

OYSTER BAY WATER DISTRICT
AUDITED FINANCIAL STATEMENTS
Year Ended December 31, 2017

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Required Supplemental Information	
Management's Discussion and Analysis.....	3-7
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position.....	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet and Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	10
Statement of Revenues, Expenditures and Changes in Fund Balance and Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	11
Notes to Financial Statements.....	12-34
Required Supplemental Information Other than Management's Discussion and Analysis:	
General Fund – Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	35-36
Schedule of Funding Progress for Other Postemployment Benefits	37
Schedule of the District's Proportionate Share of the Net Pension Liability	38
Schedule of the District's Contributions	39
Other Supplemental Information:	
Capital Projects Fund - Schedule of Project Expenditures	40

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, 2017, 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, 2017, 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 35 through 39, 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 40 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.


RYNKAR, VAIL & BARRETT, LLP

Mineola, New York
May 29, 2018

**OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2017**

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, 2017 in comparison with the year ended December 31, 2016, 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, 2017

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,

	2017	2016*
Assets		
Current and other assets	\$ 2,821,437	\$ 2,503,016
Capital assets	11,338,976	11,206,972
Total Assets	14,160,413	13,709,988
Deferred Outflows of Resources	186,518	372,094
Liabilities		
Current liabilities	2,962,224	2,210,776
Noncurrent liabilities	4,151,509	4,467,393
Total Liabilities	7,113,733	6,678,169
Deferred Inflows of Resources	50,034	65,307
Net Position		
Net investment in capital assets	6,976,492	6,582,205
Restricted	1,163,440	1,239,825
Unrestricted	(956,768)	(483,424)
Total Net Position	\$ 7,183,164	\$ 7,338,606
Changes in Net Position for the years ended December 31,		
	2017	2016
Program Revenues		
Charges for services	\$ 949,293	\$ 1,034,004
Total Program Revenues	949,293	1,034,004
General Revenues		
Real property taxes	906,877	942,109
Use of money and property	430,648	411,772
Other local sources	20,549	11,093
Total General Revenues	1,358,074	1,364,974
Total Revenues	2,307,367	2,398,978
Expenses - Water supply services	2,462,809	2,319,863
Changes in Net Position	\$ (155,442)	\$ 79,115

* Certain reclassifications have been made to the prior year numbers to conform with current year presentation.

OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2017

FINANCIAL HIGHLIGHTS

The District's total assets and deferred outflows of resources at December 31, 2017 were \$14,346,931, an increase of \$264,849 from the prior year. The increase is primarily due to the increase in due from Town of Oyster Bay and capital assets offset by a decrease in deferred outflows related to pensions. Total liabilities and deferred inflows of resources at December 31, 2017 were \$7,163,767, an increase of \$420,291 from the prior year. This increase is primarily due to an increase in current liabilities related to capital project expenses, the issuance of a bond anticipation note and an increase in the other postemployment benefits liability offset by a decrease in the amount due to the Town of Oyster Bay, a decrease in noncurrent liabilities related to the payment of general obligation bonds payable and a decrease in the net pension liability – proportionate share.

The District's net position as of December 31, 2017 was \$7,183,164, a decrease of \$155,442 from the prior year. Of the District's total net position \$6,976,492 was a net investment in capital assets, \$1,163,440 is restricted for acquisition of capital assets and \$956,768 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 \$949,293 in the current year, which were \$84,711 less than the prior year.

General revenues were \$1,358,074 in the current year, a decrease of \$6,900.

