

OYSTER BAY WATER DISTRICT
AUDITED FINANCIAL STATEMENTS
Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Oyster Bay Water District
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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, 2015, 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, 2015, 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.

Change in Accounting Principle

As described in Note A-19 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement NO. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB No. 68*. Our opinion is not modified with respect to this matter.

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 34 through 38, 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 39 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, 2015**

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, 2015 in comparison with the year ended December 31, 2014, 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, 2015**

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,**

	2015	2014
Assets		
Current and other assets	\$ 2,301,112	\$ 2,288,960
Capital assets	10,694,784	9,926,813
Total Assets	12,995,896	12,215,773
Deferred Outflows of Resources		
Pensions	89,790	
Total Deferred Outflows of Resources	89,790	-0-
Liabilities		
Current liabilities	1,433,284	526,598
Noncurrent liabilities	4,369,862	4,499,698
Total Liabilities	5,803,146	5,026,296
Deferred Inflows of Resources		
Pensions	23,049	
Total Deferred Inflows of Resources	23,049	-0-
Net Position		
Invested in capital assets	6,583,454	6,515,182
Restricted	1,140,991	996,505
Unrestricted	(464,954)	(322,210)
Total Net Position	\$ 7,259,491	\$ 7,189,477
	2015	2014
Changes in Net Position for the years ended December 31,		
Program Revenues		
Charges for services	\$ 1,076,733	\$ 930,967
Total Program Revenues	1,076,733	930,967
General Revenues		
Real property taxes	918,408	915,251
Use of money and property	407,340	438,396
Sale of property and compensation for loss	10,152	-0-
Other local sources	-0-	31,060
State aid	3,065	-0-
Total General Revenues	1,338,965	1,384,707
Total Revenues	2,415,698	2,315,674
Expenses - Water supply services	2,301,397	2,347,191
Changes in Net Position	114,301	(31,517)
Net Position - Beginning of the Year	7,189,477	7,220,994
Cumulative Effect of Change in Accounting Principle, See Note J	(44,287)	-0-
Net Position - Beginning of the Year, as Restated	7,145,190	7,220,994
Net Position - End of the Year	\$ 7,259,491	\$ 7,189,477

**OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2015**

FINANCIAL HIGHLIGHTS

The District's financial statements presented herein are for the year ended December 31, 2015 and the cumulative effect of applying GASB Statement No. 68, "Accounting and Reporting for Pensions" and GASB Statement No. 71, "Pension Transition Guidance for Contributions Made Subsequent to the Measurement Date" is shown as an adjustment to the beginning net position of fiscal year 2015. Accordingly, the condensed financial information presented above also reflects this cumulative effect of the accounting change to beginning net position of fiscal year 2015. The condensed financial information for the year ended December 31, 2014 was not restated as the information was not available.

The District's total assets and deferred outflows of resources at December 31, 2015 were \$13,085,686, an increase of \$869,913 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, 2015 were \$5,826,195, an increase of \$799,899 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, 2015 was \$7,259,491, an increase of \$70,014, from the prior year. Of the District's total net position \$6,583,454 was invested in capital assets net of related debt, \$1,140,991 is restricted for acquisition of capital assets and (\$464,954) was unrestricted.

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. It is not currently required that this liability for OPEB actually be funded, accordingly, unrestricted net position will be impacted in subsequent years due to the recognition of this liability for OPEB.

Program revenues were \$1,076,733 in the current year, which were \$145,766 more than the prior year. The increase was due to an increase in metered water sales.

General revenues were \$1,338,965 in the current year, a decrease of \$45,742.

