

TOWN OF OYSTER BAY,

NEW YORK

Comprehensive Annual Financial Report
Year Ended December 31, 2012

Prepared by:
The Office of the Comptroller
Robert J. McEvoy
Comptroller

TOWN OF OYSTER BAY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2012
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**INTRODUCTORY
SECTION**

Places to Play and Visit

TOWN BEACHES AND PARKS

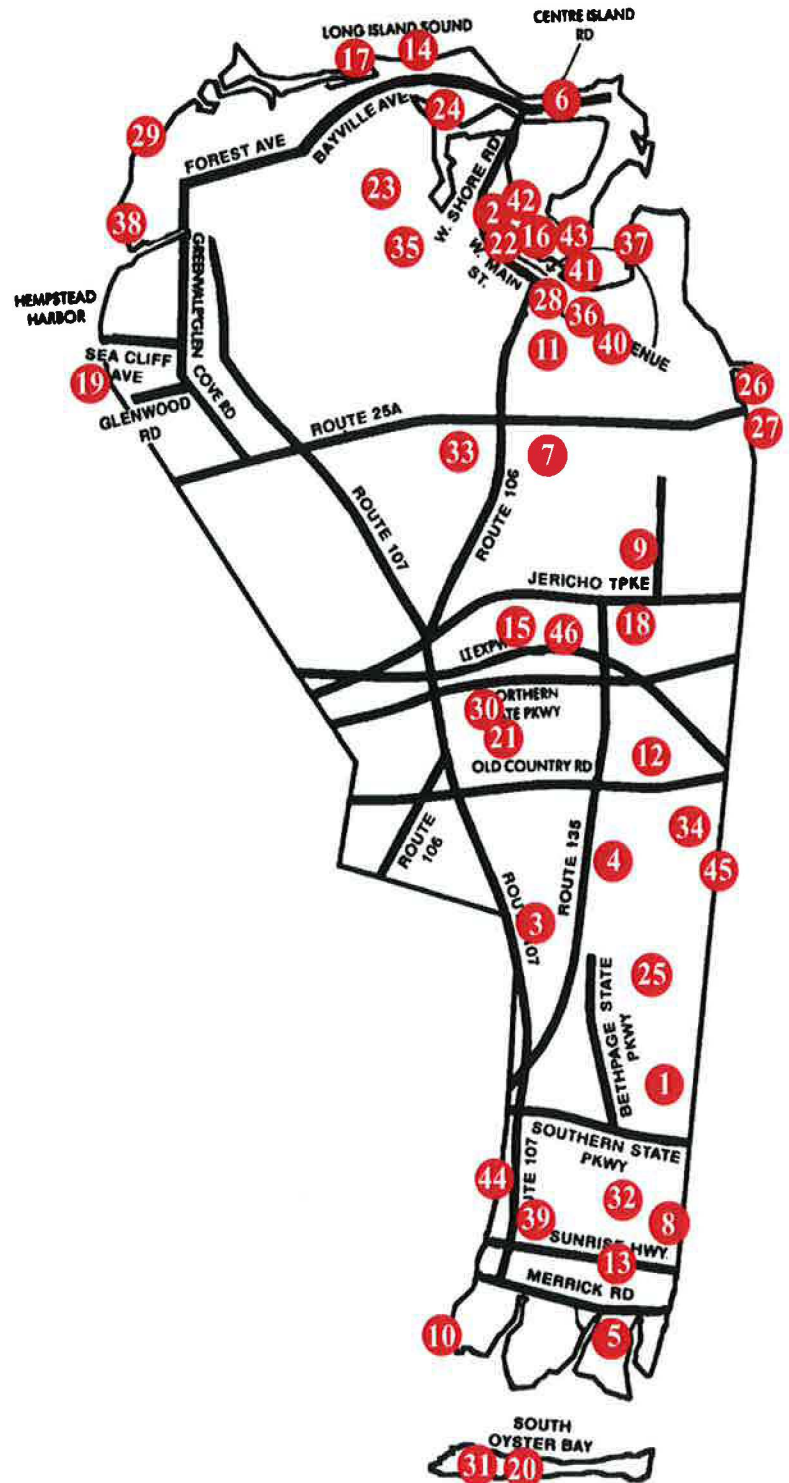
1. Ellsworth W. Allen Town Park
2. Beekman Beach Park
3. Bethpage Community Park
4. Borella Field
5. John J. Burns Town Park
6. Centre Island Beach
7. (The) Farm at Oyster Bay
8. Field of Dreams
9. Golf Course and Clubhouse
10. Philip B. Healey Beach at Florence Avenue
11. Senator Ralph J. Marino Memorial Field
12. Plainview-Old Bethpage Community Park
13. Marjorie R. Post Community Park
14. Charles E. Ransom Beach
15. Robbins Lane Community Park
16. Theodore Roosevelt Memorial Park & Beach
17. Stehli Beach
18. Syosset-Woodbury Community Park
19. Harry Tappen Beach
20. Tobay Beach
21. John Walker Memorial Park
22. Western Waterfront

PLACES OF INTEREST

23. Bailey Arboretum
24. Bayville Historical Museum
25. Bethpage State Park
26. Cold Spring Harbor Fish Hatchery and Aquarium
27. Cold Spring Harbor Laboratory
28. Earle-Wightman House
29. Garvies Point Museum & Preserve
30. Hicksville Gregory Museum
31. John F. Kennedy Memorial Wildlife Sanctuary
32. Massapequa Preserve
33. Muttontown Nature Preserve
34. Old Bethpage Village Restoration
35. Planting Fields Arboretum State Historic Park
36. Raynham Hall Museum
37. Sagamore Hill National Historic Site
38. Sea Cliff Village Museum
39. Tackapausha Museum and Preserve
40. Theodore Roosevelt Memorial Sanctuary and Audubon Center
41. Townsend Museum
42. Waterfront Center

TOWN FACILITIES

43. Town Halls East and West
44. Town Hall South
45. Solid Waste Disposal Complex
46. Departments of Environmental Resources, Public Safety & Public Works, Highway Division, Animal Shelter



TOWN OF OYSTER BAY, NEW YORK

PRINCIPAL OFFICIALS

December 31, 2012

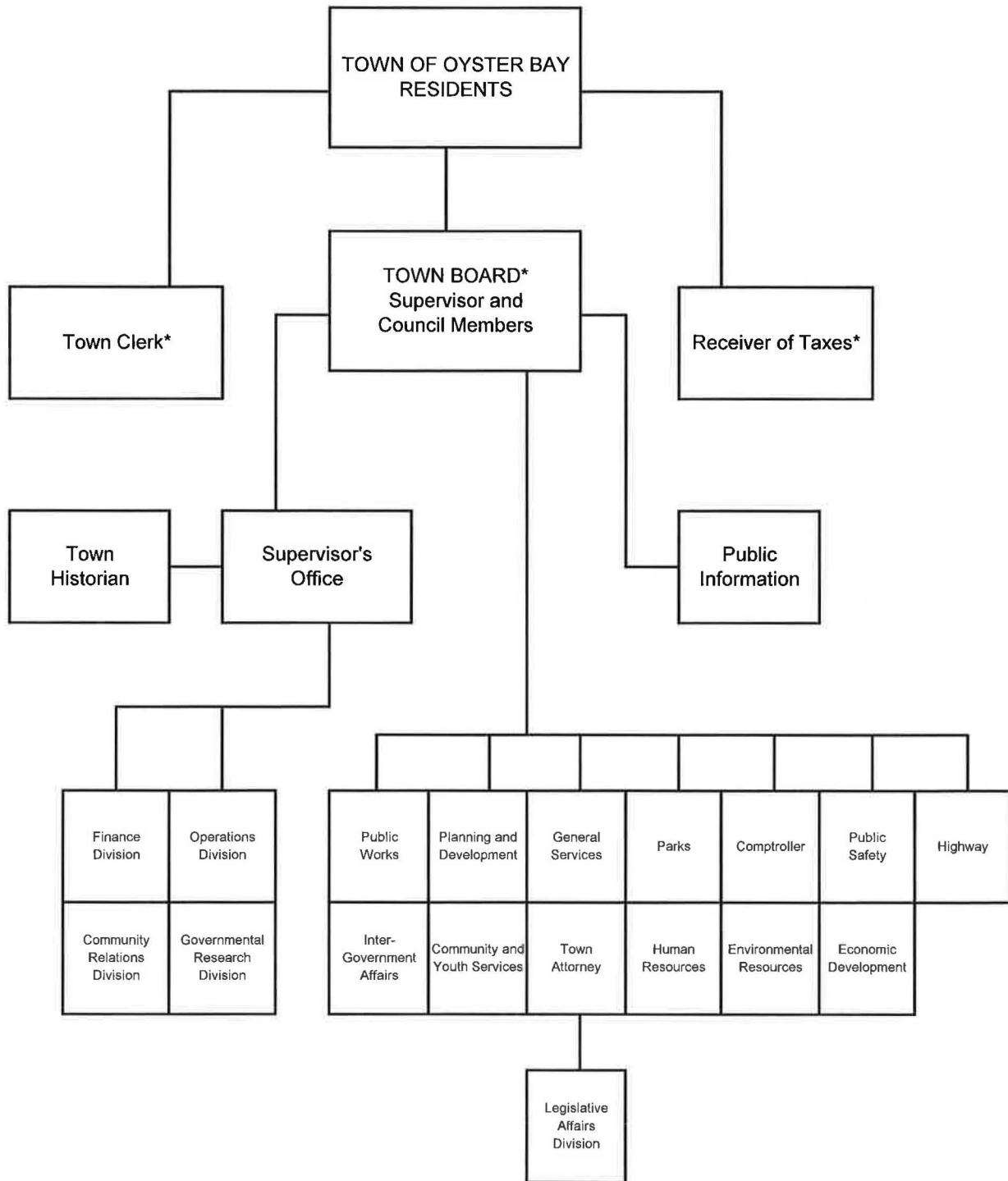
TOWN BOARD:

SUPERVISOR	JOHN VENDITTO
COUNCILMAN	JOSEPH G. PINTO
COUNCILMAN	JOSEPH D. MUSCARELLA
COUNCILWOMAN	REBECCA ALESIA
COUNCILMAN	ANTHONY D. MACAGNONE
COUNCILMAN	CHRIS J. COSCHIGNANO
COUNCILWOMAN	ELIZABETH A. FAUGHNAN
TOWN CLERK	STEVEN L. LABRIOLA
RECEIVER OF TAXES	JAMES J. STEFANICH
TOWN ATTORNEY	LEONARD GENOVA
COMPTROLLER	ROBERT J. McEVOY

TOWN OF OYSTER BAY, NEW YORK

ORGANIZATIONAL CHART

December 31, 2012



* Elected by Town of Oyster Bay voters.



**Office of the Comptroller
Town of Oyster Bay**

Robert J. McEvoy
Comptroller

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Leonard G. Kunzig
Deputy Comptroller

June Mascia
Deputy Comptroller

June 27, 2013

Honorable Members of the Town Board and Citizens of the Town of Oyster Bay:

The Comprehensive Annual Financial Report of the Town of Oyster Bay, New York (the "Town") for the year ended December 31, 2012, prepared by the Office of the Comptroller, is submitted herewith. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures rests with the Town. I believe the data is presented in a manner designed to set forth fairly the financial position and results of operations of the Town as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain a reasonable understanding of the Town's financial affairs have been included.

The Comptroller is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with U.S. generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgment by Town management.

The accounting firm Albrecht, Viggiano, Zureck & Company, P.C. was selected by the Town's Board to prepare the Town's 2012 Comprehensive Annual Financial Report. The accounting firm Cullen & Danowski, LLP was selected by the Town's Board to perform an independent audit of the Town's financial statements as of December 31, 2012, and for its year then ended. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

This report includes funds of various departments, agencies and other organizational units, which are considered part of the Town of Oyster Bay financial reporting entity. Criteria for determining the reporting entity and presentation of the related financial data are established by the Governmental Accounting Standards Board. The criteria include legal standing and financial accountability. Note 1 of the Notes to the Financial Statements provides detail on the financial reporting entity. A brief summary of the nature of significant component units and their relationship to the Town of Oyster Bay are also provided in the Notes to the Financial Statements. The financial reporting entity includes eleven component units: eight Commissioner-operated water districts, two Commissioner-operated sanitation districts and one Commissioner-operated sewer district. Although these component units are legally separate entities, the Town of Oyster Bay is financially accountable for them. These component units are presented discretely in a separate column in the basic financial statements to differentiate them from the Town's financial operations.

The Management Discussion and Analysis (MD&A), located in the financial section following the independent auditors' report, provides an introduction, overview, and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

The Town is required to undergo an annual "single audit" in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and the United States Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Information related to this "single audit", including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the independent auditors' reports on the internal control structure and compliance with applicable laws and regulations are not presented in this report, but rather are routinely presented as a separate report.

HISTORY

"On June 4th, I anchored in a commodious haven on the north of Long Island. We found fine oysters there, from which the Dutch call it Oyster Bay." -Diary of David deVries, Voyager, 1639

The Town of Oyster Bay enjoys a rich and well-documented history. The first known European to sail past Long Island's south shore was Giovanni de Verrazano in 1524. David deVries was the first to record the name of Oyster Bay for the beautiful harbor on the Town's north shore in 1639. Long Island was first claimed by the Dutch as part of their province of New Netherland. In 1639, they purchased from the Native Americans a tract, which, on the east, included the present Town land. In 1648, Robert Williams of Hempstead bought from the Native Americans a large parcel of land, which is represented today by Hicksville and adjacent parts of Jericho, Plainview, Syosset and Woodbury.

Five years later, the Native American Chief Mohannes sold the land in the northern portion of Oyster Bay, extending on Long Island south to a point near Hicksville, to New Englanders Samuel Mayo, Peter Wright and William Leverich. Several other colonists joined in this first purchase and settled on the land.

In founding the Town, the New Englanders were seeking new opportunities on Long Island just east of the boundary established between the English and the Dutch. In 1667, three years after the English won New Netherland, the Town of Oyster Bay, inclusive of land to the "South Sea" (Great South Bay), was granted a patent by the English Governor, Sir Edmund Andros.

After the defeat of the American Army at the Battle of Long Island in August 1776, Oyster Bay fell under British occupation. The Revolutionary War found Long Island strongly loyalist. British troops used Raynham Hall as their headquarters, the Hall being the home of patriot Samuel Townsend and currently a museum. Raynham Hall today, reveals life from the American Revolution in the 1770s through Oyster Bay's affluent Victorian period in the 1870s and the beginning of the Gold Coast. Purchased by prominent community member, Samuel Townsend, the house was home to a total of three generations of this family. It is famous for housing the Queens Rangers, a loyalist regiment commanded by Lt. Col. John Graves Simcoe, during the Revolution. Added to the historic period room displays are stories of family haunts and the intrigue of General Washington's Culper Spy Ring. In fact, it was Robert Townsend (Culper Jr.) who gathered information leading to the capture of Major Andre and thwarted Benedict Arnold's plot to surrender West Point to the British. Despite the fact that he was arrested early in the war for his support of the patriots, his son, Robert remained active as an undercover agent for General Washington using the code name, "Culper, Jr.". With the aid of his sister, Sally, he reportedly secured information that led to the exposure of Benedict Arnold's plot to defect to the British and turn over West Point to their control.

After the Revolution, Oyster Bay continued primarily as an agricultural area through the nineteenth century. It did not come into national prominence again until the presidency of Theodore Roosevelt, an Oyster Bay resident whose home, Sagamore Hill, served as the "summer White House" from 1902 to 1908. This huge Victorian mansion, with its original furnishings, was dedicated as a national shrine during the administration of President Eisenhower. It has since been completely restored and is open to the public. Built in 1884-85, Sagamore Hill was the last permanent home of Theodore Roosevelt. The estate is named after the old Sagamore Mohannes, who as Chief of his little tribe, "signed away his rights to the land". The house is a 23 room Victorian structure of frame and brick. Among the Large Hall and other rooms on the first floor is the spacious North Room, added in 1905. This spectacular room measures 30 by 40 feet and is built of Philippine and American woods: mahogany, black walnut, swamp cypress, and hazel. Filled with hunting trophies, books, paintings, flags, and furniture, the room vividly reflects the spirit of Theodore Roosevelt. The 37-acre National Environmental Study Area includes a forest, tidal salt marsh, and bay beach. A guided nature walk explores the conservation efforts of Theodore Roosevelt, but is only available on summer weekends, if staffing permits. This area is accessible by tour only. The area includes the Theodore Roosevelt burial site at Young's Cemetery. The Town is also responsible for the Theodore Roosevelt Memorial Park and Beach located in the hamlet of Oyster Bay.

With the advent of World Wars I and II, the Town's primarily agricultural economy began changing to an industrial and business oriented society, especially in the area of aeronautics. Farmlands gave way to business complexes, factories and new housing. Today, Oyster Bay enjoys a well-balanced blend of commercial, residential, and recreational development, leading to the Town's slogan that "Oyster Bay is a great place to live, work and play."

GOVERNMENT

The Town of Oyster Bay is classified under the New York State Town Law as a suburban town. Located within the Town are 18 incorporated villages, three of which are partially located in neighboring towns. The villages all have their independent forms of government, but real property located therein is subject to taxation by the Town for certain Town purposes.

In addition, there are 14 independently governed school districts and eight fire districts, which rely upon their own taxing powers granted by the State to raise revenue. Eight of these school districts are entirely within the Town while parts of the other six districts are located in neighboring towns.

The chief executive officer of the Town is the Supervisor, who is elected for a term of two years and is eligible to succeed himself. The Supervisor is a member and the presiding officer of the Town Board. In addition to the Supervisor, there are six members of the Town Board who are elected for four-year terms. The terms are staggered so that every two years the Supervisor and three Council members are elected. There is no limit to the number of terms that may be served by members of the Town Board. Both the Supervisor and Council members are elected at large. The elected Town Clerk and Receiver of Taxes serve terms of two and four years, respectively, and may succeed themselves. The Town, located in the easternmost section of Nassau County, has an area of 114.6 square miles.

BUDGET

Formal budgetary integration is employed during the year as a management control device for the General, certain Special Revenue and Debt Service Funds. The Town Board adopts the budget and establishes legal level of control of the budget at the object level of expenditures. The object level identifies expenditures by the article purchased or service obtained in order to carry out a function. Appropriations are adopted at the object level. All budgetary amendments and transfers of appropriation require Town Board approval. Appropriations for all governmental funds except the Capital Projects Fund lapse at year end. The Capital Projects and Special Grant Funds are budgeted on a project or grant basis.

ECONOMIC CONDITION AND OUTLOOK

The Town of Oyster Bay has continued to maintain a balanced atmosphere between corporate and residential citizens. The Town, through the Town Board and the Department of Planning and Development, has in concert with the citizens of Oyster Bay, developed procedures to make sure that any new development in the Town maintains Oyster Bay's balanced growth.

Small businesses as well as large corporations have a friend in Oyster Bay. Cablevision Systems has been in Oyster Bay since its beginnings and enjoys a long-term relationship with the Town.

The occupational outlook anticipates growth in professional, technical, clerical and service industries. Many high-tech companies have located in the area, attracted by a well-educated and highly skilled work force. The unemployment rate in the Town continues to be below average as compared to the rest of the Long Island Region and New York State due to the fact that many companies have remained within the Town. Economic conditions are such that these companies are surviving the current economic environment.

MAJOR INITIATIVES

Information Technology Standardization and Alignment Project

As the Information Technology effort continues to mature, the Information Technology Division (ITD) is transitioning a large portion of improvement efforts from infrastructure development to enterprise level business process and data quality improvements. With focus on the value of these functions, and the strides we continue to complete in the infrastructure space, the Town is positioned to make measured improvements in the quality, control, and effectiveness of the Town's information resource and various electronic and business process systems.

MAJOR INITIATIVES (continued)

Information Technology Standardization and Alignment Project (continued)

A critical infrastructure milestone, core enterprise network, was achieved during 2011 establishing primary data and communication network redundancy with improvements in network security, control and audit functions. Focusing on both redundancy and best practice security, risk mitigation strategies were also advanced. ITD continues to support considerable growth of the physical network by adding more outlying facilities into the core network and extending the benefits of communications, electronic business process, data authoring and quality management to remote operational units. Similar advantages have been extended for the public's safety by integrating the Town's video security system and emergency call box systems into central control and monitoring system.

Organizational transformation began to emerge in the actions and strategies of the Town's diverse operational units. ITD began working closely with seventy percent of the Town's departments that were interested in the benefits and values provided by modern business process improvement and reengineering strategies. Some current improvement projects include; the Receiver of Taxes receiving process, IT Support Desk, Marina Management, Golf Course Management, Street Lighting Management, the Comptroller's Office accounting and control, IT systems incident management, and the Town Attorney's case management system. ITD will continue to stress strong fundamental Information Technology methods and practices for data stewardship, measurable control, and value. These attributes will help lead the Town's organizational improvement efforts towards excellence in operational control and more importantly, an excellent resident experience.

Geographic Information System (GIS)

In keeping with the Town's GIS agreements with Nassau County and qualifying consulting firms, all of the requests for geographic layers continue to be satisfied. The requests that have been received have ranged from small areas with only a few layers to large areas, some of which include the entire Town, and many other layers.

