

FINANCIAL REPORT
Audited
DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
(A Component Unit of Dutchess County, New York)
POUGHKEEPSIE, NEW YORK
December 31, 2020

Audited for:

Board of Directors
Dutchess County Water & Wastewater Authority



Audited by:

RBT CPAs, LLP
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DUTCHESS COUNTY WATER AND WASTEWATER AUTHORITY

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Dutchess County Water & Wastewater Authority
1 Lagrange Avenue
Poughkeepsie, New York 12603

Report on the Financial Statements

We have audited the accompanying financial statements of the Dutchess County Water & Wastewater Authority (the "Authority"), a component unit of Dutchess County, New York, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dutchess County Water & Wastewater Authority, a component unit of Dutchess County, New York, as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note XIII to the financial statements, the spread of the global pandemic, coronavirus disease (COVID-19), has created economic uncertainty.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and schedules of changes in the Authority's total OPEB liability and related ratios, proportionate share of the net pension liability and related ratios, and employer contributions, on pages 3-11 and 38-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2021, on our consideration of the Dutchess County Water & Wastewater Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dutchess County Water & Wastewater Authority's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY
May 26, 2021

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UN-AUDITED)
DECEMBER 31, 2020**

The following Management Discussion and Analysis of the Dutchess County Water and Wastewater Authority's activities and financial performance provides an introduction and overview to the financial statements of the Dutchess County Water and Wastewater Authority (Authority) for the fiscal year ended December 31, 2020. This information should be considered in conjunction with the information contained in the Authority's Audited Financial Statements included with this report.

The mission of the Dutchess County Water and Wastewater Authority is to protect and enhance the health, environmental sustainability and economic stability of Dutchess County and its residents through the provision of clean drinking water and proper treatment of wastewater, acting at all times with a commitment to accountability and transparency.

The Authority was established in 1991 under the Dutchess County Water and Wastewater Authority Act. This act authorizes the Authority, among other things, to provide for the supply and sale of water for domestic, commercial, and public purposes at retail to individual customers within the County or wholesale to municipalities, water districts or district corporations within the County and for the collection, treatment, and disposal of sewage within the County.

The Authority provides service in the aggregate to 4,245 separate water accounts and 2,068 separate sewer accounts and provides service to 21 water and 9 sewer systems for a total of 30 systems. In May of 2020 DCWWA took over operations and management of the Traditions Water and Sewer Systems in the Town of Red Hook. The Hyde Park Regional Water System provides water from the Authority's Hyde Park Water Treatment Plant on South Drive in the Town of Hyde Park to the Hyde Park service area (Zones A and B), the Staatsburg service area (Zone C) and the Zone D and Zone L service areas. The source of water for this conventional filtration treatment facility is the Hudson River. The Arbors and Greenbush/Violet Avenue water distribution systems are supplied with water purchased from the Poughkeepsie Joint Water Board. Said water is produced at the Joint Water Board's conventional treatment plant drawing from the Hudson River. The Authority purchases wholesale water for a total of one hundred twelve thousand gallons per day for the three systems, regardless of the actual volume of water taken. The Traditions Water System is supplied with water purchased from the Village of Red Hook. Eleven water systems, including Tivoli, Birch Hill, Dalton Farms, Fairways, Greenfields, Pinebrook, Quaker Hills, Rokeby, Schreiber, Shore Haven and Valley Dale, each utilize groundwater wells and pumping and chlorination facilities, which are located within their respective service areas, with the Dalton Farms and Valley Dale Water plants also having cartridge filtration systems. A green sand filtration system is used at the Birch Hill Water System to reduce levels of iron and manganese. The Shore Haven Water System utilizes a chloramination disinfection system to control for disinfection by-product levels and a water softener system to control for iron and manganese. Greenfields Water utilizes ortho-polyphosphates to sequester iron and manganese. Pinebrook Water employs water softeners to aid in the reduction of iron and manganese.

The Central Dutchess Water Transmission Line (CDWTL) is a 13-mile water pipeline for which the Authority purchases water from the Poughkeepsie Joint Water Board to serve areas south to the Town of East Fishkill. The water is received at a connection point in the Town of Poughkeepsie. The Authority currently serves two customers at the southernmost end of the line, Global Foundries, and the Hopewell Glen Water District in the Town of East Fishkill. In aggregate, the two customers have purchase contracts with the Authority for a total of two million and fifty thousand gallons per day. The DCWWA's Airport Water Line also receives water from the CDWTL, and services five customers in the Town of Wappinger, including the Hudson Valley Regional Airport.

Six sewer systems, Chelsea Cove, Dalton Farms, Greenfields, Pinebrook, Valley Dale, and Tivoli each have rotating biological contact (RBC) treatment plants with tertiary treatment located on property within their service areas. The Fairways Sewer Plant consists of three separate treatment trains each including septic tanks followed by subsurface disposal fields. Traditions Sewer Plant consists of a septic tank followed by subsurface disposal fields. The Vanderburgh Cove Sewer Plant utilizes two Bioclere trickling filters to treat the incoming waste stream.

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The most notable event of 2020, beginning in March and continuing into 2021, has been the world-wide COVID-19 Pandemic, resulting in the declaration of a State of Emergency in New York State that remains in place into 2021. As an Essential Service it has been imperative that DCWWA maintain full operations, services, and functions. In order to do so, DCWWA responded quickly to make significant changes to our operations plans, business process and employee policies. Throughout 2020 DCWWA established appropriate policies and maintained compliance with federal regulations regarding employee sick leave and family leave benefits, New York State Executive Orders, and CDC and State Health Department guidance regarding social distancing, provision of Personal Protective Equipment (PPE) to employees, disinfection of workspaces and Return to Work Policies. Authority Board meetings have been held virtually on the Microsoft Teams platform with public access provided in accordance with temporary revisions to the NYS Open Meetings Law. With most administrative staff moving to remote work locations, we implemented electronic processes for the accounts payable, accounts receivable, public bidding, contract execution functions and other administrative functions.

In order to understand and be in a position to quickly respond to financial impacts related to the COVID pandemic we established ongoing tracking for key metrics including staff time costs and direct expenses directly related to the response to COVID-19. Total cost of 2020 Staff Time attributed to Covid-related work activities was just under \$78,000. We incurred an additional cost of just over \$2,000 for additional staff sick leave benefits pursuant to the Families First Corona Virus Act. Direct expenditures totaled about \$13,900, primarily for additional computer equipment to support remote work and for PPE and cleaning supplies. While we have tracked information on various State and Federal Covid-relief measures, to date there have been no relief or reimbursement programs for which DCWWA is eligible.

In addition, we tracked year over year changes to customer metered water usage and changes in collection of late payment penalties. In general, we found decreased customer consumption in those systems with a significant non-residential (commercial or institutional) component, most notably the Hyde Park Regional and Violet Avenue Water Systems, both down by 7%, consistent with closures and reduced occupancy of businesses. Most other water systems serve predominantly residential customer bases, and generally showed some increase in metered usage, consistent with more residents working from and generally spending more time at home. The Birch Hill and Fairways Water Systems both had increases in metered usage of over 20% compared to 2019.

In June of 2020, the State enacted amendments to the Public Service Law that, among other provisions, required public water systems to offer Deferred Payment Agreements to residential customers claiming a financial impact due to Covid, and prohibiting the collection of late payment fees for customers that entered into such agreements. Despite the potential impact, DCWWA had only one customer execute such agreements, and waived late payment penalties for an additional 58 customers. In the aggregate late payment penalties increased by about 2.7% over 2019 collections.

In May of 2021, the State made further amendments to the Public Service Law extending the obligation to offer Deferred Payment Agreements through the end of the COVID-19 State of Emergency or July 1, 2022, whichever is earliest and expanding the eligibility for Agreements to small commercial customers. In addition, the new amendments would prohibit releveling of unpaid water charges against residential and small commercial customers until the end of the COVID-19 State of Emergency or December 31, 2021, whichever is earliest.

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
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FINANCIAL OPERATIONS HIGHLIGHTS

Although most of the systems are billed based on customer usage, a large portion of the budgets (ranging from 50-70%) is comprised of expenses that would realize their budgeted expectations regardless of customer water (or sewer) usage levels and are considered to be "State of Readiness" costs. As a result, budgets are prepared based on history and conservative projections for the coming fiscal year, determining a fiscally sound blend of Monthly Service Charges or Minimum Use Charges, in conjunction with water or sewer use charges. The 2020 budgets were based on customer usage levels derived from an evaluation of the prior three years' billing history, taking into consideration other field knowledge concerning changes to the customer base. Although most of the systems have single-tiered rate structures, the Arbors and Rokeby Water System have two and three-tiered rate structures, respectively. The Tivoli Water System has a five-tiered rate structure, keeping in place the structure previously adopted by the Village of Tivoli. The Chelsea Cove, Fairways, Greenfields, Pinebrook, Valley Dale, and Vanderburgh Cove Sewer Systems, along with the Greenbush and Quaker Hills Water Systems, are all billed with Flat Rate Fixed charges. The Authority manages and operates the Traditions Water and Sewer Systems pursuant to an Operating and Lease Agreement with the private Owner/Developer. Residences connected to the Water and Sewer Systems are charged a flat rate. During the initial build-out of this residential subdivision, the Developer pays on a quarterly basis the difference between the Authority's actual operation and maintenance costs and the aggregate amount collected from the customers.

Customer rates were increased from 2019 to 2020 in most systems, with the exception of the Central Dutchess Water Transmission Line, the Greenfields Water System and Pinebrook Sewer System. The rate changes that were above CPI for September 2019 (1.4%) ranged for most systems from 1.5% to 4.7% and were the result of decreased water use and sales, rising costs of contract operations and/or budget increases to fund planned improvements to the system. The Shorehaven Water System had an increase of 20.5% due to a decrease in billed water sales and a significant increase in the cost of hauling filter backwash water produced by the water treatment system. The Airport Water Line System had an increase of 54%; this is a newly constructed system that was put into service in 2018 and to date, the number of connected customers and overall water demand is less than what was projected.

Water and sewer revenues experienced varying changes by system in 2020, with an aggregate 6% increase from 2019 to 2020. The primary reason for the increase was the full year of operations for the Tivoli Water and Wastewater System, and the new operations of the Traditions Water and Sewer Systems commencing as of May 1, 2020. Also, during 2020, the Airport Water Line System added additional new customers. Bulk water sales in our Hyde Park Regional Water System doubled their revenues over the previous year.