Total operating expenses were \$2,301,397 in the current year, which were overall \$45,794 less 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	\$ 2,216,941	\$ 2,216,941	\$ 2,390,087	\$ 173,146
Expenditures	(2,251,548)	(2,251,548)	(2,119,236)	132,312
Other Sources and Uses				
Transfers out - Capital Projects	(300,000)	(300,000)	(156,011)	143,989
Net Change in Fund Balance	\$ (334,607)	\$ (334,607)	\$ 114,840	\$ 449,447

OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

The general fund reported revenues and other sources in excess of expenditures and other uses this year of \$114,840 increasing the fund balance to \$2,034,441. Actual revenues exceeded estimated revenues by \$173,146. Budgeted expenditures were more than actual expenditures by \$132,312. Actual transfer to and from the capital projects fund were less than budgeted by \$143,989.

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 2015, the District purchased capital assets and made improvements to the water system totaling as follows:

Construction in progress	\$ 1,150,426
Water mains	130,330
Vehicles	38,194
Total Costs	<u>\$ 1,318,950</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 million of capital expenditures over the next several years.

At year-end, the District had \$3,239,154 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
2015	421,196	\$ 974,483
2014	404,646	891,126
2013	391,978	882,355
2012	409,093	912,360
2011	380,872	858,284

**OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

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.

The 2016 budget includes an overall increase in real property tax revenue in compliance with the property tax cap imposed by New York State. The 2016 tax levy of \$786,727 (an increase of less than .01% from 2015) was below the levy limit. Budgeted expenditures increased less than .01% 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.

OYSTER BAY WATER DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
December 31, 2015

Assets

Current assets:

Cash and investments	\$ 1,879,512
Accounts receivable	308,014
Receivables - other	43,528
Prepaid expenses	20,123
Inventory of materials and supplies	49,935

Total Current Assets 2,301,112

Noncurrent assets:

Non-depreciable capital assets	1,188,684
Depreciable capital assets, net of depreciation	9,506,100

Total Noncurrent Assets 10,694,784

Total Assets 12,995,896

Deferred Outflows of Resources

Pensions	89,790
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Total Deferred Outflows of Resources 89,790

Liabilities

Current liabilities:

Accounts payable and accrued expenses	107,058
Collections in advance	24,559
Developer deposits	35,645
Due to Town of Oyster Bay	885,535
Current portion of long term liabilities	380,487

Total Current Liabilities 1,433,284

Noncurrent liabilities:

General obligation bonds payable	2,869,586
Compensated absences	207,455
Other postemployment benefits payable	1,211,407
Net pension liability - proportionate share	81,414

Total Noncurrent Liabilities 4,369,862

Total Liabilities 5,803,146

Deferred Inflows of Resources

Pensions	23,049
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Total Deferred Inflows of Resources 23,049

Net Position

Investment in capital assets, net of related debt	6,583,454
Restricted	1,140,991
Unrestricted	(464,954)

Total Net Position \$ 7,259,491

See notes to financial statements.

OYSTER BAY WATER DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
December 31, 2015

Governmental Activities

Expenses - Water supply services	\$ 2,301,397
Program revenues	
Charges for services	<u>1,076,733</u>
Total Program revenues	1,076,733
Net Program Expense	<u>(1,224,664)</u>
General revenues	
Real property taxes and other items	918,408
Use of money and property	407,340
Sale of property and compensation for loss	10,152
State aid	<u>3,065</u>
Total General Revenues	<u>1,338,965</u>
Change in Net Position	<u>114,301</u>
Net Position - Beginning of the Year	7,189,477
Cummulative Effect of Change in Accounting Principle	<u>(44,287)</u>
Net Position - Beginning of the Year, as Restated	<u>7,145,190</u>
Net Position - End of the Year	<u>\$ 7,259,491</u>

See notes to financial statements.