Total operating expenses were \$2,462,809 in the current year, which were overall \$142,946 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	\$ 2,178,459	\$ 2,178,459	\$ 2,287,802	\$ 109,343
Expenditures	(2,227,177)	(2,227,177)	(2,116,524)	110,653
Other Sources and Uses				
Interfund transfer in	45,650	45,650	45,650	-0-
Interfund transfers out	(330,000)	(553,000)	(552,983)	17
Net Change in Fund Balance	\$ (333,068)	\$ (556,068)	\$ (336,055)	\$ 220,013

OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund reported expenditures and other uses in excess of revenues and other sources this year of \$336,055 decreasing the fund balance to \$1,930,441. Actual revenues and other financing sources exceeded estimated revenues and other financing sources by \$109,343. Budgeted expenditures were less than actual expenditures by \$110,653. Actual transfers to the capital projects fund were less than budgeted by \$17.

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 2017, the District capitalized assets and improvements to the water system totaling as follows:

Construction in progress	\$	578,423
Equipment		12,030
	\$	<u>590,453</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 \$5.8 million of capital expenditures over the next five years.

At year-end, the District had \$2,550,290 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
2017	379,929	\$ 855,771
2016	410,426	944,737
2015	421,196	974,483
2014	404,646	891,126
2013	391,978	882,355

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

**OYSTER BAY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year ended December 31, 2017**

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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

The 2018 budget includes an overall increase in real property tax revenue in compliance with the property tax cap imposed by New York State. The 2018 tax levy of \$761,211 (a decrease of 3% from 2017) was below the levy limit. Budgeted expenditures increased 2.9% 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, 2017

Assets

Current assets:

Cash and investments	\$	2,013,953
Accounts receivable		274,537
Receivables - other		83,243
Due from Town of Oyster Bay		379,209
Prepaid expenses		23,169
Inventory of materials and supplies		47,326

Total Current Assets 2,821,437

Noncurrent assets:

Non-depreciable capital assets		740,568
Depreciable capital assets, net of depreciation		10,598,408

Total Noncurrent Assets 11,338,976

Total Assets 14,160,413

Deferred Outflows of Resources

Pensions		186,518
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Total Deferred Outflows of Resources 186,518

Liabilities

Current liabilities:

Accounts payable and accrued expenses		481,494
Developer deposits		35,645
Bond anticipation note payable		2,100,000
Current portion of long term liabilities		345,085

Total Current Liabilities 2,962,224

Noncurrent liabilities:

General obligation bonds payable		2,217,899
Compensated absences		241,185
Other postemployment benefits payable		1,499,465
Net pension liability - proportionate share		192,960

Total Noncurrent Liabilities 4,151,509

Total Liabilities 7,113,733

Deferred Inflows of Resources

Pensions		50,034
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Total Deferred Inflows of Resources 50,034

Net Position

Net investment in capital assets		6,976,492
Restricted		1,163,440
Unrestricted		(956,768)

Total Net Position \$ 7,183,164

See notes to financial statements.

OYSTER BAY WATER DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
December 31, 2017

Governmental Activities

Expenses - Water supply services	\$	2,462,809
Program revenues		
Charges for services		<u>949,293</u>
Net Program Expense		<u>(1,513,516)</u>
General revenues		
Real property taxes and other items		906,877
Use of money and property		430,648
Other local sources		<u>20,549</u>
Total General Revenues		<u>1,358,074</u>
Change in Net Position		(155,442)
Net Position - Beginning of the Year		<u>7,338,606</u>
Net Position - End of the Year	\$	<u>7,183,164</u>

See notes to financial statements.

**OYSTER BAY WATER DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2017**

Assets	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and investments	\$ 2,013,953		\$ 2,013,953
Accounts receivable	274,537		274,537
Receivables - other	83,243		83,243
Due from other fund	22,767	\$ 351,635	374,402
Due from Town of Oyster Bay	65,961	313,248	379,209
Inventory of materials and supplies	47,326		47,326
Total Assets	\$ 2,507,787	\$ 664,883	\$ 3,172,670
Liabilities			
Accounts payable and accrued liabilities	\$ 45,857	\$ 351,635	\$ 397,442
Developer deposits	35,645		35,645
Due to other fund	351,635	22,767	374,402
Bond anticipation note payable		2,100,000	2,100,000
Total Liabilities	433,087	2,474,402	2,907,489
Deferred Inflows of Resources			
Water rents - unavailable	84,259		84,259
Rental income - unavailable	60,000		60,000
Total Deferred Inflows of Resources	144,259		144,259
Fund Equity (Deficit)			
Nonspendable	47,326		47,326
Restricted	1,163,440		1,163,440
Assigned	312,461		312,461
Unassigned	407,214	(1,809,519)	(1,402,305)
Total Fund Equity	1,930,441	(1,809,519)	120,922
Total Liabilities, Deferred Inflows of Resources and Fund Equity	\$ 2,507,787	\$ 664,883	\$ 3,172,670