The Town's GIS Committee, has been extended to include representatives from the Environmental Resources and Intergovernmental Affairs departments of the Town. The GIS Committee currently has representatives from eleven departments within the Town. The GIS committee continues to discover GIS needs within the Town and new ways to more effectively provide solutions to those GIS needs. To support the increased use of GIS within the Town, Town employees who were formally trained on the use and operation of the Environmental Systems Research Institute (ESRI) software product suite have been providing mapping products and services to Town Departments on an as needed basis. The use of Town resources to complete these services has reduced the overall costs for GIS consulting services, while increasing the knowledge and expertise of the GIS within the Town. It is anticipated that additional GIS training services will be provided to both existing and new GIS users within the Town. This additional training will further extend the Town's ability to support GIS related service requests from within the Town and from external consultants and constituents.

The Town upgraded the GIS software environment to the latest release from ESRI and migrated data and software to a new server architecture which includes integration with the Town's current enterprise database environment. The Town extended its agreement with Nassau County to include GIS source code sharing. While the County has shared data with the Town for many years, the Town and County will work together using a similar technology platform to encourage source code sharing for GIS functionality. The first type of GIS functionality to be shared with the Town includes a set of web services that provide geocoding services based upon street address, street intersections and Section, Block, and Lot (SBL) information. The cooperation with the County will continue, and it is anticipated to grow even more in 2013.

GIS prototypes developed in years past have been finalized and deployed using the latest technology in both the Highway department and Parks department. It is anticipated that all of the current GIS applications available to Town employees will be upgraded to the latest technology. On average, the Town logs onto the GIS viewers approximately 3,050 time each month. This equates to 150 users each day. This rate has remained steady over the past year, however, we do anticipate an overall increase in GIS usage since the Parks department and Highway department GIS viewers recently were deployed. Many manual tasks continue to be replaced by the GIS viewers which has increased the operational efficiency of many departments within the Town.

MAJOR INITIATIVES (continued)

Energy Efficiency/Green Energy

As the global demand for energy continues to increase, energy conservation is becoming more important than ever. The Town of Oyster Bay is ahead of the curve and is instituting policies and programs to make not only the operations of Town facilities more energy efficient, but to promote energy conservation in the private sector. As part of a plan to make Town buildings more energy efficient, Energy Star-rated air-conditioning units are being installed along with thermal glass windows. Boilers are being converted from oil to natural gas, which provides an increase in efficiency of 94%. The Town has also made its buildings more energy friendly by installing an energy-efficient lighting system. Additionally, the Town is currently using solar ("green") power at one of its facilities and is exploring the use of "green" power on a larger scale.

The municipal fleet is a significant energy user, and the Town has taken steps to reduce energy consumption by incorporating alternative fuel, hybrid electric/diesel and electric vehicles into its fleet with more hybrids to be added in the coming year. The Town is also using re-refined motor oil in trucks and cars. Re-refined oil is used motor oil that undergoes an extensive re-refining process to remove contaminants to produce a good-as-new base oil. Less energy is required to produce a gallon of re-refined base stock than a base stock from crude oil.

Even golf carts are getting into the act. There are currently 10 electric powered golf carts in use at the Town golf course. This saves on the use of gas to power them. The carts are plugged in at night to recharge when energy costs and consumption are lowest.

Another way the Town is conserving energy is by installing new energy efficient street lighting. As the old street lighting fixtures come to the end of their life span, they are being replaced with the energy-saving fixtures. With 25,000 street lighting fixtures across the Town, it is helping reduce energy consumption and save taxpayers money.

Most recently, the Town constructed a compressed natural gas (CNG) fueling facility at its Department of Public Works complex in Syosset. The Town was awarded a \$5,023,529 grant to construct the CNG fueling station and to convert 44 heavy-duty sanitation trucks to CNG. In addition to the 44 trucks that were to be repowered under that grant, the Town has been awarded another grant to convert five additional sanitation trucks to CNG, which will bring the total number of CNG-fueled sanitation trucks to 49. The trucks that operate on CNG currently reduce the Town's petroleum usage by an estimated 264,000 gallons per year, or 22,000 gallons a month, thereby reducing our dependence on foreign oil. The clean-burning CNG vehicles produce an average of 27 percent fewer greenhouse emission than comparable gasoline or diesel models. Additionally, it is estimated that a total of 67,130 pounds of identifiable pollutants will be reduced annually. The project also resulted in green jobs in vehicle and equipment manufacturing, station construction and ongoing vehicle and station operations.

In the private sector, the Town is now mandating that home builders comply with the guidelines of the New York Energy Star Labeled Homes Program. By requiring all one and two-family homes, as well as multi-family dwellings, to comply with Energy Star guidelines, homeowners will be buying a more affordable place to live by virtue of lower energy costs.

PLANNING FOR THE FUTURE

Two of the most important functions of local government are planning and land use. These are the tools the Oyster Bay Town Board is using to ensure that Oyster Bay remains among the most desirable places to live. Town Supervisor John Venditto and his fellow Town Board members have been working on plans, enacting legislation, and taking whatever steps are necessary to ensure a bright future for the Town where environmental resources are protected and the delicate balance of residential and business development continues to flourish. Some of the plans, legislation and actions are as follows:

Aquifer Protection Overlay District

The protection of the underground aquifer, which serves as the Town's only source of drinking water, has always been a high priority for the Town of Oyster Bay. The Oyster Bay Town Board took a major step in protecting land within the Town's Special Groundwater Protection Area (SGPA) with the creation of an Aquifer Protection Overlay (APO) District and a special Recreation District (REC). The purpose of the APO District and the REC District is to provide further protection for properties located within the SGPA. Another important step in protecting the groundwater was the acquisition of the 26-acre Littauer property, now known as the Farm at Oyster Bay, which is in the SGPA and is now protected from any future development.

PLANNING FOR THE FUTURE (continued)

Golden Age Housing

To help meet the growing need for the development of affordable housing for senior citizens, the Town Board created a special "Golden Age" zone, which allows for slightly higher density than other residential zones to encourage developers to construct one and two-bedroom units that are reasonably priced and have smaller tax and utility bills than most houses seniors now occupy. The housing is restricted to individuals and married couples with at least one spouse over the age of 62. Since its inception, 1,476 units have been constructed.

Infrastructure Improvements

When people hear the word infrastructure, the first things that come to mind are usually roads, buildings and bridges. These are all infrastructure, but infrastructure encompasses so much more. From sports and recreational facilities to computer and energy systems, the Town has numerous types of infrastructure. Infrastructure projects make up a large part of the Town's budget. Every year, money is budgeted for a variety of projects to maintain, improve and expand the Town's infrastructure.

Some recently completed infrastructure projects include the Parking Facility and the PAL Athletic Center in Hicksville; totally refurbished ball fields and tennis courts in Haypath Park, Old Bethpage; a major renovation of Joseph J. Saladino Memorial Marina at Tobay; construction of a new indoor ice skating rink and turf field in Bethpage and road improvements in neighborhoods across the Town. Projects currently underway include a major reconstruction of Jackson Avenue in Syosset, construction of a new athletic complex on a portion of the former Packard School in Plainedge, construction of a new building for the Town's pre-school program in Massapequa, expansion of the spray park and installation of a new miniature golf course at Tobay Beach, construction of a new multi-purpose turf field and refurbishment of existing ball fields at Theodore Roosevelt Memorial Park in Oyster Bay, and replacement of pea gravel with fibar at playgrounds across the Town. Work is also underway on new floating docks at John J. Burns Town Park, a new floating courtesy dock at Tappen Marina, renovation and expansion of the seawall at Ransom Beach in Bayville, and construction of a new compressed natural gas (CNG) fueling station to serve the Town's growing fleet of CNG-powered vehicles.

One of the areas of infrastructure not readily visible is the Town's computer system. The Town is constantly upgrading and modernizing our computer network to streamline tasks and better serve the public. One of the offices most recently involved in a major upgrade is the Receiver of Taxes Office. With the improvements to the system, tax office personnel will be able to access the most up-to-date information on property and answers residents' questions more quickly.

Keeping the Town's infrastructure strong is important for many reasons. Reliable infrastructure systems allow the Town to better serve its residents and to continue providing the high quality municipal services and facilities that are hallmarks of the Town of Oyster Bay. Investing in our infrastructure is an investment in a better future for everyone.

Next Generation Housing

Affordable housing for first-time homebuyers is one of the critical needs on Long Island. With the creation of the "Next Generation" zone, which allows for 12 units to the acre of price controlled, owner-occupied townhouses with garages, the Town of Oyster Bay became the first municipality on Long Island to have a separate zoning classification for starting housing. To date, 76 units of next generation housing have been approved.

Waterfront Protection and Vitalization Plans

In recognition of the fact that our waterfront is one of our Town's most important assets, the Oyster Bay Town Board has worked with many local residents and environmentalists. Planning and environmental experts and consultants have been retained in order to develop plans which create and maintain marine, commercial and neighborhood business districts which will complement and enhance our communities. Plans have been adopted for the Glenwood-Glen Head Waterfront, Western and Eastern Waterfront (Oyster Bay Harbor), South Oyster Bay and Hempstead Harbors. These plans will allow the Town of Oyster Bay to better protect our most valuable natural resources.

PLANNING FOR THE FUTURE (continued)

Waterfront Protection and Vitalization Plans (continued)

Earlier this year, the Town of Oyster Bay spearheaded the formation of the Oyster Bay/Cold Spring Harbor Protection Committee, bringing together communities that border the watershed to develop an integrated management plan for this important marine resource.

Save Environmental Asset (SEA) Fund III

As is consistent with the first two SEA Funds, SEA Fund III has been used for the acquisition of environmentally sensitive lands and improvements to park and recreational facilities. The Oyster Bay Town Board recognizes that preserving the Town's suburban way of life also means preserving open space and maintaining a diverse and expansive parks system. The Town Board has made a strong commitment to responsible environmental stewardship and ensuring that present and future generations have the opportunity to live in a community with open space and outstanding recreational areas. This was the third such bond approved by voters, the first being in 2000 and the second in 2004. Under the first two SEA Funds, the Town acquired more than 100 acres of land, including the 26-acre Littauer estate, now known as the Farm at Oyster Bay, with a large expanse of woods with paths and ponds, and undertook a variety of park improvement projects, including new playing fields, two new community centers, new playgrounds, and refurbishing pools and basketball courts, to name a few.

Storm Water Management Legislation

Land development activities and associated increases in land being covered with impervious surfaces such as buildings, sidewalks, roads, and parking lots often increase storm water runoff rates and volumes, flooding, erosion and sediment transport and placement. To address these issues, the Town Board approved amendments and additions to Town Code pertaining to storm water management, erosion and sediment control. These amendments establish storm water requirements and controls that will protect and safeguard the public and regulate development activities so they are compatible with natural functions of a given site, thereby mitigating the adverse effects of storm water runoff, erosion and sedimentation.

The Town has undertaken a number of projects to mitigate the negative impacts of storm water runoff on its waterways, and more are in the development stage. To help residents understand what storm water runoff pollution is and how they can help mitigate it, the Town developed a new brochure entitled *A Resident's Guide to Understanding Storm Water Runoff Pollution*. The brochure provides an overview of the how and why of storm water runoff pollution and offers residents easy ways they can help avoid creating storm water runoff pollution.

Tree Preservation Ordinance

In keeping with the Town's progressive approach in protecting trees, the Town has been awarded its 25th consecutive "Tree City USA" award. Aside from their obvious aesthetic value, trees provide a number of tangible and intangible benefits to the suburban quality of life and are important considerations in planning and development. The Town of Oyster Bay was leading the way when it adopted a tree ordinance in 1973, becoming the first Town on Long Island to implement special legislation to protect its trees, and has made several revisions to the ordinance to better address the removal of trees, as well as the protection and enhancement of the Town's tree resources on private, as well as public property.

FINANCIAL INFORMATION

Internal Controls

Pursuant to Town Law §34, certain financial functions of the Town are the responsibility of the Comptroller. The Supervisor, however, is the chief fiscal officer of the Town. The Comptroller, who is responsible to the Town Board, also acts as accounting officer of the Town. The duties of the Comptroller include administration and direction and control of the following divisions: Audit and Control, Information Technology (IT), Payroll, Accounting and Accounts Payable.

FINANCIAL INFORMATION (continued)

Internal Controls (continued)

To assist in meeting internal control objectives, the Town has elected to undertake an annual systemic, formalized review of departmental operations pursuant to the New York State Governmental Accountability, Audit and Internal Control Act of 1987. It has developed and maintained a system of administrative controls in accordance with objectives of the Act, established guidelines for evaluation of systems of internal accounting and administrative control, and undertaken annual reviews and reports. As a recipient of federal assistance, the Town also is responsible for ensuring that an adequate internal control structure is in place to be in compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by Comptroller personnel, as well as by the independent auditors engaged to conduct the annual "single audit" as required by law.

In addition, the Town maintains controls in order to ensure compliance with the budgetary provisions embodied in the annual appropriated budgets approved by the Town Board. Activities of the General Fund, Town Outside Village Fund, Highway Fund, Debt Service Fund and Special Districts Funds including the Drainage District, Fire Protection Districts, Lighting District, Park Districts, Garbage Collection Districts, Solid Waste Disposal District, Public Parking District and Water Districts, with the exception of the Capital Projects and Special Grant Funds, are provided for in annual appropriated budgets.

Activities of the Special Grant Fund are provided in appropriated budgets, for the federally allowable life of use of funds, as individual grants are made available to the Town. Project-length financial plans are adopted for the Capital Projects Funds. The level of budgetary control at which expenditures cannot exceed the appropriated amount is exercised at the object level. The Town also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations, which have not been expended or encumbered, lapse at the end of the year. Encumbrances outstanding at year-end are recorded in order to reserve that portion of the applicable appropriation and may be expended in a subsequent budgetary period.

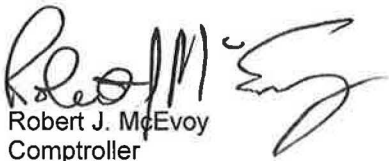
Reporting Achievements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Oyster Bay for its comprehensive annual financial report for the year ended December 31, 2011. This was the eleventh consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Comptroller's Office, Albrecht, Viggiano, Zureck & Company, P.C. and our independent auditors Cullen & Danowski, LLP. I appreciate the efforts of all who assisted and contributed to its preparation.



Robert J. McEvoy
Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Oyster Bay
New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moine

President

Jeffrey R. Enen

Executive Director

**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Town Board
Town of Oyster Bay
Oyster Bay, New York

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Oyster Bay, New York (Town), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town'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 did not audit the financial statements of ten of the eleven component units, which represent 87.0%, 86.1%, and 92.0%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for ten of the eleven component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. One of the eleven financial statements of the discretely presented component units was audited in accordance with *Government Auditing Standards*. 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 financial statement 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, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Oyster Bay, New York, as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1, "Summary of Significant Accounting Policies", the Town has adopted the provision of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements*, and the provision of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, as of December 31, 2012. Our opinion is not modified with respect to the change in accounting principle.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of funding progress for other postemployment benefits as listed in the table of contents 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 Town of Oyster Bay, New York's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013, on our consideration of the Town of Oyster Bay, New York's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Oyster Bay, New York's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

June 27, 2013

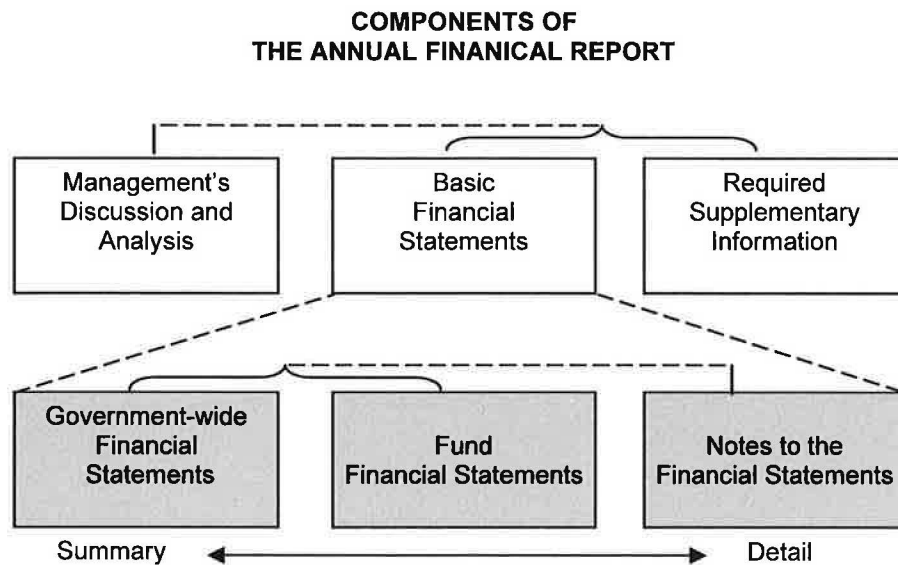
REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

As management of the Town of Oyster Bay (the "Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2012. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.



Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The intent of the government-wide financial statements is to give the reader a long-term view of the Town's financial condition.

The Statement of Net Position presents financial information on all of the Town's assets and liabilities, with the difference between the two reported as net position. This combines and consolidates the Town's current financial resources with capital assets and long-term obligations. The purpose of this statement is to give the reader an understanding of the Town's total net worth. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's buildings, roads, drainage and other assets to assess the overall health of the Town.

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. Revenues and expenses are reported by activity to give the reader an understanding of how each of the Town's activities is being supported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This method is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Town's fund financial statements.

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide Financial Statements (continued)

The Town's government-wide financial statements includes both the governmental activities of the Town itself (known as the primary government) and of its legally separate component units for which the Town is financially accountable. Financial information for these component units is reported separately (discretely presented) from the financial information presented for the primary government.

Governmental Activities

The Town's basic services are reported here, including: general government support; public safety; transportation; economic assistance and opportunity; culture and recreation and home and community services. Property taxes, sales taxes, mortgage taxes, franchise fees, fines, and state and federal grants finance these activities. The Town also charges fees to customers to help it cover the cost of certain services it provides.

Component Units

Component units are legally separate organizations for which the Town is either financially accountable, or the nature and significance of their relationship with the Town is such that exclusion would cause the Town's financial statements to be misleading or incomplete. These entities are reported in a separate column in the government-wide statements. The Town includes eleven separate legal entities in its report (eight water districts, two sanitation districts, and one sewer district).

Information on separately issued financial statements is shown in Note 5 to the financial statements.

Fund Financial Statements

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific or attaining certain objectives in accordance with special regulations, restriction or limitations. The Town, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

The Town's activities are reported in governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the Town's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Governmental Funds (continued)

The Town maintains fourteen (14) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the six (6) major funds. The General Fund, Highway Fund, Garbage Collection Districts Fund, Solid Waste Disposal District Fund, Debt Service Fund, and Capital Projects Fund are reported as major funds. Data from the eight (8) other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining and individual fund statements in the other supplementary information section in this report.

The Town adopts an annual appropriated budget for its General and Special Revenue Funds, except for the following funds: Capital Projects Fund and Special Grants Fund. A budgetary comparison schedule for the General Fund, Highway Fund, Garbage Collection Districts Fund, and Solid Waste Disposal District Fund can be found in the section labeled "Required Supplementary Information Other Than Management's Discussion and Analysis". The budgetary comparison schedule for the Debt Service Fund and all nonmajor governmental funds with the exception of the Special Grants Fund can be found in the section labeled "Other Supplementary Information".

Fiduciary Funds

All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements.

Other Information

In addition to the basic financial statements this report contains required supplementary information other than management's discussion and analysis and other supplementary information immediately following the notes to the financial statements.

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, liabilities exceeded assets by \$203,417,967 at the close of the most recent year.

Condensed Statement of Net Position
Governmental Activities
as of December 31, 2012 and 2011

	2012	2011
Assets		
Current and other assets	\$ 106,262,334	\$ 65,604,553
Capital assets	705,493,158	677,910,118
Total assets	<u>811,755,492</u>	<u>743,514,671</u>
Liabilities		
Current and other liabilities	517,387,040	394,905,063
Long-term liabilities	497,786,419	499,240,652
Total liabilities	<u>1,015,173,459</u>	<u>894,145,715</u>
Net Position		
Net investment in capital assets	26,762,896	24,260,496
Restricted	1,276,840	2,026,619
Unrestricted	(231,457,703)	(176,918,159)
Total net position	<u>\$ (203,417,967)</u>	<u>\$ (150,631,044)</u>

Total assets of the Town as of December 31, 2012 were \$811,755,492, an increase of \$68,240,821. Total liabilities as of December 31, 2012 were \$1,015,173,459, an increase of \$121,027,744. This results in an overall net position deficit of \$203,417,967 as of December 31, 2012. Of the Town's net position balance \$26,762,896 reflects the Town's investment in capital assets (e.g., land, development rights, construction in progress, land rights, buildings, improvements other than buildings, machinery, and equipment, software, roads curbs, sidewalks, drainage systems and lighting systems); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities. The Town's net position balance also included \$1,276,840 that is restricted by statute or other specific purposes and \$231,457,703 that is an unrestricted deficit. Total net assets were again decreased in the current year and will continue to decrease in subsequent years due to the ongoing recognition of Postemployment Benefits Other Than Pensions (OPEB). The unfunded liability for postemployment benefits healthcare costs increased in 2012 by \$23,736,489 bringing the unfunded liability at year-end to \$119,798,664. Additional information on Postemployment Benefits Other Than Pensions can be found in Note 3.F to the financial statements.