**OYSTER BAY WATER DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015**

Assets	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and investments	\$ 1,879,512		\$ 1,879,512
Accounts receivable	222,843		222,843
Receivables - other	23,528		23,528
Due from other fund		33,980	33,980
Inventory of materials and supplies	49,935		49,935
Total Assets	<u>\$ 2,175,818</u>	<u>\$ 33,980</u>	<u>\$ 2,209,798</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 33,181	33,980	\$ 67,161
Developer deposits	35,845		35,845
Due to other fund	33,980		33,980
Due to Town of Oyster Bay	14,012	871,523	885,535
Unearned Revenue	24,559		24,559
Total Liabilities	<u>141,377</u>	<u>905,503</u>	<u>1,046,880</u>
Fund Equity (Deficit)			
Non-assignable	49,935		49,935
Restricted	1,140,991		1,140,991
Assigned	343,851		343,851
Unassigned	499,664	(871,523)	(371,859)
Total Fund Equity	<u>2,034,441</u>	<u>(871,523)</u>	<u>1,162,918</u>
Total Liabilities and Fund Equity	<u>\$ 2,175,818</u>	<u>\$ 33,980</u>	<u>\$ 2,209,798</u>

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

Total Governmental Fund Balances	\$ 1,162,918
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	105,171
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.	20,123
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,694,784
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.	89,790
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General obligation bonds payable	(3,239,154)
Accrued interest payable	(39,897)
Other postemployment benefits payable	(1,211,407)
Compensated absences	(219,374)
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	(81,414)
Pensions - deferred inflows	(23,049)

Net Position of Governmental Activities

\$ 7,259,491

See notes to financial statements.

OYSTER BAY WATER DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
 December 31, 2015

	General	Capital Projects	Total
Revenues			
Real property taxes	\$ 884,343		\$ 884,343
Other real property tax items	34,065		34,065
Departmental income	1,071,122		1,071,122
Use of money and property	387,340		387,340
Sale of property and compensation for loss	10,152		10,152
State aid	3,065		3,065
Total Revenues	2,390,067		2,390,067
Expenditures			
Home and Community Service - Water Supply Services			
Administration	432,662		432,662
Source of supply, power and pumping	158,915		158,915
Purification	29,902		29,902
Transmission and distribution	605,519		605,519
Employee benefits	403,902		403,902
Debt service	488,336		488,336
Capital outlay		1,197,722	1,197,722
Total Expenditures	2,119,236	1,197,722	3,316,958
Excess (Deficiency) of Revenues over (under) Expenditures	270,851	(1,197,722)	(926,871)
Other Sources (Uses) of Funds			
Interfund transfers in (out)	(156,011)	156,011	
Total Other Sources and (Uses) of Funds	(156,011)	156,011	-0-
Net Change in Fund Balance	114,840	(1,041,711)	(926,871)
Fund Balance (Deficit) Beginning of Year	1,919,601	170,188	2,089,789
Fund Balance End of Year	\$ 2,034,441	\$ (871,523)	\$ 1,162,918

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Net Changes in Fund Balances - Total Governmental Funds		\$ (926,871)
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		1,188,618
Depreciation expense		(420,649)
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		338,515
(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.		29,614
Certain revenues and expenses reported in the statement of activities are not reported as revenues or expenditures in governmental funds:		
Accounts receivable		25,611
Prepaid expenses		(4,367)
Accrued interest		21,173
Employees' retirement system		22,111
Compensated absences		(22,710)
Other postemployment benefits		(136,744)
Change in Net Position of Governmental Activities		\$ 114,301

BASIC FINANCIAL STATEMENTS

**OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

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 and receivables as well as long-term debt and obligations. The District's net position is reported in three parts—invested in capital assets, net of related debt; 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, operating and capital grants 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, 2015**

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, 2015**

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.

Expenditures are recorded when incurred except that:

- a. Expenditures for prepaid expenses are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as expenditures until due.
- c. 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, 2015, 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.

8. Prepaid Expenses

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

**OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

A. Summary of Significant Accounting Policies (continued)

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 effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. 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 one item that qualifies for reporting in this category. This represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense.

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, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Fixed 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.

Depreciation of all exhaustible fixed 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.

**OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

A. Summary of Significant Accounting Policies (continued)

11. Capital Assets (continued)

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
- Vehicle	8 years
- Computer software	5 years

In the fund financial statements, fixed 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, accrued 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, 2015**

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:

Invested in capital assets, net of related debt—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 "invested in capital assets, net of related debt."

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, 2015**

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, 2015**

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, 2015, the District adopted:

Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. These Statements establish financial reporting standards for state and local governments which have defined benefit plans and defined contribution pension plans that are administered through trusts or equivalent arrangements. The Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures as related to defined benefit and contribution plans. The implementation of this Statement resulted in reporting a restatement of the District's net position (see Note I) and required additional note disclosure as well as required supplementary information.

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, 2015

B. Stewardship, Compliance and Accountability (continued)

Budgetary Data (continued)

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 June 15, 2016, 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.

Fund Balance

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
Nonspendable:			
Inventory of materials and supplies	\$ 49,935		\$ 49,935
Total Nonspendable	<u>49,935</u>	<u>-0-</u>	<u>49,935</u>
Restricted for:			
Capital projects - water system improvements	1,140,991		1,140,991
Total Restricted	<u>1,140,991</u>	<u>-0-</u>	<u>1,140,991</u>
Assigned to:			
Subsequent year's budget	343,851		343,851
Total Assigned	<u>343,851</u>	<u>-0-</u>	<u>343,851</u>
Unassigned	<u>499,664</u>	<u>\$ (871,523)</u>	<u>(371,859)</u>
Total Fund Balances	<u>\$ 2,034,441</u>	<u>\$ (871,523)</u>	<u>\$ 1,162,918</u>

The Capital Projects Fund deficit, in unassigned fund balance and total fund balance of \$871,523 at December 31, 2015, 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 contaminates in the water supply, wells or any other facilities of the District. A summary of activity in this capital reserve is as follows:

Balance – 1/1/2015	\$ 696,017
Interest	<u>348</u>
Balance – 12/31/2015	<u>\$ 696,365</u>

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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 – 1/1/2015	\$ 300,488
Increase in capital reserve	143,987
Interest	<u>151</u>
Balance – 12/31/2015	<u>\$ 444,626</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, 2015, the District's cash and cash equivalents totaled \$1,879,512. The District's bank deposit balances were \$1,930,320 of which \$500,000 was covered by the Federal Deposit Insurance Corporation and \$1,430,320 was covered by collateral with a fair value of \$1,564,056 at December 31, 2015, and is 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, 2015**

D. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 1/1/2015	Additions	Deletions	Balance 12/31/2015
Capital assets not being depreciated				
Land	\$ 85,555			\$ 85,555
Construction in progress	83,035	\$ 1,150,426	\$ 130,332	1,103,129
Total capital assets not being depreciated	168,590	1,150,426	\$ 130,332	1,188,684
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			6,579,979
Machinery and equipment	465,983			465,983
Water mains	6,886,075	130,330		7,016,405
Equipment	376,359			376,359
Office, furniture and equipment	77,008			77,008
Computer software	23,749			23,749
Vehicles	349,877	38,194	56,251	331,820
Total depreciable capital assets	17,091,302	168,524	56,251	17,203,575
Accumulated Depreciation				
Building	496,350	33,428		529,778
Improvements	569,902	54,935		624,837
Wells, water tanks and structures	1,773,414	168,713		1,942,127
Machinery and equipment	409,456	5,506		414,962
Water mains	3,346,208	124,018		3,470,226
Equipment	340,861	11,528		352,389
Office, furniture and equipment	76,972	31		77,003
Computer software	23,749			23,749
Vehicles	296,165	22,490	56,251	262,404
Total accumulated depreciation	\$ 7,333,077	\$ 420,649	\$ 56,251	7,697,475
Total net depreciable capital assets				9,506,100
Total capital assets				\$ 10,694,784

Depreciation and amortization expense of \$420,649 was charged to water supply services expense for the year 2015.

