

**OYSTER BAY WATER DISTRICT**  
**AUDITED FINANCIAL STATEMENTS**  
Year Ended December 31, 2016

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Oyster Bay Water District  
45 Audrey Avenue  
Oyster Bay, New York 11771

We have audited the accompanying financial statements of the governmental activities and each major fund of the Oyster Bay Water District, a component unit of the Town of Oyster Bay, New York, (the "District"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Oyster Bay Water District, as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information on pages 3 through 7 and pages 36 through 40, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oyster Bay Water District's basic financial statements. The other supplementary information on page 41 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

  
RYNKAR, VAIL & BARRETT, LLP

**OYSTER BAY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended December 31, 2016**

Our discussion and analysis of the Oyster Bay Water District, a component unit of the Town of Oyster Bay, New York (the District) financial performance provides an overview of the District's financial activities for the year ended December 31, 2016 in comparison with the year ended December 31, 2015, with emphasis on the current year. Please read it in conjunction with the District's financial statements and notes to financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of two sets of financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities - Government-Wide financial statements provide information about the activities of the District as a whole and present a longer-term view of the District's finances. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Governmental Fund Financial Statements

The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds tell how services were financed in the short term as well as what remains for future spending. The governmental fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's general fund and capital projects fund. The District's basic services are reported in funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Positions and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.



**OYSTER BAY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended December 31, 2016**

**CONDENSED FINANCIAL INFORMATION**

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

**Condensed Statement of Net Position:  
as of December 31,**

	2016	2015
<b>Assets</b>		
Current and other assets	\$ 2,503,016	\$ 2,301,112
Capital assets	11,206,972	10,694,784
Total Assets	<u>13,709,988</u>	<u>12,995,896</u>
<b>Deferred Outflows of Resources</b>		
Pensions	372,094	89,790
Total Deferred Outflows of Resources	<u>372,094</u>	<u>89,790</u>
<b>Liabilities</b>		
Current liabilities	2,210,776	1,433,284
Noncurrent liabilities	4,467,393	4,369,862
Total Liabilities	<u>6,678,169</u>	<u>5,803,146</u>
<b>Deferred Inflows of Resources</b>		
Pensions	65,307	23,049
Total Deferred Outflows of Resources	<u>65,307</u>	<u>23,049</u>
<b>Net Position</b>		
Net investment in capital assets	6,582,205	6,583,454
Restricted	1,141,555	1,140,991
Unrestricted	(385,154)	(464,954)
Total Net Position	<u>\$ 7,338,606</u>	<u>\$ 7,259,491</u>

**Changes in Net Position  
for the years ended December 31,**

	2016	2015
<b>Program Revenues</b>		
Charges for services	\$ 1,034,004	\$ 1,076,733
Total Program Revenues	<u>1,034,004</u>	<u>1,076,733</u>
<b>General Revenues</b>		
Real property taxes	942,109	918,408
Use of money and property	411,772	407,340
Sale of property and compensation for loss	-0-	10,152
Other local sources	11,093	-0-
State aid	-0-	3,065
Total General Revenues	<u>1,364,974</u>	<u>1,338,965</u>
Total Revenues	<u>2,398,978</u>	<u>2,415,698</u>
<b>Expenses - Water supply services</b>	<u>2,319,863</u>	<u>2,301,397</u>
<b>Changes in Net Position</b>	<u>79,115</u>	<u>114,301</u>

**OYSTER BAY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended December 31, 2016**

**FINANCIAL HIGHLIGHTS**

The District's total assets and deferred outflows of resources at December 31, 2016 were \$14,082,082, an increase of \$996,396 from the prior year. The increase is primarily due to the increase in capital assets and deferred outflows related to pensions. Total liabilities and deferred inflows of resources at December 31, 2016 were \$6,743,476, an increase of \$917,281 from the prior year. This increase is primarily due to an increase in current liabilities related to capital project expenses.

The District's net position as of December 31, 2016 was \$7,338,606, an increase of \$79,115, from the prior year. Of the District's total net position \$6,582,205 was a net investment in capital assets, \$1,141,555 is restricted for acquisition of capital assets and \$385,154 was unrestricted deficit.

The deficit balance of unrestricted net position does not necessarily indicate financial stress. These financial statements include a liability for other postemployment benefits (OPEB). OPEB costs must now be recognized during the period of the employees' years of service and for benefits already earned by current and former employees, amortized over a period of 30 years. At this time, there is no New York State statute providing local governments with the authority for establishing a postemployment benefits trust. Since the District cannot fund the OPEB liability at this time, unrestricted net position will continue to decrease in subsequent years due to the recognition of this liability for OPEB.

Program revenues were \$1,034,004 in the current year, which were \$42,729 less than the prior year.

General revenues were \$1,364,974 in the current year, an increase of \$26,009.

Total operating expenses were \$2,319,863 in the current year, which were overall \$18,466 more than the prior.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District reported budget and actual in the general fund as follows:

	Original Budget	Final Budget	Actual Amounts	Variance
Revenues	\$ 2,165,678	\$ 2,165,678	\$ 2,378,769	\$ 213,091
Expenditures	(2,255,179)	(2,255,179)	(2,155,104)	100,075
Other Sources and Uses				
Interfund transfer in			45,650	45,650
Interfund transfers out	(300,000)	(300,000)	(37,260)	262,740
Net Change in Fund Balance	\$ (389,501)	\$ (389,501)	\$ 232,055	\$ 621,556

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The general fund reported revenues and other sources in excess of expenditures and other uses this year of \$232,055 increasing the fund balance to \$2,266,496. Actual revenues exceeded estimated revenues by \$213,091. Budgeted expenditures were more than actual expenditures by \$100,075. Actual transfers from the capital projects fund were more than budgeted by \$45,650. Actual transfers to the capital projects fund were less than budgeted by \$262,470.