Reconciliation of the Governmental Funds Balance Sheet to the

Statement of Net Position

Total Governmental Fund Balances	\$ 120,922
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.	144,259
Some expenditures requiring the use of current financial resources are recorded as expenditures in the fund statements are recorded as expenditures but as prepaid expenses in the statement of net position since they benefit a future period.	23,169
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	11,338,976
Amounts reported for the District's deferred outflows for pensions are not considered a current available resources and is therefore not reported in the funds.	189,518
Some current liabilities and long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Retainage payable	(25,442)
General obligation bonds payable	(2,550,290)
Accrued interest payable	(58,610)
Other postemployment benefits payable	(1,499,485)
Compensated absences	(253,679)
Net pension liability-proportionate share	(192,960)
Deferred inflows of resources related to pensions included in the Statement of Net Position	(50,034)
Net Position of Governmental Activities	\$ 7,183,164

See notes to financial statements.

**OYSTER BAY WATER DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
December 31, 2017**

	General	Capital Projects	Total
Revenues			
Real property taxes	\$ 866,974		\$ 866,974
Other real property tax items	39,903		39,903
Departmental income	950,413		950,413
Use of money and property	409,962	\$ 686	410,648
Sale of property and compensation for loss	4,950		4,950
Other local sources	15,600		15,600
Total Revenues	<u>2,287,802</u>	<u>686</u>	<u>2,288,488</u>
Expenditures			
Home and Community Service - Water Supply Services			
Administration	459,850		459,850
Source of supply, power and pumping	151,793		151,793
Purification	40,728		40,728
Transmission and distribution	606,874		606,874
Employee benefits	432,602		432,602
Debt service	424,677		424,677
Capital outlay		582,079	582,079
Total Expenditures	<u>2,116,524</u>	<u>582,079</u>	<u>2,678,603</u>
Excess (Deficiency) of Revenues over (under) Expenditures	171,278	(561,393)	(390,115)
Other Financing Sources (Uses)			
Interfund transfers in	45,660	552,983	598,633
Interfund transfers (out)	(552,983)	(45,660)	(598,633)
Total Other Financing Sources (Uses)	<u>(507,333)</u>	<u>507,333</u>	<u>-0-</u>
Net Change in Fund Balance	(336,055)	(54,060)	(390,115)
Fund Balance (Deficit) Beginning of Year	2,266,496	(1,755,459)	511,037
Fund Balance (Deficit) End of Year	<u>\$ 1,930,441</u>	<u>\$ (1,809,519)</u>	<u>\$ 120,922</u>

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	\$ (390,115)
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	590,453
Depreciation expense	(457,339)
Loss on sale of capital assets	(1,110)
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	319,296
(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.	(11,771)
Certain revenues and expenses reported in the statement of activities are not reported as revenues or expenditures in governmental funds:	
Accounts receivable	(85,380)
Prepaid expenses	482
Retainage payable	(25,442)
Deferred inflows - unavailable rental income	20,000
Deferred inflows - unavailable water rents	84,259
Accrued interest	(22,521)
Compensated absences	(24,301)
Other postemployment benefits	(151,953)
Change in Net Position of Governmental Activities	<u>\$ (155,442)</u>

**OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

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, 2017**

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, 2017

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. 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, 2017, 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, 2017

A. 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, the net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between the District's contributions and proportionate share of contributions. This amount also includes the District contributions to the pension systems subsequent to the measurement date. See Note F for more details.