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, 2015, the District has not recorded any such impairment losses

**OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

E. Indebtedness

Long-Term Debt

The following is a summary of changes in long-term liabilities for the year ended December 31, 2015:

	Restated Balance 1/1/15	Increases	Reductions	Balance 12/31/15	Non-current Liabilities Due Within One Year
General obligation bonds	\$ 3,577,669		\$ (338,515)	\$ 3,239,154	\$ 369,568
Compensated absences	195,864	\$ 92,191	(69,481)	218,374	10,919
Due to employees' retirement system	22,111		(22,111)	-0-	-0-
Other postemployment benefits	1,074,663	215,431	(78,687)	1,211,407	-0-
Net pension liability - proportionate share	108,902	84,665	(112,153)	81,414	-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, 2015 are as follows:

	Principal	Interest	Total
Years Ending December 31, 2016	\$ 369,568	\$ 117,257	\$ 486,825
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
2021-2025	1,090,731	166,782	1,257,513
2026-2028	453,350	25,405	478,755
	<u>\$ 3,239,154</u>	<u>\$ 654,669</u>	<u>\$ 3,893,823</u>

Interest expense of \$149,821 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.

**OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

E. Indebtedness (continued)

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 Districts proportionate share of the NYS ERS net pension liability.

F. Retirement System

Plan Description

The District participates in the New York State 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. 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 or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policy

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who contribute 3% of their salary for their entire length of service. In addition, employee contribution rates that joined after April 1, 2012 are required to contribute between 3% and 6%, depending upon their salary through active membership. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Contributions paid during the current year and two preceding years were equal to 100 percent of the required payment, and were as follows:

	Amount	Reconciliation & Miscellaneous Adjustments	Total Payment
2015	\$ 93,167	\$ 23,555	\$ 116,722
2014	89,104	23,556	112,660
2013	137,135	23,556	160,691

**OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

F. Retirement System (continued)

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

At December 31, 2015, 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, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2014. 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.

	ERS
Actuarial valuation date	April 1, 2014
Net pension asset/(liability)	\$ (81,414)
District's portion of the Plan's total net pension asset/(liability)	0.0024100%

There was no change in the District's proportionate share from March 31, 2014 to March 31, 2015.

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

For the year ended December 31, 2015, the District's recognized pension expense of \$67,918 in the statement of activities. At December 31, 2015, the District's reported deferred outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	ERS	ERS
Differences between expected and actual experience	\$ 2,606	\$ -0-
Changes of assumptions	-0-	-0-
Net difference between projected and actual earnings on pension plan investments	14,141	-0-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-0-	23,049
District's contributions subsequent to the measurement date	73,043	-0-
Total	\$ 89,790	\$ 23,049

**OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

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, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>
Year ending December 31, 2016	\$ (1,575)
2017	(1,575)
2018	(1,575)
2019	(1,575)
2020	-0-
Thereafter	-0-

Actuarial Assumptions

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>
Measurement date	March 31, 2015
Actuarial valuation date	April 1, 2014
Interest rate	7.5%
Salary scale	4.9%
Decrement tables	April 1, 2005 - March 31, 2010 System's Experience
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2005 – March 31, 2010 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, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

F. Retirement System (continued)

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below:

	ERS	
	Target Allocation	Long-term Expected Rate of Return
Measurement date		March 15, 2015
Asset type		
Domestic equity	38.0%	7.30%
International equity	13.0%	8.55%
Real estate	8.0%	8.25%
Alternative investments	19.0%	6.75-11.00%
Bonds and mortgages	18.0%	4.00%
Cash	2.0%	2.25%
Inflation indexed bonds	2.0%	4.00%
	100.0%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. 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.