**OYSTER BAY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended December 31, 2016**

**CAPITAL ASSETS AND LONG-TERM DEBT**

The District has been financing all capital expenditures from proceeds of general obligation bonds and annual budgetary appropriations. During 2016, the District capitalized assets and improvements to the water system totaling as follows:

Construction in progress	\$ 922,841
Wells, water tanks and structures	1,949,380
Equipment	7,980
Office, furniture and equipment	2,638
Total Costs	<u>\$ 2,882,839</u>

In addition to the capital improvements described above, the District is committed to the long-term maintenance of the water system and plans significant capital expenditures on a regular basis. The District maintains a running capital budget which amounts to approximately \$4.9 million of capital expenditures over the next five years.

At year-end, the District had \$2,869,586 of general obligation bonds outstanding.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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

	Gallons pumped In 000's	Revenue
2016	410,426	\$ 944,737
2015	421,196	974,483
2014	404,646	891,126
2013	391,978	882,355
2012	409,093	912,360

New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. For fiscal years, beginning in 2012 and lasting through at least 2020, no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however local governments can exceed the tax levy limit by a 60% vote of the governing body. The Board of Commissioners, by unanimous vote, approves the annual budget as well as the property taxes levy to be assessed each year.



**OYSTER BAY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year ended December 31, 2016**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)**

The 2017 budget includes an overall increase in real property tax revenue in compliance with the property tax cap imposed by New York State. The 2017 tax levy of \$785,056 (a decrease of less than .2% from 2016) was below the levy limit. Budgeted expenditures increased less than .08% and are consistent with the amounts budgeted in the prior year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Secretary to the Board at Oyster Bay Water District, 45 Audrey Avenue, Oyster Bay, NY 11771.

## **BASIC FINANCIAL STATEMENTS**

**OYSTER BAY WATER DISTRICT**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

**Assets**

**Current assets:**

Cash and investments	\$ 2,016,611
Accounts receivable	309,364
Receivables - other	48,090
Due from Town of Oyster Bay	65,899
Prepaid expenses	22,687
Inventory of materials and supplies	40,365
<b>Total Current Assets</b>	<b>2,503,016</b>

**Noncurrent assets:**

Non-depreciable capital assets	162,145
Depreciable capital assets, net of depreciation	11,044,827
<b>Total Noncurrent Assets</b>	<b>11,206,972</b>

**Total Assets** 13,709,988

**Deferred Outflows of Resources**

Pensions	372,094
<b>Total Deferred Outflows of Resources</b>	<b>372,094</b>

**Liabilities**

**Current liabilities:**

Accounts payable and accrued expenses	89,175
Developer deposits	35,645
Due to Town of Oyster Bay	1,755,181
Current portion of long term liabilities	330,775
<b>Total Current Liabilities</b>	<b>2,210,776</b>

**Noncurrent liabilities:**

General obligation bonds payable	2,550,290
Compensated absences	218,099
Other postemployment benefits payable	1,347,512
Net pension liability - proportionate share	351,492
<b>Total Noncurrent Liabilities</b>	<b>4,467,393</b>

**Total Liabilities** 6,678,169

**Deferred Inflows of Resources**

Pensions	65,307
<b>Total Deferred Inflows of Resources</b>	<b>65,307</b>

**Net Position**

Net investment in capital assets	6,582,205
Restricted	1,141,555
Unrestricted	(385,154)
<b>Total Net Position</b>	<b>\$ 7,338,606</b>

See notes to financial statements.

**OYSTER BAY WATER DISTRICT**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**  
**STATEMENT OF ACTIVITIES**  
December 31, 2016

**Governmental Activities**

Expenses - Water supply services	\$ 2,319,863
<b>Program revenues</b>	
Charges for services	<u>1,034,004</u>
Net Program Expense	<u>(1,285,859)</u>
<b>General revenues</b>	
Real property taxes and other items	942,109
Use of money and property	411,772
Other local sources	<u>11,093</u>
Total General Revenues	<u>1,364,974</u>
<b>Change in Net Position</b>	79,115
<b>Net Position - Beginning of the Year</b>	<u>7,259,491</u>
<b>Net Position - End of the Year</b>	<u><u>\$ 7,338,606</u></u>

See notes to financial statements.

**OYSTER BAY WATER DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016**

<b>Assets</b>	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and investments	\$ 2,016,611		\$ 2,016,611
Accounts receivable	223,984		223,984
Receivables - other	48,090		48,090
Due from other fund		\$ 3,326	3,326
Due from Town of Oyster Bay	65,899		65,899
Inventory of materials and supplies	40,365		40,365
<b>Total Assets</b>	<b>\$ 2,394,949</b>	<b>\$ 3,326</b>	<b>\$ 2,398,275</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 49,482	\$ 3,604	\$ 53,086
Developer deposits	35,645		35,645
Due to other fund	3,326		3,326
Due to Town of Oyster Bay		1,755,181	1,755,181
<b>Total Liabilities</b>	<b>68,453</b>	<b>1,758,785</b>	<b>1,847,238</b>
<b>Deferred Inflows of Resources</b>			
Rental income - unavailable	40,000		40,000
<b>Total Deferred Inflows of Resources</b>	<b>40,000</b>		<b>40,000</b>
<b>Fund Equity (Deficit)</b>			
Non-spendable	40,365		40,365
Restricted	1,141,555		1,141,555
Assigned	333,068		333,068
Unassigned	751,508	(1,755,459)	(1,003,951)
<b>Total Fund Equity</b>	<b>2,266,496</b>	<b>(1,755,459)</b>	<b>511,037</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Equity</b>	<b>\$ 2,394,949</b>	<b>\$ 3,326</b>	<b>\$ 2,398,275</b>

**Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Position of Governmental Activities**

Total Governmental Fund Balances	\$ 511,037
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	125,380
Some expenditures requiring the use of current financial resources are recorded as expenditures in the fund statements but as prepaid expenses in the statement of net position since they benefit a future period.	22,687
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,206,972
Amounts reported for the District's deferred outflows for pensions are not considered a current available resource and is therefore not reported in the funds.	372,094
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General obligation bonds payable	(2,689,586)
Accrued interest payable	(36,089)
Other postemployment benefits payable	(1,347,512)
Compensated absences	(229,578)
Amounts reported for the proportionate share of the District's pension liabilities and/or deferred inflows are not due and payable in the current period and accordingly are not reported in the funds.	
Net pension liability-proportionate share	(351,492)
Pensions - deferred inflows	(65,307)
<b>Net Position of Governmental Activities</b>	<b>\$ 7,338,606</b>

See notes to financial statements.