The Shore Haven Water System revenue increase of 21% was due to a rate increase, driven by the need to cover increased expenses to operate the water treatment system. The Birch Hill Water System 20% revenue increase was primarily due to the 22% increase in customer demand, as noted above. Revenue decreases at Pinebrook Sewer and Greenfields Water were due to rate decreases in 2020. Revenue decreases for Hyde Park Regional, Violet Avenue and Schreiber Water System were all due to decreases in metered usage.

Most water and sewer systems were able to meet or exceed their 2020 budgeted revenue expectations. Five of those that did not (Arbors Water, Greenfields Sewer, Schreiber, Tivoli Sewer and Violet Avenue) realized revenues within 11.25% of budget, with four out of the five realizing revenues within 3%. Nine systems closed out the year with expenses exceeding revenues: Airport, Birch Hill, Schreiber, Pinebrook, Tivoli, and Valley Dale Water, and Fairways, Greenfield and Tivoli Sewer. All systems with the exception of the Schreiber Water System and Airport Water Line System had sufficient fund balance available to cover the deficit. For these two systems the deficit will be made up by Board-approved loans from the Authority General fund.

For those systems for which the billing periods did not coincide with the Authority's 2020 fiscal year, revenue estimates were used for the remaining months in the fiscal year, with charges to be billed as a portion of their first 2021 billing cycle. This applies to the following systems: Arbors Water, Birch Hill Water, Chelsea Cove Sewer, Dalton Farms Water and Sewer, Fairways Water and Sewer, Greenfields Water and Sewer, Pinebrook Water and Sewer, Quaker Hills Water, Rokeby Water, Schreiber Water, Violet Avenue Water, portions of the Hyde Park Regional Water System, Traditions Water and Sewer, and the Tivoli Water and Sewer Systems.

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The fund balances in all Authority systems were evaluated for use to either offset rate increases for 2020 or to be held as contingency and to offset anticipated improvement expenses.

WATER AND SEWER SYSTEM REVENUES			
Sewer Revenues	2020	2019	% Change
Chelsea Cove	367,215	363,577	1%
Dalton Farms	314,210	309,201	2%
Fairways	17,397	16,595	5%
Greenfields	144,483	142,193	2%
Pinebrook	84,493	86,956	-3%
Tivoli Sewer	125,310	98,158	28%
Traditions	5,088	-	0%
Valley Dale	126,249	121,543	4%
Vanderburgh Cove	72,394	71,974	1%
Subtotal	1,256,839	1,210,197	4%
Water Revenues			
Arbors	47,587	46,835	2%
Airport Water Line	34,708	16,280	113%
Birch Hill	99,556	83,233	20%
CDWTL	2,421,007	2,227,369	8.7%
Dalton Farms	180,165	177,418	2%
Fairways	42,866	39,151	9%
Greenbush	125,719	120,784	4%
Greenfields	108,779	118,088	-8%
Hyde Park	1,416,313	1,416,803	0%
Pinebrook	57,834	57,968	0%
Quaker Hills	55,791	54,825	2%
Rokeby	30,696	28,119	9%
Schreiber	19,480	20,214	-4%
Staatsburg	327,932	316,964	3%
Shore Haven	130,399	107,592	21%
Tivoli Water	201,289	148,116	36%
Traditions	23,028	-	0%
Violet Avenue	14,252	14,450	-1%
Valley Dale	75,048	71,483	5%
Zone D	228,394	212,051	8%
Zone L	128,552	126,560	2%
Subtotal	5,769,395	5,404,303	7%
TOTAL	7,026,234	6,614,500	6%

In addition, the Authority derives income from Rental Fees for fire hydrants in the Hyde Park Regional System, and a lease agreement for a cell tower located on its South water tank.

Rental Fees and Other Operating Revenue	<u>2020</u> \$142,465	<u>2019</u> \$129,560
Total Operating Revenues	\$7,168,699	\$6,744,060

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
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Authority System Operations

In 2020 the DCWWA commenced operations of the Traditions at Red Hook Water and Sewer Systems, bringing to thirty the total number of systems managed and operated by the DCWWA, providing services to over 6,300 customers. DCWWA achieved the following system operational high lights in 2020:

- Adopted new policies and implemented new procedures and practices in order to meet all federal and state laws, regulations and Executive Orders related to the COVID-19 Pandemic State of Emergency, and to protect the health and safety of DCWWA officers, employees, customers and contractors, while continuing to meet all obligations related to the provision of essential water and sewer services.
- Executed an Agreement to participate in the NY WARN Mutual Aid and Assistance Program.
- Adopted a Credit Card Policy and Procedures Manual and executed a Business Capital Program with JP Morgan Chase to enable DCWWA to utilize credit cards for selected purchases.
- Entered into a Consecutive System Agreement with the Village of Red Hook to enable consolidated operation of the Tradition Water System with the Village Water System.
- Entered into an agreement with Ethan Allen HR Services, Inc. to provide payroll processing and Human Resources Services to DCWWA.
- Awarded an agreement for professional services to commence a Pilot Computerized Maintenance Management System.
- Completed two-meter replacement projects, replacing a total of about 2,100 meters with new “remote read” meters, significantly reducing the staff hours needed to complete meter readings.
- Permanently decommissioned two above ground chemical bulk storage tanks for the Central Dutchess Water System, thereby eliminating ongoing maintenance and regulatory compliance obligations.
- Completed the reconstruction of the Secondary Clarifier Sludge Collection System at the Dalton Farms Wastewater Treatment Plant.
- Completed work to rehabilitate and bring on an additional groundwater well for the Birch Hill Water System.

Major Capital Projects

In 2020 the DCWWA continued the process of annually reviewing and updating a Five-Year Capital Plan covering all Water and Sewer Systems. The 2020 - 2024 Capital Plan includes \$16 million in funded capital project work. Below are capital project highlights for 2020:

- Awarded construction contracts for the \$5.7 million Greenfields Sewer Wastewater Treatment Plant Rehabilitation Project and commenced construction.
- Completed design work for repairs to the Greenfield Sewer Collection System to address high inflow and infiltration levels; final regulatory approval is pending.
- Awarded construction contracts for the \$3.3 million Tivoli Water Storage Tank Replacement Project and commenced construction.
- Awarded construction contracts for the \$2.4 million Tivoli Water Distribution System Improvement Project.
- Solicited bids for the Tivoli Water Well and Wellhouse Improvement Project; bids were rejected as significantly over the project budget. The design engineer was directed to rescope the project.
- Awarded an engineering design contract for the Pinebrook Water Interconnection to Hyde Park Regional Water Project.
- Awarded contracts for a Flowmeter Study for the Tivoli Sewer System and for preparation of a Facility Plan, as preliminary steps towards the Tivoli Sewer Improvement Project.

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
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New System Acquisitions and System Expansions

- Accepted ownership of the Phase 1 Water System Improvements on the Bellefield Project site in the Town of Hyde Park, to be operated as a component of the Hyde Park Regional Water System.
- With the County Legislature established a new County Water District Zone of Assessment to provide water to the Dutchess County BOCES Campus and County Highway Garage.

Community Projects

- A consultant contract was awarded and work commenced on a cooperative effort with the Towns of Poughkeepsie and Pleasant Valley, using Municipal Innovation Grant funds awarded to Poughkeepsie, to evaluate the feasibility of constructing a shared water storage facility to benefit the three entities.
- Continued with the Village of Rhinebeck to oversee work of an engineering consultant firm, funded by a County Municipal Innovation Grant, to evaluate the transfer of the Village's water and sewer systems to the DCWWA.

Long-Term Debt Administration

The Authority has no taxing power, and its bonds are payable solely from the revenues, funds and assets pledged as security for the payment thereof, including payments from Dutchess County under the Service Agreements between the County and the Authority. These Service Fees include amounts sufficient to pay when due, all installments of principal, premium, if any, and interest on all 1998, 2000, 2001, 2004, 2009, 2010, 2011, 2014, 2016, 2018, 2019, and 2020 Bonds issued by the Authority.

There is currently one Service Agreement with Dutchess County that covers all County Water District Zones of Assessment, and nine Service Agreements with the County, on behalf of Part-County Sewer Districts #1, 2, 3, 6, 7, 8, 10, 11 and 13 (Chelsea Cove, Valley Dale, Dalton Farms, Fairways, Pinebrook, Greenfields, Vanderburgh Cove, Traditions and Tivoli), respectively. These Service Agreements require the Authority to provide service to properties within the established Zones of Assessment and/or Sewer Districts. The County has covenanted and agreed during the Service Agreement Term to annually levy benefit assessments to raise monies which, together with County monies to be appropriated, are sufficient to pay all Service Fees due under the Service Agreements. The Authority, under the Service Agreements, has agreed to raise monies sufficient to pay Operating Expenses through the fixing, charging and collection of Water and Sewer Rates.

Through the establishment of the County Water District Zones of Assessment and the Part-County Sewer Districts, the County has the ability to Relevy any unpaid water or sewer bills. The Authority annually provides the County with a list and dollar amount for those properties in arrears. The County then places these amounts on the property tax bills for the following fiscal year and these amounts are then paid to the Authority. This places the Authority in the position of being at 100% collection of its water and sewer sales revenues.

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
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SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

	December 31 2020	December 31 2019
Operating Revenues:		
Water Sales	5,769,395	5,404,303
Sewer Charges	1,256,839	1,210,197
Rental Fees, Other Operating Revenue	<u>142,465</u>	<u>129,560</u>
Total Operating Revenues	\$ 7,168,699	\$ 6,744,060
Operating Expenses:		
Operation and Maintenance	4,862,658	4,319,692
Administration and General	2,904,644	2,099,039
Depreciation	<u>1,636,574</u>	<u>1,501,334</u>
Total Operating Expenses	\$ 9,403,876	\$ 7,920,065
Operating (Loss)	\$ (2,235,177)	\$ (1,176,005)
Non-Operating Revenues (Expenses)		
Interest and Investment Income	141,973	220,827
Project Grants and Capital-Related Funding:		
Dutchess County	3,566,975	3,352,540
Federal and State Grants	3,786,675	842,359
Contributed Assets		255,511
Other Revenues	533,968	32,950
Project Administration and Capital	(3,440,189)	(395,774)
Interest Expense	(1,392,594)	(1,469,894)
Bond Financing Costs	<u>(45,419)</u>	<u>(88,035)</u>
Net Non-Operating Revenues (Expenses)	\$ 3,151,389	\$ 2,750,484
CHANGES IN NET POSITION	\$ 916,212	\$ 1,574,479
revenues	\$ 15,198,290	\$ 11,448,247
expenses	\$ 14,282,078	\$ 9,873,768

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FINANCIAL POSITION SUMMARY

Net assets can serve over time as a useful indicator of the Authority's financial position. In addition, debt is currently being paid down at a faster rate than assets are being depreciated. Accreted interest (accrued interest pertaining to zero coupon bonds) is being accrued but will not be due until 2021 and beyond when principal payments in similar amounts will no longer be due. As a result, we show the expense, but we are not scheduled at this time to collect the offsetting revenue.