The deficit balance of unrestricted net position does not necessarily indicate stress. The Town's effort to maintain present tax rates, used up cash reserves and certain unanticipated expenses resulted in deficits in the operating funds which now total \$24,407,235. The deficit balance of unrestricted net position includes this amount from the operating funds. In addition, unfunded long-term liabilities, contribute to the Town's deficit in net position. These long-term liabilities will be funded through future budgetary appropriations when they become payable in future periods. Included in these long-term liabilities are due to Employees' Retirement System in the amount of \$15,338,012, other postemployment benefits payable in the amount of \$119,798,664, compensated absences in the amount of \$20,923,256, claims and judgments payable in the amount of \$12,093,959, landfill closure and post-closure monitoring in the amount of \$11,430,000, retirement incentive payable in the amount of \$136,667 and other debt in the amount of \$7,005.

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Our analysis below focuses on the changes in net position of the Town's governmental activities.

Changes in Net Position

Governmental Activities

for the years ended December 31, 2012 and 2011

	2012	2011
Program Revenues		
Charges for services	\$ 15,339,090	\$ 13,406,042
Operating grants and contributions	18,126,195	8,156,683
Capital grants and contributions	5,666,110	10,661,138
Total Program Revenues	<u>39,131,395</u>	<u>32,223,863</u>
General Revenues		
Real property taxes	175,579,664	175,265,000
Other real property tax items	3,197,633	3,128,447
Non-property tax items	4,696,524	4,617,396
Interest earnings	147,906	283,646
Local government assistance - unrestricted	13,733,876	13,144,675
State aid - unrestricted	11,184,538	10,201,720
Other	12,963,873	9,685,251
Total General Revenues	<u>221,504,014</u>	<u>216,326,135</u>
Total Revenues	<u>260,635,409</u>	<u>248,549,998</u>
Program Expenses		
General government support	32,796,871	23,979,446
Public safety	27,821,478	26,314,669
Transportation	71,035,386	56,829,279
Economic assistance and opportunity	4,039,287	3,952,952
Culture and recreation	70,617,267	67,279,441
Home and community services	85,793,941	85,314,148
Interest on debt	21,318,102	18,275,637
Total Expenses	<u>313,422,332</u>	<u>281,945,572</u>
Decrease in Net Position	(52,786,923)	(33,395,574)
Net Position at Beginning of Year	(150,631,044)	(117,235,470)
Net Position at End of Year	<u>\$ (203,417,967)</u>	<u>\$ (150,631,044)</u>

Net position, from all governmental activities, decreased by \$52,786,923 in the current year. Key elements of the governmental activities are:

- The current year decrease in net position is due in part to budgetary planning by the Town. Overall, the Town appropriated expenditures in excess of estimated revenues by designating \$16,432,242 of prior year fund balance. The budget also included estimated revenues of \$12,443,154 for litigation recoveries not received. The current year deficit was also due to an increase in the unfunded liability for other postemployment benefits in the amount of \$23,736,489 and an increase in the unfunded liability due to the Employees' Retirement System in the amount of \$6,895,103
- Total revenues were \$260,635,409 in 2012, an increase of \$12,085,411 over the prior year and expenses were \$313,422,332 in 2012 an increase of \$31,476,760 over the prior year. Although most revenues were consistent with the prior year, \$5,000,000 of the increase was due to the reversal of a litigation payable and an additional \$4,974,484 of the increase was due to the net increase in operating and capital grants and contributions, a result of the federal government providing 90% reimbursement for Super Storm Sandy related costs offset by decreases in Environmental Facilities Corporation funding for Clean Water Projects, Department of Energy funding for Conservation and Development and Nassau County Road Assistance. The increase in expenses was mainly due to Super Storm Sandy related costs, Nassau County tuition chargeback, inclusive of Fashion Institute of Technology's four year program, and debt service interest costs.

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

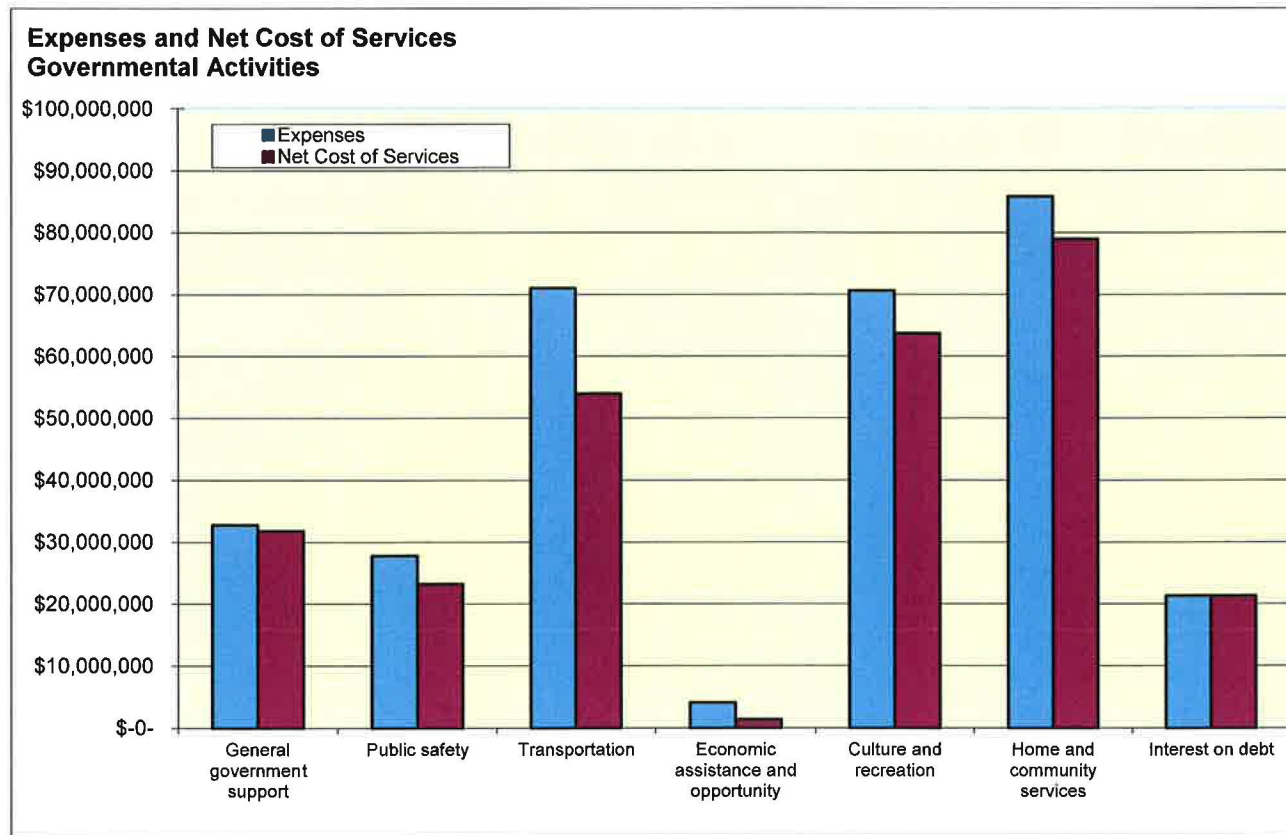
GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following chart illustrates the total and net cost of services by function for the Town's governmental funds.

Net Cost of Services
Governmental Activities
for the years ended December 31, 2012 and 2011

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
General government support	\$ 32,796,871	\$ 23,979,446	\$ 31,793,507	\$ 21,123,858
Public safety	27,821,478	26,314,669	23,216,941	22,206,731
Transportation	71,035,386	56,829,279	53,950,429	44,775,718
Economic assistance and opportunity	4,039,287	3,952,952	1,340,186	1,244,459
Culture and recreation	70,617,267	67,279,441	63,697,570	60,601,234
Home and community services	85,793,941	85,314,148	78,974,202	81,494,072
Interest on debt	21,318,102	18,275,637	21,318,102	18,275,637
	<u>\$ 313,422,332</u>	<u>\$ 281,945,572</u>	<u>\$ 274,290,937</u>	<u>\$ 249,721,709</u>

The total cost of all governmental activities this year was \$313,422,332. The net cost of these services after being subsidized by program revenues was \$274,290,937.



TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

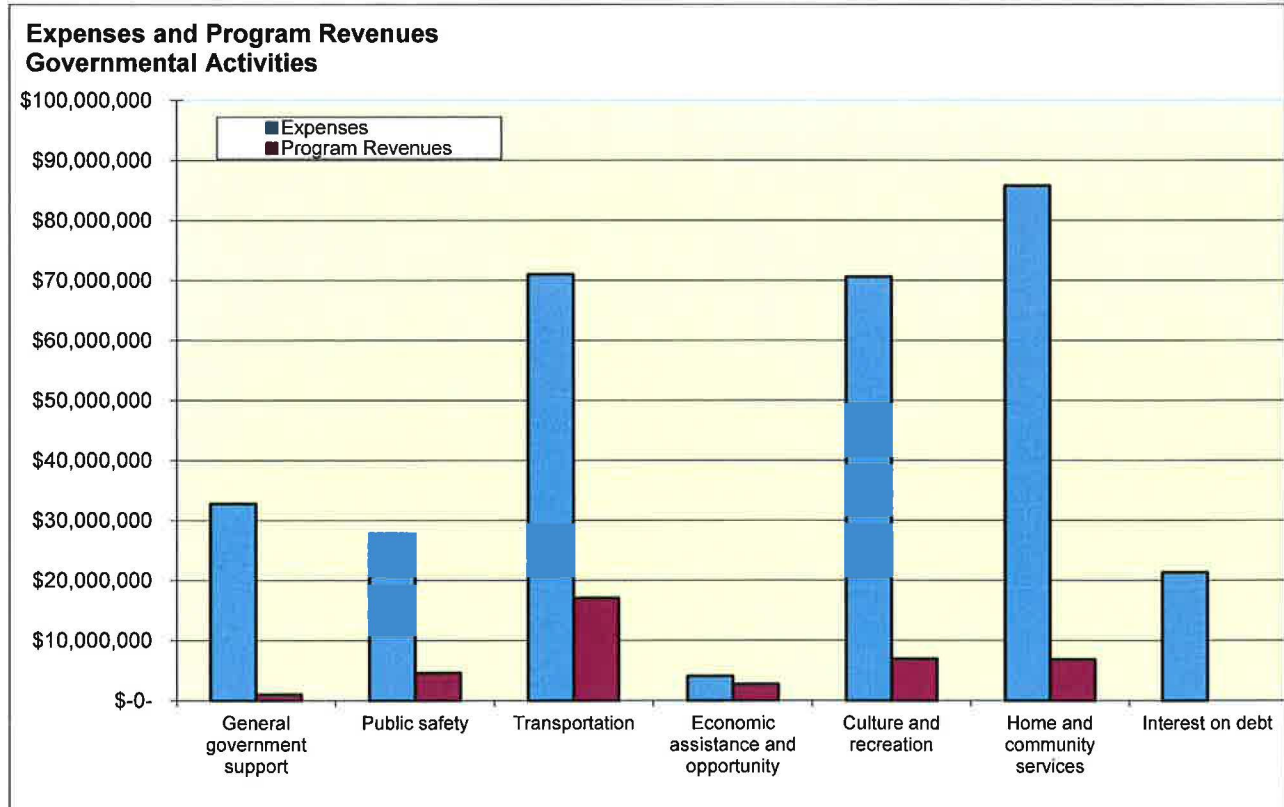
GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following chart illustrates the total costs of services and program revenues by function for the Town's governmental activities.

Total Cost of Services and Program Revenues
Governmental Activities
for the years ended December 31, 2012 and 2011

	Total Cost of Services		Program Revenues	
	2012	2011	2012	2011
General government support	\$ 32,796,871	\$ 23,979,446	\$ 1,003,364	\$ 2,855,588
Public safety	27,821,478	26,314,669	4,604,537	4,107,938
Transportation	71,035,386	56,829,279	17,084,957	12,053,561
Economic assistance and opportunity	4,039,287	3,952,952	2,699,101	2,708,493
Culture and recreation	70,617,267	67,279,441	6,919,697	6,678,207
Home and community services	85,793,941	85,314,148	6,819,739	3,820,076
Interest on debt	21,318,102	18,275,637		
	<u>\$ 313,422,332</u>	<u>\$ 281,945,572</u>	<u>\$ 39,131,395</u>	<u>\$ 32,223,863</u>

The total cost of all governmental activities this year was \$313,422,332. The cost of these services were subsidized by program revenues of \$39,131,395.



TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

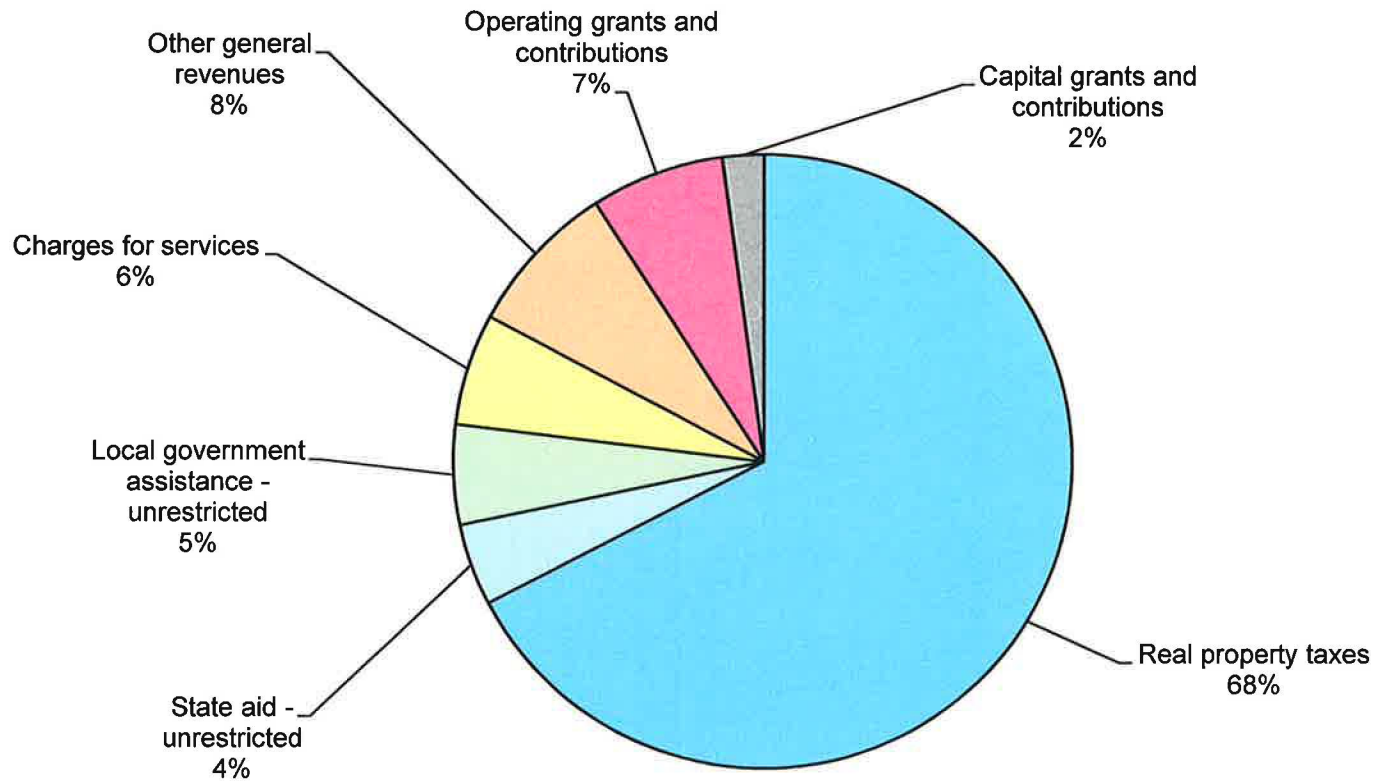
GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Revenue by Source

Governmental Activities

Year ended December 31, 2012

Real property taxes	\$ 175,579,664
State aid - unrestricted	11,184,538
Local government assistance - unrestricted	13,733,876
Charges for services	15,339,090
Other general revenues	21,005,936
Operating grants and contributions	18,126,195
Capital grants and contributions	5,666,110
	<u>\$ 260,635,409</u>



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, spendable fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

At December 31, 2012, the Town's governmental funds reported a total ending fund balance deficit of \$363,875,101, an increase of \$81,996,253 in comparison with the prior year deficit. The governmental funds reported a fund balance deficit, exclusive of the Capital Projects Fund, of \$24,407,235. This change in total governmental fund balance was due primarily to decreases in the General Fund, Garbage Collection Districts Fund, Solid Waste Disposal District Fund and Capital Projects Fund fund balance as explained under their respective funds below. The category breakdown of fund balance is as follows:

- **Nonspendable fund balance** - \$5,108,941 (inherently non spendable) includes the portion of net resources that cannot be spent because they must be maintained intact.
- **Restricted fund balance** - \$1,276,840 (externally enforceable limitations on use) include amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- **Assigned fund balance** - \$6,680,117 (limitation resulting from intended use) consists of amounts where the intended use is established by the Town Board, but do not meet the criteria to be classified as restricted or committed.
- **Unassigned fund balance deficit** - \$376,940,999 (residual net resources) is the remaining total fund balance deficit in the General Fund, Garbage Collection Districts Fund, Solid Waste Disposal District Fund, Capital Projects Fund, Town Outside Village Fund and Public Parking District.

The Town began the year with an anticipated \$16,432,242 decrease resulting from the appropriation of fund balance for the 2012 budget in the governmental funds. Other changes in total governmental fund balances were primarily due to less than expected departmental income of \$7,499,877, intergovernmental charges of \$1,070,882, litigation recoveries of \$12,443,154 and mortgage tax \$1,497,884 offset by unexpected federal emergency disaster assistance of \$13,433,006 as a result of Super Storm Sandy and Hurricane Irene.

In the General Fund, fund balance decreased by \$5,781,843 due in part to the Town appropriating expenditures in the budget in excess of the respective estimated revenues, by designating fund balance from the prior year. Overall, revenues and other financing sources totaled \$112,682,373, an increase of \$14,958,194 from the prior year, while expenditures and other financing uses totaled \$118,464,216, an increase of \$17,526,580 from the prior year. The increase in revenue was mainly due to increased real property taxes of \$7,775,447, increased other financing sources of \$3,829,582, increased federal and state aid of \$1,255,127, increased departmental income of \$604,799 and increased intergovernmental charges of \$599,404. The increase in expenditures was mainly due to increased transfers out of \$4,716,343, increased employee benefit expenditures of \$5,019,077, increased general government support of \$5,570,738 and increased debt interest of \$1,796,460.

In the Highway Fund, fund balance decreased by \$971,886 due in part to the Town appropriating expenditures in the budget in excess of the respective estimated revenues, by designating fund balance from the prior year. Overall, revenues and other financing sources totaled \$53,255,178, an increase of \$11,988,020 from the prior year, while expenditures and other financing uses totaled \$54,227,064, an increase of \$13,937,569 from the prior year. The increase in revenue was mainly due to increased federal and state aid of \$8,043,743, increased real property taxes of \$3,025,998 and increased other financing sources of \$1,086,730. The increase in expenditures was mainly due to increased transfers out of \$3,189,706 and increased transportation expenditures of \$10,038,501, primarily as a result of Super Storm Sandy cleanup costs.

In the Garbage Collection Districts Fund, fund balance decreased by \$17,315,384 due in part to the Town appropriating expenditures in the budget in excess of the respective estimated revenues, by designating fund balance from the prior year. In addition, the budget also included estimated revenues of \$8,401,754 for litigation recoveries not received. Overall, revenues and other financing sources totaled \$25,606,818, a decrease of \$16,710,088 from the prior year, while expenditures and other financing uses totaled \$42,922,202, an increase of \$1,536,905 from the prior year. The decrease in revenue was mainly due to decreased real property taxes of \$17,931,905 offset by increased other financing sources of \$691,349 and increased federal aid of \$446,125. The increase in expenditures was mainly due to increased transfers out of \$438,391 and increased sanitation expenditures of \$1,304,043 offset by a decrease in employee benefit cost of \$231,814.

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

In the Solid Waste Disposal District Fund, fund balance decreased by \$3,988,503, although the Town budgeted revenues in excess of expenditures for the current year. In addition, the budget also included estimated revenues of \$4,041,400 for litigation recoveries not received. Overall, revenues and other financing sources totaled \$29,808,111, an increase of \$4,466,739 from the prior year, while expenditures and other financing uses totaled \$33,796,614, an increase of \$630,193 from the prior year. The increase in revenue was mainly due to increased real property taxes of \$2,844,084, increased federal and state aid of \$833,342, increased refuse and garbage charges of \$374,115 and increased other financing sources of \$301,672. The increase in expenditures was mainly due to increased transfers out of \$740,655, increased debt interest of \$178,404 offset by a decrease in employee benefits cost of \$259,783.

