624		2,872,000	(942,007)	2,947,617
Repairs	102,320			(54,557)	47,763
Unspent long-term BAN proceeds	6,504,614		15,865,000	(3,393,856)	18,975,758
	\$21,946,629	\$ 1,179,172	\$24,425,953	\$ (8,350,488)	\$39,201,266

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Encumbrances

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

5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

The District did not have any investments at year end or during the year, except as discussed in the note below. Consequently, the District was not exposed to any material credit risk, interest rate risk, or concentration of credit risk.

Investment pool:

The District participates in the New York Cooperative Liquid Assets Securities System (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to GML Articles 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. NYCLASS is rated 'AAAm' by S&P Global Ratings. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with GML §10 and §11.

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District's investments in NYCLASS consisted of repurchase agreements, U.S. Treasury Securities, and collateralized bank deposits, with various interest rates and due dates. The dollar weighted average days to maturity (WAM) of NYCLASS at December 31, 2025, was 41 days, and the weighted average life (WAL) was 80 days. These investments are included in cash and cash equivalents as follows:

Fund	Carrying Amount
General Fund	\$13,954,640
Capital Projects	561,412
	\$14,516,052

Securities, other than repurchase agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities. Repurchase agreements are recorded at cost, which approximates fair value. The lead participant of NYCLASS is the Village of Rhinebeck. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

6. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2025 consisted of:

General Fund	
Metered water sales, billed	\$ 1,646,780
Metered water sales, unbilled	925,183
Legal settlements receivables	2,299,704
Water tax liens	494,831
Penalties	50,173
	5,416,671
Capital Projects Fund	
Layne settlement	15,000
	\$ 5,431,671

The receivable includes amounts related to legal settlements that have been awarded to the District from a class action suit for water contamination. These settlement funds along with some of meter water sales are included in deferred inflows of resources in the general fund as they are not current financial resources. District management expects these amounts to be fully collectible.

7. DUE FROM OTHER GOVERNMENTS

Due from other governments at December 31, 2025 consisted of:

General Fund	
Town of Oyster Bay	
Premiums on obligations	\$ 1,153,168
Payments in lieu of taxes	186,527
	1,339,695
Capital Projects Fund	
Town of Oyster Bay	
BAN proceeds held by Town	17,244,701
	\$ 18,584,396

District management expects these amounts to be fully collectible.

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

8. CAPITAL ASSETS/CORRECTION OF AN ERROR

A. Error Correction

During the year ended December 31, 2025, the District performed a review of its capital assets, which resulted in the identification and elimination of obsolete capital asset items and costs included in construction progress for projects that were abandoned as such, it was necessary for the District to adjust the December 31, 2024, capital assets and accumulated depreciation/amortization balance as follows:

	As Reported <u>12/31/24</u>	As Restated <u>12/31/24</u>	Increase (Decrease)
Governmental Activities:			
Capital assets that are not depreciated:			
Land	\$ 284,000	\$ 284,000	\$ -
Construction work in progress	<u>39,118,276</u>	<u>38,889,784</u>	<u>(228,492)</u>
Total capital assets not being depreciated	<u>39,402,276</u>	<u>39,173,784</u>	<u>(228,492)</u>
Capital assets being depreciated/amortized:			
Buildings & improvements	22,428,336	21,965,510	(462,826)
Improvements other than buildings	9,724,389	9,419,346	(305,043)
Machinery & equipment	50,588,891	47,190,290	(3,398,601)
Infrastructure (water mains)	18,168,630	17,694,315	(474,315)
Wells, water tanks, & structures	32,839,066	32,128,054	(711,012)
Software	<u>47,417</u>	<u>11,665</u>	<u>(35,752)</u>
Total capital assets being depreciated/amortized	<u>133,796,729</u>	<u>128,409,180</u>	<u>(5,387,549)</u>
Less accumulated depreciation/amortization for:			
Buildings & improvements	5,504,703	5,213,810	(290,893)
Improvements other than buildings	3,787,490	3,459,475	(328,015)
Machinery & equipment	16,508,012	13,223,207	(3,284,805)
Infrastructure (water mains)	7,602,714	7,371,597	(231,117)
Wells, water tanks, & structures	5,212,062	4,849,990	(362,072)
Software	<u>43,984</u>	<u>8,645</u>	<u>(35,339)</u>
Total accumulated depreciation/amortization	<u>38,658,965</u>	<u>34,126,724</u>	<u>(4,532,241)</u>
Total capital assets being depreciated/amortized, net	<u>95,137,764</u>	<u>94,282,456</u>	<u>(855,308)</u>
Capital assets, net	<u>\$ 134,540,040</u>	<u>\$ 133,456,240</u>	(1,083,800)
Total Net Position, Beginning of Year As Originally Stated			<u>67,103,051</u>
As Restated			<u>\$ 66,019,251</u>