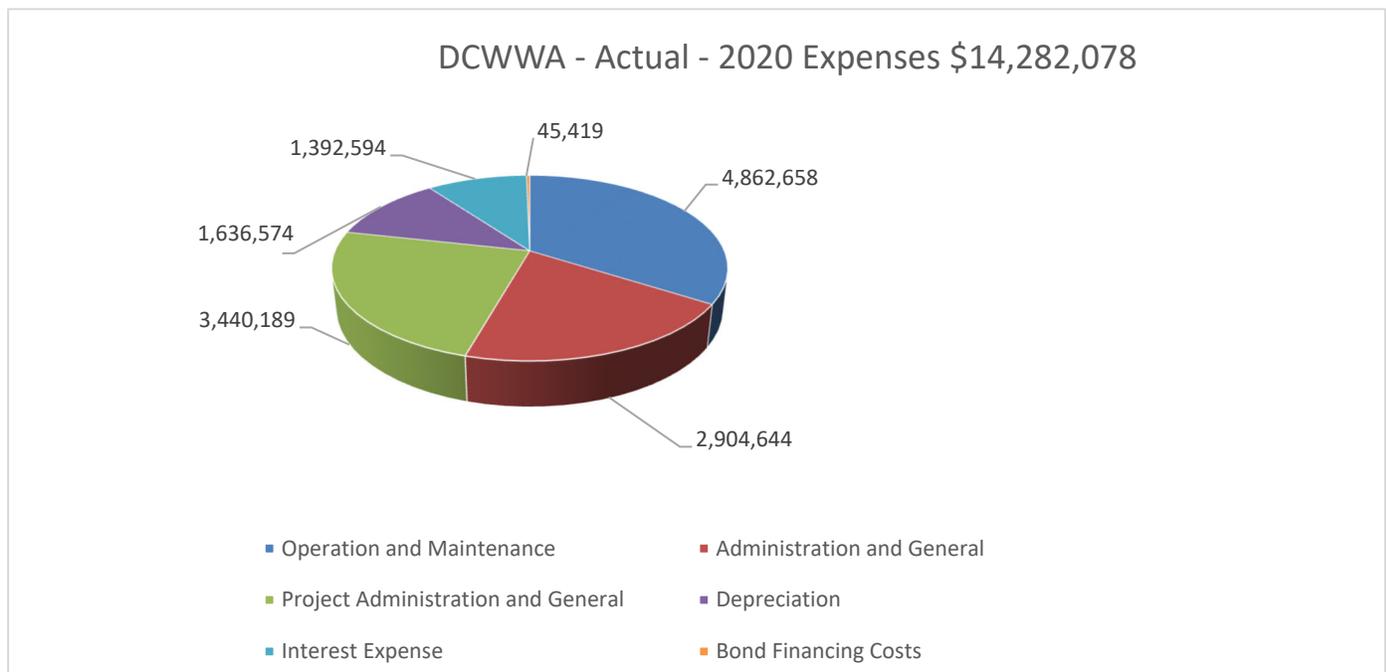
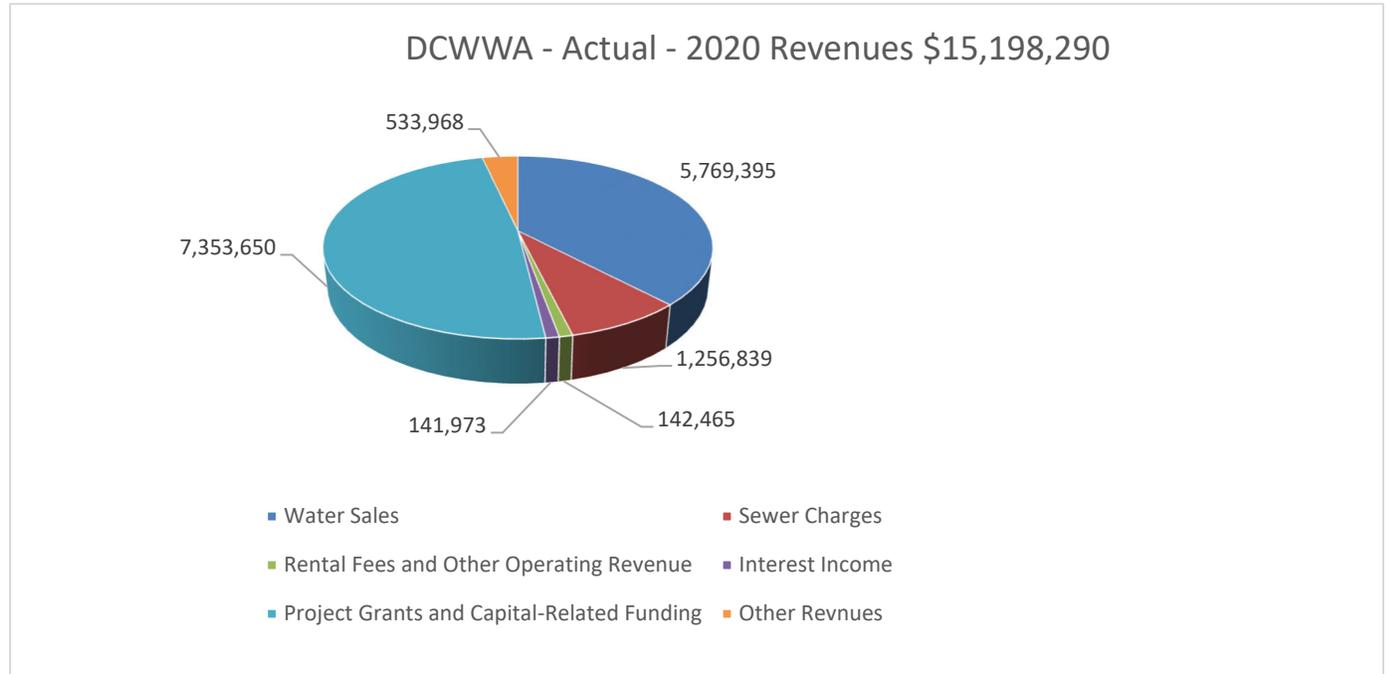
SUMMARY OF NET POSITION

	<u>2020</u>	<u>2019</u>
ASSETS		
Current and other assets	11,462,412	9,294,923
Capital assets	<u>65,821,927</u>	<u>65,659,908</u>
TOTAL ASSETS	77,284,339	74,954,831
DEFERRED OUTFLOWS OF RESOURCES:		
Loss on refunding	588,112	642,734
Employee Retirement System	<u>1,100,512</u>	<u>436,195</u>
TOTAL DEFERRED OUTFLOWS	1,688,624	1,078,929
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES:	78,972,963	76,033,760
LIABILITIES		
Long-debt outstanding	41,699,147	40,887,391
Other liabilities	<u>4,939,733</u>	<u>3,049,974</u>
TOTAL LIABILITIES	46,638,880	43,937,365
DEFERRED INFLOWS OF RESOURCES:		
NYS Employee Retirement System	24,574	115,909
Deferred Revenues	<u>22,267,802</u>	<u>22,854,991</u>
TOTAL DEFERRED INFLOWS	22,292,376	22,970,900
NET POSITION:		
Net investment in Capital Assets	15,610,291	15,146,113
Restricted	3,081,295	3,066,177
Unrestricted	<u>-8,649,879</u>	<u>-9,086,795</u>
TOTAL NET POSITION	10,041,707	9,125,495
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	78,972,963	76,033,760

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FINANCIAL STATEMENTS

The Authority's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America and promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as an Enterprise Fund. It is considered a component unit of the financial reporting entity, Dutchess County. The Authority recognizes revenues when earned, not when received and expenses when incurred, not when paid. Capital assets are recorded at cost, or if donated, at the estimated fair market value at the date of donation. The assets are then depreciated over their useful lives. See the notes to the financial statements for a summary of the significant accounting policies, descriptions of capitalized assets and outstanding debt.



DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
STATEMENTS OF NET POSITION

As of December 31	2020	2019
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash and Cash Equivalents (Note II)	\$ 3,556,820	\$ 2,393,122
Cash, Cash Equivalents, and Investments-Restricted (Note II)	950,658	1,053,764
Cash and Cash Equivalents-Held by EFC (Note II)	79,997	431,075
Accounts Receivable	2,771,601	2,931,670
Due From Other Governments	1,715,722	95,332
Prepaid Expense	79,347	83,195
Total Current Assets	9,154,145	6,988,158
Cash, Cash Equivalents, and Investments-Restricted Non-current (Note II)	2,308,267	2,306,765
Capital Assets		
Net of Accumulated Depreciation (Note III)	65,821,927	65,659,908
Total Assets	77,284,339	74,954,831
Deferred Outflows of Resources:		
Loss on Refunding (Note VII)	588,112	642,734
NYS Employee Retirement System (Note IV)	1,100,512	436,195
Total Deferred Outflows of Resources	1,688,624	1,078,929
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$78,972,963	\$ 76,033,760

DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
STATEMENTS OF NET POSITION

As of December 31	2020	2019
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
Current Liabilities:		
Accounts Payable	\$ 2,251,337	\$ 611,080
Accrued Expenses Payable	236,752	182,770
Accrued Interest Payable	117,098	125,438
Accrued Capital Expenses Payable	231,563	19,235
Escrow Deposits	50,547	63,700
Current Portion of Bonds Payable (Note VII)	2,052,436	2,047,751
Total Current Liabilities	4,939,733	3,049,974
Non-Current Liabilities:		
Bond Anticipation Notes Payable (Note VI)	1,366,348	2,000,957
Bonds Payable (Note VII)	35,026,773	35,489,208
Net Employee Retirement System Liability (Note IV)	1,413,389	357,983
Postemployment Benefit Obligations (Note V)	3,892,637	3,039,243
Total Non-Current Liabilities	41,699,147	40,887,391
Total Liabilities	46,638,880	43,937,365
Deferred Inflows of Resources:		
NYS Employee Retirement System (Note IV)	24,574	115,909
Deferred Revenues (Note VIII)	22,267,802	22,854,991
Total Deferred Inflows of Resources	22,292,376	22,970,900
Net Position:		
Net Investment in Capital Assets	15,610,291	15,146,113
Restricted	3,081,295	3,066,177
Unrestricted	(8,649,879)	(9,086,795)
Total Net Position	\$10,041,707	\$ 9,125,495

DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended December 31	2020	2019
Operating Revenues:		
Water Sales	\$ 5,769,395	\$ 5,404,303
Sewer Charges	1,256,839	1,210,197
Rental Fees and Other Operating Revenues	142,465	129,560
Total Operating Revenues	7,168,699	6,744,060
Operating Expenses:		
Operation and Maintenance	4,862,658	4,319,692
Administration and General	2,904,644	2,099,039
Depreciation	1,636,574	1,501,334
Total Operating Expenses	9,403,876	7,920,065
Operating (Loss)	(2,235,177)	(1,176,005)
Non-Operating Revenues (Expenses):		
Interest and Investment Income	141,973	220,827
Project Grants and Capital-Related Funding :		
Dutchess County	3,566,975	3,352,540
State Grants	495,378	642,209
Local Grants	3,291,297	200,150
Contributed Assets	-	255,511
Other Revenues	533,968	32,950
Local Capital Project Expenses	(3,241,345)	(200,150)
Project Administration Expenses	(198,844)	(195,624)
Interest Expense	(1,392,594)	(1,469,894)
Bond Financing Costs	(45,419)	(88,035)
Net Non-Operating Revenues	3,151,389	2,750,484
Change in Net Position	916,212	1,574,479
Net Position - Beginning	9,125,495	7,551,016
Net Position - Ending	\$ 10,041,707	\$ 9,125,495

See Notes to the Financial Statements

DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
STATEMENTS OF CASH FLOWS

For the Years Ended December 31	2020	2019
Cash Flows from Operating Activities:		
Receipts From Customers	\$ 7,200,655	\$ 6,024,187
Payments To Suppliers	(3,379,428)	(3,843,075)
Payments To Employees and Benefits	(1,542,327)	(2,401,560)
Rental Fees and Other Operating Revenues Received	142,465	129,560
Net Cash (Used) Provided By Operating Activities	2,421,365	(90,888)
Cash Flows from Non-Capital Financing Activities:		
Project Grants and Non-Capital-Related Funding	5,758,697	3,718,469
Local Capital Project Payments	(3,241,345)	(200,150)
Project Administration Payments	(198,844)	(195,624)
Net Cash Provided By Non-Capital Financing Activities	2,318,508	3,322,695
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(2,182,118)	(1,787,794)
Capital Grants	368,416	546,877
Proceeds of Capital Debt	1,408,540	2,212,373
Bond Premium Received	-	72,415
Principal Paid on Capital Debt	(2,088,251)	(3,984,360)
Interest Paid on Capital Debt	(1,507,474)	(525,606)
Bond Financing Costs Paid	(45,419)	(88,035)
Net Cash (Used) By Capital and Related Financing Activities	(4,046,306)	(3,554,130)
Cash Flows from Investing Activities:		
Interest and Investment Income Received	17,449	96,303
Net Cash Provided By Investing Activities	17,449	96,303
Net Increase/(Decrease) in Cash and Cash Equivalents	711,016	(226,020)
Cash and Cash Equivalents at the Beginning of the Year	6,184,726	6,410,746
Cash and Cash Equivalents at the End of the Year	\$ 6,895,742	\$ 6,184,726
Presented as:		
Cash and Cash Equivalents	\$ 3,556,820	\$ 2,393,122
Cash and Cash Equivalents - Current - Restricted	950,658	1,053,764
Cash and Cash Equivalents - Held by EFC	79,997	431,075
Cash and Cash Equivalents - Non Current - Restricted	2,308,267	2,306,765
Total	\$ 6,895,742	\$ 6,184,726

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
STATEMENTS OF CASH FLOWS**

For the Years Ended December 31	2020	2019
Reconciliation of Operating (Loss) to Net Cash (Used) Provided by Operating Activities:		
Operating (Loss)	\$ (2,235,177)	\$ (1,176,005)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided By Operating Activities:		
Depreciation	1,636,574	1,501,334
Changes in Assets and Liabilities:		
Receivables	160,069	(601,754)
Prepaid Expenses	3,848	(5,691)
Deferred Outflows - Retirement System	(664,317)	242,310
Accounts Payable	1,640,257	(341,822)
Accrued Expenses Payable	53,982	(39,946)
Net Employee Retirement System Liability	1,055,406	199,082
Post Employment Benefit Obligations	853,394	512,335
Deferred Inflows - Retirement System	(91,335)	(386,484)
Deferred Water Sale Revenues and Grants	8,664	5,753
Net Cash (Used) Provided By Operating Activities	\$ 2,421,365	\$ (90,888)

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

Dutchess County Water & Wastewater Authority (the “Authority”) is a public benefit corporation established under Section 1123 of the New York Local Water and Sewer Act, duly enacted into law as Chapter 592 of the Laws of the State of New York. The act was requested by the Dutchess County Legislature to assist the County and its municipalities with managing water supplies and wastewater disposal. The legislation empowers the Authority to make plans and studies; develop, construct or maintain projects; acquire or lease real and personal property; issue bonds and notes for financing; fix rates and collect charges for the purpose of supplying and selling water; and to collect, treat and discharge sewage in Dutchess County, New York.

The governing body of the Authority consists of eight members, five voting and three non-voting. Voting members serve five year terms with two members appointed by the County Executive, two appointed by the Chairman of the County Legislature and the fifth being a joint appointment confirmed by the entire Legislature. The non-voting members include the Director of the Dutchess County Environmental Management Council, the Director of the Dutchess County Soil and Water Conservation District, and the Commissioner of the Dutchess County Department of Planning and Economic Development.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to government units in the United States of America. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting policy body for establishing governmental accounting and financial reporting principles.

The Authority is considered a component unit of the financial reporting entity known as Dutchess County. Inclusion in the financial reporting entity, Dutchess County, is determined based on financial accountability as defined by GASB Statement No. 14, "The Financial Reporting Entity". All of the Authority's board members are appointed by the Dutchess County Executive, and/or Members of the County Legislature, as described above. This level of control meets the criteria for financial accountability as defined by GASB Statement No. 14.

B. Proprietary Fund Accounting

As described above, the Authority performs the function of supplying water and sewer services to areas within the County of Dutchess. Its operations are financed primarily through user charges. Under standards set by the GASB, the Authority is considered an enterprise fund, a type of proprietary fund. Proprietary fund financial statements are prepared on the accrual basis of accounting, which records the financial effects of transactions and other events on an enterprise when these transactions and events occur. The measurement focus is the flow of economic resources.

The Authority considers all revenues pertaining to the operations of the water and sewer systems as operating revenues. Other revenues and grants which finance either capital or non-system related projects are reported as non-operating revenues.

The Authority generally applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

C. Cash and Cash Equivalents

The Authority’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of inception.

State statutes govern the investment policies of the Authority. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, obligations of New York State and repurchase agreements secured by U.S. Treasury obligations. See also Note II, Cash, Cash Equivalents, and Investments.

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Restricted Assets

Restricted assets represent proceeds from acquisition and construction financing which are set aside for completion of capital improvements and reduction of debt service. The disbursements from the restricted accounts are under the control of third party trustees.

E. Capital Assets

Property, plant and equipment are recorded at cost. Donated property, plant and equipment are recorded at the estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are expensed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is computed using the straight-line methods over the following estimated useful lives, beginning in the year the asset is placed in service:

<u>Assets</u>	<u>Years</u>
Buildings	20
Improvements Other Than Buildings	30
Machinery & Equipment	3-20
Sewage Collection System	50
Water Transmission System	50

F. Revenues and Receivables

Revenues are generally derived from regular billing of user fees to customers and are considered to be operating revenues. Non-operating revenues include Dutchess County-funded revenues based on a contract with the Dutchess County Division of Water Resources to provide county-wide water and wastewater planning and management. The Authority also derives revenues from service fee payments from the County pursuant to several service agreements, which are used to pay debt service and related expenses pertaining to debt obligations incurred for specific districts and/or systems.

Receivables represent outstanding user fees. The Authority has an agreement with Dutchess County that provides for collection of outstanding user fees through the real property tax levy. Therefore, the Authority has not established an allowance for uncollectible accounts.

G. Deferred Inflows

Revenues received in advance of the period to which they relate are deferred and recorded as revenue when earned. Grants and aid received for construction costs are deferred until construction is complete and the assets are placed in service. Deferred inflows related to the NYS Employee Retirement System are explained in Note IV.

H. Deferred Outflows

The Authority reported deferred outflows of resources of \$588,112 and \$642,734 for deferred losses on issuing refunding bonds as of December 31, 2020 and 2019, respectively. These amounts result from the differences in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows related to the NYS Employee Retirement System are explained in Note IV.

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds attributable to acquisition, construction, or improvement of those assets, increased by deferred outflows of resources – loss on refunding, decreased by deferred inflows of resources – deferred revenues pertaining to acquisition of those assets.

Restricted net position – Consists of assets with constraints placed on their use either by (1) external groups such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation and reduced by liabilities related to those assets.

Unrestricted net position – Consists of the net amount of the assets that do not meet the definition of “restricted” or “net investment in capital assets”.

The Authority is required to segregate and reserve the net income generated under the service agreements between the Authority and the County and local municipalities by each service agreement area.

J. Income Taxes

The Authority is exempt from federal income taxes under Internal Revenue Service Code Section 115.

K. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

L. Subsequent Events

The Authority evaluated subsequent events for disclosure and/or recognition in the financial statements from December 31, 2020 through May 26, 2021, the date on which the financial statements were approved for issuance. A detailed description of subsequent events that were noted for disclosure is included in Note XII.

II. CASH, CASH EQUIVALENTS, AND INVESTMENTS

As described in Note I above, state statutes authorize the Authority to maintain deposits with financial institutions and to invest in certificates of deposits, obligations of New York State, the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations.

In addition, the Authority, through the General Bond Resolution adopted June 1, 1998, is authorized to invest funds held under the Resolution in “Qualified Investments”. Qualified investments include the above-described investments as well as certain types of commercial paper, money market accounts and investment agreements.

Cash deposits are secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance. The Authority’s deposits are categorized below to give an indication of the level of risk assumed by the Authority.

- 1) Insured or collateralized with securities held by the Authority or by its agent in the Authority’s name;
- 2) Collateralized with securities held by the pledging institution’s trust department or agent in the Authority’s name;
- 3) Uncollateralized.

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

II. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments are categorized into these three categories of credit risk:

- 1) Insured or registered, or securities held by the Authority or its agent in the Authority's name; included in Category 1 are funds invested in securities of the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations;
- 2) Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the Authority's name;
- 3) Uninsured and unregistered, with securities held by the counter-party or by its trust department or agent, but not in the Authority's name.