The Capital Projects Fund deficit resulted from differences in timing between project expenditures and the recognition of corresponding permanent financing sources. Since project expenditures are initially financed by the issuance of bond anticipation notes, and the proceeds of these short-term borrowings are recorded as fund liabilities rather than as other financing sources in accordance with GAAP, fund balance deficits occur. At December 31, 2012 the Town had \$384,893,958 of bond anticipation notes outstanding to finance capital projects. This deficit will be eliminated when long-term bonds payable are issued to redeem the bond anticipation notes payable.

The total Nonmajor Funds' fund balance increased by \$3,082,984 due in part to the Town budgeting revenues in excess of expenditures for the current year. Overall, revenues and other financing sources totaled \$69,060,832, an increase of \$8,022,614 from the prior year, while expenditures and other financing uses totaled \$65,977,848, an increase of \$3,614,710 from the prior year. The increase in revenue was mainly due to increased real property taxes of \$4,601,039, increased other financing sources of \$2,014,735, increased departmental income of \$883,858, increased federal and state aid of \$577,454. The increase in expenditures was mainly due to increased transfers out of \$1,278,195, increased transportation costs of \$878,865, increased culture and recreation costs of \$690,463, increased public safety costs of \$553,525, and increased debt interest of \$512,105 offset by a decrease in employee benefits cost of 293,997.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town appropriated expenditures in the original General Fund budget in excess of estimated revenues in the amount of \$6,276,008, by designating unreserved fund balance from the prior year. Over the course of the year the Town Board revises the budget as needed so that expenditures do not exceed appropriations. In the General Fund, various transfers between appropriations were approved for this purpose. The budget was also revised as a result of encumbrances from the prior year. The final revenue and other financing sources budget was decreased by \$3,556,623 as a result of the Town expecting to receive decreased Nassau County local government assistance of \$1,831,000, decreased mortgage tax of \$1,250,874 and decreased interfund revenue of \$749,126. The decreases in the final revenue budget were offset by increased departmental income of \$102,000, increased sale of property and compensation for loss of \$69,012, increased miscellaneous local sources of \$73,365 and increased other financing sources of \$30,000. The final expenditure and other financing uses budget was consistent with the original budget with the exception of debt service and transfers out.

Please see the General Fund section for more details on the comparison of final budget to actual amounts.

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2012 the Town had \$705,493,158 in net capital assets including land, development rights, construction in progress, land rights, buildings, improvements other than buildings, machinery and equipment, software, roads, curbs and sidewalks, drainage and street lighting. In addition, the Town has encumbered funds for commitments of capital expenses in the amount of \$13,919,566. The Town's component units had \$172,954,185 in net capital assets including land, construction in progress, buildings, improvements other than buildings, machinery and equipment, software, water and sewer mains.

Capital Assets at December 31,

<u>Primary government</u>	<u>2012</u>	<u>2011</u>
Land	\$ 111,459,819	\$ 110,175,668
Development rights	1,306,296	1,306,296
Construction in progress	10,567,810	20,224,157
Land rights	7,367,265	7,367,265
Buildings	139,169,904	134,986,279
Improvements other than buildings	448,534,883	424,733,518
Machinery and equipment	93,046,035	86,581,032
Software	7,797,788	5,459,866
Infrastructure		
Roads, curbs and sidewalks	402,229,361	372,908,388
Drainage system	172,060,301	171,137,280
Lighting system	19,999,920	17,730,567
Total capital assets	1,413,539,382	1,352,610,316
Less: accumulated depreciation	708,046,224	674,700,198
Primary government - Total net capital assets	\$ 705,493,158	\$ 677,910,118

During 2012, the Town's capital assets were increased by \$27,583,040. The increase in capital assets included additions net of prior year construction in progress placed into service of \$78,431,817, offset by depreciation expense of \$48,406,657. In addition the Town wrote off Super Storm Sandy damaged and other aging assets of \$17,502,751, offset by the write off of \$15,060,631 of accumulated depreciation on those assets.

Additional information on the Town's capital assets can be found in Note 3.C to the financial statements.

Capital Assets at December 31,

<u>Component units</u>	<u>2012</u>	<u>2011</u>
Land	\$ 5,979,602	\$ 5,851,888
Construction in progress	37,134,349	38,120,238
Buildings	53,990,120	44,143,960
Improvements other than buildings	74,664,152	66,839,901
Machinery and equipment	36,283,410	34,976,741
Software	59,136	59,136
Infrastructure		
Water mains	68,312,027	67,921,546
Sewer system	1,266,841	1,215,136
Total capital assets	277,689,637	259,128,546
Less: accumulated depreciation	104,735,452	98,605,405
Component units - Total net capital assets	\$ 172,954,185	\$ 160,523,141

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

The capital program is a long range financing guide and not a definitive plan. Each appropriation must be authorized by Town Board resolution before its commencement. Each may be financed by issuance of general obligation bonds, which, at times, are preceded by issuance of bond anticipation notes for various periods of time depending on the probable usefulness of the purpose of expense. The following sets forth a summary of the Town's capital program, as originally adopted for 2013 and the next five years.
(dollars in thousands):

Equipment	2013	2014	2015	2016	2017	2018
General Fund	\$ 5,049	\$ 2,801	\$ 1,400	\$ 1,220	\$ 1,113	\$ 931
General - Part Town	796	550	50	50	50	50
Highway Fund	1,305					
Special Districts	1,700	1,019	1,160	1,160	500	2,040
Total Equipment	<u>\$ 8,850</u>	<u>\$ 4,370</u>	<u>\$ 2,610</u>	<u>\$ 2,430</u>	<u>\$ 1,663</u>	<u>\$ 3,021</u>
Improvements	2013	2014	2015	2016	2017	2018
General Fund	\$ 10,075	\$ 7,575	\$ 4,166	\$ 3,350	\$ 3,350	\$ 3,200
Highway Fund	28,825					
Special Districts	4,050	4,010	3,310	3,310	3,210	3,210
Total Improvements	<u>\$ 42,950</u>	<u>\$ 11,585</u>	<u>\$ 7,476</u>	<u>\$ 6,660</u>	<u>\$ 6,560</u>	<u>\$ 6,410</u>
Total Program	<u>\$ 51,800</u>	<u>\$ 15,955</u>	<u>\$ 10,086</u>	<u>\$ 9,090</u>	<u>\$ 8,223</u>	<u>\$ 9,431</u>

Debt Administration

The Town has received an A rating with a negative outlook from Standard & Poor's Ratings Services. In February 2013, Moody's Investors Service lowered the rating of the Town's general obligation bonds from Aa3 to A2.

At December 31, 2012, the Town had \$373,805,000 in long term general obligation bonds outstanding, of which \$351,012,446 was for general Town purposes. Also outstanding at year-end were bond anticipation notes in the amount of \$428,823,958 of which \$384,893,958 was for general Town purposes.

Debt Limit

The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven percent of the average full valuation of taxable real estate of the Town, and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service.

The constitutional method for determining full valuation is calculated by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Board of Equalization and Assessment. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five. Percentage of debt contracting power exhausted at December 31, 2012 was 16.98%.

Additional information on the Town's debt activity can be found in Note 3.D to the financial statements.

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Property Tax

The Town has adopted a budget for 2013, which factors in inflation and other adjustments to revenues and expenses as well as prior year positive and negative fund balances. The 2013 budget includes an overall increase in real property tax revenue from the prior year of 3.86% for the Town's overall governmental activities which is in compliance with the property tax cap imposed by New York State.

Chapter 97 of the Laws of 2011 (the "Tax Cap Law") was enacted on June 24, 2011 and took effect for the 2012 budget year. The Tax Cap Law limits annual increases of the Town's overall real property tax to no more than the lesser of 2.00% or the rate of inflation. Certain increases to the tax levy are excluded from the limitations imposed by the Tax Cap Law including exclusions for certain expenditures for retirement system contributions and tort judgments payable by the Town. In addition, the Town Board may override the limitations if the Town Board enacts, by vote of at least sixty percent of the voting power of the Town Board, a local law to override such limit for the upcoming budget year. The Tax Cap Law does not provide exclusion for debt service on general obligations issued by the Town.

State Aid and Local Assistance

The Town receives financial assistance from New York State and Nassau County. During 2012, financial assistance included state aid – mortgage tax \$9,502,116; state aid – per capita \$1,682,422 and County local government assistance of \$13,733,876. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town may be affected by a delay in the payment of state aid. The State is not constitutionally obligated to maintain or continue state aid to the Town. The Town's 2013 budget included similar amounts for this financial assistance.

Property Condemnation and Environmental Issues

The Town is currently in litigation on certain matters which involve property condemnation and/or the remediation for the contamination by environmentally hazardous substances. These matters are at various stages of litigation and it is uncertain as to the outcome. Additional information on these matters can be found in Note 4B to the financial statements.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Oyster Bay, Office of the Comptroller, Oyster Bay, New York.

**BASIC FINANCIAL
STATEMENTS**

TOWN OF OYSTER BAY
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2012

	Primary Governmental Activities	Component Units
ASSETS		
Current Assets:		
Cash and investments	\$ 58,426,721	\$ 54,532,216
Accounts receivable, net of allowances \$364,038	3,926,266	16,078,082
Rehabilitation loan receivable	13,000	
State and federal aid receivables	22,566,742	108,719
Due from other governments	10,632,588	213,923
Due from primary government		7,739,632
Due from component units	2,874,833	
Prepaid charges		947,895
Other assets		9,686
Inventory of material and supplies	3,269,977	626,962
Total Current Assets	<u>101,710,127</u>	<u>80,257,115</u>
Non-Current Assets:		
Accounts receivable, net of current portion		236,555
Deferred charges, net of accumulated amortization	4,552,207	18,215
Non-depreciable capital assets	123,333,925	43,113,951
Depreciable capital assets, net of depreciation	582,159,233	129,840,234
Total Non-Current Assets	<u>710,045,365</u>	<u>173,208,955</u>
Total Assets	<u>811,755,492</u>	<u>253,466,070</u>

(continued)

TOWN OF OYSTER BAY
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2012

	Primary Governmental Activities	Component Units
LIABILITIES		
Current Liabilities:		
Accounts payable	37,078,688	6,242,469
Accrued liabilities	1,575,205	887,378
Accrued interest payable	9,315,623	385,199
Bond anticipation notes payable	384,893,958	43,930,000
Revenue anticipation note payable	16,800,000	
Deficiency note payable	13,000,000	
Budgetary note payable	15,000,000	
Due to other governments	403,377	
Due to primary government		2,874,833
Unearned income	60,000	400,237
Other liabilities		499
Non-current liabilities due within one year:		
General obligation bonds payable	31,137,524	2,079,253
Due to Employees Retirement System	1,371,615	149,148
Compensated absences	1,046,163	128,343
Claims and judgments payable	4,849,549	
Estimated liability for landfill closure and postclosure care costs	780,000	
Retirement incentive payable	68,333	
Other debt	7,005	767,761
Total Current Liabilities	<u>517,387,040</u>	<u>57,845,120</u>
Non-Current Liabilities:		
General obligation bonds payable	326,181,521	20,713,301
Due to Employees Retirement System	13,966,397	332,693
Other postemployment benefits payable	119,798,664	15,731,043
Compensated absences	19,877,093	3,481,468
Claims and judgments payable	7,244,410	
Estimated liability for landfill closure and postclosure care costs	10,650,000	
Retirement incentive payable	68,334	
Other debt		13,241,746
Total Non-Current Liabilities	<u>497,786,419</u>	<u>53,500,251</u>
Total Liabilities	<u>1,015,173,459</u>	<u>111,345,371</u>
NET POSITION		
Net investment in capital assets	26,762,896	105,469,848
Restricted:		
Home and community services	224,125	32,167,823
Economic assistance and opportunity	289,879	
Debt service	762,836	
Unrestricted	<u>(231,457,703)</u>	<u>4,483,028</u>
Total Net Position	<u>\$ (203,417,967)</u>	<u>\$ 142,120,699</u>

See notes to the financial statements

TOWN OF OYSTER BAY
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year ended December 31, 2012

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Government Activities:				
General government support	\$ 32,796,871	\$ 1,003,364		
Public safety	27,821,478	4,564,537		\$ 40,000
Transportation	71,035,386	2,285,793	\$ 11,217,158	3,582,006
Economic assistance and opportunity	4,039,287		2,699,101	
Culture and recreation	70,617,267	6,586,215	333,482	
Home and community services	85,793,941	899,181	3,876,454	2,044,104
Interest on debt	21,318,102			
Total Primary Government	\$ 313,422,332	\$ 15,339,090	\$ 18,126,195	\$ 5,666,110
COMPONENT UNITS				
Home and community services	\$ 50,940,524	\$ 24,140,631	\$ 88,963	\$ 100,709

General Revenues

Real property taxes
Other real property tax items
Non-property tax items
Interest earnings
Local government assistance - unrestricted
State aid - unrestricted
Other

Total General Revenues

Change in Net Position

Net Position at Beginning of Year

Prior Period Adjustments

Net Position at End of Year

Net (Expenses) Revenue and Change in Net Position

<u>Primary</u>		<u>Component</u>	
<u>Government</u>		<u>Units</u>	
\$	(31,793,507)		
	(23,216,941)		
	(53,950,429)		
	(1,340,186)		
	(63,697,570)		
	(78,974,202)		
	(21,318,102)		
	<u>(274,290,937)</u>		
		\$	(26,610,221)
\$	175,579,664	\$	22,215,725
	3,197,633		783,275
	4,696,524		
	147,906		153,137
	13,733,876		
	11,184,538		
	12,963,873		12,207,824
	<u>221,504,014</u>		<u>35,359,961</u>
	(52,786,923)		8,749,740
	<u>(150,631,044)</u>		<u>133,155,786</u>
			215,173
\$	<u>(203,417,967)</u>	\$	<u>142,120,699</u>

TOWN OF OYSTER BAY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

	MAJOR FUNDS		
	General	Highway	Garbage Collection Districts
ASSETS			
Cash and investments	\$ 5,035,003	\$ 28,563	\$ 25,500
Accounts receivable, net of allowances for doubtful accounts of \$364,038	1,454,345	483,928	22,202
Rehabilitation loan receivable			
Due from other funds	4,013,404	12,172,000	
State and federal aid receivables	2,446,011	11,079,125	446,125
Due from other governments	9,458,859	423,586	
Due from component units			
Inventory of material and supplies	1,548,552	1,095,548	
Total Assets	<u>\$ 23,956,174</u>	<u>\$ 25,282,750</u>	<u>\$ 493,827</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 5,811,138	\$ 8,542,102	\$ 1,997,273
Accrued liabilities	542,157	162,330	479,619
Bond anticipation notes payable			
Revenue anticipation note payable	16,800,000		
Deficiency note payable	7,000,000		4,300,000
Budgetary note payable	311,526	12,471,220	446,125
Due to other governments	403,377		
Due to other funds			3,601,000
Deferred revenue			
Total Liabilities	<u>30,868,198</u>	<u>21,175,652</u>	<u>10,824,017</u>
FUND BALANCES (DEFICIT)			
Nonspendable	3,387,516	1,095,548	
Restricted			
Assigned		3,011,550	
Unassigned	(10,299,540)		(10,330,190)
Total Fund Balances (Deficit)	<u>(6,912,024)</u>	<u>4,107,098</u>	<u>(10,330,190)</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 23,956,174</u>	<u>\$ 25,282,750</u>	<u>\$ 493,827</u>

See notes to the financial statements.

Solid Waste Disposal	Debt Service	Capital Projects	Other Governmental Funds	Totals
\$ 194	\$ 100,628	\$ 46,974,230	\$ 6,262,603	\$ 58,426,721
930,229		965,000	70,562	3,926,266
			13,000	13,000
	121,922	68,084		16,375,410
2,826,517		4,538,142	1,230,822	22,566,742
233,718		516,425		10,632,588
		2,874,833		2,874,833
			625,877	3,269,977
<u>\$ 3,990,658</u>	<u>\$ 222,550</u>	<u>\$ 55,936,714</u>	<u>\$ 8,202,864</u>	<u>\$ 118,085,537</u>
\$ 4,697,457		\$ 10,388,700	\$ 2,342,018	\$ 33,778,688
175,443			215,656	1,575,205
		384,893,958		384,893,958
				16,800,000
			1,700,000	13,000,000
1,061,392			709,737	15,000,000
				403,377
9,846,000		121,922	2,806,488	16,375,410
60,000			74,000	134,000
<u>15,840,292</u>		<u>395,404,580</u>	<u>7,847,899</u>	<u>481,960,638</u>
	\$ 222,550		625,877	5,108,941
			1,054,290	1,276,840
			3,668,567	6,680,117
(11,849,634)		(339,467,866)	(4,993,769)	(376,940,999)
<u>(11,849,634)</u>	<u>222,550</u>	<u>(339,467,866)</u>	<u>354,965</u>	<u>(363,875,101)</u>
<u>\$ 3,990,658</u>	<u>\$ 222,550</u>	<u>\$ 55,936,714</u>	<u>\$ 8,202,864</u>	<u>\$ 118,085,537</u>

TOWN OF OYSTER BAY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2012

Total Fund Balances (Deficit) - Governmental Funds	\$ (363,875,101)
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Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets less accumulated depreciation are
included in the Statement of Net Position:

Capital assets - non-depreciable	123,333,925
Capital assets - depreciable	1,290,205,457
Accumulated depreciation	(708,046,224)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	74,000
--	--------

Long-term liabilities applicable to the Town's
governmental activities are not due and payable
in the current period and accordingly are not
reported in the funds. However these liabilities
are included in the Statement of Net Position:

General obligation bonds payable, inclusive of premiums	(357,319,045)
Due to Employees Retirement System	(15,338,012)
Other postemployment benefits payable	(119,798,664)
Compensated absences	(20,923,256)
Claims and judgments payable	(12,093,959)
Estimated liability for landfill closure and postclosure care costs	(11,430,000)
Retirement incentive payable	(136,667)
Other debt	(7,005)

Deferred charges included in the Statement of Net Position	4,552,207
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Additional accounts payable included in the Statement of Net Position	(3,300,000)
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Interest payable applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. However these liabilities are included in the Statement of Net Position.	(9,315,623)
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Net Position of Governmental Activities	\$ (203,417,967)
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TOWN OF OYSTER BAY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended December 31, 2012

	MAJOR FUNDS		
	General	Highway	Garbage Collection Districts
REVENUES			
Real property taxes	\$ 38,012,386	\$ 39,725,779	\$ 24,178,160
Other real property tax items	1,601,407	401,570	270,912
Non-property tax items	4,696,524		
Departmental income	6,348,196	946,576	
Intergovernmental charges	13,751,689	113	
Use of money and property	455,256	11,985	17,219
Licenses and permits	174,475		
Fines and forfeitures	746,224		
Sale of property and compensation for loss	218,551		
Miscellaneous local sources	1,215,482	3,300	3,053
Interfund revenues	29,876,012		
State aid	11,388,064	37,839	
Federal aid	335,300	11,041,286	446,125
Total Revenues	108,819,566	52,168,448	24,915,469
EXPENDITURES			
Current:			
General government support	39,672,527		
Public safety	5,373,745		
Transportation	876,378	29,722,186	
Economic assistance and opportunity	476,378		
Culture and recreation	18,420,745		
Home and community services	3,522,808		32,766,250
Employee benefits	25,526,946	5,315,509	8,130,088
Capital Outlay			
Debt Service:			
Principal			
Interest	3,729,876	1,807,652	91,465
Total Expenditures	97,599,403	36,845,347	40,987,803
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,220,163	15,323,101	(16,072,334)
OTHER FINANCING SOURCES (USES)			
Transfers in			129,210
Transfers out	(20,864,813)	(17,381,717)	(1,934,399)
Issuance of debt	3,622,213	1,048,705	534,187
Premiums on obligations	240,594	38,025	27,952
Total Other Financing Sources (Uses)	(17,002,006)	(16,294,987)	(1,243,050)
Net Change in Fund Balances	(5,781,843)	(971,886)	(17,315,384)
Fund Balances (Deficit) at Beginning of Year	(1,130,181)	5,078,984	6,985,194
Fund Balances (Deficit) at End of Year	\$ (6,912,024)	\$ 4,107,098	\$ (10,330,190)

See notes to the financial statements.