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Changes

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

	As Restated Balance 12/31/24	Additions	Reductions	Balance 12/31/25
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 284,000	\$	\$	\$ 284,000
Construction work in progress	38,889,784	13,867,048	(20,187,774)	32,569,058
Total capital assets not being depreciated	<u>39,173,784</u>	<u>13,867,048</u>	<u>(20,187,774)</u>	<u>32,853,058</u>
Capital assets being depreciated/amortized:				
Buildings & improvements	21,965,510	8,723,072	(227,751)	30,460,831
Improvements other than buildings	9,419,346	1,672,491	(60,229)	11,031,608
Machinery & equipment	47,190,290	6,971,690	(568,571)	53,593,409
Infrastructure (water mains)	17,694,315	216,188		17,910,503
Wells, water tanks, & structures	32,128,054	369,444	(601,712)	31,895,786
Software	11,665		(5,065)	6,600
Total capital assets being depreciated/amortized	<u>128,409,180</u>	<u>17,952,885</u>	<u>(1,463,328)</u>	<u>144,898,737</u>
Less accumulated depreciation/amortization for:				
Buildings & improvements	5,213,810	799,817	(197,715)	5,815,912
Improvements other than buildings	3,459,475	450,117	(44,370)	3,865,222
Machinery & equipment	13,223,207	2,697,149	(507,870)	15,412,486
Infrastructure (water mains)	7,371,597	390,014		7,761,611
Wells, water tanks, & structures	4,849,990	899,555	(378,309)	5,371,236
Software	8,645	1,838	(3,883)	6,600
Total accumulated depreciation/amortization	<u>34,126,724</u>	<u>5,238,490</u>	<u>(1,132,147)</u>	<u>38,233,067</u>
Total capital assets being depreciated/amortized, net	<u>94,282,456</u>	<u>12,714,395</u>	<u>(331,181)</u>	<u>106,665,670</u>
Capital assets, net	<u>\$133,456,240</u>	<u>\$ 26,581,443</u>	<u>\$(20,518,955)</u>	<u>\$139,518,728</u>

Depreciation/amortization expense totaled \$5,238,490 for the year ended December 31, 2025.

C. Impairment Losses

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

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

9. INTERFUND TRANSACTIONS

Interfund balances and activity at December 31, 2025, were as follows:

	Interfund			
	Receivable	Payable	Transfer In	Transfer Out
General Fund	\$ 167,017	\$	\$	\$ 6,850,527
Capital Projects Fund		167,017	6,850,527	
	<u>\$ 167,017</u>	<u>\$ 167,017</u>	<u>\$ 6,850,527</u>	<u>\$ 6,850,527</u>

Interfund receivables and payables are eliminated on the Statement of Net Position. The District transferred funds from the general fund to the capital projects fund in accordance with the budget and various approvals throughout the year to fund current capital projects.

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

10. SHORT-TERM DEBT

Short-term debt activity for the year is summarized below:

	Maturity	Stated Interest Rate	Balance 12/31/24	Issued	Redeemed	Balance 12/31/25
BAN	3/7/2025	4.00%	\$ 350,000	\$	\$ (350,000)	\$ -
BAN	3/5/2026	4.00%	-	816,000		816,000
			<u>\$ 350,000</u>	<u>\$ 816,000</u>	<u>\$ (350,000)</u>	<u>\$ 816,000</u>

The BANs were issued to provide cash for the District's capital projects.

The Town of Oyster Bay, on behalf of the District, issued \$91,384,000 in BANs during the year ended December 31, 2025; however, \$90,568,000 of these BANs were renewed prior to the financial statements being issued and were treated as long-term liabilities. The \$816,000 was paid on March 5, 2026, using current financial resources and, as such, was treated as short-term.

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

Interest paid	\$ 14,000
Less: interest accrued in the prior year	(14,192)
Plus: interest accrued in the current year	27,200
Total expense	<u>\$ 27,008</u>

JERICHO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

11. LONG-TERM LIABILITIES

A. Changes

Long-term liabilities balances and activities, excluding pension liability, for the year are summarized as follows:

	Balance 12/31/24	Additions	Reductions	Balance 12/31/25	Amounts Due Within One Year
Long-term debt:					
BANs payable	\$ 78,228,000	\$ 15,865,000	\$ (3,525,000)	\$ 90,568,000	\$ 4,207,000
Bonds payable	7,901,200		(908,700)	6,992,500	937,300
Premium on refunding	181,766		(53,777)	127,989	43,996
	<u>8,082,966</u>	<u>-</u>	<u>(962,477)</u>	<u>7,120,489</u>	<u>981,296</u>
	86,310,966	15,865,000	(4,487,477)	97,688,489	5,188,296
Other long-term liabilities:					
Compensated absences	1,032,929	41,646		1,074,575	-
Total OPEB liability	<u>12,617,544</u>		<u>(376,157)</u>	<u>12,241,387</u>	<u>518,284</u>
	<u>\$ 99,961,439</u>	<u>\$ 15,906,646</u>	<u>\$ (4,863,634)</u>	<u>\$ 111,004,451</u>	<u>\$ 5,706,580</u>

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

Additions and reductions to compensated absences are shown net. The maturity of compensated absences is not determinable. Full details on total OPEB liability can be found in the "Postemployment Healthcare Benefits" Note.