Balances as of December 31, 2020				
	Category 1	Category 2	Category 3	Total
Cash Balances :				
Cash In Banks	\$ 565,159	\$ 2,991,661	\$ -	\$ 3,556,820
Money Market Funds	-	1,157,693	-	1,157,693
Cash Total	565,159	4,149,354	-	4,714,513
Investments :				
U.S. Treasury Bills & Notes	2,101,232	-	-	2,101,232
Investments Total	2,101,232	-	-	2,101,232
Total Cash, Cash Equivalents, and Investments	\$ 2,666,391	\$ 4,149,354	\$ -	\$ 6,815,745
Balances as of December 31, 2019				
	Category 1	Category 2	Category 3	Total
Cash Balances :				
Cash In Banks	\$ 751,218	\$ 1,641,904	\$ -	\$ 2,393,122
Money Market Funds	-	1,343,657	-	1,343,657
Cash Total	751,218	2,985,561	-	3,736,779
Investments :				
U.S. Treasury Bills & Notes	2,016,872	-	-	2,016,872
Investments Total	2,016,872	-	-	2,016,872
Total Cash, Cash Equivalents, and Investments	\$ 2,768,090	\$ 2,985,561	\$ -	\$ 5,753,651

At December 31, 2020 and 2019, the Authority had \$79,997 and \$431,075 in unspent bond proceeds held by the New York State Environmental Facilities Corporation ("EFC"). These amounts are not included in the above table because the cash is held by EFC, not the Authority. Of the December 31, 2020 balance, \$50,497 related to the 2018 Shore Haven bond and \$29,500 related to the 2020 Pinebrook Sewer bond. The entire December 31, 2019 balance related to the 2018 Shore Haven bond.

Disclosures relating to risk and type of investments as presented above are indicative of activity and positions held during the year.

DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS

II. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Restricted Assets

The restricted assets of the Authority consist of unexpended bond and note proceeds, which are invested in cash funds and investments under the control of bank trustees. These assets are restricted in use by bond covenants as described below:

	<u>2020</u>	<u>2019</u>
Construction Reserve Funds	\$ 177,630	\$ 294,352
Debt Service Sinking Funds	3	572
Debt Service Reserve Funds	773,025	758,840
Held by EFC	<u>79,997</u>	<u>431,075</u>
Current Restricted Funds	1,030,655	1,484,839
Non-Current Debt Service Reserve Funds	<u>2,308,267</u>	<u>2,306,765</u>
Total	<u>\$ 3,338,922</u>	<u>\$3,791,604</u>

The Debt Service Reserve Funds are funded in an amount equal to an amount which is the lesser of 1) the maximum annual debt service required under the bond resolutions, 2) 125% of the average annual debt service required by certain bond resolutions, or 3) the maximum amount that may be held in the Debt Service Reserve Fund without adversely affecting the tax-exempt status of bond series intended to be tax-exempt, currently 10% of the original issue amount. Since these reserves are not anticipated to be used in the subsequent year, they have been classified as restricted non-current assets on the balance sheet. Interest earnings on these reserves have been classified as current as they are available to pay current debt.

III. CAPITAL ASSETS

Capital assets consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated:					
Land	\$ 955,608	\$ -	\$ -	\$ -	\$ 955,608
Construction in Progress	<u>5,360,602</u>	<u>2,220,147</u>	-	<u>(3,358,283)</u>	<u>4,222,466</u>
Total Capital Assets, not being depreciated	<u>6,316,210</u>	<u>2,220,147</u>	-	<u>(3,358,283)</u>	<u>5,178,074</u>
Capital Assets, being depreciated:					
Improvements	300,602	-	-	286,970	587,572
Buildings	24,287,438	-	-	321,881	24,609,319
Water Systems	57,095,734	-	-	310,531	57,406,265
Machinery and Equipment	9,486,960	174,299	-	2,184,775	11,846,034
Sewage Collection System	<u>1,644,932</u>	-	-	<u>254,126</u>	<u>1,899,058</u>
Total Capital Assets, being depreciated	<u>92,815,666</u>	<u>174,299</u>	-	<u>3,358,283</u>	<u>96,348,248</u>
Accumulated Depreciation for:					
Improvements	(85,028)	(13,594)	-	-	(98,622)
Buildings	(12,152,699)	(724,818)	-	-	(12,877,517)
Water Systems	(14,820,426)	(1,176,913)	-	-	(15,997,339)
Machinery and Equipment	(5,944,680)	(277,004)	-	-	(6,221,684)
Sewage Collection System	<u>(469,135)</u>	<u>(40,098)</u>	-	-	<u>(509,233)</u>
Total Accumulated Depreciation	<u>(33,471,968)</u>	<u>(2,232,427)</u>	-	-	<u>(35,704,395)</u>
Net Capital Assets, being depreciated	<u>59,343,698</u>	<u>(2,058,128)</u>	-	<u>3,358,283</u>	<u>60,643,853</u>
Capital Assets, net	<u>\$ 65,659,908</u>	<u>\$ 162,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,821,927</u>

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

III. CAPITAL ASSETS (CONTINUED)

Depreciation was recorded in the amount of \$2,232,427 and \$2,097,187, respectively, less amortization of deferred revenues associated with the Central Dutchess Water Transmission Line of \$595,853 (which was put into service in 2007; see Note VIII) for the years ended December 31, 2020 and 2019. The effect of combining these amounts resulted in \$1,636,574 and \$1,501,334 in depreciation expense for the years ended December 31, 2020 and 2019, respectively.

IV. PENSION PLANS

Plan Description

The Dutchess County Water and Wastewater Authority is required to participate in the New York State Local Employees' Retirement System and the Public Employees' Group Life Insurance Plan System ("Systems"). These are cost sharing multiple employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of funds. The Systems issue publicly available financial reports that include an annual report and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

Funding Policy

The Systems are generally noncontributory. Tiers 1-4 are noncontributory after ten years of participation. Tier 5 is required to contribute 3% of their salary, and Tier 6 is required to contribute a minimum of 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates of participating employers expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by those employers to the pension accumulation fund.

The Dutchess County Water & Wastewater Authority is required to contribute to the System at an actuarially determined rate. The required contributions for the current and prior two calendar years were:

Plan Year Ending March 31:	
2020	\$ 233,896
2019	223,011
2018	242,033

The Authority's contributions made to the System were equal to 100% of the contributions required for those years.

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

At December 31, 2020 and 2019, the Authority reported a liability of \$1,413,389 and \$357,983, respectively, for its proportionate share of the net pension liability. This amount is recorded as a liability due to the NYS Retirement System. The net pension liability was measured as of March 31, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2020 and 2019, respectively, the Authority's proportion was 0.0053375 and 0.0050525 percent of the Employees' Retirement System liability.

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

IV. PENSION PLANS (CONTINUED)

For the years ended December 31, 2020 and 2019, the Authority recognized pension expense of \$531,971 and \$286,083, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2020</u>	<u>2019</u>
Deferred Outflows of Resources:		
Differences between expected and actual experience	\$ 83,184	\$ 70,494
Changes of assumptions	28,459	89,982
Net difference between projected and actual investment earnings on pension plan investments	724,572	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	90,556	100,297
Employer contributions subsequent to the measurement date	173,741	175,422
Total Deferred Outflows of Resources	<u>\$ 1,100,512</u>	<u>\$ 436,195</u>
Deferred Inflows of Resources:		
Differences between expected and actual experience	\$ -	\$ 24,031
Change of assumptions	24,574	-
Net difference between projected and actual investment earnings on pension plan investments	-	91,878
Total Deferred Inflows of Resources	<u>\$ 24,574</u>	<u>\$ 115,909</u>

\$173,741 and \$175,422 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended December 31, 2021 and 2020, respectively.

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

Year Ending December 31:	
2021	\$ 174,579
2022	231,843
2023	276,579
2024	219,196
	<u>\$ 902,197</u>

Actuarial Assumptions

The total pension liability at March 31, 2020 and 2019, was determined by using actuarial valuations as of April 1, 2019 and 2018, respectively, with update procedures used to roll forward the total pension liability to March 31, 2020 and 2019. The actuarial valuations used the following actuarial assumptions.

Significant actuarial assumptions used in the March 31, 2020 and 2019, valuations were as follows:

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Inflation	2.5%	2.5%
Salary increases - ERS	4.2%	4.2%
Investment rate of return (net of investment expense, including inflation)	6.8%	7.0%
Cost of living adjustments	1.3%	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on MP-2018.

DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS

IV. PENSION PLANS (CONTINUED)

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the periods April 1, 2010 – March 31, 2015.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 and 2019 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Domestic equity	36%	36%	4.05%	4.55%
International equity	14%	14%	6.15	6.35
Private equity	10%	10%	6.75	7.50
Real estate	10%	10%	4.95	5.55
Absolute return strategies	2%	2%	3.25	3.75
Opportunistic funds	3%	3%	4.65	5.68
Real assets	3%	3%	5.95	5.29
Bonds and mortgages	17%	17%	0.75	1.31
Cash	1%	1%	0.00	(0.25)
Inflation-indexed bonds	4%	4%	0.50	1.25
Total	<u>100%</u>	<u>100%</u>		

Discount Rate

The discount rate used to calculate the total pension liability as of March 31, 2020 and 2019, was 6.8% and 7.0%, respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon these assumptions, the Systems' 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.

DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
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IV. PENSION PLANS (CONTINUED)

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate as of March 31, 2020 and 2019 of 6.8 and 7.0 percent, respectively, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement Date	1% Decrease	Current Assumption	1% Increase
March 31, 2020	5.8%	6.8%	7.8%
Authority's proportionate share of the net ERS pension (liability) / asset	\$ (2,593,968)	\$ (1,413,389)	\$ (326,071)
Measurement Date	1% Decrease	Current Assumption	1% Increase
March 31, 2019	6.0%	7.0%	8.0%
Authority's proportionate share of the net ERS pension (liability) / asset	\$ (1,565,157)	\$ (357,983)	\$ 656,130

Pension plan fiduciary net position

The components of the net pension liability of all employers were as follows:

	Dollars in Thousands	
	Employees' Retirement System	
	<u>March 31, 2020</u>	<u>March 31, 2019</u>
Employers' total pension liability	\$ (194,596,261)	\$ (189,803,429)
Plan net position	168,115,682	182,718,124
Employers' net pension liability	<u>\$ (26,480,579)</u>	<u>\$ (7,085,305)</u>
Ratio of plan net position to the employers' total pension liability	86.39%	96.27%

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
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V. OTHER POSTEMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid.

Through implementation of the requirements of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Authority recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior year, and provides information useful in assessing potential demands on the Authority's future cash flows.