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 three items that qualifies for reporting in this category. For the first item, the District reports unearned revenue from unavailable rental income. This unavailable income is deferred and will be recognized in the governmental funds as an inflow of resources in the period that the amounts become available. For the second item, the District reports unearned revenue from unavailable water rents. This unavailable 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 third 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 for more details.

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 and residual capital project balances used to service the debt.

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 acquisition 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, 2017

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 mains	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 liabilities are reported as liabilities in the government-wide statements. Long-term debt and liabilities consist 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, 2017

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, 2017

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.

Nonspendable 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 nonspendable 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, 2017

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/expenses 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.

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.

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.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

B. Stewardship, Compliance and Accountability (continued)

Fund Balance

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of nonspendable 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	\$ 47,326		\$ 47,326
Total Nonspendable	<u>47,326</u>	<u>-0-</u>	<u>47,326</u>
Restricted for:			
Capital projects - water system improvements	1,163,440		1,163,440
Total Restricted	<u>1,163,440</u>	<u>-0-</u>	<u>1,163,440</u>
Assigned to:			
Subsequent year's budget	312,461		312,461
Total Assigned	<u>312,461</u>	<u>-0-</u>	<u>312,461</u>
Unassigned	<u>407,214</u>	<u>\$ (1,809,519)</u>	<u>(1,402,305)</u>
Total Fund Balances	<u>\$ 1,930,441</u>	<u>\$ (1,809,519)</u>	<u>\$ 120,922</u>

The Capital Projects Fund deficit, in unassigned fund balance and total fund balance of \$1,809,519 at December 31, 2017, 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.

Capital Projects Reserve

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 - 1/1/2017	\$ 696,714
Interest	<u>4,213</u>
Balance - 12/31/2017	<u>\$ 700,927</u>

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

B. Stewardship, Compliance and Accountability (continued)

Capital Projects Reserve (continued)

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

Balance – 1/1/2017	\$	444,841
Adjustment to beginning balance*		98,269
Transfer in		234,700
Interest		4,703
Expenditures		<u>(320,000)</u>
Balance – 12/31/2017	\$	<u>462,513</u>

* An adjustment was made to the beginning balance of the capital reserve fund for additional amounts that had not been reflected in the capital reserve in previous years. There was no effect on the change in fund balance or total fund balance.

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, 2017, the District's cash and cash equivalents totaled \$2,013,953. The District's bank deposit balances were \$2,041,336 of which \$1,781,914 was covered by the Federal Deposit Insurance Corporation and \$259,422 was covered by collateral 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, 2017

D. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Capital assets not being depreciated				
Land	\$ 85,555			\$ 85,555
Construction in progress	76,590	\$ 578,423	\$ -0-	655,013
Total capital assets not being depreciated	162,145	578,423	-0-	740,568
Depreciable capital assets				
Building	1,253,188			1,253,188
Improvements	1,079,084			1,079,084
Wells, water tanks and structures	8,529,359			8,529,359
Water mains	7,016,405			7,016,405
Machinery and equipment	465,983			465,983
Equipment	384,339	12,030		396,369
Office, furniture and equipment	79,646			79,646
Computer software	23,749			23,749
Vehicles	331,820		17,755	314,065
Total depreciable capital assets	19,163,573	12,030	17,755	19,157,848
Accumulated Depreciation				
Building	563,206	33,428		596,634
Improvements	679,067	48,730		727,817
Wells, water tanks and structures	2,110,840	217,248		2,328,088
Water mains	3,596,416	126,190		3,722,606
Machinery and equipment	420,468	5,506		425,974
Equipment	361,653	6,291		367,944
Office, furniture and equipment	77,486	527		78,013
Computer software	23,749			23,749
Vehicles	285,841	19,419	16,645	288,615
Total accumulated depreciation	\$ 8,118,746	\$ 457,339	\$ 16,645	8,559,440
Total net depreciable capital assets				10,598,408
Total capital assets				\$ 11,338,976

Depreciation and amortization expense of \$457,339 was charged to water supply services expense for the year 2017.