B. Bond Anticipation Notes Payable

Bond anticipation notes payable are comprised of the following:

	Maturity	Stated Interest Rate	Balance 12/31/24	Issued	Redeemed	Balance 12/31/25
BAN	3/7/2025	4.00%	\$ 78,228,000	\$	\$ (78,228,000)	\$ -
BAN	3/5/2026	4.00%	-	90,568,000		90,568,000
			<u>\$ 78,228,000</u>	<u>\$ 90,568,000</u>	<u>\$ (78,228,000)</u>	<u>\$ 90,568,000</u>

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Bonds Payable

Bonds payable are comprised of the following:

	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End 12/31/25
Public improvement serial bonds	2018	2033	3.00 - 4.00%	\$ 4,701,000
Refunding public improvement serial bonds	2021	2028	2.00 - 4.00%	438,000
Refunding public improvement serial bonds	2022	2031	5.00%	<u>1,853,500</u>
				<u>\$ 6,992,500</u>

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 937,300	\$ 256,575	\$ 1,193,875
2027	971,300	219,884	1,191,184
2028	1,011,400	181,834	1,193,234
2029	892,600	145,313	1,037,913
2030	928,100	110,473	1,038,573
2031 - 2033	<u>2,251,800</u>	<u>123,791</u>	<u>2,375,591</u>
	<u>\$ 6,992,500</u>	<u>\$ 1,037,870</u>	<u>\$ 8,030,370</u>

D. Remedies Upon Default in Bond and Notes Payments

The notes are general obligations of the issuer secured by its faith and credit and a pledge to levy ad valorem taxes on all taxable real property, without limitation as to rate or amount, subject to applicable statutory tax levy limits. Under the related debt agreements, if the issuer fails to perform its obligations, holders may seek judicial remedies, including mandamus proceedings, to compel the levy and collection of such taxes and the application of available funds to the payment of principal interest; however, municipal property is generally not subject to execution or attachment to satisfy judgments. The issuer has also undertaken a continuing disclosure obligation that is enforceable solely by an action for mandamus or specific performance, and a breach of that undertaking does not constitute an event of default on the notes. The notes do not contain subjective acceleration clauses based on determinations of a material adverse change in the issuer's financial condition.

E. Current Bond Refunding

The Town, on behalf of the District, refunded bonds in prior years, which resulted in deferred bond premiums. These amounts are being amortized as a component of interest expense on a weighted-average basis over the life of the bonds in the district-wide statements as follows:

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 43,996
2027	33,791
2028	23,128
2029	14,867
2030	9,120
2031	3,087
	<u>\$ 127,989</u>

F. Interest Expense

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

Interest paid	\$ 3,420,470
Less: interest accrued in the prior year	(3,340,620)
Plus: interest accrued in the current year	3,134,546
Less: amortization of deferred premium on refunding	<u>(53,777)</u>
Total expense	<u>\$ 3,160,619</u>

G. Unissued Debt

As of December 31, 2025, the District has the following unissued debt:

<u>Year</u>	<u>Amount</u>	<u>Issued</u>	<u>Unissued</u>
Authorized	Authorized	Issued	Unissued
2010	\$ 9,985,000	\$ 9,985,000	\$ -
2013/2017	20,895,000	16,650,000	4,245,000
2018	5,770,000	5,770,000	-
2019	33,229,000	28,788,000	4,441,000
2020	23,219,000	20,935,000	2,284,000
2022	39,149,150	23,000,000	16,149,150
2024	58,391,000	12,500,000	45,891,000
	<u>\$190,638,150</u>	<u>\$117,628,000</u>	<u>\$ 73,010,150</u>

12. PENSION PLANS – NEW YORK STATE

A. Plan Description

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

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The net position of the ERS is held in the New York State Common Retirement Fund (“the Fund”), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found on the NYS Comptroller's website at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

B. Funding Policy

The system is noncontributory for the employee except for those who either joined the system after July 27, 1976, with less than ten years of credited service, who contribute 3% of their salary, or joined the system on or after January 1, 2010 and before April 1, 2012, who contribute 3% of their salary throughout active membership. For employees hired after April 1, 2012, employee contribution rates are on a sliding scale based on salaries and range from 3% to 6% of salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the ERS for the current year. The District's average contribution rate was 15.20% of covered payroll for the ERS' fiscal year ended March 31, 2025.

The District's share of the required contributions, based on covered payroll for the District's year ended December 31, 2025 was \$447,384, at an average contribution rate of 16.36%.

C. Pension Asset/(Liability), Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for the system, which was measured as of March 31, 2025. The total pension liability used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the system relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS in reports provided to the District.

Measurement date	March 31, 2025
District's proportionate share of the net pension liability	\$ (1,274,061)
District's portion of the Plan's total net pension liability	0.0074308%
Change in proportion since the prior measurement date	(0.0004377)

For the year ended December 31, 2025, the District recognized pension expense of \$298,642 for ERS. At December 31, 2025, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 316,230	\$ 14,917
Changes in assumptions	53,432	
Net difference between projected and actual earnings on pension plan investments	99,959	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	74,750	49,626
District contributions subsequent to the measurement date	335,538	
Total	\$ 879,909	\$ 64,543

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2026	\$ 242,073
2027	333,357
2028	(104,200)
2029	8,598
	\$ 479,828

Actuarial Assumptions

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

Measurement date	March 31, 2025
Actuarial valuation date	April 1, 2024
Inflation	2.90%
Salary increases	4.30%
Investment rate of return (net of investment expense, including inflation)	5.90%
Cost of living adjustments	1.50%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. The actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

JERICHO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		March 31, 2025
Asset class		
Domestic equity	25.0%	3.54%
International equity	14.0%	6.57%
Real estate equity	12.0%	4.95%
Private equity	15.0%	7.25%
Alternative investments	11.0%	5.25-5.55%
Fixed income	22.0%	2.00%
Cash	1.0%	0.25%
	100.0 %	

Real rates of return are net of a long-term inflation assumption of 2.9% for ERS.