**OYSTER BAY WATER DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**December 31, 2016**

	General	Capital Projects	Total
<b>Revenues</b>			
Real property taxes	\$ 868,511		\$ 868,511
Other real property tax items	73,598		73,598
Departmental income	1,033,795		1,033,795
Use of money and property	391,772		391,772
Other local sources	11,093		11,093
<b>Total Revenues</b>	<b>2,378,769</b>		<b>2,378,769</b>
<b>Expenditures</b>			
Home and Community Service - Water Supply Services			
Administration	437,498		437,498
Source of supply, power and pumping	142,600		142,600
Purification	49,337		49,337
Transmission and distribution	591,407		591,407
Employee benefits	447,437		447,437
Debt service	486,825		486,825
Capital outlay		\$ 875,548	875,548
<b>Total Expenditures</b>	<b>2,155,104</b>	<b>875,548</b>	<b>3,030,650</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>223,665</b>	<b>(875,548)</b>	<b>(651,881)</b>
<b>Other Financing Sources (Uses)</b>			
Interfund transfers in	45,650	37,260	82,910
Interfund transfers (out)	(37,260)	(45,650)	(82,910)
<b>Total Other Financing Sources (Uses)</b>	<b>8,390</b>	<b>(8,390)</b>	<b>-0-</b>
<b>Net Change in Fund Balance</b>	<b>232,055</b>	<b>(883,938)</b>	<b>(651,881)</b>
<b>Fund Balance (Deficit) Beginning of Year</b>	<b>2,034,441</b>	<b>(871,523)</b>	<b>1,162,918</b>
<b>Fund Balance (Deficit) End of Year</b>	<b>\$ 2,266,496</b>	<b>\$ (1,755,459)</b>	<b>\$ 511,037</b>
<b>Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities</b>			
<b>Net Changes in Fund Balances - Total Governmental Funds</b>			<b>\$ (651,881)</b>
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures while in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:			
Capital assets			933,459
Depreciation expense			(421,271)
The net effect of various miscellaneous transactions involving capital assets related to sales, trade-ins and disposals is to decrease net position			
The issuance of long-term debt provide current financial resources, while the repayment of bond principal consumes the current financial resources in the governmental funds.			
Payment of bond principal			369,568
(Increases)/decreases in the proportionate share of net pension assets/liabilities and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require the use of current fiscal resources and, therefore are not reported as revenues or expenditures in the governmental funds.			(30,032)
Certain revenues and expenses reported in the statement of activities are not reported as revenues or expenditures in governmental funds:			
Accounts receivable			20,209
Prepaid expenses			2,584
Accrued interest			3,808
Compensated absences			(11,204)
Other postemployment benefits			(138,105)
<b>Change in Net Position of Governmental Activities</b>			<b>\$ 79,115</b>

See notes to financial statements.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**A. Summary of Significant Accounting Policies**

The Oyster Bay Water District (the "District") is governed by Town Law and other general laws of the State of New York. The Board of Commissioners is the legislative body responsible for overall operations. The Board of Commissioners consists of three members, all of whom are elected by the residents of the District for terms of three years. The primary function of the District is to provide water service to district residents.

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

The District's more significant accounting policies are described below.

**1. Financial Reporting**

The Town of Oyster Bay, New York is financially accountable as a result of fiscal dependency for the Oyster Bay Water District. Long-term debt of the District, which is backed by the full faith and credit of the Town, and other fiscal matters results in fiscal interdependency with the Town. Accordingly, the Oyster Bay Water District has been determined to be a component unit of the Town of Oyster Bay, New York.

**2. Basis of Presentation**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds).

**Government-wide Financial Statements**

The government-wide financial statements report information on the District as a whole.

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

The government-wide Statement of Activities reports both the gross and net cost of the District's function (home and community service – water supply services), which are otherwise supported by general revenues (real property taxes, use of money and property, sale of property and compensation for loss, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues to produce the net cost of each program. Program revenues include (a) charges for services and (b) operating and capital grants and contributions that are directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants reflect capital-specific grants. The net cost is normally covered by general revenues. This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**OYSTER BAY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**A. Summary of Significant Accounting Policies (continued)**

**2. Basis of Presentation (continued)**

**Fund Financial Statements**

The emphasis in the fund financial statements is on the major funds. The District considers all funds to be major funds.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. Accordingly, the District maintains the following fund types:

**Governmental Funds** - Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. Governmental funds are further classified as major funds.

The District reports the following major governmental funds:

General Fund - is the principal operating fund of the District. This fund is used to account for all financial resources not accounted for and reported in another fund.

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

**3. Measurement Focus/Basis of Accounting**

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

In the government-wide Statement of Net Position and the Statement of Activities governmental activities are presented using the economic resources measurement focus and are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Interfund transactions have been eliminated from the government-wide financial statements.

**OYSTER BAY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**A. Summary of Significant Accounting Policies (continued)**

**3. Measurement Focus/Basis of Accounting (continued)**

In the funds statement, governmental activities use a current financial resource measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the year end except for grant revenue pursuant to a reimbursable grant arrangement which is recorded when eligible expenditures are incurred.

Expenditures are recorded when incurred except that:

- a. Principal and interest on indebtedness are not recognized as expenditures until due.
- b. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as expenditures when paid.

**4. Property Taxes and Delinquent Water Bills**

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

**5. Restricted Resources**

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

**6. Accounts Receivable**

Accounts receivables include amounts due from customers. Receivables are recorded and revenues recognized as earned. Revenue from unbilled water usage at year end is recognized in the government-wide financial statements. At December 31, 2016, the District considered all remaining accounts receivable to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

**7. Inventory of Materials and Supplies**

The District records inventory using the consumption method. Inventory is valued at cost utilizing the latest invoice price, which approximates the first-in, first-out method.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**Summary of Significant Accounting Policies (continued)**

**8. Prepaid Expenses**

Prepays in the government-wide statements, if any, represent retirement benefits that will benefit a future period.