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, 2017, the District has not recorded any such impairment losses.

**OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017**

E. Indebtedness

Short-Term Debt

Bond Anticipation Notes (BANs) – Bond anticipation notes (BANs) are generally used as temporary means of financial capital expenditures in the capital projects fund. The notes or the renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter. BANS are expected to be paid from bond proceeds of future bond issues after renewal of these notes. The liability of the BAN is accounted for in the capital projects fund. This BAN bears an interest rate of 2.5% and is due June 2018.

The note activity is summarized as follows:

	Balance 1/1/17	Issued	Redeemed	Balance 12/31/17
Bond anticipation note payable	\$ -0-	\$ 2,100,000	\$ -0-	\$ 2,100,000

Long-Term Debt

The following is a summary of changes in long-term liabilities for the year ended December 31, 2017:

	Balance 1/1/17	Increases	Reductions	Balance 12/31/17	Non-current Liabilities Due Within One Year
General obligation bonds	\$ 2,869,586		\$ (319,296)	\$ 2,550,290	\$ 332,391
Compensated absences	229,578	\$ 102,549	(78,248)	253,879	12,694
Other postemployment benefits	1,347,512	238,544	(86,591)	1,499,465	-0-
Net pension liability - proportionate share	351,492	119,239	(277,771)	192,960	-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 3.0 to 5.0 percent.

Principal and interest payments to maturity of the general obligation serial bonds as of December 31, 2017 are as follows:

	Principal	Interest	Total
Years Ending December 31, 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	326,029	38,860	364,889
2023-2027	783,080	99,301	882,381
2028	122,000	2,440	124,440
	<u>\$ 2,550,290</u>	<u>\$ 432,031</u>	<u>\$ 2,982,321</u>

Interest expense of \$127,902 has been included in water supply service expense in the statement of activities. All long-term liabilities are paid from the general fund.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

E. Indebtedness (continued)

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 Districts proportionate share of the NYS ERS net pension liability.

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 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.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

F. Retirement System (continued)

Plan Description and Benefits Provided (continued)

Tiers 1 and 2 (continued)

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.

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 members.

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.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

F. Retirement System (continued)

Plan Description and Benefits Provided (continued)

Tier 6 (continued)

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.

Disability Retirement Benefits

Disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier, years of service and plan.

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.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

F. Retirement System (continued)

Contributions (continued)

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, 2017 was \$92,677.

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

At December 31, 2017, 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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2016. 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.

Actuarial valuation date	April 1, 2016
Net pension liability/(asset)	\$ 192,960
District's portion of the Plan's total net pension liability/(asset)	0.0020536%

There was no significant change in the District's portion of the Plan's total net pension liability from March 31, 2016 to March 31, 2017.

For the year ended December 31, 2017, the District's recognized pension expense of \$103,966 in the statement of activities. At December 31, 2017, the District's reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,835	\$ 29,302
Changes of assumptions	65,922	-0-
Net difference between projected and actual earnings on pension plan investments	38,542	-0-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	7,711	20,732
District's contributions subsequent to the measurement date	<u>69,508</u>	<u>-0-</u>
Total	<u>\$ 186,518</u>	<u>\$ 50,034</u>

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31, 2018	\$	29,958
2019		29,958
2020		32,152
2021		(25,092)
		<u>66,976</u>
	\$	<u>66,976</u>

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Measurement date	March 31, 2017
Actuarial valuation date	April 1, 2016
Investment rate of return (net of investment expense)	7.0%
Salary scale	3.8%
Cost of living adjustments	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, 2016 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, 2017