Discount Rate

The discount rate used to calculate the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members would be made at the current contribution rates and that contributions from employers would be made at statutorily required rates, actuarially determined. Based upon the assumptions, the ERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90%, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.90%) or 1 percentage point higher (6.90%) than the current rate:

	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset/(liability)	\$ (3,687,292)	\$ (1,274,061)	\$ 740,989

Pension Plan Fiduciary Net Position

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

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<i>(Dollars in Thousands)</i>
Measurement date	March 31, 2025
Employers' total pension liability	\$ (247,600,239)
Plan fiduciary net position	<u>230,454,512</u>
Employers' net pension liability	<u>\$ (17,145,727)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	93.08%

Prepayments to the Pension Plan

Employer contributions are paid annually based on the ERS' fiscal year, which ends on March 31st. Annual payments are due February 1st. An employer can elect to prepay the amount due by December 15th to receive a 1% discount. The District paid the annual invoice in December. This resulted in a prepayment of \$111,846 for the period of January 1, 2026 through March 31, 2026. Employee contributions are remitted monthly.

13. PENSION PLANS - OTHER

Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions to this plan. The amount deferred by eligible employees for the year ended December 31, 2025, totaled \$221,800.

14. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District provides other postemployment benefits to eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust to pay for future benefits.

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

Employee Covered Benefit Terms – At December 31, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	26
Active employees	<u>34</u>
	<u>60</u>

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Total OPEB Liability

The District's total OPEB liability of \$12,241,387 was measured as of December 31, 2025, and was determined by an actuarial valuation as of January 1, 2025. Update procedures were used to roll forward the total OPEB liability to the measurement date.

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

Inflation	2.50%
Salary increase	3.50%
Discount rate	4.83%
Healthcare cost trend rates	8.50% decreasing to an ultimate rate of 4.50% by 2035
Retirees' share of benefit-related costs	0 - 10% of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer's 20 Bond Index, updated as of December 31, 2025, to reflect current interest rate trends.

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

C. Changes in the Total OPEB Liability

Balance at December 31, 2024	<u>\$ 12,617,544</u>
Changes for the year	
Service cost	268,530
Interest on total OPEB liability	539,293
Changes of benefit terms	-
Differences between expected and actual experience	107,183
Changes in assumptions or other inputs	(847,212)
Benefit payments	<u>(443,951)</u>
	<u>(376,157)</u>
Balance at December 31, 2025	<u><u>\$ 12,241,387</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.08% in 2024 to 4.83% in 2025.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.83%) or 1 percentage point higher (5.83%) than the current discount rate:

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

OPEB	1% Decrease 3.83%	Discount Rate 4.83%	1% Increase 5.83%
Total OPEB liability	\$ (14,012,856)	\$ (12,241,387)	\$ (10,807,874)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.50% decreasing to 3.50%) or 1 percentage point higher (9.50% decreasing to 5.50%) than the current healthcare cost trend rate:

OPEB	1% Decrease 7.50% decreasing to 3.50%	Healthcare Cost Trend Rates 8.50% decreasing to 4.50%	1% Increase 9.50% decreasing to 5.50%
Total OPEB liability	\$ (10,760,656)	\$ (12,241,387)	\$ (14,077,672)

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

For the year ended December 31, 2025, the District recognized OPEB expense (credit) of \$(28,266). At December 31, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 846,321	\$ 598,944
Changes of assumptions	466,729	3,259,572
Total	\$ 1,313,050	\$ 3,858,516

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

Year Ending December 31,	Amount
2026	\$ (1,017,857)
2027	(872,514)
2028	(655,095)
	\$ (2,545,466)

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

15. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources at December 31, 2025, consists of unavailable revenue in the general fund for 3M settlement receivables which are to be paid out through 2031 totaling \$2,299,704 and billed/unbilled water receivables of \$1,343,973.

16. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate \$50,000 from the employee benefit accrued liability reserve, which is reported in the December 31, 2025 restricted fund balances, to fund the budget and reduce property taxes for the year ending December 31, 2026.

17. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$150,000 has been appropriated to reduce property taxes for the year ending December 31, 2026.

18. TAX ABATEMENT PROGRAMS

The District is subject to tax abatements (real property taxes) granted by the Town of Oyster Bay and administered by the Receiver of Taxes (ROT). This abatement program is designed to promote affordable senior citizen housing within the Town of Oyster Bay. Pursuant to Section 125 of the Private Housing Finance Law of the State of New York, a Town-qualified project will be included in its privately financed affordable senior citizen housing program. This program provides property tax abatements of 100% of real property taxes for 25 years on qualified new capital improvements. During the term of the agreements, the benefiting entity must operate and maintain the property consistent with the terms of the agreement. As a general condition of providing assistance, the benefiting company enters into a payment in lieu of taxes (PILOT) agreement to offset the taxes abated. During 2025, the agreements the Town ratified resulted in an abatement of \$67,618 of the District's real property taxes, and the PILOTs received totaled \$274.

The District is also subject to tax abatements granted by Nassau County Industrial Development Agency (NCIDA), an entity created as a New York State public benefit corporation. The NCIDA was established by Code Section 922, which became Chapter 674 of the Laws of 1975. The NCIDA offers sound commerce and industry base to prevent unemployment. At December 31, 2025, only the real estate tax abatement program offered by NCIDA impacts the District's revenues. Generally, a qualified project is an applicant submitted project that meets certain economic development criteria (such as job creation/retention) and which either 1) has been or will be financed by the issuer of NCIDA bonds, noted or other evidence of indebtedness with respect thereto, or 2) is a straight lease transaction, which the NCIDA has determined to undertake pursuant to a lease policy. The NCIDA, as a condition of providing assistance, may require the benefitting company to remit a payment to offset the amount of taxes abated. During the year ended December 31, 2025, the agreements the NCIDA ratified resulted in an abatement of \$512,723 of the District's real property tax and the receipt of \$331, 537 in PILOT.