Plan Description

The Authority provides continuation of medical insurance coverage to employees that retire under the New York Retirement Systems at the same time they end their service to the Authority. The benefit levels, employee contributions and employer contributions are governed by the Authority's Employee Handbook. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided

Based on the current employment policy, the retiree and his or her beneficiaries receive coverage for the life of the retiree based on the retiree's years of service at retirement. A copy of the report on these benefits can be requested at the Authority.

Medical and prescription drug benefits are offered to retirees on an Authority-subsidized basis. Upon attaining age 65 or upon disability retirement, Medicare (Parts A and B) becomes the primary provider for hospital insurance and supplementary medical insurance, with the Authority's plan providing an additional layer of coverage. The Authority reimburses retirees and their spouses for Medicare Part B premiums, but not those of surviving spouses.

DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS

V. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Contribution rates, as of December 31, 2020, for new retirees were as follows:

Group	Provider Options	Years of Service	Age	Authority Contributions (Fixed)				Reimbursement Part B Premium		
				Individual and				Individual	Spouse	Surviving Spouse
				Individual	Spouse	Children	Family			
Retirees Over 55	MVP	10 - 14	Under 65	\$ 575.24	\$ 977.91	\$ 857.11	\$ 1,320.18	Y	Y	Y
		10 - 14	Over 65	69.50	118.15	-	-	Y	Y	Y
		15 - 19	Under 65	690.29	1,208.00	1,052.69	1,648.06	Y	Y	Y
		15 - 19	Over 65	83.40	145.95	-	-	Y	Y	Y
		20 - 24	Under 65	805.34	1,438.10	1,248.27	1,975.95	Y	Y	Y
		20 - 24	Over 65	97.30	173.75	-	-	Y	Y	Y
		25+	Under 65	920.38	1,668.20	1,443.86	2,303.84	Y	Y	Y
		25+	Over 65	111.20	201.55	-	-	Y	Y	Y
Retirees Over 55	NYSHIP	10 - 14	Under 65	515.91	N/A	N/A	990.43	Y	Y	Y
		10 - 14	Over 65	194.30	N/A	N/A	443.68	Y	Y	Y
		15 - 19	Under 65	619.09	N/A	N/A	1,229.18	Y	Y	Y
		15 - 19	Over 65	233.16	N/A	N/A	553.79	Y	Y	Y
		20 - 24	Under 65	722.27	N/A	N/A	1,467.94	Y	Y	Y
		20 - 24	Over 65	272.02	N/A	N/A	663.90	Y	Y	Y
		25+	Under 65	825.46	N/A	N/A	1,706.70	Y	Y	Y
		25+	Over 65	310.88	N/A	N/A	774.01	Y	Y	Y

Contribution rates, as of December 31, 2019, for new retirees were as follows:

Group	Provider Options	Years of Service	Age	Authority Contributions (Fixed)				Reimbursement Part B Premium		
				Individual and				Individual	Spouse	Surviving Spouse
				Individual	Spouse	Children	Family			
Retirees Over 55	MVP	10 - 14	Under 65	\$ 478.25	\$ 813.02	\$ 724.86	\$ 1,109.85	Y	Y	N
		10 - 14	Over 65	60.00	102.00	-	-	Y	Y	N
		15 - 19	Under 65	573.89	1,004.31	890.97	1,385.96	Y	Y	N
		15 - 19	Over 65	72.00	126.00	-	-	Y	Y	N
		20 - 24	Under 65	669.54	1,195.61	1,057.08	1,662.06	Y	Y	N
		20 - 24	Over 65	84.00	150.00	-	-	Y	Y	N
		25+	Under 65	765.19	1,386.91	1,223.19	1,938.17	Y	Y	N
		25+	Over 65	96.00	174.00	-	-	Y	Y	N
Retirees Over 55	NYSHIP	10 - 14	Under 65	507.49	N/A	N/A	974.10	Y	Y	N
		10 - 14	Over 65	222.20	N/A	N/A	489.09	Y	Y	N
		15 - 19	Under 65	608.99	N/A	N/A	1,208.91	Y	Y	N
		15 - 19	Over 65	266.63	N/A	N/A	609.79	Y	Y	N
		20 - 24	Under 65	710.49	N/A	N/A	1,443.73	Y	Y	N
		20 - 24	Over 65	311.07	N/A	N/A	730.48	Y	Y	N
		25+	Under 65	811.98	N/A	N/A	1,678.54	Y	Y	N
		25+	Over 65	355.51	N/A	N/A	851.18	Y	Y	N

The Authority's contribution is equivalent to that portion of health insurance premiums paid that are allocated to retirees, estimated to be \$55,948 and \$45,501 during the years ended December 31, 2020 and December 31, 2019, respectively.

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

V. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by Benefit Terms

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

	2020	2019
Active Employees	26	25
Retired	8	5
Terminated	1	0
Total employees covered by benefit terms	35	30

Since the number of covered employees was less than 100, the Authority was eligible, and elected, to utilize the Alternative Measurement Method for the years ended December 31, 2020 and December 31, 2019.

Total OPEB Liability

The Authority obtained an actuarial valuation report as of December 31, 2020 and 2019. The liability for other postemployment benefits was measured as of December 31, 2020 and 2019. The total liability for other postemployment benefits was \$3,892,637 and \$3,039,243, respectively, and is reflected in the Statement of Net Position.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 and December 31, 2019 actuarial valuations was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2020	2019
Projected Salary Increases, Including Wage Inflation	2.50%	2.50%
Discount Rate	2.12%	2.74%
Healthcare Cost Trend Rates	Pre-65: Ranging from 5.9% to 3.0% for pharmacy, medical, dental and vision for 2021, reduced incrementally to an ultimate rate of 4.3% to 3.0% after 10 years Post-65: Same	Pre-65: Ranging from 7.6% to 3.0% for pharmacy, medical, dental and vision for 2020, reduced incrementally to an ultimate rate of 4.7% to 3.0% after 10 years Post-65: Same
Current Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement	Retirees pay based on specific cost sharing agreement
Future Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement	Retirees pay based on specific cost sharing agreement

The discount rate was based on the 20-year tax exempt municipal bond yield.

Mortality Rates were based on Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

V. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

The Authority is currently paying postemployment benefits for five individuals. Since New York State does not allow the establishment of trusts that would be used to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume the pay-as-you-go funding.

Changes in the Total OPEB Liability during the years ended:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Balance - Beginning	\$ 3,039,243	\$ 2,526,908
Changes for the Year:		
Service Cost	139,938	100,078
Interest	86,348	109,127
Economic/Demographic Gains/Losses	360,863	(163,705)
Changes in Assumptions or Other Inputs	322,193	512,336
Benefit Payments	<u>(55,948)</u>	<u>(45,501)</u>
Net Changes	<u>853,394</u>	<u>512,335</u>
Balance - Ending	<u>\$ 3,892,637</u>	<u>\$ 3,039,243</u>

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

The following table presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate.

As of December 31, 2020:

	1% Decrease 1.12%	Discount Rate 2.12%	1% Increase 3.12%
Total OPEB Liability	<u>\$ 4,514,144</u>	<u>\$ 3,892,637</u>	<u>\$ 3,392,773</u>

As of December 31, 2019:

	Decrease 1.74%	Rate 2.74%	Increase 3.74%
Total OPEB Liability	<u>\$ 3,485,986</u>	<u>\$ 3,039,243</u>	<u>\$ 2,671,361</u>

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
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V. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The following table presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the healthcare cost trend rate, which ranges from 5.9% to 3.0%, depending on the type of healthcare (medical, pharmacy, dental and vision).

As of December 31, 2020:

	1% Decrease	Healthcare Trend Rate	1% Increase
Total OPEB Liability	\$ 3,331,754	\$ 3,892,637	\$ 4,599,481

As of December 31, 2019:

	1% Decrease	Healthcare Trend Rate	1% Increase
Total OPEB Liability	\$ 2,612,415	\$ 3,039,243	\$ 3,570,567

VI. BOND ANTICIPATION NOTES

The Authority issues bond anticipation notes ("BANs") to temporarily finance the acquisition of systems and/or the cost of capital renovations to any of the Authority's systems. Such temporary financing is continued until acquisition and/or construction is complete. At that time, permanent financing is obtained. BANs have been issued and are paid under the following authorizations:

In February 2017, the Authority received authorization for financing of improvements to the Pinebrook Sewer Wastewater Treatment Plant ("WWTP") through the New York State Environmental Facilities Corporation. This BAN was converted to permanent financing during 2020.

In May 2018, the Authority received authorization for financing of improvements to the Greenfields Sewer and Wastewater Treatment Plant, in the amount of \$3,996,167 through the New York State Environmental Facilities Corporation. Such financing was revised during 2020 to include \$478,765 in grant funding and \$4,511,363 in loan funding. During the year ended December 31, 2020, there were drawdowns of \$1,366,348 on the loan funding.

In November 2018, the Authority received authorization for financing of improvements to the Pinebrook Water System, in the amount of \$3,609,770 through the New York State Environmental Facilities Corporation. Such financing included \$2,033,705 in grant funding and \$1,576,065 in loan funding. During the years ended December 31, 2020 and 2019, there were no drawdowns on the loan funding.

The bond anticipation notes outstanding as of December 31, 2020, are as follows:

Purpose	Original Issue Date	Maturity Date	Interest Rate	Original Authorization Amount	Amount Outstanding at 12/31/20
Pinebrook Water District Upgrades	5/28/2020	5/28/2025	1.090%	\$ 1,576,065	\$ -
Greenfields Sewer District Upgrades	12/10/2020	5/10/2023	0.000%	4,511,363	1,366,348
Total Bond Anticipation Notes				<u>\$ 6,087,428</u>	<u>\$ 1,366,348</u>

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
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VI. BOND ANTICIPATION NOTES (CONTINUED)

Changes in bond anticipation notes as of December 31, 2020, are as follows:

<u>Purpose</u>	<u>Balance Outstanding 12/31/2019</u>	<u>New Issues/ Drawdowns</u>	<u>Redeemed/Paid</u>	<u>Balance Outstanding 12/31/2020</u>
Long Term BANs:				
Pinebrook Water District Upgrades	\$ -	\$ -	\$ -	\$ -
Pinebrook Sewer WWTP Upgrades	2,000,957	42,192	(2,043,149)	-
Greenfields Sewer District Upgrades	-	1,366,348	-	1,366,348
Total Bond Anticipation Notes	<u>\$ 2,000,957</u>	<u>\$ 1,408,540</u>	<u>\$ (2,043,149)</u>	<u>\$ 1,366,348</u>

VII. LONG TERM OBLIGATIONS

Bonds Payable

The Authority issues revenue bonds to finance the acquisition of systems and the cost of the capital renovations to those systems and to pay costs of issuance. Such debt has been issued under the following authorizations:

Trust Indenture

As of June 1, 1995 the Authority executed a trust indenture authorizing the issuance of debt for the purpose of acquiring a sewage facility. This trust indenture was amended in 2007 to authorize debt issued for Part County Sewer District #1. One supplemental trust indenture was authorized under terms similar to those described in the General Bond Resolution described below for Part County Sewer District #2.