**9. Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. This amount is related to the pension reported in the government-wide Statement of Net Position. This represents the differences between expected and actual experience, changes of assumptions, and the net difference between projected and actual earnings on pension plan investments. This amount also includes the District contributions to the pension systems subsequent to the measurement date. See Note F.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category. For the first item, the District reports unearned revenue from unavailable rental income. The unavailable rental income is deferred and will be recognized in the governmental funds as an inflow of resources in the period that the amounts become available. The second item is related to the pension reported in the government-wide Statement of Net Position. This represents the differences between expected and actual experience and the change in proportion and differences between the District's contributions and its proportionate share of contributions. See Note F.

**10. Interfund Receivables, Payables and Transfers**

Interfund receivable and payable balances for the District represent primarily the payment of financing sources and uses that will be reimbursed subsequent to year end. Interfund transfer balances represent the funding of capital expenditures through general fund appropriations.

**11. Capital Assets**

In the government-wide financial statements, capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Capital assets purchased or acquired with an original cost of \$1,000 or more are capitalized and included as capital assets in the government-wide financial statements. Prior to December 31, 2002, infrastructure assets consisting of water mains were capitalized at estimated historical cost.



**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**A. Summary of Significant Accounting Policies (continued)**

**11. Capital Assets (continued)**

Depreciation of all exhaustible capital assets and amortization of all finite intangible assets is recorded as an expense in the Statement of Activities, with accumulated depreciation and amortization reflected in the Statement of Net Position. Depreciation or amortization is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

- Buildings	40 years
- Improvements	20 years
- Wells, water tanks and structures	40 years
- Water main	50 years
- Machinery and equipment	10 - 20 years
- Office furniture and equipment	5 years
- Computer software	5 years
- Vehicle	8 years

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**12. Developer Deposits**

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

**13. Long-Term Debt**

All long-term debt and other long-term obligations are reported as liabilities in the government-wide statements. Long-term debt consists of general obligation bonds, compensated absences, other postemployment benefits payable and the net pension liability – proportionate share.

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

**14. Compensated Absences**

District employees earn vacation and sick leave in varying amounts. In the event of separation from service (except termination for cause), employees are paid for accumulated unused vacation and sick leave subject to certain limitations.

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements only the compensated absence liability payable from expendable available financial resources is recorded as a liability in the governmental fund statements.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**A. Summary of Significant Accounting Policies (continued)**

**15. Other Benefits**

Eligible District employees participate in the New York State and Local Employees' Retirement System.

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

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially, all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care and survivor's benefits are in accordance with New York State Health Insurance Rules and Regulations (administered by the New York State Department of Civil Service), and are provided through the New York State Empire Plan (the "Empire Plan") whose premiums are based on the benefits paid throughout the State during the year.

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

**16. Insurance**

The District purchases insurance against liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability not covered by insurance has been incurred and the amount of loss can be reasonably estimated. There have been no settlements in excess of insurance coverage over the last three years.

**17. Net Position and Fund Equity Classifications**

**Government-wide Financial Statements**

In government-wide financial statements equity is classified as net position and displayed in three components:

Net investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted net position—All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

**OYSTER BAY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**A. Summary of Significant Accounting Policies (continued)**

**17. Net Position and Fund Equity Classifications (continued)**

**Fund Financial Statements**

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

Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form, not available within a year, or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory of materials and supplies recorded in the general fund.

Restricted fund balance includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

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

Assigned fund balance includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners has the authority to assign amounts to be used for specific purposes. Assigned fund balances including all remaining amounts (except negative balances) that are not reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed.

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

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

**OYSTER BAY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**A. Summary of Significant Accounting Policies (continued)**

**18. Use of Estimates**

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

**19. New Accounting Principle**

The District has adopted all of the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended December 31, 2016, the District adopted:

Statement No. 72 *"Fair Value Measurement and Application"*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement had no effect on the District's financial statements.

Statement No. 73 *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This statement had no effect on the District's financial statements.

Statement No. 76 *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles. This statement had no effect on the District's financial statements.

Statement No. 77 *"Tax Abatement Disclosures"*. The objective of this Statement is to improve financial reporting by providing the users of financial statements with information about the nature and magnitude of tax abatements, and helping the users understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations, as well as the impact on the government's financial position and economic condition. This Statement had no effect on the District's financial statements.

**OYSTER BAY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**A. Summary of Significant Accounting Policies (continued)**

**19. New Accounting Principle (continued)**

Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans," amends the scope and applicability of Statement No. 68. This Statement establishes accounting and financial reporting standards for defined benefit pensions provided to employees of a state or local governmental employers through a cost-sharing multiple employer defined benefit pension plan that meets certain criteria of Statement No. 68 and that (a) is not a state or local governmental pension plan, (b) is used to provided defined benefit pensions both to employees of state/local governmental employers as well as to employees of non-state/local governmental employers and (c) has no predominant state or local governmental employer, either individually or collectively with other state or local governmental employers that provide pensions through the pension plan. This Statement had no effect on the District's financial statements.

Statement No. 79 "Certain External Investment Pools and Pool Participants". This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement had no effect on the District's financial statements.

**B. Stewardship, Compliance and Accountability**

**Budgetary Data**

The District's budget policies are as follows:

The District prepares an annual budget for the general fund, which is approved by the Board of Commissioners. The budget is then submitted to the Town of Oyster Bay for inclusion in the Town Budget and a public hearing is held thereon. The budget is not subject to referendum. The annual budget lapses at year-end and any revisions are adopted by resolution of the Board of Commissioners.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purpose, is employed in the governmental funds. Encumbrances are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in period in which the liability is incurred.

Budget(s) are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances (if any) carried forward from the prior year.