The District also recognized \$143,395 in LIPA PILOT revenue; these LIPA payments are not the result of tax abatement agreements.

19. RISK MANAGEMENT

The District insures against liability for most risks, including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability not covered by insurance has been incurred, and the amount of loss can be reasonably estimated. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded commercial insurance coverage over the last three years.

JERICO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

20. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

At December 31, 2025, the District encumbered the following amounts:

Restricted Fund Balance	
Capital Projects Fund	
Capital	<u>\$ 11,003,980</u>
Assigned: Unappropriated Fund Balance	
General Fund	
Water Administration	\$ 10,180
Transmission and Distribution	<u>99,634</u>
	109,814
Capital Projects Fund	
Capital	<u>2,995,380</u>
	<u>\$ 3,105,194</u>

B. Grants

The District has received grants, which are subject to audit by agencies of the state. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, would be immaterial.

C. Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. The District believes the outcome of most matters will not have a material effect on these financial statements.

21. SUBSEQUENT EVENTS

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

A. Bond Anticipation Notes Payable

On March 5, 2026, the Town of Oyster Bay issued BANs on behalf of the District in the amount of \$87,424,000, including \$13,050,000 in new funding, which mature on March 5, 2027, and bear interest at 4.00%. These BANs, along with \$3,960,000 in general fund appropriations, were used to pay \$91,384,000 in outstanding BANs.

B. Significant Contracts Awarded

The Board approved the following significant contracts:

- Water Service Gooseneck Replacement - \$9,089,381
- Hunt Club water main improvements - \$424,360

JERICHO WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Settlement Agreements

In January 2026, the District reached a negotiated settlement in the amount of \$400,000 with a contractor related to disputes over construction services performed prior the financial statement date. The settlement represents a significant resolution of a pre-existing obligation under the construction contract and relates to conditions that existed at the financial statement date, the District has reflected the effects of the settlement in the financial statements as of December 31, 2025 within the capital projects fund.

On April 8, 2026, the District was notified that the claims administrator finalized its allocation awards related to the Tyco per-and polyfluoroalkyl substances (PFAS) Settlement and the BASF PFAS Settlement, resulting in current gross awards to the District of \$922,189 and \$383,565, respectively, with first net payments of \$848,414 and \$352,880 expected to be wired shortly thereafter, net of contingent legal fees of \$201,037 and \$83,617, respectively, with no related case expenses. The claims administrator is withholding an estimated 5% of total class awards in each settlement to resolve potential errors, and the District expects one or two additional distributions that may increase total proceeds; however, the exact timing and amount of any additional payments cannot presently be reasonably estimated.

JERICHO WATER DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
Revenues				
Real property taxes	\$ 9,985,960	\$ 9,985,960	\$ 9,986,045	\$ 85
Other tax items	225,000	225,000	475,206	250,206
Program revenues				
Metered water sales	11,317,350	11,317,350	12,783,653	1,466,303
Hydrant and sprinkler permits	25,000	25,000	14,050	(10,950)
Interest and penalties - water rents	80,000	80,000	163,669	83,669
Implementation charges	6,500	6,500	23,100	16,600
Total program revenues	11,428,850	11,428,850	12,984,472	1,555,622
Use of money and property	487,000	487,000	2,106,518	1,619,518
Fines and Forfeitures	50,000	50,000	60,350	10,350
Sale of property and compensation for loss				
Sale of water supplies	280,000	280,000	371,012	91,012
Plant supplies and labor	100,000	100,000	107,036	7,036
Insurance recoveries	12,000	12,000	27,818	15,818
Sale of scrap and excess materials			30,767	30,767
Sale of equipment			25,350	25,350
Compensation for loss - settlements		5,802,453	5,802,453	-
Total sale of property and compensation for loss	392,000	6,194,453	6,364,436	169,983
Miscellaneous				
Refund of prior year expense	5,000	5,000		(5,000)
Other unclassified revenue	500	12,890	989,583	976,693
Total miscellaneous	5,500	17,890	989,583	971,693
Total Revenues	22,574,310	28,389,153	32,966,610	\$ 4,577,457
Appropriated Fund Balance				
Prior Years' Surplus	150,000	685,000		
Prior Year's Encumbrances	108,875	108,875		
Appropriated Reserves	50,000	2,922,000		
Total Appropriated Fund Balance	308,875	3,715,875		
Total Revenues and Appropriated Fund Balance	\$ 22,883,185	\$ 32,105,028		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