F. Retirement System (continued)

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment 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, 2017 are summarized below:

Asset Type	Target Allocation	Long-term Expected Rate of Return
Domestic equity	36.0%	4.55%
International equity	14.0%	6.35%
Private equity	10.0%	7.75%
Real estate	10.0%	5.80%
Absolute return strategies	2.0%	4.00%
Opportunistic portfolio	3.0%	5.89%
Real assets	3.0%	5.54%
Bonds and mortgages	17.0%	1.31%
Cash	1.0%	-0.25%
Inflation indexed bonds	4.0%	1.50%
	<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.

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)	\$ 616,276	\$ 192,960	\$ (164,953)

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

F. Retirement System (continued)

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, 2017, were as follows (in thousands):

	<u>ERS</u>
Employers' total pension liability	\$ 177,400,586
Plan Fiduciary Net Position	(168,004,363)
Employers' net pension asset/(liability)	<u>\$ (9,396,223)</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	94.70%

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, 2017, 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	8
Retired employees	6
Spouses of retired employees	<u>1</u>
Total	<u>15</u>

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2017

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, 2017, the District's annual other postemployment benefits cost (expenses) was \$238,544. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$86,591 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$151,953 for the year ended December 31, 2017.

Benefit Obligation and Normal Cost

Actuarial Accrued Liability (AAL)	
Retired employees	\$ 1,115,016
Active employees	1,918,961
Unfunded Actuarial Accrued Liability (AAL)	<u>\$ 3,033,977</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

Normal cost	\$ 89,924
Amortization of unfunded actuarial liability (UAAL) over 30 years	160,548
Interest	8,331
Annual required contribution (ARC)	<u>258,803</u>
Interest on net OPEB Obligation	53,900
Adjustment to ARC	<u>(74,159)</u>
Annual OPEB Cost	238,544
Contribution for fiscal year ended December 31, 2017	<u>86,591</u>
Increase in other postemployment benefits liability	151,953
Other postemployment benefits liability at December 31, 2016	<u>1,347,512</u>
Other postemployment benefits liability at December 31, 2017	<u>\$ 1,499,465</u>
Percent of annual OPEB cost contributed	36.30%

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2017

G. Postemployment Benefits (Obligations for Health Insurance) (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
2017	\$ 238,544	36.30%	\$ 1,499,465
2016	223,829	39.19%	1,347,512
2015	215,431	36.53%	1,211,407

Funded Status and Funding Progress

The funded status of the plan for the year ended January 1, 2017 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-	\$ 3,033,977	\$ 3,033,977	0%	\$ 631,245	480.6%

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, 2017 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 5% 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.

OYSTER BAY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

H. Commitments and Contingencies

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 contracts or is planning additional improvements amounting to \$422,593.

I. Subsequent Event

In April 2018, the Town of Oyster Bay issued Public Improvement Refunding Serial Bonds to refund \$700,000 of the District's 2008 Public Improvement Bonds.

J. New Pronouncements

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, 2018.

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.

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.

Statement No. 86, "*Certain Debt Extinguishment Issues*." The objective of which is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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, 2017

J. New Pronouncements (continued)

Statement No. 87, "Leases." The objective of which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by required recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions in the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and of consistency of information about governments' leasing activities. The requirements of the new Statement become effective for the District for the year ended December 31, 2020.