As of November 1, 2017, the Authority executed a trust indenture authorizing the issuance of debt for the purpose of acquiring a sewage facility. One supplemental trust indenture for the Vanderburgh Cove Sewer System was authorized under terms similar to those described in General Bond Resolutions described below.

Special Bond Resolution

As of September 30, 1997, the Authority adopted a special bond resolution authorizing debt to be sold at private sale for the purpose of acquiring a privately held water system.

General Bond Resolutions

As of June 1, 1998, the Authority adopted a General Water Bond Resolution which enabled the Authority to issue additional debt pursuant to supplemental resolutions without having to modify the form or general terms of the debt, referred to as additional parity debt. The Authority has issued twenty-one supplemental resolutions pursuant to this general bond resolution, authorizing debt issues in the years of 1998, 1999, 2000, 2001, two issues in 2002, 2004, two issues in 2008, two issues in 2009, 2010, 2011, 2013, 2014, two issues in 2015, 2016, two issues in 2018 and one in 2019.

As of August 1, 2004, the Authority adopted a general bond resolution pertaining to the Part County Sewer District # 3, which enabled it to issue bonds to finance the purchase of Dalton Farms Sewer System.

As of December 16, 2015, the Authority adopted a general bond resolution pertaining to the Pinebrook Sewer District #7, which enabled it to issue bonds to finance the upgrades to Pinebrook Sewer District.

As of February 15, 2017, the Authority adopted a general bond resolution pertaining to the Greenfields Sewer District, which enabled it to issue bonds to finance the upgrades to Greenfields Sewer District.

DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS

VII. LONG TERM OBLIGATIONS (CONTINUED)

Description of Bonds Payable

	<u>2020</u>	<u>2019</u>
1998 Revenue Bonds (Zero Coupon) Series One, due in various installments from 2021 through 2029, interest 3.90%-5.40%	\$ 3,336,226	\$ 3,817,817
2000 Service Agreement Revenue Bond Series 2000, due in various installments through 2020, interest 5.65%	-	65,000
2001 Service Agreement Revenue (Refunding) Bond Series 2001, due in various installments through 2041, interest 3.00%-5.36%	1,078,410	1,093,410
2004 Water Service Agreement Revenue Bond Series 2004, due in various installments through 2024, interest 2.00%-4.25%	565,000	690,000
2004 Sewer Service Agreement Revenue Bond Series 2004, due in various installments through 2024, interest 2.00%-4.25%	590,000	725,000
2009 Water Service Agreement Revenue Bond Series 2009, due in various installments through 2029, interest 3.00%-5.00%; partially refunded in 2016 as described below	1,094,143	1,094,143
2009 Water Service Agreement Revenue Bond Series 2009, due in various installments from 2030 through 2039, interest 5.62%-5.96%	253,381	253,381
New York State Environmental Facilities Corporation State Drinking Water Revolving Fund Revenue (Refunding) Bonds Series 2011C, due in various installments through 2023, interest .540%-3.165%	305,000	540,000
2011 Service Agreement Revenue Bond Series 2011, due in various installments from 2012 through 2041, interest 3.50%-4.25%	1,610,000	1,650,000
New York State Environmental Facilities Corporation Revenue Refunding Bonds Series 2014B, due in various installments through 2026, interest .1515%-2.7455%	190,000	215,000
New York State Environmental Facilities Corporation Revenue Refunding Bonds Series 2014B, due in various installments through 2037, interest .1515%-4.2025%	1,555,000	1,625,000
New York State Environmental Facilities Corporation Bond Series 2016, due in various installments through 2025, interest 4.361%-4.964%	650,000	790,000
New York State Environmental Facilities Corporation Bond Series 2016 B, due in various installments through 2044, interest 0.548%-3.351%	3,542,761	3,672,761

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

VII. LONG TERM OBLIGATIONS (CONTINUED)

Description of Bonds Payable (Continued)

	<u>2020</u>	<u>2019</u>
Service Agreement Revenue Bonds, Series 2016, due in various installments through 2046, interest 1.5%-3.25%	1,425,000	1,465,000
Service Agreement Revenue Refunding Bonds, Series 2016, due in various installments through 2029, interest 1.75%-4.00%	3,465,000	3,795,000
New York State Environmental Facilities Corporation Bond Series 2018, due in various installments through 2047, interest 0.00%	3,698,688	3,878,188
New York State Environmental Facilities Corporation Bond Series 2018A, due in various installments through 2043 interest 0.00%	383,180	399,840
2019 Revenue Bond Series due in various installments through 2049, interest 1.80%-5.00%	1,295,000	1,315,000
New York State Environmental Facilities Corporation Bond Series 2020B, due in various installments through 2050, interest 0.23%-2.671%	<u>1,875,687</u>	<u>-</u>
Total Bonds Payable	26,912,476	27,084,540
Accreted Interest Recorded on Zero Coupon Bonds	9,852,733	10,107,178
Unamortized Bond Premium	314,000	345,241
Total Bonded Debt Payable	<u>37,079,209</u>	<u>37,536,959</u>
Portion Due Within One Year	<u>(2,052,436)</u>	<u>(2,047,751)</u>
Net Long Term Debt Payable	<u><u>\$ 35,026,773</u></u>	<u><u>\$ 35,489,208</u></u>

Changes in Long-Term Obligations

	<u>Balance at December 31, 2019</u>	<u>New Issues/ Additions</u>	<u>Maturities and/or Payments</u>	<u>Balance at December 31, 2020</u>	<u>Due within One Year</u>
Bonds Payable	\$ 37,536,959	\$ 2,603,417	* \$ (3,061,167)	\$ 37,079,209	\$ 2,052,436
Long Term Bond					
Anticipation Notes	2,000,957	1,408,540	(2,043,149)	1,366,348	-
Net ERS Liability	357,983	1,055,406	-	1,413,389	-
OPEB Liability	3,039,243	853,394	-	3,892,637	-
	<u>\$ 42,935,142</u>	<u>\$ 5,920,757</u>	<u>\$ (5,104,316)</u>	<u>\$ 43,751,583</u>	<u>\$ 2,052,436</u>

*Bonds payable increased by \$758,971 in adjustments for accreted interest on 1998 Series I debt, 2001 debt, and 2009 debt, net of 2020 maturities of \$1,013,416.

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
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VII. LONG TERM OBLIGATIONS (CONTINUED)

Debt Service Requirements

Debt service requirements to maturity, less accreted interest, as of December 31, 2020, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,052,436	\$ 1,625,931	\$ 3,678,367
2022	1,937,463	1,774,874	3,712,337
2023	1,938,825	1,764,017	3,702,842
2024	1,912,453	1,749,497	3,661,950
2025	1,422,412	1,729,542	3,151,954
2026-2030	6,423,496	7,769,857	14,193,353
2031-2035	3,710,532	4,311,479	8,022,011
2036-2040	3,602,898	3,652,534	7,255,432
2041-2045	2,776,561	508,851	3,285,412
2046-2050	1,135,400	69,929	1,205,329
Totals	<u>\$ 26,912,476</u>	<u>\$ 24,956,511</u>	<u>\$ 51,868,987</u>

Bond Covenants

The Authority has agreed to maintain dedicated sources of revenues with respect to the projects financed in accordance with the State Act and in amounts such that the revenues of the Authority with respect to the financing projects shall be sufficient, together with all other funds available to the Authority for such purposes, to pay all costs of operating and maintaining the projects and to pay principal and interest requirements. The bonds payable are special obligations of the Authority, secured by the assets of the Authority and to be amortized solely from the revenues of the Authority.

The Authority has pledged its revenues, which are subject to the right to pay operating expenses, its interest in its Service Agreement with Dutchess County, its interest in cash and investments held by the Bond Trustee and any other property subsequently pledged, for payment of the bonds.

In addition to pledging its revenues and other rights as described above, the Authority made certain covenants, including that it will fix, charge and collect water and sewer rates together with other Authority revenues in amounts sufficient to provide for operating expenses as included in the Authority's budget. The Authority also pledges to maintain, in full force and effect, the service agreement with Dutchess County, as is further described in Note X - Economic Dependency.

Bond Refundings

The Authority has refunded several of its earlier bond issuances. The proceeds from the new bonds were used to refund a portion of the Authority's earlier bonds and pay the costs of issuance of the refunding bonds. The net proceeds of the refundings, after payment of underwriting and other issuance costs, were used to purchase state and local government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded debt. The escrowed funds have been used to make the required debt service payments such that no refunded debt is outstanding as of December 31, 2020.

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

VII. LONG TERM OBLIGATIONS (CONTINUED)

Deferred Outflows of Resources – Loss on Refunding

The Authority has recognized losses on certain bond refundings. The balances on these bond losses are recorded as deferred outflows and are amortized on a straight line basis over the life of the refunding debt. The unamortized balances were \$588,112 and \$642,734 as of December 31, 2020 and 2019, respectively. Changes on these losses are as follows:

<u>Systems</u>	<u>Year of Refunding</u>	<u>Balance at December 31, 2019</u>	<u>New Issues</u>	<u>Amortized</u>	<u>Balance at December 31, 2020</u>
Hyde Park Water	2002	\$ 11,973	\$ -	\$ (521)	\$ 11,452
Zone D Water	2002	56,265	-	(2,446)	53,819
Chelsea Cove Sewer	2014	140,491	-	(8,105)	132,386
Valley Dale Sewer	2014	17,969	-	(2,837)	15,132
Birch Hill Water	2016	46,134	-	(4,856)	41,278
Hyde Park Water	2016	325,612	-	(34,275)	291,337
Shore Haven Water	2018	44,290	-	(1,582)	42,708
		<u>\$ 642,734</u>	<u>\$ -</u>	<u>\$ (54,622)</u>	<u>\$ 588,112</u>

VIII. DEFERRED INFLOWS OF RESOURCES

Deferred Revenues

In June 2002, the Authority signed an agreement with Dutchess County outlining a project known as the Central Dutchess Utility Corridor (“Corridor”), consisting of a 24” water transmission line and necessary pumping capacity for the purpose of transmission of water to serve the Hudson Valley Research Park in East Fishkill, New York, and other future customers. The project was placed into service in July of 2007. The Authority had estimated the cost to be \$33,269,000, with funding coming in the form of grants from New York State, \$11,250,000; International Business Machines (“IBM”), \$11,375,000; the Town of East Fishkill, \$269,000; and Dutchess County, \$10,375,000. There were also interest earnings on advances and grants such that the total amount attributed to the project was \$34,034,902, which was accounted for as deferred revenues.