JERICHO WATER DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund, Continued
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual and Encumbrances
Expenditures					
Water Administration					
Office salaries	\$ 895,000	\$ 1,087,696	\$ 1,048,284	\$	\$ 39,412
Commissioners fees	35,000	35,000	24,200		10,800
Office equipment	65,000	65,000			65,000
Auditing	48,203	48,203	30,913		17,290
Legal	72,000	1,895,926	1,894,512		1,414
Other professional fees	47,000	47,000	34,170	750	12,080
Insurance	517,500	517,500	510,338		7,162
Communications	85,000	85,000	73,101		11,899
Computer expense	128,034	128,034	102,629		25,405
Office expense	155,642	160,059	107,469	9,430	43,160
Water conservation	5,000	5,000	2,058		2,942
Conventions, dues & education	15,500	15,500	12,358		3,142
NY MTA tax	12,500	12,500	5,116		7,384
Election expenses	3,500	3,500	1,520		1,980
Contingency	499,940	305,572			305,572
Total Water Administration	<u>2,584,819</u>	<u>4,411,490</u>	<u>3,846,668</u>	<u>10,180</u>	<u>554,642</u>
Source of Supply, Power, & Pumping					
Heat, light, & power	<u>3,565,000</u>	<u>3,565,000</u>	<u>2,920,579</u>		<u>644,421</u>
Purification					
Caustic soda	460,000	460,000	329,798		130,202
Water analysis	1,306,093	1,231,574	866,660		364,914
Repairs	20,000	20,000	7,124		12,876
	81,000	81,000	56,332		24,668
Total Purification	<u>1,867,093</u>	<u>1,792,574</u>	<u>1,259,914</u>	<u>-</u>	<u>532,660</u>
Transmission and Distribution					
Plant salaries	2,252,400	2,252,400	2,243,732		8,668
Equipment & capital outlay	188,776	199,167	178,630	2,570	17,967
Water supplies	312,500	276,500	225,239	19,259	32,002
Plant supplies	55,081	64,081	45,075	9,865	9,141
Plant expense	133,250	115,000	79,621		35,379
Grounds maintenance	45,000	51,000	51,000		-
Engineering & consulting	113,881	138,781	89,236	13,572	35,973
Auto	91,953	95,703	82,874		12,829
Road patches	142,500	150,550	148,404		2,146
Electrical & well repair	372,762	456,733	286,020	54,368	116,345
Other professional services	285,000	322,047	288,128		33,919
Conventions, dues & education	7,500	10,500	9,300		1,200
Licenses & permits	17,000	22,000	21,166		834
Total Transmission and Distribution	<u>4,017,603</u>	<u>4,154,462</u>	<u>3,748,425</u>	<u>99,634</u>	<u>306,403</u>

JERICHO WATER DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund, Continued
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual and Encumbrances
Employee Benefits					
NYS employees' retirement system	\$ 475,000	\$ 475,000	\$ 447,384	\$	\$ 27,616
Employee accrual payouts	75,000	22,305			22,305
Social security	255,000	255,000	242,751		12,249
Workers' compensation	85,000	85,000	70,969		14,031
Life insurance	5,500	5,500	3,770		1,730
Unemployment insurance	5,000	5,000	1,512		3,488
Hospital, medical & dental	1,765,000	1,765,000	1,515,018		249,982
Total Employee Benefits	<u>2,665,500</u>	<u>2,612,805</u>	<u>2,281,404</u>	<u>-</u>	<u>331,401</u>
Debt Service					
Principal	4,248,700	4,433,700	4,433,700		-
Interest	3,434,470	3,434,470	3,434,470		-
Total Debt Service	<u>7,683,170</u>	<u>7,868,170</u>	<u>7,868,170</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>22,383,185</u>	<u>24,404,501</u>	<u>21,925,160</u>	<u>109,814</u>	<u>2,369,527</u>
Other Financing Uses					
Operating transfers out	500,000	7,350,527	6,850,527		500,000
BANs redeemed		350,000	350,000		-
Total Other Financing Uses	<u>500,000</u>	<u>7,700,527</u>	<u>7,200,527</u>	<u>-</u>	<u>500,000</u>
Total Expenditures and Other Uses	<u>\$ 22,883,185</u>	<u>\$ 32,105,028</u>	<u>29,125,687</u>	<u>\$ 109,814</u>	<u>\$ 2,869,527</u>
Net Change in Fund Balances			3,840,923		
Fund Balances - Beginning of Year			<u>31,768,852</u>		
Fund Balances - End of Year			<u>\$ 35,609,775</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

JERICHO WATER DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
 Last Ten Fiscal Years

Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.0074308 %	0.0078685 %	0.0076586 %	0.0080115 %	0.0075646 %	0.0081482 %	0.0073716 %	0.0075604 %	0.0079627 %	0.0077890 %
District's proportionate share of the net pension asset/(liability)	\$ (1,274,061)	\$ (1,158,563)	\$ (1,642,322)	\$ 654,911	\$ (7,532)	\$ (2,157,695)	\$ (522,300)	\$ (244,009)	\$ (748,191)	\$ (1,250,163)
District's covered payroll	\$ 2,739,089	\$ 2,424,282	\$ 2,510,236	\$ 2,478,515	\$ 2,441,787	\$ 2,454,028	\$ 2,261,920	\$ 2,131,853	\$ 2,112,734	\$ 2,052,218
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	46.51 %	47.79 %	65.43 %	26.42 %	0.31 %	87.92 %	23.09 %	11.45 %	35.41 %	60.92 %
Plan fiduciary net position as a percentage of the total pension liability	93.08 %	93.88 %	90.78 %	103.65 %	99.95 %	86.39 %	96.27 %	98.24 %	94.70 %	90.68 %
Discount rate	5.90 %	5.90 %	5.90 %	5.90 %	5.90 %	6.80 %	7.00 %	7.00 %	7.00 %	7.00 %