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 7.5%, 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 (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share Of the net pension asset/(liability)	\$ (542,661)	\$ (81,414)	\$ 307,992

**OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

F. Retirement System (continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability as of March 31, 2015 were as follows:

	(Dollars in Thousands)
	ERS
Valuation date	April 1, 2014
Employers' total pension liability	\$ 164,591,504
Plan Fiduciary Net Position	161,213,259
Employers' net pension asset/(liability)	\$ (3,378,245)

Ratio of plan fiduciary net position to the Employers' total pension liability	97.95%
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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.

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	1
Total	18

**OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

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

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, 2015, the District's annual other postemployment benefits cost (expenses) was \$215,431. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$78,687 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$136,744 for the year ended December 31, 2015.

Benefit Obligation and Normal Cost

	<u>Medical</u>	<u>Medicare B</u>	<u>Total</u>
Actuarial Accrued Liability (AAL)			
Retired employees	\$ 1,049,537	\$ 206,339	\$ 1,255,876
Active employees	1,511,375	246,732	1,758,107
Unfunded Actuarial Accrued Liability (AAL)	<u>\$ 2,560,912</u>	<u>\$ 453,071</u>	<u>\$ 3,013,983</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.

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

	<u>Medical</u>	<u>Medicare B</u>	<u>Total</u>
Normal cost	\$ 60,519	\$ 10,310	\$ 70,829
Amortization of unfunded actuarial liability (UAAL) over 30 years	126,627	22,583	149,210
Interest	5,935	1,089	7,024
Annual required contribution (ARC)	193,081	33,982	227,063
Interest on net OPEB Obligation	34,572	5,936	40,508
Adjustment to ARC	(44,499)	(7,641)	(52,140)
Annual OPEB Cost	183,154	32,277	215,431
Contribution for fiscal year ended December 31, 2015	69,875	8,812	78,687
Increase in other postemployment benefits liability	113,279	23,465	136,744
Other postemployment benefits liability at December 31, 2014	909,660	165,003	1,074,663
Other postemployment benefits liability at December 31, 2015	<u>\$ 1,022,939</u>	<u>\$ 188,468</u>	<u>\$ 1,211,407</u>
Percent of annual OPEB cost contributed	38.15%	27.30%	36.53%

**OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

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

Annual Other Postemployment Benefit Cost (continued)

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
2015	\$ 215,431	36.53%	\$ 1,211,407
2014	216,886	29.75%	1,074,663
2013	207,935	30.37%	922,291

Funded Status and Funding Progress

The funded status of the plan for the year ended January 1, 2015, 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-	\$ 3,013,983	\$ 3,013,983	0%	\$ 524,883	574.2%

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.

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. The actuarial assumptions utilized a 4.0% discount rate and a 2.5% payroll growth rate. The valuation assumes a 6-9% healthcare cost trend increase for the year ended 2015, reduced decrements to a rate of 5% after four years. The remaining amortization period at December 31, 2015 was twenty-one years.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

H. Commitments and Contingencies

Capital Improvements

The District is committed to the long-term maintenance of the water system and plans capital improvements on a regular basis. The District is currently committed on contract or is planning additional improvements amounting to approximately \$4 million within the next one to two years.

I. Cumulative Effect of Change in Accounting Principle

For the year ended December 31, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for contributions Made Subsequent to the Measurement date, an amendment to GASB 68*. The implementation of Statement No. 68 and No. 71 resulted in the retroactive reporting of a liability and deferred outflow of resources related to the District's participation in the NYS Local Employees Retirement System. As a result, the District's January 1, 2015 governmental activities net position was decreased by \$44,287 from \$7,189,477 to \$7,145,190.

Below details the changes:

Net position (deficit) beginning of year, as reported	\$ 7,189,477
GASB Statements No. 68 and 71 implementation	
Beginning System liability - Employees' Retirement System	(108,902)
Beginning deferred outflow of resources for contributions subsequent to the measurement date	
Employees' Retirement System	<u>64,615</u>
Net position (deficit) beginning of year, as restated	<u>\$ 7,145,190</u>

J. New Pronouncements

The Governmental Accounting Standards Board ("GASB") has issued 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. The requirements of the new statement become effective for the District for the year ended December 31, 2016.