Solid Waste Disposal	Debt Service	Capital Projects	Other Governmental Funds	Totals
\$ 18,199,603			\$ 55,463,736	\$ 175,579,664
194,353			729,391	3,197,633
				4,696,524
8,691,895			6,092,456	22,079,123
190,716				13,942,518
13,031	\$ 73,982		31,583	603,056
				174,475
				746,224
413,519		\$ 965,000	9,261	1,606,331
12,709		335,858	233,330	1,803,732
				29,876,012
724,222		1,294,822	163,142	13,608,089
1,066,391		3,926,705	4,323,198	21,139,005
29,506,439	73,982	6,522,385	67,046,097	289,052,386
	39,737			39,712,264
			14,794,252	20,167,997
			6,327,808	36,926,372
			2,708,043	3,184,421
			17,217,718	35,638,463
27,061,121			5,090,946	68,441,125
3,844,252			8,394,184	51,210,979
		78,651,835		78,651,835
	31,355,462			31,355,462
342,753	13,525,912		1,257,033	20,754,691
31,248,126	44,921,111	78,651,835	55,789,984	386,043,609
(1,741,687)	(44,847,129)	(72,129,450)	11,256,113	(96,991,223)
	37,038,071	15,750,000		52,917,281
(2,548,488)			(10,187,864)	(52,917,281)
300,165			1,994,730	7,500,000
1,507	7,166,887		20,005	7,494,970
(2,246,816)	44,204,958	15,750,000	(8,173,129)	14,994,970
(3,988,503)	(642,171)	(56,379,450)	3,082,984	(81,996,253)
(7,861,131)	864,721	(283,088,416)	(2,728,019)	(281,878,848)
\$ (11,849,634)	\$ 222,550	\$ (339,467,866)	\$ 354,965	\$ (363,875,101)

TOWN OF OYSTER BAY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2012

Net Change in Fund Balance	\$	(81,996,253)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation expense in the current period is:

Capital outlay		78,431,817
Depreciation expense		(48,406,657)
Loss on dispositions		(2,442,120)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:

Deferred charges		(344,899)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		48,400
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Other assets not available to pay for current period expenditures and therefore, are deferred and amortized in the Statement of Activities.		456,777
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Issuance of debt		(7,500,000)
Repayment of bond principal		31,355,462
Due to Employees Retirement System		(5,480,121)
Other postemployment benefits payable		(23,736,489)
Litigation settlement payable		5,000,000
Compensated absences		1,966,161
Claims and judgments payable		(228,706)
Estimated liability for landfill closure and postclosure care costs		780,000
Retirement incentive payable		(136,667)
Other debt		9,783
Accrued interest cost		(563,411)

Change in Net Position of Governmental Activities	\$	<u>(52,786,923)</u>
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TOWN OF OYSTER BAY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2012

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 72,246,576
Total Assets	<u>\$ 72,246,576</u>
LIABILITIES	
Due to the Comptroller of the State of New York	\$ 60
Due to the Department of Environmental Conservation of the State of New York	572
Due to the Department of Health of the State of New York	1,282
Due to the Department of Agriculture and Markets of the State of New York	83
Due to school districts	61,688,010
Due to the Treasurer of Nassau County	176,191
Due to component units	7,739,632
Other agency liabilities	<u>2,640,746</u>
Total Liabilities	<u>\$ 72,246,576</u>

See notes to the financial statements.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Oyster Bay (the "Town"), which was established in 1653, is governed by Town Law and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations. The Town Board consists of the Supervisor who is elected for a term of two years and six council members who are elected for terms of four years. The Town Board appoints the Town Attorney, Comptroller and the Commissioner of Public Works whose terms are fixed by Town Law. The Town Clerk and Receiver of Taxes are elected and serve for two years and four years, respectively. The Director of Finance is appointed by the Supervisor. The Town Board appoints the following eleven Commissioners: Public Works, Community and Youth Services, General Services, Human Resources, Intergovernmental Affairs, Parks, Planning and Development, Environmental Resources, Public Safety, Highways, and Economic Development. The Commissioners serve at the discretion of the Town Board.

The Town provides a full range of municipal services, including public safety, transportation, home and community services, public works and road maintenance, recreation and parks, and general and administrative services.

The financial statements of the Town of Oyster Bay have been prepared in conformity with accounting principles generally accepted in the United States of America (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 more significant of the Town's accounting policies are described below.

A. Reporting Entity

The financial reporting entity consists of: (a) the primary government, which is the Town of Oyster Bay; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14, as amended by GASB Statement No.39.

The decision to include a potential component unit in the Town of Oyster Bay reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended by GASB Statement No.39, including legal standing, dependency and financial accountability. Based on the application of these criteria, the following is a summary of certain entities considered in determining the Town of Oyster Bay's reporting entity.

Certain special districts of the Town are separate legal entities and have separately elected boards of commissioners. These special districts provide water, sewer and sanitation services to residents and businesses within the districts. The special districts cannot issue bonded debt without the approval and the backing of the full faith and credit of the Town. Budgets and tax rates are approved by the Town. Tax levies of the special districts are collected by the Town Receiver of Taxes. As a result of this fiscal dependency, the Town is financially accountable for these special districts. Accordingly, these special districts have been determined to be component units of the Town and are presented discretely in a separate column in the combined government-wide financial statements to emphasize that they are legally separate from the primary government. Condensed financial statements along with the addresses of the administrative office, for these component units are presented in Note 5.

B. Government-Wide and Fund Financials Statements

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

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the Town as a whole, except fiduciary activities with separate columns for the primary governmental activities as well as the discretely presented component units.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financials Statements (continued)

Government-wide Financial Statements (continued)

In the government-wide Statement of Net Position, the Town's governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town'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 each of the Town's functional categories (general government support, public safety, transportation, economic assistance, culture and recreation and home and community services), which are otherwise supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants to produce the net cost of each program. Program revenues include (a) charges for services and (b) operating and capital grants and contributions that are directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are normally covered by general revenue (property, taxes, intergovernmental revenues, interest income, etc.).

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Eliminations have been made to prevent distortion of the direct costs and program revenues reported. Sales and purchases of goods and services for a price approximating their external value are not eliminated between the funds in the government-wide financial statements.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Fund Financial Statements

The accounts of the Town 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, liabilities, 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. Certain funds of the Town are utilized to account for resources derived from and/or expenditures applicable to an area less than the entire town. In the fund financial statements the emphasis is on the major funds and nonmajor funds are summarized into a single column. Accordingly, the Town 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. Government funds are further classified as major and nonmajor funds.

The Town reports the following major governmental funds:

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

Special Revenue Funds - are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

Governmental Funds (continued)

Highway Fund - is a Special Revenue Fund used to account for maintenance and improvement of the Town's roadways and the cost of snow removal. The major source of revenue is real property taxes and in the current year federal aid as a result of Super Storm Sandy cleanup costs.

Garbage Collection Districts - is a Special Revenue Fund used to account for sanitation services provided by garbage collection district #1 and #2. The major source of revenue is real property taxes.

Solid Waste Disposal District - is a Special Revenue Fund used to account for the solid waste disposal and recycling service of the Town. The major source of revenue is real property taxes and departmental income.

Debt Service Fund - is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and for financial resources that are being accumulated for principal and interest in future years.

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

Additionally, the Town accounts for and reports the following nonmajor funds:

Special Revenue Funds include the following:

Town Outside Village - is used to account for revenues and expenditures for certain services provided to the area of the Town located outside of incorporated villages.

Special Grant Fund - is used to account for Federal Aid for the Community Development Block Grant, Temporary Assistance for Needy Families, Workforce Investment Act Programs and other federal grant programs.

Special District Funds - are used to account for taxes or other revenues, which are raised or received to provide special services to areas that encompass less than the whole Town. The Special District Funds consist of a number of separate districts, which are administered by the Town Board as follows:

Drainage District

Fire Protection Districts:

Bayville

East Norwich

Glenwood - Glen Head

Northeast Farmingdale

Greenvale

Oyster Bay

Plainview

Lighting District

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financials Statements (continued)

Fund Financial Statements (continued)

Special District Funds (Continued)

Park Districts:

Bethpage
Glenwood - Glen Head
Hempstead-Oyster Bay
Community Hall
and Swimming Pool
Hicksville
Jericho

Locust Valley
Massapequa
Nassau Shores
Oyster Bay
Plainview - Old Bethpage
South Farmingdale
Syosset

Public Parking District

Water District:

Northeast Farmingdale

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the Town in a trustee or custodial capacity.

Agency Fund - is for money (and/or property) received and held in the capacity of trustee, custodian or agent. The Town's fiduciary funds include agency funds as follows:

Town Agency Funds – accounts for consolidated payroll, amounts due to component units and other agency liabilities.

Town Clerk Agency Funds – accounts for amounts due to other governments for license and permit fees.

Town Receiver of Taxes Agency Funds – accounts for amounts due to other governments for general and school taxes collected.

Discretely Presented Component Units

Certain special districts that have separately elected boards and provide water, sewer, and sanitation services to residents and businesses within their districts. These districts, which follow government fund accounting principles and are accounted for as discretely presented component units, are as follows:

Bethpage Water District
Jericho Water District
Massapequa Water District
Plainview Water District
Oyster Bay Sewer District
Syosset Sanitation District

Hicksville Water District
Locust Valley Water District
Oyster Bay Water District
South Farmingdale Water District
Glenwood - Glenhead Garbage District

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to what is being measured whereas the 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 statements, 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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

In the funds statements, governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (measurable and available to finance current operations). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered available if they are collectable within 60 days after the year end. The Town generally considers all other revenues available if they are collectable within 120 days after the year end. Revenues susceptible to accrual include Nassau County local assistance at year end on behalf of the Town, franchise fees, and charges for services, intergovernmental revenues and operating transfers. In certain unusual circumstances this application of the Town's normal availability period for a given revenue source might distort revenue trends from one year to the next. In such unusual circumstances, revenues maybe considered available if received beyond 120 days however to the extent the revenue remains uncollected after one year the Town would classify the fund balance as nonspendable.

Permits, fees, and other similar revenues are not susceptible to accrual because generally they are not measurable until they are received in cash. In those instances where expenditures are the prime factor in determining eligibility for state and federal grants, revenues are recognized when the expenditure is incurred. In the Capital Projects Fund, long-term debt is recognized as revenue upon receipt of the proceeds. Expenditures are recorded on the accrual basis except that (a) expenditures for prepaid expenses are recognized when incurred; (b) principal and interest on indebtedness are recognized as expenditures when due; (c) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as expenditures when paid.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and the change in net position.

D. Assets, Liabilities and Net Position or Fund Equity

1. Receivables

Receivables include amounts due from Federal, State, and other governments or entities for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred.

2. Prepaids

Prepaids in the government-wide statements represent component unit retirement benefits that will benefit a future period.

3. Inventory - Materials and Supplies

Inventory in the General and Special Revenue Funds is valued at cost, using weighted average cost method. Inventory in these funds is accounted for under the consumption method.

4. Deferred Charges

Discounts and expenses related to the issuance of long-term debt and the loss on the early retirement of refunded debt are amortized on a straight-line basis over the life of the issue, and are presented net of accumulated amortization.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

5. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation and amortization on all assets is provided on the straight-line basis over the following estimated useful lives:

Land rights	10-15 years
Buildings	40 years
Improvements other than buildings	20 years
Machinery and equipment	8-10 years
Software	5-10 years
Infrastructure:	
Roads, curbs and sidewalks	20 years
Drainage system	20 years
Street lighting	20 years

Infrastructure assets, consisting of certain improvements other than buildings including roads, curbs, sidewalks, drainage system, street lighting, water mains and sewer system are capitalized along with other capital assets.

See component units' audited financial statements for specific component unit policy information.

In the fund financial statements capital assets are recorded as capital outlay expenditures in the governmental fund upon acquisition.

6. Deferred Outflows/Inflows of Resources

Deferred revenues/unearned income are those where asset recognition criteria have been met, but which revenue recognition criteria have not been met. Such amounts include collections in advance, unearned income and amounts deemed to be "measurable" but not "available" to finance current expenses.

7. Premiums of Debt Issuance

Premiums related to the issuance of long-term debt are amortized on a straight-line basis over the life of the issue and are presented as part of the general obligations in the non-current liabilities.

8. Long-Term Obligations

The liabilities for long-term obligations consisting of general obligation bonds payable, due to Employees' Retirement System, other postemployment benefits payable, compensated absences, claims and judgments payable, estimated liability for landfill closure and post closure costs, and other debt are recognized in the government-wide financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds on a straight-line basis. Bonds payable are reported net of applicable bond premium or discount.

In the fund statements long-term obligations are not reported as liabilities. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

9. Interfund Transactions

Interfund transactions, exclusive of interfund services provided and used, have been eliminated from the government-wide financial statements. In the funds statements interfund transactions include:

a) Interfund Revenues

Interfund revenues in the General Fund represent amounts charged for services or facilities provided by the General Fund and charging the cost to the other funds. The amounts paid by the fund receiving the benefits of the service or facilities are reflected as an expenditure of that fund. The interfund revenue recorded in the General Fund is substantially an administrative charge which allocates 52% of the expenditures for the Town Board, Executive, Comptroller, Receiver of Taxes, Town Clerk, Town Attorney, Human Resources, General Services and Public Safety Departments to other funds for services rendered.

b) Transfers

Transfers represent payments to the Debt Service and Capital Projects Funds from the other funds for their appropriate share of the debt service or capital project costs.

10. Real Property Tax Assessment and Collection Procedures

In Nassau County, the assessment and lien of real property for taxation is done by the County Department of Assessment. The County assessment rolls are used for the levy of real property taxes by the town and the school districts, as well as by the County and by Special Districts of the County and the town. The Town of Oyster Bay Receiver of Taxes collects all real property taxes for the Town, Nassau County, Town Special Districts and School Districts. Real property taxes become a lien on January 1st for general taxes and October 1st for school taxes.

Town and County taxes are levied on January 1, and are due in two installments, 50% on January 1 and 50% on July 1, payable without penalty to February 10 and August 10, respectively. Penalties are imposed thereafter at the rate of 1% per month from January 1 and July 1 until August 31, after which taxes are payable to the County Treasurer. The Town retains the total amount of Town, Highway and Town Special Districts levies from the amount collected, and forwards the balance collected to the County which assumes collection responsibility. The Town and Town's Special Districts therefore realize annually the 100% collection of real property taxes.

Property taxes receivable includes restored taxes from prior tax rolls received within 60 days of year-end.

School District property taxes are levied on October 1, and are also payable in two installments; however, a separate tax bill is sent out for school tax purposes. School property taxes are due in two installments, 50% on October 1 and 50% on April 1 payable without penalty to November 10 and May 10, respectively. The County is also responsible for uncollected school taxes.

11. Other Postemployment Benefits

In addition to providing pension benefits, the Town provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Town's employees may become eligible for these benefits if they reach normal retirement age while working for the Town.

Health care benefits in accordance with New York State Health Insurance Rules and Regulations (administered by the New York State Department of Civil Service), 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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

11. Other Postemployment Benefits (continued)

The Town recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. The Town's union contracts and ordinances require that it provide its eligible enrollees with the Empire Plan benefit coverage, or if another provider is utilized, the equivalent coverage. Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The Town has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred loss. The liability for these other postemployment benefits payable is recorded as a non-current liability in the government-wide statements.

12. Compensated Absences

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and non-current obligations in the government-wide statements. The current portion of this debt is estimated based on historical trends. Compensated absence liability and expense are reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

The amount that is expected to be liquidated with expendable available financial resources is reported as expenditures and a liability in the funds statement in the respective fund that will pay it.

13. Net Position and Fund Equity Classifications

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

- a) Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization 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. Accounts payable in the Capital Projects Fund are capital related debt and are used in the calculation of net investment in capital assets.
- b) 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.
- c) Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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 1) nonspendable, 2) restricted 3) committed, 4) assigned, or 5) unassigned.

- a) Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form (i.e. prepaid items or inventories), or (b) will not convert to cash within the current period (i.e. long term receivables and financial assets held for resale), or (b) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

13. Net Position And Fund Equity Classifications

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

- b) Restricted fund balance reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- c) Committed fund balance reflects amounts that can only be used for specific purposes by a government using its highest and most binding level of decision making authority. The Town's highest decision making authority is the Town Board, who by adoption of a Town ordinance prior to year end, can commit fund balance. Those committed amounts cannot be used for any other purpose unless the Town Board removes or changes the specified use by taking the same type of action imposing the commitment.
- d) Assigned fund balance reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Town Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
- e) Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources – committed, assigned and unassigned - in order as needed.

14. Encumbrances

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 the period in which the liability is incurred.

15. Use Of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

16. New Pronouncements

The Town has adopted all of the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended December 31, 2012, the Town adopted GASB Statement No. 60, *"Accounting and Financial Reporting for Service Concession Agreements"* and GASB Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."*

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position or Fund Equity (continued)

17. Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the financial statements.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before September 20th, each department, officer or district submits to the Budget Officer and to the Comptroller a detailed estimate of the budget known as "departmental estimates" for the amount of revenue to be received and expenditures to be made for the ensuing year.
- b) On or before September 30th, the Budget Officer files with the Town Clerk and the Comptroller and presents to the Town Board a tentative budget for the ensuing year.
- c) On or before October 5th, the Town Board reviews the tentative budget and files with the Town Clerk a preliminary budget.
- d) The Town Board conducts a public hearing on the preliminary budget and on or before November 20th; the Town Board meets to adopt the budget now known as the "annual budget".
- e) Formal budgetary integration is employed during the year as a management control device for the General, certain Special Revenue and Debt Service Funds. The Town Board adopts the budget and establishes legal level of control of the budget at the object level of expenditures. The object level identifies expenditures by the article purchased or service obtained in order to carry out a function. Appropriations are adopted at the object level. All budgetary amendments and transfers of appropriation require Town Board approval. Appropriations for all governmental funds except the Capital Projects Fund lapse at year end.

In order to show the full legal level of budgetary compliance for the General and certain Special Revenue Funds, detailed individual statements of revenues, expenditures and changes in fund balances - budget and actual, are presented in a separate budget report.

- f) Budgets for the General, Debt Service, and Special Revenue Funds exclusive of the Special Grant Fund, are legally adopted for each year. The budgets are adopted on a basis of accounting consistent with GAAP, except that appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior years. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. The Capital Projects and Special Grant Funds are budgeted on a project or grant basis.
- g) In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2.00% property tax cap for municipalities, however there are permitted exceptions and adjustments that can increase the property tax cap percentage. Beginning in 2012 and lasting through at least June 15, 2016, no local government is authorized to increase its property tax levy by more than the calculated property tax cap; however local governments can exceed the property tax cap limit by a 60% vote of the governing body and annually adopting a local law.

The 2013 budget includes an overall increase in real property tax revenue from the prior year of 3.86% for the Town's overall governmental activities which is in compliance with the property tax cap imposed by New York State.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. Fund Balance (Deficit)

In order to comply with reporting requirements, the fund balance section of the balance sheets of the governmental funds has been modified. The change has been made in order for the Town's new fund balance components to focus on "the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent" (GASB 54 paragraph 54). Previously, the fund balance section focused on whether these resources were available for appropriation. It also distinguished the unreserved fund balance from the reserved fund balance. The components of the new fund balance include the following items, as needed: 1) nonspendable, 2) restricted 3) committed, 4) assigned, or 5) unassigned.

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	Highway Fund	Garbage Collection Districts Fund	Solid Waste Disposal Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:								
Nonspendable:								
Long-term receivables	\$ 1,838,964							\$ 1,838,964
Inventory	1,548,552	\$ 1,095,548					\$ 625,877	3,269,977
Total Nonspendable	3,387,516	1,095,548	\$ -0-	\$ -0-	\$ -0-	\$ -0-	625,877	5,108,941
Restricted for:								
Debt service					222,550		540,286	762,836
Grantor restrictions							514,004	514,004
Total Restricted	-0-	-0-	-0-	-0-	222,550	-0-	1,054,290	1,276,840
Assigned to:								
Subsequent year's budget		2,500,201					1,276,366	3,776,567
Purchases on order		490					13,380	13,870
Special revenue funds								-0-
Highway fund		510,859						510,859
Drainage district							468,515	468,515
Park districts							1,058,112	1,058,112
Fire protection districts							343,738	343,738
Lighting district							503,825	503,825
Water districts							4,631	4,631
Total Assigned	-0-	3,011,550	-0-	-0-	-0-	-0-	3,668,567	6,680,117
Unassigned, reported in								
General fund	(10,299,540)							(10,299,540)
Special revenue funds			(10,330,190)	(11,849,634)			(4,993,769)	(27,173,593)
Capital Projects fund						(339,467,866)		(339,467,866)
Total Unassigned	(10,299,540)	-0-	(10,330,190)	(11,849,634)	-0-	(339,467,866)	(4,993,769)	(376,940,999)
Total Fund Balances (Deficits)	\$ (6,912,024)	\$ 4,107,098	\$ (10,330,190)	\$ (11,849,634)	\$ 222,550	\$ (339,467,866)	\$ 354,965	\$ (363,875,101)

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

C. Deficit Fund Equity

Individual funds with total fund deficits as of December 31, 2012 were as follows:

	Total Fund Balance (Deficit)
General Fund	\$ (6,912,024)
Garbage Collection District	(10,330,190)
Solid Waste Disposal District	(11,849,634)
Capital Projects Fund	(339,467,866)
Town Outside Village	(4,491,238)

The increase in the General Fund's deficit resulted in part due to budgetary planning by the Town. Overall, the Town appropriated expenditures in excess of estimated revenues by \$6,276,008. The increase in the deficit was also due to lower than anticipated revenues and other financing sources of \$2,399,809, mainly due to decreased state aid, intergovernmental charges and departmental income. The decreased revenues were offset by lower than anticipated expenditures and other financing uses of \$2,893,974, mainly due to decreased employee benefit costs and decreased transfers out for debt service. The Town anticipates eliminating the deficit through increases in non-real property tax revenue via the sale of surplus land in addition to reductions in appropriations for the subsequent year's budget.