**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**B. Stewardship, Compliance and Accountability (continued)**

**Fund Balance**

In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. For fiscal years, beginning in 2012 and lasting through at least 2020, no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law. The Board of Commissioners, by unanimous vote, approves the annual budget as well as the property taxes levy to be assessed each year.

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of non-spendable fund balances, as well as the purposes for restricted and assigned fund balance. The unassigned fund balance is also shown.

	General Fund	Capital Projects Funds	Total
<b>Nonspendable:</b>			
Inventory of materials and supplies	\$ 40,365		\$ 40,365
Total Nonspendable	40,365	-0-	40,365
<b>Restricted for:</b>			
Capital projects - water system improvements	1,141,555		1,141,555
Total Restricted	1,141,555	-0-	1,141,555
<b>Assigned to:</b>			
Subsequent year's budget	333,068		333,068
Total Assigned	333,068	-0-	333,068
<b>Unassigned</b>	751,508	\$ (1,755,459)	(1,003,951)
<b>Total Fund Balances</b>	<b>\$ 2,266,496</b>	<b>\$ (1,755,459)</b>	<b>\$ 511,037</b>

The Capital Projects Fund deficit, in unassigned fund balance and total fund balance of \$1,755,459 at December 31, 2016, resulted from differences in timing between project expenditures and the recognition of corresponding permanent financing sources. This deficit will be eliminated in the subsequent years with the issuance of long term bonds.

The District received a settlement for the possible contamination related to the gasoline additive Methyl Tertiary Butyl Ether with which the Board of Commissioners established a capital reserve fund. This reserve fund will be used to finance the cost of construction, replacement or acquisition of water mains, tanks, land, buildings, related equipment and machinery, any of which may be necessitated as a result of the any detection of contaminants in the water supply, wells or any other facilities of the District. A summary of activity in this capital reserve is as follows:

Balance - 1/1/2016	\$ 696,365
Interest	349
Balance - 12/31/2016	<u>\$ 696,714</u>

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**B. Stewardship, Compliance and Accountability (continued)**

**Capital Projects Reserve**

The Board of Commissioners also established a capital reserve fund for general improvements to the system.

Balance – 1/1/2016	\$ 444,626
Interest	<u>215</u>
Balance – 12/31/2016	<u>\$ 444,841</u>

**C. Cash and Investments**

The District's investment policies are governed by state statutes. In addition, the District has its own written investment policy. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts, money market accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and time deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, and obligations of the State and its municipalities.

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

Deposits and investments are categorized according to custodial credit risk as either (a) insured or collateralized with securities held by the District or by its agent in the District's name, (b) collateralized with securities held by the pledging financial institution's trust department or agent in the District's name, or (c) uncollateralized.

At December 31, 2016, the District's cash and cash equivalents totaled \$2,016,611. The District's bank deposit balances were \$2,056,183 of which \$415,728 was covered by the Federal Deposit Insurance Corporation and \$1,640,456 was covered by collateral with a fair value of \$1,722,479 at December 31, 2016, and was held by the District's agent, a third-party financial institution, in the District's name.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
Capital assets not being depreciated				
Land	\$ 85,555			\$ 85,555
Construction in progress	1,103,129	\$ 922,841	\$ 1,949,380	76,590
Total capital assets not being depreciated	1,188,684	922,841	1,949,380	162,145
Depreciable capital assets				
Building	1,253,188			1,253,188
Improvements	1,079,084			1,079,084
Wells, water tanks and structures	6,579,979	1,949,380		8,529,359
Water mains	7,016,405			7,016,405
Machinery and equipment	465,983			465,983
Equipment	376,359	7,980		384,339
Office, furniture and equipment	77,008	2,638		79,646
Computer software	23,749			23,749
Vehicles	331,820			331,820
Total depreciable capital assets	17,203,575	1,959,998	-0-	19,163,573
Accumulated Depreciation				
Building	529,778	33,428		563,206
Improvements	624,837	54,250		679,087
Wells, water tanks and structures	1,942,127	168,713		2,110,840
Water mains	3,470,226	126,190		3,596,416
Machinery and equipment	414,962	5,506		420,468
Equipment	352,389	9,264		361,653
Office, furniture and equipment	77,003	483		77,486
Computer software	23,749			23,749
Vehicles	262,404	23,437		285,841
Total accumulated depreciation	\$ 7,697,475	\$ 421,271	\$ -0-	8,118,746
Total net depreciable capital assets				11,044,827
Total capital assets				\$ 11,206,972

Depreciation and amortization expense of \$421,271 was charged to water supply services expense for the year 2016.

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of capital assets has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At December 31, 2016, the District has not recorded any such impairment losses.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**E. Indebtedness**

Long-Term Debt

The following is a summary of changes in long-term liabilities for the year ended December 31, 2016:

	Balance 1/1/16	Increases	Reductions	Balance 12/31/16	Non-current Liabilities Due Within One Year
General obligation bonds	\$ 3,239,154		\$ (369,568)	\$ 2,869,586	\$ 319,296
Compensated absences	218,374	\$ 93,951	(82,747)	229,578	11,479
Other postemployment benefits	1,211,407	223,829	(87,724)	1,347,512	-0-
Net pension liability - proportionate share	81,414	388,295	(118,217)	351,492	-0-

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

Principal and interest payments to maturity of the general obligation serial bonds as of December 31, 2016 are as follows:

	Principal	Interest	Total
Years Ending December 31, 2017	\$ 319,296	\$ 105,381	\$ 424,677
2018	332,391	93,696	426,087
2019	331,891	80,409	412,300
2020	341,927	65,739	407,666
2021	312,972	51,586	364,558
2022-2026	939,979	129,867	1,069,846
2027-2028	291,130	10,734	301,864
	<u>\$ 2,869,586</u>	<u>\$ 537,412</u>	<u>\$ 3,406,998</u>

Interest expense of \$113,449 has been included in water supply service expense in the statement of activities. All long-term liabilities are paid from the general fund.