GASB has issued 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. The requirements of the new statement become effective for the District for the year ended December 31, 2016.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

J. New Pronouncements (continued)

GASB has issued Statement No. 74 *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of the new statement become effective for the District for the year ended December 31, 2017.

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.

GASB has issued 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 (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of the new statement become effective for the District for the year ended December 31, 2016.

GASB has issued Statement No. 77 *“Tax Abatement Disclosures”*. The objective of this Statement is to provide additional disclosures in financial statements prepared by state and local governments in conformity with generally accepted accounting principles, and provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. The requirements of the new statement become effective for the District for the year ended December 31, 2016.

GASB has issued Statement No. 78 *“Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans”*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of the new statement become effective for the District for the year ended December 31, 2016.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

J. New Pronouncements (continued)

GASB has issued 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. The requirements of the new statement become effective for the District for the year ended December 31, 2016.

The District is currently evaluating the impact of the above pronouncements

K. Subsequent Events

Subsequent events have been evaluated through July 27, 2016, 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, 2015

	Budget Amounts		Actual	Variance
	Original	Final	Amounts Budget Basis	Positive (Negative)
Revenues				
Real Property Taxes				
Ad valorem	\$ 783,932	\$ 783,932	763,335	\$ (20,597)
Special assessments	121,009	121,009	121,008	(1)
Total Real Property Taxes	904,941	904,941	884,343	(20,598)
Other Real Property Tax Items				
Payments in lieu of taxes	33,000	33,000	34,065	1,065
Total Other Real Property Tax Items	33,000	33,000	34,065	1,065
Departmental Income				
Metered water sales	780,000	780,000	974,483	194,483
Installation charges	10,000	10,000	6,785	(3,235)
Hydrant rentals and sprinkler charges	65,000	65,000	65,810	610
Interest and penalties - water rents	6,000	6,000	8,738	2,738
Other water charges	8,000	8,000	15,526	7,526
Total Departmental Income	869,000	869,000	1,071,122	202,122
Use of Money and Property				
Interest earnings	2,000	2,000	1,562	(438)
Tower rental	408,000	408,000	385,778	(22,222)
Total Use of Money and Property	410,000	410,000	387,340	(22,660)
Sale of Property and Compensation for Loss				
Sale of property	-0-	-0-	10,152	10,152
Total Sale of Property and Compensation for Loss	-0-	-0-	10,152	10,152
State Aid				
Emergency disaster assistance	-0-	-0-	3,065	3,065
Total State Aid	-0-	-0-	3,065	3,065
Total Revenues	\$ 2,216,941	\$ 2,216,941	2,390,087	\$ 173,146
Expenditures				
Administration				
Office salaries	\$ 162,000	\$ 167,000	166,977	\$ 23
Commissioners' fees	36,000	35,000	34,200	800
Office equipment	3,000	3,000	1,302	1,698
Computerization and software	8,500	8,500	4,379	4,121
Office utilities	9,000	9,000	8,708	292
Accounting and auditing	48,000	48,200	48,119	81
Legal	70,000	55,800	47,050	8,750
Insurance	72,000	82,107	81,863	444
Notices and advertising	4,000	4,000	2,269	1,731
Office maintenance & service contracts	37,000	37,000	20,853	16,147
Postage	8,000	8,000	7,028	972
Conferences, meetings and conventions	18,000	11,000	10,114	886
Contingencies	25,000	25,000	-0-	25,000
Total Administration	500,500	493,607	432,662	60,845
Source of Supply, Power and Pumping				
Electrical power	160,000	160,000	158,915	1,085
Total Source of Supply, Power and Pumping	160,000	160,000	158,915	1,085
Purification				
Chemical treatment and analysis	40,000	40,000	29,902	10,098
Total Purification	40,000	40,000	29,902	10,098

See notes to financial statements.