The Garbage Collection District's deficit resulted in part due to budgetary planning by the Town. Overall, the Town appropriated expenditures in excess of estimated revenues by \$8,399,167. The increase in the deficit was also due to lower than anticipated revenues and other financing sources of \$7,003,093, mainly due to expected but uncollected litigation recoveries and higher than anticipated expenditures and other financing uses of \$1,913,124, mainly due to higher than anticipated sanitation costs. The Town anticipates eliminating the deficit through increases in property taxes and by allocating Nassau County local government assistance revenue (i.e. Sales Tax Revenue) to the Garbage Collection District in addition to reductions in appropriations in subsequent year's budget.

The deficit in the Solid Waste Disposal District increased despite budgetary planning by the Town. Overall, the Town budgeted revenues in excess of estimated appropriations by \$47,184. The increase in the deficit was due to lower than anticipated revenues and other financing sources of \$3,592,877, mainly due to expected but uncollected litigation recoveries and higher than anticipated expenditures and other financing uses of \$442,810, mainly due to higher than anticipated employee benefit costs. The Town anticipates eliminating the deficit through increases in property taxes and reductions in appropriations in subsequent year's budgets.

The Capital Projects Fund deficit resulted from differences in timing between project expenditures and the recognition of corresponding permanent financing sources. Since project expenditures are initially financed by the issuance of bond anticipation notes, and the proceeds of these short-term borrowings are recorded as fund liabilities rather than as other financing sources in accordance with GAAP, fund balance deficits occur. These deficits will be eliminated when long-term bonds payable are issued to redeem the bond anticipation notes payable.

The decrease in the Town Outside Village's deficit resulted in part to budgetary planning by the Town. Overall, the Town budgeted revenues in excess of estimated appropriations by \$3,822,601. The Town's budgetary planning was offset by lower than anticipated revenues and other financing sources of \$1,690,054, mainly due to decreased departmental income. The decreased revenues were offset by lower than anticipated expenditures and other financing uses of \$731,327, mainly due to decreased home and community services costs and decreased employee benefits costs. The Town anticipates eliminating the deficit through increased fees and reductions in appropriations in subsequent year's budgets.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash consists of funds deposited in demand accounts, time deposit accounts and certificates of deposit with maturities of less than three months.

The Town's investments are governed by a formal investment policy. The Town's monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Town is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies and investments made by the Cooperative Liquid Asset Security System (CLASS).

CLASS is a cooperative investment plan consisting of U.S. Treasury Obligations and repurchase agreements relating to treasury obligations. Investments are stated at cost, which approximates market. CLASS was established as a cooperative investment arrangement organized under the CLASS Municipal Cooperation Agreement made pursuant to New York General Municipal Law, Article 3A and 5-G. CLASS is rated AAAM by Standard and Poor's Rating Services.

Cash and investments of the Primary government consist of the following:

	Governmental Funds	Fiduciary Funds		
		Town Agency	Town Clerk	Receiver of Taxes
Cash in Banks:				
Demand Deposits	\$ 617,965		\$ 29,558	\$ 28,997,295
Money Market	<u>57,725,013</u>	<u>\$ 9,831,497</u>		<u>33,387,626</u>
Total Cash in Banks	<u>58,342,978</u>	<u>9,831,497</u>	<u>29,558</u>	<u>62,384,921</u>
Cash on Hand:				
Petty Cash	<u>7,835</u>			<u>600</u>
Investments:				
CLASS	<u>75,908</u>			
	<u>\$ 58,426,721</u>	<u>\$ 9,831,497</u>	<u>\$ 29,558</u>	<u>\$ 62,385,521</u>

It is the Town's policy to require collateral held in the name of the Town for demand deposits, money market deposits and certificates of deposit for all deposits not covered by the Federal Deposit Insurance Corporation. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

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.

Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Investments (continued)

At December 31, 2012, the Town's bank deposit balances were \$134,180,963. Of these balances, \$14,962,157 was covered by the Federal Deposit Insurance Corporation, \$37,647,727 was covered by an irrevocable stand-by letter of credit issued by the Federal Home Loan Bank, which was held by the pledging financial institution in the Town's name, \$48,433,452 was covered by collateral held by the Town's agent, a third-party financial institution, in the Town's name and \$33,137,627 was collateralized with securities held by the pledging financial institution, or its trust, in the name of the Town.

At December 31, 2012, the Town's component units bank deposit balances were \$55,565,269. Of these balances, \$5,708,495 was covered by Federal Deposit Insurance Corporation, \$24,015,800 was covered by collateral held by the component unit's agent, a third-party financial institution, in the component unit's name, \$25,818,974 was collateralized with securities held by the pledging financial institution, or its trust, in the name of the component unit and \$22,360 was uncollateralized.

In addition, the Town and the Town's component units had investments, consisting of U.S. Treasury obligations and repurchase agreements relating to Treasury obligations totaling \$75,908 and \$29,214, respectively.

As of December 31, 2012, the Town of Oyster Bay did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

B. Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances for the primary government at December 31, 2012 represent temporary borrowings, reimbursement of program, operating and capital expenditures, as well as, premiums, interest earnings, and accrued interest which are intended to service debt in the future. These amounts will be reimbursed subsequent to year end and are stated as follows:

	Amount Receivable	Amount Payable
Major Funds:		
General Fund - Townwide	\$ 4,013,404	
Highway Fund	12,172,000	
Garbage Collection Districts		\$ 3,601,000
Solid Waste Disposal District		9,846,000
Debt Service	121,922	
Capital Projects Fund	68,084	121,922
Total Major Funds	<u>16,375,410</u>	<u>13,568,922</u>
Nonmajor Funds:		
Town Outside Village Fund		2,135,000
Special Grants Fund		252,488
Park Districts		408,000
Fire Protection Districts		11,000
Total Nonmajor Funds		<u>2,806,488</u>
Total	<u>\$ 16,375,410</u>	<u>\$ 16,375,410</u>

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

B. Interfund Receivables, Payables and Transfers (continued)

Interfund transfer balances for the primary government at December 31, 2012 represent primarily the payment of general obligation bonds and bond anticipation notes principal and interest and are stated as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund - Townwide		\$ 20,864,813
Highway Fund		17,381,717
Garbage Collection Districts	\$ 129,210	1,934,399
Solid Waste Disposal District		2,548,488
Debt Service Fund	37,038,071	
Capital Projects Fund	15,750,000	
Total Major Funds	<u>52,917,281</u>	<u>42,729,417</u>
Nonmajor Funds:		
Town Outside Village Fund		194,373
Drainage District		3,177,650
Park Districts		3,783,176
Lighting District		253,927
Public Parking District		2,778,738
Total Nonmajor Funds		<u>10,187,864</u>
Total	<u>\$ 52,917,281</u>	<u>\$ 52,917,281</u>

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets

	Balance 1/1/12	Additions	Deletions	Balance 12/31/12
Primary government				
Capital assets not being depreciated				
Land	\$ 110,175,668	\$ 1,284,151		\$ 111,459,819
Development rights	1,306,296			1,306,296
Construction in progress	20,224,157	10,567,810	\$ 20,224,157	10,567,810
Total capital assets not being depreciated	131,706,121	11,851,961	20,224,157	123,333,925
Depreciable capital assets				
Land rights	7,367,265			7,367,265
Buildings	134,986,279	7,301,241	3,117,616	139,169,904
Improvements other than buildings	424,733,518	33,151,991	9,350,626	448,534,883
Machinery and equipment	86,581,032	11,499,512	5,034,509	93,046,035
Software	5,459,866	2,337,922		7,797,788
Infrastructure				
Roads, curbs and sidewalks	372,908,388	29,320,973		402,229,361
Drainage system	171,137,280	923,021		172,060,301
Lighting system	17,730,567	2,269,353		19,999,920
Total depreciable capital assets	1,220,904,195	86,804,013	17,502,751	1,290,205,457
Less accumulated depreciation				
Land rights	1,299,964	557,876		1,857,840
Buildings	29,375,897	3,557,146	2,061,128	30,871,915
Improvements other than buildings	227,960,909	16,499,566	8,008,763	236,451,712
Machinery and equipment	53,328,170	8,359,775	4,990,740	56,697,205
Software	752,015	1,102,700		1,854,715
Infrastructure				
Roads, curbs and sidewalks	180,608,732	16,728,027		197,336,759
Drainage system	165,627,415	1,350,035		166,977,450
Lighting system	15,747,096	251,532		15,998,628
Total accumulated depreciation	\$ 674,700,198	\$ 48,406,657	\$ 15,060,631	708,046,224
Total net depreciable capital assets				582,159,233
Total net capital assets				<u>\$ 705,493,158</u>

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 5,276,074
Public safety	431,021
Transportation	22,525,304
Economic assistance and opportunity	5,088
Culture and recreation	15,283,381
Home and community services	4,885,789
Total governmental activities depreciation expense	<u>\$ 48,406,657</u>

The Town of Oyster Bay evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Town's policy is to record an impairment loss in the period when the Town determines that the carrying amount of the asset will not be recoverable. At December 31, 2012, the Town has not recorded any such impairment losses.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

Based on department head estimates, the Town allocated \$1,617,004 in salaries and benefits from the General Fund and Park Districts to the Capital Projects Fund for self-constructed assets for the year ended December 31, 2012.

Discretely presented component units	Balance 1/1/12	Additions	Deletions	Balance 12/31/12
Capital assets not being depreciated				
Land	\$ 5,851,888	\$ 127,714		\$ 5,979,602
Construction in progress	38,120,238	15,905,979	\$ 16,891,868	37,134,349
Total capital assets not being depreciated	43,972,126	16,033,693	16,891,868	43,113,951
Depreciable capital assets				
Buildings	44,143,960	9,846,160		53,990,120
Improvements other than buildings	66,839,901	7,824,251		74,664,152
Machinery and equipment	34,976,741	1,385,018	78,349	36,283,410
Software	59,136			59,136
Infrastructure				
Water mains	67,921,546	390,481		68,312,027
Sewer system	1,215,136	51,705		1,266,841
Total depreciable capital assets	215,156,420	19,497,615	78,349	234,575,686
Less accumulated depreciation				
Buildings	14,649,124	1,177,116		15,826,240
Improvements other than buildings	23,629,638	2,098,758		25,728,396
Machinery and equipment	21,772,078	1,769,946	76,733	23,465,291
Software	34,745	7,078		41,823
Infrastructure				
Water mains	37,731,170	1,134,478		38,865,648
Sewer system	788,650	19,404		808,054
Total accumulated depreciation	\$ 98,605,405	\$ 6,206,780	\$ 76,733	104,735,452
Total net depreciable capital assets				129,840,234
Total net capital assets				\$ 172,954,185

Depreciation expense was charged to discretely presented component units as follows:

Home and community services	\$ 6,206,780
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D. Indebtedness

Short-term Debt

Bond Anticipation Notes (BANs) – Bond anticipation notes (BANs) are used as a temporary means of financing capital expenditures in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. The notes or 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. Liabilities for BANs are generally accounted for in the Capital Projects Fund. BANs are expected to be paid from the proceeds of future bond issues after renewal of these notes. These BANs bear interest rates ranging from 0.00% to 3.00% and are due at various dates through 2013.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

D. Indebtedness (continued)

Short-term Debt (continued)

These notes are summarized by purpose as follows:

	Balance 1/1/12	Issued	Redeemed	Balance 12/31/12
Primary Government:				
Capital Projects Fund:				
General Fund - Townwide	\$ 152,673,684	\$ 45,212,831	\$ 8,514,382	\$ 189,372,133
Highway Fund	73,641,212	44,288,033	3,279,986	114,649,259
Garbage Collection Districts	3,609,148	1,448,378	328,555	4,728,971
Solid Waste Disposal District	13,613,873	2,319,403	1,073,397	14,859,879
Town Outside Village Fund	833,836	679,486	49,492	1,463,830
Drainage District	708,147	157,398	51,849	813,696
Park Districts	8,647,797	7,616,422	616,070	15,648,149
Lighting District	358,725	783,025	25,318	1,116,432
Public Parking District	41,939,523	2,113,037	1,810,951	42,241,609
Total Primary Government	<u>296,025,945</u>	<u>104,618,013</u>	<u>15,750,000</u>	<u>384,893,958</u>
Component Units:				
Massapequa Water District	800,000	2,000,000	100,000	2,700,000
Plainview Water District	3,000,000	8,500,000		11,500,000
Locust Valley Water District	2,600,000	2,100,000	30,000	4,670,000
Oyster Bay Water District	1,500,000		50,000	1,450,000
Jericho Water District	5,000,000	2,000,000		7,000,000
So. Farmingdale Water District	3,500,000		170,000	3,330,000
Bethpage Water District	12,000,000	1,400,000	120,000	13,280,000
Total Component Units	<u>28,400,000</u>	<u>16,000,000</u>	<u>470,000</u>	<u>43,930,000</u>
Total Bond Anticipation Notes	<u>\$ 324,425,945</u>	<u>\$ 120,618,013</u>	<u>\$ 16,220,000</u>	<u>\$ 428,823,958</u>

Revenue Anticipation Notes (RANs) – These notes were issued as a temporary means of financing a cash flow deficit in the General Fund for 2012. These RANs with an interest rate of 3.00% were redeemed on March 29, 2013 from state aid and local sources revenue collected.

These notes are summarized as follows:

	Balance 1/1/12	Issued	Redeemed	Balance 12/31/12
Primary Government:				
General Fund - Townwide	\$ 12,500,000	\$ 16,800,000	\$ 12,500,000	\$ 16,800,000
Total Revenue Anticipation Notes	<u>\$ 12,500,000</u>	<u>\$ 16,800,000</u>	<u>\$ 12,500,000</u>	<u>\$ 16,800,000</u>

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

D. Indebtedness (continued)

Short-term Debt (continued)

Deficiency Notes – These notes were issued as a temporary means of financing deficiencies that resulted from a shortfall in budgeted revenues in the General Fund, Town Outside Village Fund and Garbage Collection Districts for 2012. These Deficiency Notes with an interest rate of 2.00% were redeemed on June 7, 2013 from ad valorem taxes collected.

	Balance 1/1/12	Issued	Redeemed	Balance 12/31/12
Primary Government:				
General Fund - Townwide		\$ 7,000,000		\$ 7,000,000
Garbage Collection Districts		4,300,000		4,300,000
Town Outside Village Fund		1,700,000		1,700,000
Total Deficiency Notes	\$ -0-	\$ 13,000,000	\$ -0-	\$ 13,000,000

Budget Notes – These notes were issued as a temporary means of financing unforeseen expenditures caused by the public emergency following tropical storm Sandy in the General Fund, Highway Fund, Garbage Collection Districts, Solid Waste Disposal District, Drainage District, Park Districts, Lighting District and Public Parking District for 2012. The Budget Notes will be paid from expected Federal Emergency Management Agency and New York State Division of Homeland and Security Emergency Services when due. These Budget Notes bear interest rates ranging from 0.63% to 1.25% and are due in December 2013.

	Balance 1/1/12	Issued	Redeemed	Balance 12/31/12
Primary Government:				
General Fund - Townwide		\$ 311,526		\$ 311,526
Highway Fund		12,471,220		12,471,220
Garbage Collection Districts		446,125		446,125
Solid Waste Disposal District		1,061,392		1,061,392
Drainage District		178,513		178,513
Park Districts		256,133		256,133
Lighting District		118,410		118,410
Public Parking District		156,681		156,681
Total Budget Notes	\$ -0-	\$ 15,000,000	\$ -0-	\$ 15,000,000

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

D. Indebtedness (continued)

Long-term Debt

Summary of changes in long-term debt transactions for the year ended December 31, 2012 is as follows:

	Balance 1/1/12	Increases	Reductions	Balance 12/31/12	Non-current liabilities due within one year	Non-current liabilities
Primary Government:						
General obligation bonds payable	\$ 374,867,908	\$ 7,500,000	\$ 31,355,462	\$ 351,012,446	\$ 30,680,747	\$ 320,331,699
Plus premiums on issuance	6,763,376		456,777	6,306,599	456,777	5,849,822
Total general obligation bonds	381,631,284	7,500,000	31,812,239	357,319,045	31,137,524	326,181,521
Due to Employees' Retirement System	9,857,891	6,895,103	1,414,982	15,338,012	1,371,615	13,966,397
Other postemployment benefits payable	96,062,175	32,772,944	9,036,455	119,798,664		119,798,664
Compensated absences	22,889,417	3,032,321	4,998,482	20,923,256	1,046,163	19,877,093
Claims and judgments payable	11,865,253	5,084,401	4,855,695	12,093,959	4,849,549	7,244,410
Other litigation payable	5,000,000		5,000,000			
Estimated liability for landfill closure and post-closure care costs	12,210,000		780,000	11,430,000	780,000	10,650,000
Retirement incentive payable		205,000	68,333	136,667	68,333	68,334
Other debt	16,788		9,783	7,005	7,005	
Total non-current liabilities	\$ 539,532,808	\$ 55,489,769	\$ 57,975,969	\$ 537,046,608	\$ 39,260,189	\$ 497,786,419
Component Units:						
General obligation bonds payable	\$ 24,882,092		\$ 2,089,538	\$ 22,792,554	\$ 2,079,253	\$ 20,713,301
Due to Employees' Retirement System	766,407		284,566	481,841	149,148	332,693
Other postemployment benefits payable	12,786,723	\$ 4,503,254	1,558,934	15,731,043		15,731,043
Compensated absences	3,345,784	560,620	296,593	3,609,811	128,343	3,481,468
Other debt	14,737,689	8,986	737,168	14,009,507	767,761	13,241,746
Total non-current liabilities	\$ 56,518,695	\$ 5,072,860	\$ 4,966,799	\$ 56,624,756	\$ 3,124,505	\$ 53,500,251

General Obligation Bonds - The Town 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 backed by the full faith and credit of the Town, bear interest at various rates from 2.00% to 6.90% and have maturity dates in 2013 through 2028. The original amount borrowed for debt currently outstanding, excluding defeased debt is \$562,927,453.

In October 2012, the Town issued \$7,500,000 in bond anticipation notes to finance certain operating costs of the Town. The Town refinanced these bond anticipation notes in April 2013, through the issuance of \$7,500,000 in general obligation bonds. As a result of the Town issuing the long-term general obligation bonds the bond anticipation notes have been classified and reported as long-term obligations of the Town.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

D. Indebtedness (continued)

Long-term Debt (continued)

General Obligation Bonds (continued)

A summary of these bonds by purpose is as follows:

	Balance 1/1/12	Issued	Redeemed	Balance 12/31/12
Primary Government:				
General Fund - Townwide	\$ 150,290,978	\$ 3,622,213	\$ 11,489,401	\$ 142,423,790
Highway Fund	132,868,743	1,048,705	11,285,679	122,631,769
Garbage Collection Districts	15,703,614	534,187	1,004,181	15,233,620
Solid Waste Disposal District	11,644,892	300,165	1,181,459	10,763,598
Town Outside Village Fund	1,200,396	503,260	95,577	1,608,079
Drainage District	11,529,206		2,726,774	8,802,432
Park Districts	30,899,184	1,317,442	2,300,762	29,915,864
Lighting District	2,354,656	32,525	169,998	2,217,183
Public Parking District	18,376,239	141,503	1,101,631	17,416,111
Total Primary Government	374,867,908	7,500,000	31,355,462	351,012,446
Component Units:				
Massapequa Water District	3,356,790		256,879	3,099,911
Plainview Water District	7,962,706		713,072	7,249,634
Oyster Bay Water District	3,040,059		277,250	2,762,809
So. Farmingdale Water District	5,319,530		318,207	5,001,323
Bethpage Water District	614,500		69,700	544,800
Oyster Bay Sewer District	4,588,507		454,430	4,134,077
Total Component Units	24,882,092	-0-	2,089,538	22,792,554
Total General Obligation Bonds	\$ 399,750,000	\$ 7,500,000	\$ 33,445,000	\$ 373,805,000

Future principal and interest payments to maturity for the primary government is as follows:

	Principal	Interest	Total Principal and Interest
For years ending December 31, 2013	\$ 30,680,747	\$ 11,812,605	\$ 42,493,352
2014	31,622,096	11,032,453	42,654,549
2015	32,278,377	9,899,037	42,177,414
2016	32,987,479	8,793,227	41,780,706
2017	33,646,884	7,647,845	41,294,729
2018 - 2022	126,873,787	22,891,686	149,765,473
2023 - 2027	61,295,707	6,048,925	67,344,632
2028	1,627,369	40,370	1,667,739
Totals	\$ 351,012,446	\$ 78,166,148	\$ 429,178,594

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

D. Indebtedness (continued)

Long-term Debt (continued)

Future principal and interest payments to maturity for the component units is as follows:

	Principal	Interest	Total Principal and Interest
For years ending December 31, 2013	\$ 2,079,253	\$ 895,053	\$ 2,974,306
2014	2,142,904	811,872	2,954,776
2015	2,146,623	732,853	2,879,476
2016	2,222,521	646,508	2,869,029
2017	2,003,116	560,113	2,563,229
2018 - 2022	7,081,213	1,786,082	8,867,295
2023 - 2027	4,814,293	552,484	5,366,777
2028	302,631	7,168	309,799
Totals	<u>\$ 22,792,554</u>	<u>\$ 5,992,133</u>	<u>\$ 28,784,687</u>

Retirement Incentive Payable – During 2012 the Town offered employees meeting specific criteria an incentive to retire from active employment. As part of the agreement employees had the option to receive the retirement incentive payment over a three year period. The Town paid \$68,333 of the retirement incentive in 2012 and will remit \$68,333 of the retirement incentive in 2013 with the remaining \$68,334 to be paid in 2014.