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

Other Postemployment Benefits - Represents the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows. Recognition of the liability accumulated from prior years is being phased in over 30 years, commencing with the 2007 liability.

Net Pension Liability - Proportionate Share - Represents the District's proportionate share of the NYS ERS net pension liability.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**F. Retirement System**

Plan Description and Benefits Provided

The District participates in the New York State and Local Employees' Retirement System ("System"). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at: [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System provides retirement benefits as well as death and disability benefits.

*Tiers 1 and 2*

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

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

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



**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**F. Retirement System (continued)**

Plan Description and Benefits Provided (continued)

*Tiers 3, 4, and 5*

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

Benefit calculation: Generally the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

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

*Tier 6*

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

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

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

*Ordinary Disability Benefits*

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

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**F. Retirement System (continued)**

Plan Description and Benefits Provided (continued)

*Accidental Disability Benefits*

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

*Ordinary Death Benefits*

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

*Post-Retirement Benefit Increases*

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

Contributions

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

The contribution paid during the current year was equal to 100% of the required payment. The contractually required contribution for the year ended December 31, 2016 was \$90,749.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**F. Retirement System (continued)**

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

At December 31, 2016, the District reported the following liability for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

Below is the District's proportionate share of the net pension liability of the System and its related employer allocation percentage.

	<u>ERS</u>
Actuarial valuation date	April 1, 2015
Net pension liability/(asset)	\$ 351,492
District's portion of the Plan's total net pension liability/(asset)	0.0021899%

There was no significant change in the District's portion of the Plan's total net pension liability from March 31, 2015 to March 31, 2016.

For the year ended December 31, 2016, the District's recognized pension expense of \$118,217 in the statement of activities. At December 31, 2016, the District's reported deferred outflows of resources related to pension from the following sources:

	<u>ERS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,776	\$ 41,663
Changes of assumptions	93,732	-0-
Net difference between projected and actual earnings on pension plan investments	208,524	-0-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-0-	23,644
District's contributions subsequent to the measurement date	<u>68,062</u>	<u>-0-</u>
Total	<u>\$ 372,094</u>	<u>\$ 65,307</u>

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**F. Retirement System (continued)**

The District's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	ERS
Year ending December 31, 2017	\$ 59,192
2018	59,192
2019	59,192
2020	61,149
	<u>\$ 238,725</u>

Actuarial Assumptions

The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS
Measurement date	March 31, 2016
Actuarial valuation date	April 1, 2015
Interest rate	7.0%
Salary scale	3.8%
Cost of living adjustment	1.3%
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

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

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**F. Retirement System (continued)**

The long term 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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

Asset type	ERS	
	Target Allocation	Long-term Expected Rate of Return
Domestic equity	38.0%	7.30%
International equity	13.0%	8.55%
Private equity	10.0%	11.00%
Real estate	8.0%	8.25%
Absolute return strategies	3.0%	6.75%
Opportunistic portfolio	3.0%	8.60%
Real assets	3.0%	8.65%
Bonds and mortgages	18.0%	4.00%
Cash	2.0%	2.25%
Inflation indexed bonds	2.0%	4.00%
	<u>100.0%</u>	

Discount Rate

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

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**F. Retirement System (continued)**

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
District's proportionate share Of the net pension liability/(asset)	\$ 792,588	\$ 351,492	\$ (21,216)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers participating in the System as of March 31, 2016, were as follows (in thousands):

	ERS
Employers' total pension liability	\$ 172,303,544
Plan Fiduciary Net Position	(156,253,265)
Employers' net pension asset/(liability)	\$ (16,050,279)

Ratio of plan fiduciary net position to the Employers' total pension liability	90.68%
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Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial statements.

**G. Postemployment Benefits (Obligations for Health Insurance)**

In the government-wide financial statements, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The District recognizes the costs of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provide information useful in assessing potential demands on the District's future cash flows. Recognition of the liability accumulated from prior years is being amortized over 30 years, which commenced in 2007.



**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**G. Postemployment Benefits (Obligations for Health Insurance) (continued)**

Plan Description

The District, per its contracts with employees, will pay the full premium costs for the medical insurance coverage (currently provided by Empire Plan Plus Enhancements of the New York State Government Employees Health Insurance Program) for an employee of the District at retirement, provided the employee has reached age 55 and has been employed by the District for at least 5 years prior to the date of retirement. Commissioners may become eligible for these benefits if they reach age 60 with 10 years of service while working for the District. These contracts will be renegotiated at various times in the future. The retiree is also eligible for Medicare reimbursement in the amount of \$1,259 per year. Upon death of an active employee with ten years of service, the District will pay eighty percent, or an amount determined by the Commissioners based on the circumstances of the District, of the cost to continue coverage for the non-remarried spouse and dependents of the employee.

The number of participants as of January 1, 2015, the effective date of the most recent actuarial valuation, follows. There have been no significant changes in the number or the type of coverage since that date.

Active employees	10
Retired employees	7
Spouses of retired employees	<u>1</u>
Total	<u>18</u>

Funding Policy

The District currently pays for other postemployment health care benefits on a pay-as-you-go basis.

Annual Other Postemployment Benefit Cost

For the year ended December 31, 2016, the District's annual other postemployment benefits cost (expenses) was \$223,829. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$87,724 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$136,105 for the year ended December 31, 2016.