OYSTER BAY WATER DISTRICT
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
December 31, 2015

	Budget Amounts		Actual	Variance
	Original	Final	Amounts Budget Basis	Positive (Negative)
				(continued)
Transmission and Distribution				
Personal services - plant salaries	420,000	435,400	435,376	24
Equipment - vehicles	38,000	38,200	38,194	6
Equipment - plant	8,000	8,000	1,485	6,515
Repairs and maintenance - plant	80,000	67,488	52,911	14,577
Plant supplies	-0-	2,000	1,718	282
Small tools and equipment	3,000	3,000	1,894	1,006
Plant communications	10,000	10,000	8,703	1,297
Meters and supplies	40,000	36,000	33,635	2,465
Engineering	20,000	20,000	14,215	5,785
Auto expense	22,000	19,400	13,498	5,902
Miscellaneous	4,000	4,000	3,890	110
Total Transmission and Distribution	645,000	643,488	605,519	37,969
Employee Benefits				
State retirement	130,000	117,000	116,722	278
Social security	45,000	85,000	51,834	13,166
Hospital and medical insurance	220,000	200,000	191,941	8,059
Hospital and medical insurance - buy back	42,000	43,405	43,405	-0-
Total Employee Benefits	437,000	425,405	403,902	21,503
Debt Service				
Serial bonds				
Principal	338,515	338,515	338,515	-0-
Interest	130,533	150,533	149,821	712
Total Debt Principal and Interest	469,048	489,048	488,336	712
Total Expenditures	2,251,548	2,251,548	2,119,236	132,312
Other Uses				
Interfund transfers out	300,000	300,000	156,011	143,989
Total Other Uses	300,000	300,000	156,011	143,989
Total Expenditures and Other Uses	2,551,548	2,551,548	2,275,247	276,301
Change in Fund Balance	\$ (334,607)	\$ (334,607)	114,840	\$ 449,447
Fund Balance at Beginning of Year			1,919,601	
Fund Balance at End of Year			2,034,441	

See notes to financial statements.

OYSTER BAY WATER DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS
December 31, 2015

<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-	\$ 3,013,983	\$ 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%

See notes to financial statements.

OYSTER BAY WATER DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
December 31, 2015

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

OYSTER BAY WATER DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
December 31, 2015

	NYSERS									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution*	\$ 93,167	\$ 89,104	\$ 137,135	\$ 127,933	\$ 72,641	\$ 83,259	\$ 57,810	\$ 52,749	\$ 54,026	\$ 54,196
Contributions in relation to the contractually required contribution	93,167	89,104	137,135	127,933	72,641	83,259	57,810	52,749	54,026	54,196
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered-employee payroll**	\$ 636,517	\$ 646,985	\$ 681,401	\$ 648,605	\$ 634,604	\$ 817,958	\$ 696,803	\$ 656,238	\$ 584,353	\$ 530,798
Contributions as a percentage of covered-employee payroll	14.64%	13.77%	19.83%	19.72%	11.45%	10.18%	8.30%	8.04%	9.57%	10.21%

* Less Incentive

** Estimated

OTHER SUPPLEMENTAL INFORMATION

**OYSTER BAY WATER DISTRICT
CAPITAL PROJECTS FUNDS
SCHEDULE OF PROJECT EXPENDITURES
December 31, 2015**

Capital Project	Expenditures		Encumbrances	Total
	Prior Years	Current Year		
Plant 4 rehabilitation	\$ 62,852	\$ 1,042,798	\$ 895,171	\$ 2,000,821
Plant 1 - SCADA	3,876	-0-		3,876
Wash Hollow/ Glen Cove Water Main	20,457	114,025		134,482
Shutter Lane Piping	-0-	40,898		40,898
Total Expenditures	<u>\$ 87,185</u>	<u>\$ 1,197,721</u>	<u>\$ 895,171</u>	<u>\$ 2,180,077</u>

See notes to financial statements.