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

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

**OYSTER BAY WATER DISTRICT
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
December 31, 2017**

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Real Property Taxes				
Ad valorem	\$ 745,970	\$ 745,070	\$ 745,971	\$ 1
Special assessments	121,003	121,003	121,003	-
Total Real Property Taxes	<u>866,973</u>	<u>866,973</u>	<u>866,974</u>	<u>1</u>
Other Real Property Tax Items				
Payments in lieu of taxes	39,088	39,088	39,903	817
Total Other Real Property Tax Items	<u>39,088</u>	<u>39,088</u>	<u>39,903</u>	<u>817</u>
Departmental Income				
Metered water sales	820,000	820,000	855,771	35,771
Installation charges	10,000	10,000	12,886	2,886
Hydrant rentals and sprinkler charges	65,000	65,000	64,990	(10)
Interest and penalties - water rents	6,000	6,000	9,414	3,414
Other water charges	41,000	41,000	7,352	(33,648)
Total Departmental Income	<u>942,000</u>	<u>942,000</u>	<u>950,413</u>	<u>8,413</u>
Use of Money and Property				
Interest earnings	400	400	23,604	23,204
Tower rental	330,000	330,000	386,358	56,358
Total Use of Money and Property	<u>330,400</u>	<u>330,400</u>	<u>409,962</u>	<u>79,562</u>
Sale of Property and Compensation for Loss				
Sale of equipment	-	-	4,950	4,950
Total Sale of Property and Compensation for Loss	<u>-</u>	<u>-</u>	<u>4,950</u>	<u>4,950</u>
Other Local Sources				
Refund of prior years expenditure	-	-	4,391	4,391
Premium and accrued interest on obligations	-	-	11,209	11,209
Total Other Local Sources	<u>-</u>	<u>-</u>	<u>15,600</u>	<u>15,600</u>
Total Revenues	<u>2,178,459</u>	<u>2,178,459</u>	<u>2,287,802</u>	<u>109,343</u>
Other Financing Sources				
Interfund transfers in	45,650	45,650	45,650	-
Total Other Financing Sources	<u>45,650</u>	<u>45,650</u>	<u>45,650</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>\$ 2,224,109</u>	<u>\$ 2,224,109</u>	<u>\$ 2,333,452</u>	<u>\$ 109,343</u>
Expenditures				
Administration				
Office salaries	\$ 178,000	\$ 178,000	\$ 177,813	\$ 187
Commissioners' fees	36,000	44,000	40,488	3,514
Office equipment	2,000	2,000	125	1,875
Computerization and software	8,500	11,500	4,243	7,257
Office utilities	10,000	10,000	9,309	691
Accounting and auditing	48,000	54,000	53,940	60
Legal	65,000	65,000	62,825	2,175
Insurance	80,000	80,000	46,307	33,693
Notices and advertising	4,000	4,000	518	3,482
Office maintenance & service contracts	32,000	38,500	38,343	157
Postage	8,000	8,000	6,749	1,251
Conferences, meetings and conventions	24,000	38,750	19,192	19,558
Total Administration	<u>520,500</u>	<u>541,450</u>	<u>459,850</u>	<u>81,600</u>
Source of Supply, Power and Pumping				
Electrical power	170,000	167,600	151,793	15,807
Total Source of Supply, Power and Pumping	<u>170,000</u>	<u>167,600</u>	<u>151,793</u>	<u>15,807</u>
Purification				
Chemical treatment and analysis	42,000	40,800	40,728	72
Total Purification	<u>42,000</u>	<u>40,800</u>	<u>40,728</u>	<u>72</u>

(continued)

See Independent Auditor's Report.

OYSTER BAY WATER DISTRICT
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
December 31, 2017