Benefit Obligation and Normal Cost

	<u>Medical</u>	<u>Medicare B</u>	<u>Total</u>
Actuarial Accrued Liability (AAL)			
Retired employees	\$ 1,200,828	\$ 229,476	\$ 1,430,304
Active employees	1,446,371	240,885	1,687,256
Unfunded Actuarial Accrued Liability (AAL)	<u>\$ 2,647,199</u>	<u>\$ 470,361</u>	<u>\$ 3,117,560</u>

The District's annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount that actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**G. Postemployment Benefits (Obligations for Health Insurance) (continued)**

Annual Other Postemployment Benefit Cost (continued)

The following table shows the components of the District's other postemployment benefits liability:

Level Percentage of Projected Pay Amortization  
Calculation of ARC under the Entry Age Method

	Medical	Medicare B	Total
Normal cost	\$ 62,032	\$ 10,568	\$ 72,600
Amortization of unfunded actuarial liability (UAAL) over 30 years	134,510	24,073	158,583
Interest	6,190	1,156	7,346
Annual required contribution (ARC)	202,732	35,797	238,529
Interest on net OPEB Obligation	38,798	6,774	45,570
Adjustment to ARC	(51,311)	(8,959)	(60,270)
Annual OPEB Cost	190,217	33,612	223,829
Contribution for fiscal year ended December 31, 2016	77,492	10,232	87,724
Increase in other postemployment benefits liability	112,725	23,380	136,105
Other postemployment benefits liability at December 31, 2015	1,022,939	188,468	1,211,407
Other postemployment benefits liability at December 31, 2016	\$ 1,135,664	\$ 211,848	\$ 1,347,512
Percent of annual OPEB cost contributed	40.74%	30.44%	39.19%

The District's annual OPEB cost, the percent of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year and preceding two years is as follows:

	Annual OPEB Cost	Percent of annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 223,829	39.19%	\$ 1,347,512
2015	215,431	36.53%	1,211,407
2014	216,886	29.75%	1,074,663

Funded Status and Funding Progress

The funded status of the plan for the year ended January 1, 2015, projected for 2016, is as follows:

Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
\$ -0-	\$ 3,117,560	\$ 3,117,560	0%	\$ 538,005	579.5%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**G. Postemployment Benefits (Obligations for Health Insurance) (continued)**

Actuarial Methods and Assumptions

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the January 1, 2015 actuarial valuation, the liabilities were computed using the entry age normal method and level percentage of projected payroll of active plan members on an open basis. The actuarial assumptions utilized a 4.0% discount rate and a 2.5% payroll growth rate. The valuation assumes a 6 and 9% healthcare cost trend increase for post 65 and pre 65, respectively, with reduced decrements to a rate of 5% after one and four years, respectively.

**H. New Pronouncements**

GASB has issued Statement No. 75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of the new statement become effective for the District for the year ended December 31, 2017.

Statement No. 80, *"Blending Requirements for Certain Component Units – an Amendment of Statement No. 14"*. The objective of which is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The requirements of the new Statement become effective for the District for the year ended December 31, 2017.

Statement No. 82, *"Pension Issues – an Amendment of Statements No. 67, 68, and 73"*. The objective of which is to address issues regarding (a) the presentation of payroll-related measures in required supplementary information, (b) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (c) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of the new Statement become effective for the District for the year ended December 31, 2018.

**OYSTER BAY WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**H. New Pronouncements (continued)**

Statement No. 83, "*Certain Asset Retirement Obligations*". The objective of which is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of the new Statement become effective for the District for the year ended December 31, 2019

The District is currently evaluating the impact of the above pronouncements.

**J. Subsequent Events**

Subsequent events have been evaluated through the date of the report, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**OYSTER BAY WATER DISTRICT**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**December 31, 2016**

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
<b>Real Property Taxes</b>				
Ad valorem	\$ 786,727	\$ 786,727	\$ 747,661	\$ (39,066)
Special assessments	120,851	120,851	120,850	(1)
<b>Total Real Property Taxes</b>	<u>907,578</u>	<u>907,578</u>	<u>868,511</u>	<u>(39,067)</u>
<b>Other Real Property Tax Items</b>				
Payments in lieu of taxes	33,000	33,000	73,598	40,598
<b>Total Other Real Property Tax Items</b>	<u>33,000</u>	<u>33,000</u>	<u>73,598</u>	<u>40,598</u>
<b>Departmental Income</b>				
Metered water sales	810,000	810,000	944,737	134,737
Installation charges	10,000	10,000	5,195	(4,805)
Hydrant rentals and sprinkler charges	65,000	65,000	67,079	2,079
Interest and penalties - water rents	6,000	6,000	9,864	3,864
Other water charges	8,000	8,000	6,900	(1,100)
<b>Total Departmental Income</b>	<u>899,000</u>	<u>899,000</u>	<u>1,033,795</u>	<u>134,795</u>
<b>Use of Money and Property</b>				
Interest earnings	1,100	1,100	1,407	307
Tower rental	325,000	325,000	390,365	65,365
<b>Total Use of Money and Property</b>	<u>326,100</u>	<u>326,100</u>	<u>391,772</u>	<u>65,672</u>
<b>Other Local Sources</b>				
Refund of prior years expenditure	-0-	-0-	11,093	11,093
<b>Total Other Local Sources</b>	<u>-0-</u>	<u>-0-</u>	<u>11,093</u>	<u>11,093</u>
<b>Total Revenues</b>	<u>2,165,678</u>	<u>2,165,678</u>	<u>2,378,769</u>	<u>213,091</u>
<b>Other Financing Sources</b>				
Interfund transfers in	-0-	-0-	45,650	45,650
<b>Total Other Financing Sources</b>	<u>-0-</u>	<u>-0-</u>	<u>45,650</u>	<u>45,650</u>
<b>Total Revenues and Other Financing Sources</b>	<u>\$ 2,165,678</u>	<u>\$ 2,165,678</u>	<u>\$ 2,424,419</u>	<u>\$ 258,741</u>
<b>Expenditures</b>				
<b>Administration</b>				
Office salaries	\$ 172,000	\$ 172,000	\$ 170,196	\$ 1,804
Commissioners' fees	36,000	36,700	36,700	-0-
Office equipment	2,000	2,000	1,169	831
Computerization and software	8,500	9,780	9,776	4
Office utilities	9,000	9,000	8,175	825
Accounting and auditing	48,000	48,000	47,440	560
Legal	65,000	66,350	66,350	-0-
Insurance	80,000	50,000	47,427	2,573
Notices and advertising	4,000	4,000	2,127	1,873
Office maintenance & service contracts	32,000	31,720	25,782	5,938
Postage	8,000	8,000	7,867	133
Conferences, meetings and conventions	24,000	14,650	14,489	161
Contingencies	25,000	25,000	-0-	25,000
<b>Total Administration</b>	<u>513,500</u>	<u>477,200</u>	<u>437,496</u>	<u>39,702</u>
<b>Source of Supply, Power and Pumping</b>				
Electrical power	160,000	158,700	142,600	16,100
<b>Total Source of Supply, Power and Pumping</b>	<u>160,000</u>	<u>158,700</u>	<u>142,600</u>	<u>16,100</u>
<b>Purification</b>				
Chemical treatment and analysis	42,000	49,700	49,337	363
<b>Total Purification</b>	<u>42,000</u>	<u>49,700</u>	<u>49,337</u>	<u>363</u>

(continued)

See Independent Auditor's Report.