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

Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 447,384	\$ 385,342	\$ 313,564	\$ 291,806	\$ 494,900	\$ 361,132	\$ 360,314	\$ 341,999	\$ 330,023	\$ 334,564
Contributions in relation to the contractually required contribution	447,384	385,342	313,564	291,806	494,900	361,132	360,314	341,999	330,023	334,564
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,734,272	\$ 2,662,390	\$ 2,453,461	\$ 2,361,215	\$ 2,532,967	\$ 2,428,283	\$ 2,497,127	\$ 2,412,572	\$ 2,211,586	\$ 2,136,332
Contributions as a percentage of covered payroll	16 %	14 %	13 %	12 %	20 %	15 %	14 %	14 %	15 %	16 %

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability								
Service cost	\$ 268,530	\$ 362,948	\$ 311,473	\$ 883,253	\$ 846,493	\$ 603,712	\$ 421,263	\$ 480,832
Interest on total OPEB liability	539,293	458,300	471,722	387,917	377,999	358,157	422,382	423,688
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	107,183	-	(2,395,782)	-	2,661,824	-	(1,613,419)	-
Changes of assumptions or other inputs	(847,212)	(1,674,664)	1,345,058	(4,404,907)	45,628	1,421,108	2,376,962	(1,196,390)
Benefit payments	<u>(443,951)</u>	<u>(445,161)</u>	<u>(394,326)</u>	<u>(469,548)</u>	<u>(415,834)</u>	<u>(368,618)</u>	<u>(324,262)</u>	<u>(348,929)</u>
Net change in total OPEB liability	(376,157)	(1,298,577)	(661,855)	(3,603,285)	3,516,110	2,014,359	1,282,926	(640,799)
Total OPEB liability, beginning	<u>12,617,544</u>	<u>13,916,121</u>	<u>14,577,976</u>	<u>18,181,261</u>	<u>14,665,151</u>	<u>12,650,792</u>	<u>11,367,866</u>	<u>12,008,665</u>
Total OPEB liability, ending	<u><u>\$ 12,241,387</u></u>	<u><u>\$ 12,617,544</u></u>	<u><u>\$ 13,916,121</u></u>	<u><u>\$ 14,577,976</u></u>	<u><u>\$ 18,181,261</u></u>	<u><u>\$ 14,665,151</u></u>	<u><u>\$ 12,650,792</u></u>	<u><u>\$ 11,367,866</u></u>
Covered employee payroll	\$ 2,634,958	\$ 2,425,840	\$ 2,366,673	\$ 2,076,195	\$ 2,076,195	\$ 2,157,954	\$ 2,105,321	\$ 2,750,407
Total OPEB liability as a percentage of covered employee payroll	464.58 %	520.13 %	588.00 %	702.15 %	875.70 %	679.59 %	600.90 %	413.32 %
Discount Rate	4.83 %	4.08 %	3.26 %	3.72 %	2.06 %	2.12 %	2.74 %	4.10 %
Healthcare Trend Rate	8.50% in 2025 decreasing to 4.50% in 2035	6.00% in 2023 decreasing to 5.00% in 2027	7.00% in 2023 decreasing to 5.00% in 2027	6.50% in 2021 decreasing to 5.00% in 2025	7.00% in 2021 decreasing to 5.00% in 2025	6.50% in 2020 decreasing to 5.00% in 2023	7.00% in 2019 decreasing to 5.00% in 2023	9.00% in 2017 decreasing to 5.00% in 2021
Plan Changes	None	None	None	None	None	None	None	None

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

Note to Required Supplementary Information

Assets are not accumulated in a trust to pay related benefits.

JERICO WATER DISTRICT
Schedule of Expenditures and Financing Sources - Capital Projects Fund
For the Year Ended December 31, 2025