During 2009, the Authority returned \$4,209,736 in unused funds to Dutchess County and IBM. The Authority has recognized \$595,853, reducing related asset depreciation for each of the years ended December 31, 2020 and 2019. The long term portion of deferred revenue amounted to \$21,182,320 and \$21,778,177 as of December 31, 2020 and 2019, all of which is related to the Utility Corridor.

The Authority expects to recognize the following revenues in 2021, considered current, and thereafter, considered non-current, deferred revenues as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Current Portion of Deferred Revenues:		
Utility Corridor - Construction	\$ 595,853	\$ 595,853
Utility Corridor - Capital	246,517	221,297
Utility Corridor - Operations	48,980	48,877
Water Usage Billings Received in Advance	194,132	210,787
	<u>1,085,482</u>	<u>1,076,814</u>
Long-term Portion of Deferred Revenues:		
Utility Corridor - Construction	<u>21,182,320</u>	<u>21,778,177</u>
Total Deferred Revenues	<u>\$ 22,267,802</u>	<u>\$ 22,854,991</u>

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

IX. CONTINGENCIES AND RISK MANAGEMENT

The Authority is subject to various litigation and claims arising out of the course of its operations. While the results of the lawsuits cannot be predicted with certainty, management does not believe these matters will have an adverse effect on the Authority's overall financial position. The Authority assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Such risks are covered by the purchase of commercial insurance. Workers compensation coverage is provided through a retrospective policy, wherein premiums are recorded based on the ultimate cost of the experience to date of workers in similar occupations. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The Authority has purchased insurance with limits as follows: cyber insurance coverage of \$1,000,000, umbrella aggregate coverage of \$20,000,000, business auto coverage of \$1,000,000 per occurrence, general liability aggregate coverage of \$3,000,000, property coverage of \$44,321,566, and workers compensation coverage of \$100,000/\$500,000.

X. ECONOMIC DEPENDENCY

As described in Note VII – Long Term Obligations, the Authority has entered into service agreements with Dutchess County for the Water District and Part County Sewer Districts to provide water and/or sewer services and receive a service fee from Dutchess County based on a contractual formula, generally when revenues are insufficient to cover certain operating expenses and debt service requirements. The Authority also receives payments from Dutchess County for the completion of certain consulting projects. Although these payments are subject to budgetary resolutions by the Dutchess County Legislature for approval, no approvals have been withheld by the Legislature. For the years ended 2020 and 2019, the Authority recorded net revenues of \$3,566,975 and \$3,352,540, having recorded a return of \$74,512 and \$147,786 to the County during those years. There was \$0 due to or due from the County at each respective year-end. Since the Authority is a component unit of Dutchess County, these transactions are also considered related party transactions.

XI. SYSTEM ACQUISITIONS

In 2019, the Authority authorized a memorandum of understanding to manage the Village of Tivoli's water and sewer systems with the expectation of acquiring the systems upon completion of certain improvements. The closing date is dependent on the timeline for the construction and completion of the new infrastructure, at which time the Authority will acquire the water and sewer systems and issue debt.

In 2020, the Authority entered into an Operating Agreement and Lease with Option to Purchase for the Red Hook Acres Water System (aka Traditions at Red Hook Water), and a parallel Operating Agreement and Lease with Option to Purchase for the Red Hook Acres Sewer Collection and Treatment System (aka Traditions at Red Hook Sewer.) The Authority commenced operations and management of the water and sewer systems on May 1, 2020.

XII. SUBSEQUENT EVENTS

Pursuant to a Memorandum of Understanding executed in 2015, in May of 2021 the Authority will accept ownership and begin operations of the Obercreek Sewer System.

XIII. UNCERTAINTY

On March 7, 2020 in response to the global Covid 19 pandemic, New York State declared a Disaster Emergency in the State of New York. Numerous subsequent Executive Orders imposed temporary closures of many types of businesses and facilities, limitations on travel and location and size of group meetings, and established a host of temporary suspensions and modifications of State Laws in response to the Covid 19 pandemic. The pandemic and resultant State of Emergency necessitated major shifts in the way many organizations function, including the Authority.

As the owner and operator of public water and wastewater systems, the Authority is considered to be an Essential Critical Infrastructure Workforce pursuant to the Guidance on the Essential Critical Infrastructure Workforce issued by the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency on March 19, 2020.

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
DUTCHESS COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

XIII. UNCERTAINTY (CONTINUED)

The Authority took numerous steps in response to the pandemic, including:

- 1) Enacting policies to maximize the separation of, and distancing between, staff by deploying staff to work remotely, extending work shifts over additional hours and days, instituting separation protocols for on-site workers, and instituting cleaning and disinfecting protocols for shared equipment and work spaces.
- 2) Restricting public access to facilities and eliminating to the greatest extent possible the need for operations staff to enter private homes and businesses
- 3) Providing staff with information on proper hygiene practices as advised by the Center for Disease Control, and instituting liberal benefit time policies to ensure any employee who is unwell, or who has experienced a likely exposure to the COVID-19 virus, has the ability to stay home and self-isolate.
- 4) Monitoring inventories of supplies and critical spare parts and staying in regular contact with important suppliers.
- 5) Establishing ongoing tracking for key metrics, including staff time costs and direct expenses directly related to the response to COVID-19.
- 6) Tracking year over year changes to customer metered water usage and changes in collection of late payment penalties.

In June of 2020, the State enacted amendments to the Public Service Law that, among other provisions, required public water systems to offer Deferred Payment Agreements to residential customers claiming a financial impact due to COVID, and prohibiting the collection of late payment fees for customers that entered into such agreements. As of May 2021, only one customer has executed such an agreement and the Authority has waived late payment penalties for an additional 58 customers. Late payment penalties showed a small increase in 2020 over 2019 collections.

In May 2021, NYS Governor Cuomo signed legislation (A.6255-A/S.1453) that extends the Authority's obligation to provide Deferred Payment Agreements to residential, and now also small commercial, water customers. The legislation prohibits the relevy of unpaid water charges against such water customers during the State of Emergency or until December 31, 2021, whichever is earlier. As an indicator of the magnitude of potential impact, in 2020 the Authority relieved over \$440,000 of unpaid water customer accounts. This amount includes non-residential customers that will still be subject to relevy under the new legislation.

XIV. NEW REPORTING STANDARDS

In June of 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for periods beginning after June 15, 2021. The Authority has not evaluated the effect of GASB 87 on its financial statements.

The GASB has also issued Statements 90 through 97. Statement 95 extended the effective date for GASB 87 to the date indicated above. None of the other statements are expected to have a substantive effect on the Authority's financial reporting.

REQUIRED SUPPLEMENTARY INFORMATION

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS**

Total OPEB Liability	12/31/2020	12/31/2019	12/31/2018
Service Cost	\$ 139,938	\$ 100,078	\$ 131,287
Interest	86,348	109,127	70,031
Economic/Demographic Gains or Losses	360,863	(163,705)	217,465
Changes in Assumptions or Other Inputs	322,193	512,336	(650,072)
Benefit Payments	(55,948)	(45,501)	(32,545)
Net Changes	853,394	512,335	(263,834)
Total OPEB Liability - Beginning	3,039,243	2,526,908	2,790,742
Total OPEB Liability - Ending ("a")	\$ 3,892,637	\$ 3,039,243	\$ 2,526,908
Plan Fiduciary net position:			
Contributions - Employer	\$ 55,948	\$ 45,501	\$ 32,545
Net Investment Income	-	-	-
Benefit Payments	(55,948)	(45,501)	(32,545)
Administrative Expense	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary net position - beginning	-	-	-
Plan Fiduciary net position - ending ("b")	\$ -	\$ -	\$ -
Authority's net OPEB liability - ending (a) - (b)	\$ 3,892,637	\$ 3,039,243	\$ 2,526,908
Plan Fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%
Covered-Employee Payroll	\$ 1,605,613	\$ 1,579,990	\$ 1,477,947
Total OPEB Liability as a Percentage of Covered-Employee Payroll	242.44%	192.36%	170.97%

Notes to Schedule:

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

12/31/2020	2.12%
12/31/2019	2.74%
12/31/2018	4.19%

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

*GASB 75 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended December 31, 2018, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Covered Payroll	Net Pension Asset (Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Employees' Retirement System					
3/31/2020	0.00533750%	\$ 1,413,389	\$ 1,621,287	87.18%	86.39%
3/31/2019	0.00505250%	\$ 357,983	\$ 1,524,688	23.48%	96.27%
3/31/2018	0.00492340%	\$ 158,901	\$ 1,571,999	10.11%	98.24%
3/31/2017	0.00458580%	\$ 430,891	\$ 1,457,392	29.57%	94.70%
3/31/2016	0.00445230%	\$ 714,613	\$ 1,353,385	52.80%	90.70%
3/31/2015	0.00443870%	\$ 149,950	\$ 1,310,369	11.44%	97.90%

GASB 68 requires that the last 10 years of information be presented. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

**DUTCHESS COUNTY WATER & WASTEWATER AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Plan Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency/Excess	Covered Payroll	Required Contributions as a Percentage of Covered Payroll
Employees' Retirement System					
3/31/2020	\$ 233,896	\$ 233,896	\$ -	\$ 1,621,287	14.43%
3/31/2019	\$ 223,011	\$ 223,011	\$ -	\$ 1,524,688	14.63%
3/31/2018	\$ 242,033	\$ 242,033	\$ -	\$ 1,571,999	15.40%
3/31/2017	\$ 226,072	\$ 226,072	\$ -	\$ 1,457,392	15.51%
3/31/2016	\$ 261,541	\$ 261,541	\$ -	\$ 1,353,385	19.32%
3/31/2015	\$ 256,914	\$ 256,914	\$ -	\$ 1,310,369	19.61%

GASB 68 requires that the last 10 years of information be presented. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

Board of Directors
Dutchess County Water & Wastewater Authority
1 Lagrange Avenue
Poughkeepsie, New York 12603

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Dutchess County Water & Wastewater Authority, a component unit of Dutchess County, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Dutchess County Water & Wastewater Authority's basic financial statements, and have issued our report thereon dated May 26, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

RBT CPAs, LLP

Newburgh, New York
May 26, 2021