**OYSTER BAY WATER DISTRICT**  
**DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**December 31, 2016**

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
<b>Transmission and Distribution</b>				
Personal services - plant salaries	445,000	457,975	457,975	-0-
Equipment - vehicles	-0-	-0-	-0-	-0-
Equipment - plant	8,000	13,000	8,524	4,476
Repairs and maintenance - plant	70,000	81,000	47,112	13,888
Plant supplies	3,000	2,660	1,448	1,211
Small tools and equipment	-0-	340	305	5
Plant communications	10,000	10,000	8,165	1,835
Meters and supplies	35,000	32,000	31,998	2
Engineering	25,000	25,910	25,906	4
Auto expense	22,000	15,615	6,908	8,707
Miscellaneous	4,000	4,000	3,035	965
<b>Total Transmission and Distribution</b>	<b>622,000</b>	<b>622,600</b>	<b>591,407</b>	<b>31,093</b>
<b>Employee Benefits</b>				
State retirement	100,000	90,749	90,749	-0-
Social security	56,300	61,709	53,934	7,775
Hospital and medical insurance	230,000	234,000	229,513	4,487
Workers compensation insurance		25,400	25,399	1
Hospital and medical insurance - buy back	44,000	47,842	47,842	-0-
<b>Total Employee Benefits</b>	<b>430,300</b>	<b>459,700</b>	<b>447,437</b>	<b>12,263</b>
<b>Debt Service</b>				
Serial bonds				
Principal	369,568	369,568	369,568	-0-
Interest	117,811	117,811	117,257	554
<b>Total Debt Principal and Interest</b>	<b>487,379</b>	<b>487,379</b>	<b>486,825</b>	<b>554</b>
<b>Total Expenditures</b>	<b>2,255,179</b>	<b>2,255,179</b>	<b>2,155,104</b>	<b>100,075</b>
<b>Other Financing Uses</b>				
Interfund transfers out	300,000	300,000	37,260	262,740
<b>Total Other Financing Uses</b>	<b>300,000</b>	<b>300,000</b>	<b>37,260</b>	<b>262,740</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>2,555,179</b>	<b>2,555,179</b>	<b>2,192,364</b>	<b>362,815</b>
<b>Change in Fund Balance</b>	<b>\$ (389,501)</b>	<b>\$ (389,501)</b>	<b>232,055</b>	<b>\$ 621,556</b>
<b>Fund Balance at Beginning of Year</b>			<b>2,034,441</b>	
<b>Fund Balance at End of Year</b>			<b>\$ 2,266,496</b>	

See Independent Auditor's Report.

**OYSTER BAY WATER DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS**  
**December 31, 2016**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Liability as a Percentage of Covered Payroll</u>
1/1/2015*	\$ -0-	\$ 3,117,560	\$ 3,117,560	0%	\$ 538,005	579.5%
1/1/2015	\$ -0-	\$ 3,013,983	\$ 3,013,983	0%	\$ 524,883	574.2%
1/1/2013	\$ -0-	\$ 2,739,981	\$ 2,739,981	0%	\$ 560,999	488.4%
1/1/2011	\$ -0-	\$ 2,684,841	\$ 2,684,841	0%	\$ 539,664	497.5%

\* Projected for 2016

See Independent Auditor's Report.

**OYSTER BAY WATER DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
 December 31, 2016

NYSERS	2016	2015	2014
District's proportion of the net pension liability (asset)	0.00219%	0.00241%	0.00241%
District's proportionate share of the net pension liability (asset)	\$ 351,492	\$ 81,414	\$ 108,902
District's covered-employee payroll	\$ 585,112	\$ 643,019	\$ 654,928
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	60.07%	12.66%	16.63%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	97.95%	97.95%	97.20%

**OYSTER BAY WATER DISTRICT**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**  
**December 31, 2016**

	NYSERS									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 90,749	\$ 93,167	\$ 89,104	\$ 137,135	\$ 127,933	\$ 72,641	\$ 83,259	\$ 57,810	\$ 52,749	\$ 54,026
Contributions in relation to the contractually required contribution	90,749	93,167	89,104	137,135	127,933	72,641	83,259	57,810	52,749	54,026
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered-employee payroll*	\$ 659,536	\$ 636,517	\$ 646,965	\$ 691,401	\$ 648,605	\$ 634,604	\$ 817,358	\$ 696,603	\$ 656,238	\$ 564,353
Contributions as a percentage of covered-employee payroll	13.76%	14.64%	13.77%	19.83%	19.72%	11.45%	10.19%	8.30%	8.04%	9.57%

\* Estimated

See Independent Auditor's Report.

## **OTHER SUPPLEMENTAL INFORMATION**

**OYSTER BAY WATER DISTRICT  
CAPITAL PROJECTS FUNDS  
SCHEDULE OF PROJECT EXPENDITURES  
December 31, 2016**

Capital Project	Expenditures		Total
	Prior Years	Current Year	
Plant 4 rehabilitation	\$ 1,105,650	\$ 843,730	\$ 1,949,380
Plant 1 - SCADA	3,876	-0-	3,876
Shutter Lane Piping	40,898	31,816	72,714
Total Expenditures	<u>\$ 1,150,424</u>	<u>\$ 875,546</u>	<u>\$ 2,025,970</u>

See Independent Auditor's Report.