PROJECT TITLE	Budget 12/31/24	Budget 12/31/25	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance 12/31/25	
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total		
Bond Authorizations												
Wheatley Tank Rehabilitation	\$ 9,975,513	\$ 9,975,513	\$ 9,689,154	\$ 35,320	\$ 9,724,474	\$ 251,039	\$ 9,975,513	\$ -	\$ -	\$ 9,975,513	\$ 251,039	
Split Rock Tank Rehabilitation	7,264,000	6,264,000	5,213,784	391,205	5,604,989	659,011	6,264,000	-	-	6,264,000	659,011	
Nitrate Removal Facility	13,610,000	13,610,000	9,680,376	-	9,680,376	3,929,624	10,610,000	3,000,000	-	13,610,000	3,929,624	
Meter Change Out Program	8,092,438	6,573,180	6,546,962	26,218	6,573,180	-	6,223,180	-	350,000	6,573,180	-	
PTAS @ Well Nos. 6 & 16	10,525,000	9,025,000	6,478,441	50,931	6,529,372	2,495,628	6,025,000	3,000,000	-	9,025,000	2,495,628	
Kirby Lane AOP System	18,395,000	18,470,000	16,033,512	601,351	16,634,863	1,835,137	12,859,200	5,610,800	-	18,470,000	1,835,137	
Merry Lane AOP System	10,996,000	9,311,253	9,300,796	10,457	9,311,253	-	3,716,867	5,594,386	-	9,311,253	-	
Southwoods Rd. Test Well	13,280,000	13,280,000	10,399,370	637,224	11,036,594	2,243,406	13,280,000	-	-	13,280,000	2,243,406	
Service Connection Replacement	10,345,000	10,447,000	44,982	40,522	85,504	10,361,496	10,447,000	-	-	10,447,000	10,361,496	
Water Main Replacement Program	3,950,000	5,700,000	49,038	111,484	160,522	5,539,478	5,700,000	-	-	5,700,000	5,539,478	
Well Rehabilitation Program	1,930,000	2,952,335	1,188,856	163,612	1,352,468	1,599,867	2,165,000	-	787,335	2,952,335	1,599,867	
Syosset Tank Rehabilitation Program	14,564,235	14,564,235	13,261,853	-	13,261,853	1,302,382	14,564,235	-	-	14,564,235	1,302,382	
New 3MG Tank & Booster Station	-	323,000	-	-	-	323,000	323,000	-	-	323,000	323,000	
Well No. 17 & 20 GAC Treatment	3,106,000	3,106,000	3,058,981	-	3,058,981	47,019	3,106,000	-	-	3,106,000	47,019	
Well No. 22 AOP	18,253,000	18,253,000	7,039,109	3,253,852	10,292,961	7,960,039	11,391,000	6,862,000	-	18,253,000	7,960,039	
Well No. 20 & 21 AOP	26,598,200	28,787,371	13,177,053	1,161,522	14,338,575	14,448,796	16,672,171	12,115,200	-	28,787,371	14,448,796	
PFAS Treatment for Wells 18, 19, & 29	21,085,000	38,620,829	871,009	325,066	1,196,075	37,424,754	33,620,829	5,000,000	-	38,620,829	37,424,754	
Jericho Tank Rehabilitation	6,606,915	6,606,915	142,298	4,044,569	4,186,867	2,420,048	6,606,915	-	-	6,606,915	2,420,048	
PFAS Treatment for Wells 12	9,725,000	-	-	-	-	-	-	-	-	-	-	
PFAS Treatment for Wells 23	10,128,000	10,328,000	-	135,407	135,407	10,192,593	5,328,000	5,000,000	-	10,328,000	10,192,593	
PFAS Treatment for Wells 28	6,483,000	5,261,527	-	-	-	5,261,527	1,283,000	-	3,978,527	5,261,527	5,261,527	
Kirby Lane Nitrate Treatment	910,000	910,000	-	-	-	910,000	910,000	-	-	910,000	910,000	
Merry Lane Connect	-	882,364	-	17,040	17,040	865,324	882,364	-	-	882,364	865,324	
Bond Issuance Cost	1,889,486	1,878,741	378,227	102,093	480,320	1,398,421	1,878,741	-	-	1,878,741	1,398,421	
General Fund Appropriations												
Anita Avenue Water Main Replacement	94,895	93,886	93,886	-	93,886	-	-	-	93,886	93,886	-	
Light Truck	572,141	570,972	570,970	-	570,970	2	-	-	570,972	570,972	2	
Heavy Duty Trucks	403,224	690,402	393,839	278,018	671,857	18,545	-	-	690,402	690,402	18,545	
New Roof @ Headquarters	41,915	37,000	37,000	-	37,000	-	-	-	37,000	37,000	-	
GIS Improvements	152,000	152,000	83,019	1,118	84,137	67,863	-	-	152,000	152,000	67,863	
Woodbury Tank Altitude Valve	284,154	284,154	284,154	-	284,154	-	-	-	284,154	284,154	-	
SCADA System Replacement	625,000	400,003	400,003	-	400,003	-	-	-	400,003	400,003	-	
Well Nos. 18 & 19 Drywells	850,027	834,536	834,536	-	834,536	-	-	-	834,536	834,536	-	
Juneau Electric Upgrade	591,685	601,685	302,463	216,786	519,249	82,436	-	-	601,685	601,685	82,436	
DH - Building Renovations	168,700	255,700	71,078	89,430	160,508	95,192	-	-	255,700	255,700	95,192	
NYS WIIA Grant Applications for 2021	191,800	194,869	143,869	50,862	194,731	138	-	-	194,869	194,869	138	
Flow Control Valve Maintenance	576,500	576,500	475,864	52,874	528,738	47,762	-	-	576,500	576,500	47,762	
DH Architectural Improvements	1,787,000	1,777,000	1,343,386	250,171	1,593,557	183,443	-	-	1,777,000	1,777,000	183,443	
Replace Garage Doors at DH	179,000	174,000	174,000	-	174,000	-	-	-	174,000	174,000	-	
Caustic Tank Removal -Well Nos. 5&7	93,000	68,000	68,000	-	68,000	-	-	-	68,000	68,000	-	
Engineering for Future Capital Projects	-	2,500,000	-	-	-	2,500,000	-	-	2,500,000	2,500,000	2,500,000	
Unallocated - General Fund	370	370	-	-	-	370	-	-	370	370	370	
Installation - Developers	2,512,984	2,553,055	2,512,331	40,071	2,552,402	653	-	-	2,553,055	2,553,055	653	
Totals	\$ 236,836,182	\$ 246,894,395	\$ 120,342,199	\$ 12,087,203	\$ 132,429,402	\$ 114,464,993	\$ 183,832,015	\$ 46,182,386	\$ 16,879,994	\$ 246,894,395	114,464,993	
											Revenue not yet recognized:	
											Unissued debt	(73,010,150)
											Short-term BAN	(816,000)
											Grants	(18,666,681)
											Fund Balance	\$ 21,972,162