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Transmission and Distribution				
Personal services - plant salaries	465,000	465,200	465,152	48
Equipment - plant	8,000	4,000	3,895	105
Repairs and maintenance - plant	67,000	56,400	53,615	2,785
Plant supplies	3,000	3,000	1,252	1,748
Small tools and equipment	-	500	485	15
Plant communications	10,000	10,000	8,493	1,507
Meters and supplies	30,000	30,700	28,631	2,069
Engineering	25,000	30,000	29,983	17
Auto expense	18,000	13,600	13,590	10
Miscellaneous	4,000	4,000	1,778	2,222
Total Transmission and Distribution	<u>630,000</u>	<u>617,400</u>	<u>606,674</u>	<u>10,526</u>
Employee Benefits				
State retirement	100,000	92,700	92,677	23
Social security	52,000	56,100	56,010	90
Hospital and medical insurance	240,000	204,200	201,748	2,452
Workers compensation insurance		31,000	30,921	79
Hospital and medical insurance - buy back	48,000	51,250	51,246	4
Total Employee Benefits	<u>440,000</u>	<u>435,250</u>	<u>432,602</u>	<u>2,648</u>
Debt Service				
Serial bonds				
Principal	319,296	319,296	319,296	-
Interest	105,381	105,381	105,381	-
Total Debt Service	<u>424,677</u>	<u>424,677</u>	<u>424,677</u>	<u>-</u>
Total Expenditures	<u>2,227,177</u>	<u>2,227,177</u>	<u>2,116,524</u>	<u>110,653</u>
Other Financing Uses				
Interfund transfers out	330,000	553,000	552,983	17
Total Other Financing Uses	<u>330,000</u>	<u>553,000</u>	<u>552,983</u>	<u>17</u>
Total Expenditures and Other Financing Uses	<u>2,557,177</u>	<u>2,780,177</u>	<u>2,669,507</u>	<u>110,670</u>
Change in Fund Balance	<u>\$ (333,068)</u>	<u>\$ (556,058)</u>	<u>(336,055)</u>	<u>\$ 220,013</u>
Fund Balance at Beginning of Year			<u>2,266,496</u>	
Fund Balance at End of Year			<u>\$ 1,930,441</u>	

See Independent Auditor's Report.

OYSTER BAY WATER DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS
December 31, 2017

<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>
1/1/2017	\$ -0-	\$ 3,033,977	\$ 3,033,977	0%	\$ 631,245	480.6%
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%
1/1/2009	\$ -0-	\$ 2,111,343	\$ 2,111,343	0%	\$ 305,726	690.6%
1/1/2007	\$ -0-	\$ 1,908,077	\$ 1,908,077	0%	N/A	N/A

* 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, 2017

<u>NYSERS</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.00205%	0.00219%	0.00241%	0.00241%
District's proportionate share of the net pension liability (asset)	\$ 192,960	\$ 351,492	\$ 81,414	\$ 108,902
District's covered-employee payroll	\$ 628,089	\$ 585,112	\$ 643,019	\$ 654,928
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	30.72%	60.07%	12.66%	16.63%
Plan fiduciary net position as a percentage of the total pension liability coming from plan.	94.70%	97.95%	97.95%	97.20%

See Independent Auditor's Report.

OYSTER BAY WATER DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 December 31, 2017

	MYSERS									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 92,677	\$ 90,748	\$ 93,167	\$ 89,104	\$ 137,135	\$ 127,933	\$ 72,641	\$ 83,259	\$ 57,810	\$ 52,748
Contributions in relation to the contractually required contribution	92,677	90,748	93,167	89,104	137,135	127,933	72,641	83,259	57,810	52,748
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll*	\$ 647,663	\$ 659,536	\$ 636,517	\$ 646,905	\$ 691,401	\$ 648,605	\$ 634,604	\$ 617,356	\$ 696,605	\$ 656,236
Contributions as a percentage of covered-employee payroll	14.32%	13.76%	14.64%	13.77%	19.82%	19.73%	11.43%	10.16%	8.30%	8.04%

* Estimated

See Independent Auditor's Report.

OTHER SUPPLEMENTAL INFORMATION

OYSTER BAY WATER DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT EXPENDITURES
December 31, 2017

Capital Project	Expenditures		Total
	Prior Years	Current Year	
Plant 1 - SCADA	\$ 3,876	\$ 290,888	\$ 294,764
Shutter Lane Piping	72,714	262,097	334,811
Plant 4	-0-	9,094	9,094
Total Expenditures	<u>\$ 76,590</u>	<u>\$ 562,079</u>	<u>\$ 638,669</u>

See Independent Auditor's Report.