Other Long-Term Debt - Liabilities for claims and judgments and landfill closure and post closure costs are liquidated through future budgetary appropriations in the General Fund. The liabilities for compensated absences, other postemployment benefits payable, due to Employees' Retirement System, other debt and retirement incentive payable are liquidated through future budgetary appropriation in the funds that gave rise to the liability.

Component Unit Debt

Two of the Town's component units have issued serial bonds guaranteed by other governments to finance improvements to those districts. The outstanding serial bonds of \$14,000,521 have been included under the caption "Other debt" because the Town does not bear any responsibility with respect to this debt in its repayment.

Defeasance of Debt

In the current year and in prior years, the Town of Oyster Bay defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At December 31, 2012, \$33,345,000 of these bonds outstanding are considered defeased, of which \$27,600,906 was for general Town purposes, and \$5,744,094 was for component units.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

E Retirement System

Plan Description

The Town of Oyster Bay participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits.

Obligation of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds.

A publicly available annual report containing financial statements and required supplemental information for the Employees' Retirement System may be obtained by writing to the New York State Retirement System, Governor Smith State Building, Albany, NY 12244.

Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System on or after July 27, 1976, and who have less than ten years of membership or credited service with a retirement system under the provisions of article nineteen of the NYSRSSL. These employees are required to contribute 3% of their salary. Employees who joined the system after January 1, 2010 and before April 1, 2012 are required to contribute 3% of their salary for their entire career. Employees who joined the system on or after April 1, 2012 are required to contribute between 3% and 6% depending upon their salary for their entire career. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Town is required to contribute at an actuarially determined rate. The actual contributions were equal to the actuarially required amounts and also include additional contributions to fund various early retirement incentives made available to the Town employees. The credits and miscellaneous adjustments represent modifications made by the ERS for prior years contributions.

The required contributions paid by the Primary government, for the current year and two preceding years were:

	<u>Annual Required Contribution</u>	<u>Retirement Incentive Installment</u>	<u>Chapter 57 Amortization Adjustment</u>	<u>Credits and Miscellaneous Adjustments</u>	<u>Total Payment</u>
2012	\$ 13,272,768	\$ 1,414,982	\$ (3,703,672)	\$ (488,933)	\$ 10,495,145
2011	10,066,475			110,309	10,176,784
2010	6,114,517			370,846	6,485,363

The Town's contribution to the system was 100% of the contributions required each year.

Pursuant to Chapter 57 of the Laws of 2010, the New York State Legislature authorized local governments to amortize a portion of their retirement bill for 10 years. This law requires participating governments to make payments on a current basis, while amortizing existing unpaid amounts relating to the New York State and Local Employees' Retirement System's fiscal years when the local employer opts to participate in the program. The Town's total unpaid liability related to the 2011 fiscal year was \$3,703,672. The cost of the program is billed and paid over ten years beginning in 2013 and will include interest at 3.75%. The Town's total unpaid liability related to the 2012 fiscal year was \$6,895,103. The cost of the program is billed and paid over ten years beginning in 2014 and will include interest at 3.00%.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

E Retirement System (continued)

Funding Policy (continued)

Pursuant to Chapter 105 of the Laws of 2010, the New York State Legislature authorized local governments to make available a retirement incentive program with estimated total costs to the Town of \$6,154,219. The cost of the program is billed and paid over five years beginning with 2012 and will include interest at 7.5%. During 2012 the Town paid \$1,414,982 toward this program and has a remaining liability at December 31, 2012 of \$4,739,237.

Future principal and interest payments to maturity for the Chapter 57 amortization and the retirement incentives are as follows:

Primary Government:

	Principal	Interest	Total Principal and Interest
For years ending December 31, 2013	\$ 1,371,615	\$ 494,331	\$ 1,865,946
2014	2,064,750	609,448	2,674,198
2015	2,179,809	494,389	2,674,198
2016	2,302,823	371,375	2,674,198
2017	1,018,770	240,446	1,259,216
2018 - 2022	5,615,535	680,545	6,296,080
2023	784,710	23,542	808,252
Totals	<u>\$ 15,338,012</u>	<u>\$ 2,914,076</u>	<u>\$ 18,252,088</u>

F. Other Postemployment Benefits (Obligations for Health Insurance)

In the government-wide financial statements, the cost of other postemployment benefits (OPEB), like the cost of pension benefits, generally should be associated with the period in which the cost occurs, rather than in the future years when it will be paid. The Town recognizes the costs of other postemployment benefits 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 Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years and commenced with the 2007 liability.

Plan Description

The Town, as a single-employer defined benefit OPEB plan, per its contract with employees, will pay the full premium costs for medical (currently provided by Empire Core Plan plus Enhancement or H.I.P.) insurance coverage at retirement, provided the employee retired after December 31, 1974 and had been employed with the Town for at least five consecutive years and the retiree is at least 55 years of age. The Town will also pay the full premium costs for dental (currently provided by CIGNA Healthcare) and optical (currently provided by CSEA Employee Benefit Fund) insurance coverage at retirement for employees who retired after January 1, 2006 and had been employed with the Town for at least five consecutive years and the retiree is at least 55 years of age. This contract will be renegotiated at various times in the future. The retiree is also eligible for full Medicare reimbursement in the amount of \$1,199 per year. Healthcare benefits for non-union employees are similar to those of union employees. Upon death of a retiree who retired after January 1, 2006 and before January 1, 2010, the Town will continue health insurance for a period of three years and dental insurance for a period of three months after the death of the retiree for the non-remarried spouse and dependents of the employee. Upon death of a retiree who retired after January 1, 2010, the Town will continue health insurance for a period of five years and dental insurance for a period of three months after the death of the retiree for the non-remarried spouse and dependents of the employee.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

F. Other Postemployment Benefits (Obligations for Health Insurance) (continued)

Plan Description (continued)

The number of participants updated for the year ended December 31, 2012 is as follows:

Active employees	1,149
Retired employees	<u>846</u>
Total	<u><u>1,995</u></u>

There have been no significant changes in the number of employees or the type of coverage since that date.

The Town, as administrator of the plan, does not issue a separate report.

Funding Policy

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

Annual Other Postemployment Benefit Cost

For the year ended December 31, 2012, the Town's annual other postemployment benefits cost (expenses) were \$32,772,944. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$9,036,455 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$23,736,489 for the year ended December 31, 2012. The Town's component unit's annual other postemployment benefits cost (expenses) were \$4,503,254. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$1,558,934 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$2,944,320 for the year ended December 31, 2012.

Benefit Obligations and Normal Cost

	<u>Medical Plan</u>	<u>Medicare Part B</u>	<u>Dental Plan</u>	<u>Vision Plan</u>	<u>Total</u>
Retired employees	\$ 127,813,420	\$ 25,669,416	\$ 8,171,474	\$ 2,232,594	\$ 163,886,904
Active employees	<u>166,257,645</u>	<u>27,901,978</u>	<u>16,887,705</u>	<u>4,915,550</u>	<u>215,962,878</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 294,071,065</u></u>	<u><u>\$ 53,571,394</u></u>	<u><u>\$ 25,059,179</u></u>	<u><u>\$ 7,148,144</u></u>	<u><u>\$ 379,849,782</u></u>

The Town's annual other postemployment benefit cost is calculated based on the annual required contribution (ARC) of the employer, an amount 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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

F. Other Postemployment Benefits (Obligations for Health Insurance) (continued)

Annual Other Postemployment Benefit Cost (continued)

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

	<u>Level Percentage of Projected Pay Amortization</u> <u>Calculation of ARC under the Entry Age Method</u>				
	Medical Plan	Medicare Part B	Dental Plan	Vision Plan	Total
Normal cost	\$ 11,399,842	\$ 1,996,112	\$ 1,169,906	\$ 346,259	\$ 14,912,119
Amortization of unfunded actuarial liability (UAAL) over 30 years	13,578,783	2,504,465	1,151,100	313,788	17,548,136
Interest	816,370	160,337	83,666	24,161	1,084,534
Annual required contribution (ARC)	25,794,995	4,660,914	2,404,672	684,208	33,544,789
Interest on net OPEB obligation	2,802,780	630,653	316,357	87,624	3,837,414
Adjustment to ARC	(3,366,523)	(757,500)	(379,988)	(105,248)	(4,609,259)
OPEB Cost	25,231,252	4,534,067	2,341,041	666,584	32,772,944
Less: Contribution for year ended December 31, 2012	7,563,394	948,854	442,814	81,393	9,036,455
Increase in other postemployment benefits liability	17,667,858	3,585,213	1,898,227	585,191	23,736,489
Other postemployment benefits liability at December 31, 2011	70,264,984	15,737,161	7,845,367	2,214,663	96,062,175
Other postemployment benefits liability at December 31, 2012	\$ 87,932,842	\$ 19,322,374	\$ 9,743,594	\$ 2,799,854	\$ 119,798,664
Percent of annual OPEB cost contributed	29.98%	20.93%	18.92%	12.21%	27.57%

Funded Status and Funding Progress

The percentage contributed for the current year and the preceding two years were:

	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2012	\$ 32,772,944	27.57%	\$ 119,798,664
2011	31,456,489	27.66%	96,062,175
2010	27,111,411	25.95%	73,306,755

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. DETAILED NOTES ON ALL FUNDS (continued)

F. Other Postemployment Benefits (Obligations for Health Insurance) (continued)

Funded Status and Funding Progress (continued)

The funded status of the plan as of January 1, 2011, projected for the year ended December 31, 2012 is as follows:

	Actuarial Accrued Liability (AAL)	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Town	\$ 379,849,782	\$ -0-	\$ 379,849,782	0.00%	\$ 104,827,203	362.36%
Component Units	53,303,183	-0-	53,303,183	0.00%	9,555,639	557.82%

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of the plan assets in 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, 2011 actuarial valuation, the liabilities were computed using the entry age normal method and level percentage of projected payroll of active plan members on a closed basis. The actuarial assumptions utilized a 4.0% interest rate, a 2.5% inflation rate and a 2.5% payroll growth rate. The valuation assumes a 5.8% to 10.0% healthcare cost trend increase for the year ended 2011 and reduced decrements to a rate of 5.0% after five years. The remaining closed amortization period at December 31, 2011 was approximately twenty-five years.

G. Compensated Absences

Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave, subject to certain limitations.

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the statement of net position. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation, sick leave and compensatory absences when such payments become due. As of December 31, 2012, the value of the accumulated vacation time and sick leave was \$20,923,256 for the primary government. The liability for compensated absences for the component units amounted to \$3,609,811.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

4. COMMITMENTS AND CONTINGENCIES

A. Risk Management

In common with other municipalities, the Town receives numerous notices of claims. The Town is self-insured for the first \$1,000,000 per occurrence and carries excess liability insurance coverage of \$10,000,000 per occurrence with a \$10,000,000 annual aggregate and is self-insured for claims under this coverage. Although the eventual outcome of these claims cannot presently be determined, the Town Attorney has estimated unsettled claims and litigation to be \$12,093,959, which is included in the claims and judgments payable liability in the government-wide financial statements. The Town is of the opinion that the ultimate settlement of the outstanding claims will not result in a material adverse effect on the Town's financial position.

The Town is self-insured for property protection on the first \$25,000 per loss with insurance protection coverage of up to \$183,738,500 for any one loss and annual aggregate except for flood and earthquake, which have limits of \$10,000,000 for any one loss and a \$10,000,000 annual aggregate. The Town carries building and contents coverage in excess of \$183,738,500.

The Town is self-insured for workers' compensation insurance and disability insurance. Estimated benefits to be paid are appropriated in the various operating funds of the Town. The Town is also self-insured for unemployment benefits paid.

There have been no significant reductions in insurance coverage as compared to the prior year, and there were no settlements in excess of insurance coverage over the last three years.

The Town estimates its workers' compensation and general liability reserves by consulting with legal counsel and past experience with similar claims. The Town has not purchased any annuity contracts with regard to its workers' compensation or general liability claims. The schedule below presents the changes in claims liabilities for the past two years for workers' compensation and general liability and includes an estimate of claims that have been incurred but not yet reported.

	Workers' Compensation		General Liability	
	2012	2011	2012	2011
Unpaid claims and claim adjustment expenditures at the beginning of the year	\$ 7,603,604	\$ 7,726,485	\$ 4,261,649	\$ 4,155,906
Incurred claims and claim adjustment Expenditures:				
Provision for insured events of the current year and increases or decreases in provision for insured events of prior years	2,740,219	2,585,235	2,344,182	2,091,334
Total incurred claims and claim adjustment expenditures	2,740,219	2,585,235	2,344,182	2,091,334
Payments:				
Claims expenditures attributable to insured events of the current and prior years	2,885,858	2,708,116	1,969,837	1,985,591
Total payments	2,885,858	2,708,116	1,969,837	1,985,591
Total unpaid claims and claim adjustment expenditures at the end of the year	\$ 7,457,965	\$ 7,603,604	\$ 4,635,994	\$ 4,261,649

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

4. COMMITMENTS AND CONTINGENCIES (continued)

B. Property Condemnation And Environmental Issues

The Town has acquired title to approximately 14 acres through a condemnation proceeding of which the United States Environmental Protection Agency (EPA) will be conducting remediation of environmentally hazardous substances at the subject property. The property will eventually be converted to a public park. In May 2007, under the EPA's jurisdiction, a group made up of prior owners of the property commenced the soil remediation process at the site, which was completed in 2009. The Town has already made payments to the EPA for the remediation and payments to the former property owners as payment on the condemnation. However, additional payments may be required to the property owner and/or EPA contingent upon the value/purchase price of the property. There is a fair chance at this time that the Court will value the property in the range of approximately \$5-6 million, however it is uncertain what amount of additional payments will be required by the Town.

The Town has recently acquired title to a second parcel of land of approximately 7.5 acres abutting the 14 acres, discussed above. The Town has made a payment of \$4,500,000 to the former owners. There is a fair chance that the Court will value the property at \$6,500,000, however, it is uncertain what amounts of additional payments will be required by the Town.

In another matter, the Town is currently engaged in litigation against the former owner of certain property donated to the Town for use as park land. Due to the apparent environmental concerns to the residents regarding the park, the Town has chosen to take a proactive stance, and remediate the environmental concerns to the park by the summer of 2007. The Town's position is that the former owner is the cause of the environmental problems and has commenced litigation to recover the cost of this remediation. The former owner has counterclaims against the Town claiming the Town contributed to the contamination. Outside counsel has assessed that the Town can be found up to 30% contributorily liable on the theory that the Town has knowledge of the environmental hazards. It is uncertain what, if any recovery will be received or additional amounts paid by the Town.

The Town has recorded additional accounts payable in the amount of \$3,300,000 in the government-wide financial statements for the property condemnation and environmental issues discussed above.

C. FIT Tuition Charge Back

In 2010, Nassau County (County) commenced a chargeback to the cities and towns within the County for amounts paid for its cost of educating County residents at the Fashion Institute of Technology (FIT) under the community college reimbursement provisions of the New York State Education Law. On January 16, 2013, the Appellate Division, Second Department ruled that the County could charge back for FIT payments made by the County for both two year associate programs as well as four year undergraduate programs and masters programs upon the adoption of the appropriate County resolution. In that same decision, the Appellate Division ruled that the County could not offset the disputed chargebacks against the Town's share of intergovernmental revenue. The final resolution of this matter is pending as the parties have moved in the Appellate Division for reargument.

It is still the position of the Town that FIT is not a community college and the amount of FIT tuition charge back, if any will be substantially less than the original amount. As of December 31, 2012 the FIT tuition charge back to the Town amounts to \$5,037,734 which has been withheld in total by the County from the Town's intergovernmental revenue. The Town has recorded the full \$5,037,734 in its financial statements. The amount due from the County is reported net of the FIT tuition payable however, so as not to distort the intergovernmental revenue trends from one year to the next the Town has recorded in its financial statements the full amount of intergovernmental revenue. The long-term portion of this receivable from the County in the amount of \$1,838,964 is classified as nonspendable fund balance.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

4. COMMITMENTS AND CONTINGENCIES (continued)

D. Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the Town to place a final cover on its landfill sites and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. The Syosset Landfill stopped receiving waste in 1975 and the Old Bethpage Landfill stopped receiving waste in 1986. Accordingly, as of December 31, 2012 the Town has recorded a liability of \$11,430,000, which represents the provision to be made in future budgets for unfunded closure and post-closure landfill costs. Actual costs may vary due to inflation or deflation, changes in technology, or changes in regulations or applicable laws.

E. Other Litigation

The Town has been engaged in litigation with various utility companies involving property tax claims. The Town has asserted a third party complaint against the County of Nassau for indemnification pursuant to what is known as "the County Guarantee". Accordingly, the Town believes that it no longer has a liability associated with this litigation and has reversed the litigation payable balance of \$5,000,000, previously recorded, as of December 31, 2012.

F. Construction and Other Capital Acquisition Commitments

Construction in progress, commitments for equipment purchases and other capital acquisition commitments amounting to \$13,919,566 have been recorded as encumbrances in the Capital Projects Fund. It is anticipated that these projects will be paid for by the issuance of general obligation bonds.

G. Lease Commitments and Leased Assets

The Town leases office and storage space under an operating lease which commenced in July 2012 and expires in June 2014. The Town has the option to renew this lease for one, two year period. The lease amount for the current year is \$6,240 per month inclusive of a \$405 heating charge. The Town is responsible for increases in taxes over the base lease year as well as all utilities and repairs. Total rental expenditures on this lease for the year ended December 31, 2012 totaled \$73,860.

The Town also leases additional storage space under an operating lease which commenced in June 2010 and expires in April 2020. The lease amount for the current year is \$28,030 per month. The monthly payment includes a proportionate share of real estate taxes as well as a proportionate share of all common area maintenance charges. Total rental expenditures on this lease for the year ended December 31, 2012 totaled \$334,540.

Minimum annual commitments under the operating leases described above are as follows:

For years ending December 31, 2013	\$	416,029
2014		384,315
2015		351,722
2016		357,796
2017		364,052
2018 – 2020		<u>874,087</u>
		<u>\$ 2,748,001</u>

H. Oyster Bay Fire Protection Area Length of Service Award Program (LOSAP)

The Town's financial statements are for the year ended December 31, 2012. The information contained in this note is projected for the plan year ending June 30, 2013 based on information for the plan year ended on June 30, 2012, which is the most recent plan year for which complete information is available.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

4. COMMITMENTS AND CONTINGENCIES (continued)

H. Oyster Bay Fire Protection Area Length of Service Award Program (LOSAP) (continued)

The Town sponsors a defined contribution LOSAP for the active volunteer firefighters of the Oyster Bay Fire Protection Area. The program took effect on July 1, 1991. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is approximately a 55.00% sponsor of the program for the Oyster Bay Fire Protection Area and contributed \$147,843 during 2012.

Program Description

Participation, vesting and service credit

Active volunteer firefighters who have reached the age of 17 are eligible to participate in the program upon joining the fire company. Participants acquire a nonforfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age 62, and completion of 1 year of plan participation. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points.

Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant's benefit under the program is the amount resulting from the contributions made by the sponsors on behalf of the participant, plus interest and/or other earnings resulting from the investment of the contributions, less necessary administrative costs, forfeitures and losses resulting from the investment of contributions. Contributions in the amount of \$20 per month are made on behalf of each participant who is credited with a year of firefighting service. The maximum number of years of firefighting service for which a participant may receive a contribution is forty years. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandatory disability and death benefits.

Fiduciary Investment and Control

Service credit is determined by the sponsoring board, based on certified information from the fire companies having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the sponsoring board. The sponsoring board has retained and designated Glatfelter VFIS Specialty Benefits to assist in the administration of the program. The designated program administrator's functions include calculating the amount to be contributed at the end of each year based upon the criteria set forth in the Plan Document. Disbursements for the payment of benefits or administrative expenses must be approved by the sponsoring board and delivered to the custodian through a payment schedule.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The trust agreement is dated July 1, 1991, and the trustee is the sponsoring board.

Authority to invest program assets is vested in the sponsoring board. Subject to restrictions in the plan document, program assets are invested in accordance with a statutory "prudent person" rule. The plan document restricts the sponsoring board from investing in securities or obligations issued by the Town, other than a de minimis amount held in common investment vehicles in which the Trustee invests. The sponsoring board is required to retain an actuary to determine the amount of the sponsoring board's contributions to the plan. The actuary retained by the sponsoring board for this purpose is Glatfelter VFIS Specialty Benefits. Portions of the following information are derived from a report prepared by the actuary dated January 7, 2013.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

4. COMMITMENTS AND CONTINGENCIES (continued)

H. Oyster Bay Fire Protection Area Length of Service Award Program (LOSAP) (continued)

Program Financial Condition

Assets and Liabilities

Actuarial present value of benefits at June 30, 2012	\$	4,419,110
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Assets Available for Benefits

	<u>% of total</u>	
Annuity contracts	100.00%	\$ 1,726,603

Less: Liabilities		<u>-0-</u>
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Total Net Assets Available for Benefits	\$	<u>1,726,603</u>
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Unfunded Liability for Prior Service	\$	<u>-0-</u>
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Prior Service Costs

There are no prior service costs being amortized.

Receipts and Disbursements

Plan Net Assets, July 1, 2011	\$	2,340,260
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Changes during the year:

Plan contributions	\$ 252,036	
Changes in fair market value of investments	90,382	
Plan benefit withdrawals	(933,017)	
Premiums	(18,475)	
Administrative and Other Fees/Charges	<u>(4,583)</u>	

Plan Net Assets, June 30, 2012	\$	<u>1,726,603</u>
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Contributions

Amount of sponsoring board's required contribution:	\$	241,425
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Amount of sponsoring board's actual contribution:	\$	252,036
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Administration Fees

Fees paid to designated Plan administrator / actuary:	\$	4,583
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TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

4. COMMITMENTS AND CONTINGENCIES (continued)

H. Oyster Bay Fire Protection Area Length of Service Award Program (LOSAP) (continued)

Funding Methodology and Actuarial Assumptions

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Entry Age Normal Frozen Initial Liability method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on investment 4.75%

Mortality Tables used for

Withdrawal	None
Disability	None
Retirement	1984 Unisex Pensioners
Death (Actives)	1984 Unisex Pensioners
Death (Inactive)	1984 Unisex Pensioners

5. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED COMPONENT UNITS

The following represents condensed financial statements for the discretely presented component units as of and for the year ended December 31, 2012:

Condensed Statement of Net Position:

	Current and Other Assets	Due from Primary Government	Capital Assets Net of Depreciation	Current Liabilities	Due to Primary Government	Other Long-Term Liabilities	Net Investment in Capital Assets	Restricted	Unrestricted
Massapequa Water District	\$ 5,938,577	\$ 1,088,508	\$ 10,833,499	\$ 3,152,692		\$ 5,230,479	\$ 5,033,588	\$ 2,991,615	\$ 1,452,210
Plainview Water District	5,901,710	236,708	31,566,743	14,044,935	\$ 1,433,169	8,746,738	12,817,109	2,714,334	(2,051,124)
Hicksville Water District	26,952,061	2,407	23,934,225	1,724,711		16,402,059	17,513,442	11,904,319	3,344,162
Locust Valley Water District	1,306,175	2,525,931	6,352,965	5,361,200		850,811	6,352,965	1,912,223	(4,292,128)
Oyster Bay Water District	2,028,191	359,353	10,246,763	1,887,500		3,491,215	6,254,003	994,860	6,729
Jericho Water District	9,111,724	879,837	24,872,418	8,185,619		3,260,911	18,478,874	3,109,003	1,829,572
South Farmingdale Water District	9,188,405	1,389,370	22,499,016	5,294,585	1,098,028	6,919,190	14,355,709	3,443,308	1,965,971
Bethpage Water District	8,915,384	60,133	28,671,165	14,572,719	343,636	2,010,337	14,820,844	5,098,161	800,985
Syosset Sanitation District	795,327	128							795,455
Oyster Bay Sewer District	1,464,576	1,197,049	13,977,391	668,992		6,588,511	9,843,314		(461,801)
Glenwood-Glenhead Garbage District	1,170,123	208		77,334					1,092,997
	<u>\$ 72,772,253</u>	<u>\$ 7,739,632</u>	<u>\$ 172,954,185</u>	<u>\$ 54,970,287</u>	<u>\$ 2,874,833</u>	<u>\$ 53,500,251</u>	<u>\$ 105,469,848</u>	<u>\$ 32,167,823</u>	<u>\$ 4,483,028</u>

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

5. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED COMPONENT UNITS
(continued)

Condensed Statement of Activities:

	Program				General Revenue			Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	Property Tax	Other	Change	
Massapequa Water District	\$ 6,108,744	\$ 3,504,663			\$ (2,604,081)	\$ 2,044,857	\$ 346,782	\$ (212,442)	\$ 9,689,855
Plainview Water District	6,750,191	3,051,394			(3,698,797)	3,379,530	471,227	151,960	13,328,359
Hicksville Water District	7,271,222	2,833,542	\$ 46,835		(4,390,845)	4,505,225	9,342,498	9,456,878	23,305,045
Locust Valley Water District	2,229,425	1,386,377			(843,048)	433,970	274,549	(134,529)	4,107,589
Oyster Bay Water District	2,261,576	994,950	35,606	\$ 38,139	(1,192,881)	910,079	453,202	170,400	7,085,192
Jericho Water District	9,021,601	8,080,092	6,522		(934,987)	1,184,485	343,459	592,957	22,824,492
South Farmingdale Water District	5,746,176	2,613,802			(3,132,374)	1,738,560	421,399	(972,415)	20,737,403
Bethpage Water District	5,536,831	1,675,811			(3,861,020)	3,009,676	873,965	22,621	20,697,369
Syosset Sanitation District	571,345				(571,345)	545,230	1,018	(25,097)	820,552
Oyster Bay Sewer District	4,295,484			62,570	(4,232,914)	3,571,151	520,049	(141,714)	9,523,227
Glenwood-Glenhead Garbage District	1,147,929				(1,147,929)	892,962	96,088	(158,879)	1,251,876
	<u>\$ 50,940,524</u>	<u>\$ 24,140,631</u>	<u>\$ 88,963</u>	<u>\$ 100,709</u>	<u>\$ (26,610,221)</u>	<u>\$ 22,215,725</u>	<u>\$ 13,144,236</u>	<u>\$ 8,749,740</u>	<u>\$ 133,370,959</u>
									<u>\$ 142,120,699</u>

Complete financial statements of the individual component units can be obtained from their respective administrative offices:

Massapequa Water District
84 Grand Avenue
Massapequa, N.Y. 11758

Plainview Water District
10 Manetto Hill Road
Plainview, N.Y. 11803

Hicksville Water District
4 Dean Street
Hicksville, N.Y. 11802

Locust Valley Water District
Buckram Road
Locust Valley, N.Y. 11560

Oyster Bay Water District
45 Audrey Avenue
Oyster Bay, N.Y. 11771

Jericho Water District
125 Convent Road
Syosset, N.Y. 11791

South Farmingdale Water District
40 Langdon Road
Farmingdale, N.Y. 11735

Bethpage Water District
25 Adams Avenue
Bethpage, N.Y. 11714

Syosset Sanitation District
P.O. Box 14
Syosset, N.Y. 11791

Oyster Bay Sewer District
15 Bay Avenue
Oyster Bay, N.Y. 11771

Glenwood - Glenhead Garbage District
P.O. Box 181
Glenwood Landing, N.Y. 11547

6. SUBSEQUENT EVENTS

In March 2013, the Town issued \$154,010,000 of bond anticipation notes bearing an interest rate of 1.50%, which mature on March 7, 2014.

In April 2013, the Town redeemed \$7,500,000 of bond anticipation notes by issuing general obligation bonds at interest rates ranging from 2.50% to 2.875%, which mature in 2022.

7. NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. This statement amends the requirements of GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* to better meet user needs and to address reporting entity issues that have arisen since the issuance of those statements. The requirements of this statement become effective for the Town for the year ended December 31, 2013.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

7. NEW PRONOUNCEMENTS (continued)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2012.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 66 *Technical Corrections 2012 – an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2012.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 *“Accounting and Financial Reporting for Pensions”*—an amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The requirements of the new statement become effective for fiscal periods beginning after June 15, 2015.

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

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

**Schedules of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Major Governmental Funds and Schedules**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The budgets are adopted on a basis of accounting consistent with GAAP. In the event that actual revenues received exceed budgeted amounts, additional budgetary appropriations are made. The Capital Projects and Special Grant Funds are budgeted on a project or grant basis. In order to show the full legal level of budgetary compliance for the General and certain Special Revenue Funds, detailed individual statements of revenues, expenditures and changes in fund balances - budget and actual, are presented in a separate budget report.

TOWN OF OYSTER BAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 37,664,503	\$ 37,664,503	\$ 38,012,386	\$ 347,883
Total Real Property Taxes	37,664,503	37,664,503	38,012,386	347,883
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	177,000	177,000	212,815	35,815
Interest and penalty on taxes	1,600,000	1,600,000	1,388,592	(211,408)
Total Other Real Property Tax Items	1,777,000	1,777,000	1,601,407	(175,593)
NON-PROPERTY TAX ITEMS				
Franchises - cable TV	4,500,000	4,500,000	4,696,524	196,524
Total Non-Property Tax Items	4,500,000	4,500,000	4,696,524	196,524
DEPARTMENTAL INCOME				
Town clerk fees	960,000	960,000	479,093	(480,907)
Attorney fees	15,000	15,000	11,157	(3,843)
Other general departmental income	25,000	25,000	10,900	(14,100)
Tax collector fees			28,265	28,265
Public pound charge dog fees	13,000	13,000	13,057	57
Recreation fees	750,000	750,000	347,002	(402,998)
Community service fees	400,000	502,000	617,451	115,451
Recreational concessions	270,000	270,000	271,477	1,477
Beach, pool, golf fees	5,500,000	5,500,000	3,557,829	(1,942,171)
Boat basin fees	500,000	500,000	149,201	(350,799)
Dock storage leases	725,000	725,000	736,764	11,764
Incineration and disposal charges	126,000	126,000	126,000	
Total Departmental Income	9,284,000	9,386,000	6,348,196	(3,037,804)
INTERGOVERNMENTAL CHARGES				
Dog pound facilities, other governments	1,400	1,400	718	(682)
Services other governments	10,000	10,000	17,095	7,095
Nassau County local government assistance	15,000,000	13,169,000	13,733,876	564,876
Total Intergovernmental Charges	15,011,400	13,180,400	13,751,689	571,289
USE OF MONEY AND PROPERTY				
Interest and earnings	206,000	206,000	106	(205,894)
Rental of real property	450,000	450,000	451,555	1,555
Commissions	3,000	3,000	3,595	595
Total Use of Money and Property	659,000	659,000	455,256	(203,744)

(continued)

TOWN OF OYSTER BAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
LICENSES AND PERMITS				
Games of chance	300	300	180	(120)
Bingo licenses	2,000	2,000	1,523	(477)
Dog license fund apportionment	20,000	20,000	19,962	(38)
Road opening permits	150,000	150,000	152,810	2,810
Total Licenses and Permits	172,300	172,300	174,475	2,175
FINES AND FORFEITURES				
Court fines	550,000	550,000	745,839	195,839
Fines and penalties - dog cases	1,000	1,000	385	(615)
Forfeitures of deposits	1,000	1,000		(1,000)
Total Fines and Forfeitures	552,000	552,000	746,224	194,224
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of scrap and excess material	30,000	30,000	27,372	(2,628)
Sale of surplus equipment	30,000	30,000	14,915	(15,085)
Sale of real property	20,000	20,000		(20,000)
Insurance recoveries	20,000	89,012	150,470	61,458
Other compensation for loss	35,000	35,000	25,794	(9,206)
Total Sale of Property and Compensation for Loss	135,000	204,012	218,551	14,539
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures	580,000	580,000	531,816	(48,184)
Gifts and donations	200,000	273,365	188	(273,177)
Miscellaneous revenue	760,000	760,000	683,478	(76,522)
Miscellaneous Local Sources	1,540,000	1,613,365	1,215,482	(397,883)
INTERFUND REVENUES	30,756,979	30,007,853	29,876,012	(131,841)
STATE AID				
Mental health			124,806	124,806
Per capita	2,000,000	2,000,000	1,682,422	(317,578)
Mortgage tax	11,000,000	9,749,126	9,502,116	(247,010)
Youth program			78,720	78,720
Other	30,000	30,000		(30,000)
Total State Aid	13,030,000	11,779,126	11,388,064	(391,062)
FEDERAL AID				
Emergency disaster assistance			311,526	311,526
Other			23,774	23,774
Total Federal Aid			335,300	335,300
Total Revenue	\$ 115,082,182	\$ 111,495,559	\$ 108,819,566	\$ (2,675,993)

(continued)

TOWN OF OYSTER BAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Town board	\$ 2,104,011	\$ 2,164,884	\$ 2,158,077		\$ 6,807
Executive	1,596,309	1,317,801	1,299,035		18,766
Comptroller	5,126,178	6,764,441	6,698,659		65,782
Receiver of taxes	1,545,308	1,500,668	1,435,742	\$ 1,905	63,021
Town clerk	1,370,738	1,246,659	1,209,702		36,957
Town attorney	2,228,700	2,013,195	2,002,674		10,521
Human resources	1,164,580	1,168,333	1,140,182		28,151
Public works	1,495,023	1,406,212	1,389,173		17,039
General services	7,938,032	6,993,243	6,949,179	9,145	34,919
Central vehicle maintenance	10,384,068	9,343,979	9,247,489		96,490
Other general government support	1,746,441	5,156,417	5,045,644		110,773
Unallocated insurance and payment for losses	1,319,947	1,376,800	1,096,971		279,829
Total General Government Support	38,019,335	40,452,632	39,672,527	11,050	769,055
PUBLIC SAFETY					
Public safety	4,572,335	4,517,568	4,420,143	13,324	84,101
Animal shelter	967,477	1,028,805	953,602	4,642	70,561
Total Public Safety	5,539,812	5,546,373	5,373,745	17,966	154,662
TRANSPORTATION					
Superintendent of highways	901,557	972,357	876,378		95,979
Total Transportation	901,557	972,357	876,378		95,979
ECONOMIC ASSISTANCE AND OPPORTUNITY					
Publicity	75,000	85,000	71,487		13,513
Economic development	558,015	542,300	404,891	23,200	114,209
Economic Assistance And Opportunity	633,015	627,300	476,378	23,200	127,722
CULTURE AND RECREATION					
Community and youth services	6,751,478	6,668,538	6,343,595	18,345	306,598
Parks, recreation, beaches	12,029,486	12,116,034	12,077,150		38,884
Total Culture and Recreation	18,780,964	18,784,572	18,420,745	18,345	345,482
HOME AND COMMUNITY SERVICES					
Intergovernmental affairs	1,468,243	1,577,577	1,385,028	2,827	189,722
Housing authority	14,500	14,500	14,500		
Environmental control	2,503,907	2,200,706	2,123,280	8,373	69,053
Total Home and Community Services	3,986,650	3,792,783	3,522,808	11,200	258,775

(continued)

TOWN OF OYSTER BAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
EMPLOYEE BENEFITS					
State Employee Retirement System	6,441,692	5,639,798	5,175,354		464,444
Social security	3,519,925	3,527,925	3,449,637		78,288
Workers' compensation	1,467,067	1,403,644	1,401,644		2,000
Disability benefits	16,488	16,488			16,488
Unemployment benefits	67,000	67,000	62,048		4,952
Hospital, medical and dental	16,171,208	17,066,805	15,438,263		1,628,542
Total Employee Benefits	27,683,380	27,721,660	25,526,946		2,194,714
Total Current	95,544,713	97,897,677	93,869,527	81,761	3,946,389
DEBT SERVICE					
Debt interest - bond anticipation notes		3,672,147	3,671,695		452
Debt interest - revenue anticipation notes		58,181	58,181		
Total Debt Service		3,730,328	3,729,876		452
Total Expenditures	95,544,713	101,628,005	97,599,403	81,761	3,946,841
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,537,469	9,867,554	11,220,163	(81,761)	1,270,848
OTHER FINANCING SOURCES (USES)					
Transfers out:					
Debt service fund	(25,813,477)	(12,350,769)	(12,350,431)		338
Capital projects fund		(8,514,382)	(8,514,382)		
Issuance of debt			3,622,213		3,622,213
Premiums on obligations		30,000	240,594		210,594
Total Other Financing Sources (Uses)	(25,813,477)	(20,835,151)	(17,002,006)		3,833,145
Net Change in Fund Balance	\$ (6,276,008)	\$ (10,967,597)	(5,781,843)	\$ (81,761)	\$ 5,103,993
Fund Balance Deficit at Beginning of Year			(1,130,181)		
Fund Balance Deficit at End of Year			\$ (6,912,024)		

TOWN OF OYSTER BAY
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 39,725,778	\$ 39,725,778	\$ 39,725,779	\$ 1
Total Real Property Taxes	39,725,778	39,725,778	39,725,779	1
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	375,000	375,000	401,570	26,570
Total Other Real Property Tax Items	375,000	375,000	401,570	26,570
DEPARTMENTAL INCOME				
Road restoration fee	120,000	120,000	34,199	(85,801)
Public safety cleanup	200,000	200,000	194,904	(5,096)
Public safety sidewalk repair	1,000,000	1,000,000	717,473	(282,527)
Total Departmental Income	1,320,000	1,320,000	946,576	(373,424)
INTERGOVERNMENTAL CHARGES				
Services other governments	2,000	2,000	113	(1,887)
Total Intergovernmental Charges	2,000	2,000	113	(1,887)
USE OF MONEY AND PROPERTY				
Interest and earnings	30,000	30,000	11,984	(18,016)
Rental of real property			1	1
Total Use of Money and Property	30,000	30,000	11,985	(18,015)
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures			3,125	3,125
Miscellaneous revenue			175	175
Total Miscellaneous Local Sources			3,300	3,300
STATE AID				
Other			37,839	37,839
Total State Aid			37,839	37,839
FEDERAL AID				
Emergency disaster assistance		15,000,000	10,904,229	(4,095,771)
Other		77,000	137,057	60,057
Total Federal Aid		15,077,000	11,041,286	(4,035,714)
Total Revenues	41,452,778	56,529,778	52,168,448	(4,361,330)

(continued)

TOWN OF OYSTER BAY
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
EXPENDITURES					
CURRENT:					
TRANSPORTATION					
Maintenance of streets	13,914,687	29,066,901	25,725,963	490	3,340,448
Machinery	3,163,570	3,160,370	3,152,479		7,891
Snow removal	2,257,393	1,787,826	843,744		944,082
Total Transportation	19,335,650	34,015,097	29,722,186	490	4,292,421
EMPLOYEE BENEFITS					
State Employee Retirement System	1,352,904	2,229,416	1,480,113		749,303
Social security	739,265	777,265	776,746		519
Workers' compensation	363,471	330,638	330,638		
Disability benefits	2,530	530			530
Hospital, medical and dental	3,589,017	2,728,338	2,728,012		326
Total Employee Benefits	6,047,187	6,066,187	5,315,509		750,678
Total Current	25,382,837	40,081,284	35,037,695	490	5,043,099
DEBT SERVICE:					
Debt interest - bond anticipation notes		1,807,653	1,807,652		1
Total Debt Service		1,807,653	1,807,652		1
Total Expenditures	25,382,837	41,888,937	36,845,347	490	5,043,100
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,069,941	14,640,841	15,323,101	(490)	681,770
OTHER FINANCING SOURCES (USES)					
Transfers out:					
Debt service fund	(19,313,758)	(14,105,894)	(14,101,731)		4,163
Capital projects fund		(3,279,986)	(3,279,986)		
Issuance of debt			1,048,705		1,048,705
Premium on obligations		38,000	38,025		25
Total Other Financing Sources (Uses)	(19,313,758)	(17,347,880)	(16,294,987)		1,052,893
Net Change in Fund Balance	\$ (3,243,817)	\$ (2,707,039)	(971,886)	\$ (490)	\$ 1,734,663
Fund Balance at Beginning of Year			5,078,984		
Fund Balance at End of Year			\$ 4,107,098		

TOWN OF OYSTER BAY
GARBAGE COLLECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 24,178,157	\$ 24,178,157	\$ 24,178,160	\$ 3
Total Real Property Taxes	24,178,157	24,178,157	24,178,160	3
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes		142,367	270,912	128,545
Total Other Real Property Tax Items		142,367	270,912	128,545
USE OF MONEY AND PROPERTY				
Interest and earnings	30,000	30,000	17,219	(12,781)
Total Use of Money and Property	30,000	30,000	17,219	(12,781)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Litigation recoveries	8,401,754	8,401,754		(8,401,754)
Total Sale of Property and Compensation for Loss	8,401,754	8,401,754		(8,401,754)
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures			2,597	2,597
Miscellaneous revenue			456	456
Total Miscellaneous Local Sources			3,053	3,053
FEDERAL AID				
Emergency disaster assistance			446,125	446,125
Total Federal Aid			446,125	446,125
Total Revenues	32,609,911	32,752,278	24,915,469	(7,836,809)

(continued)

TOWN OF OYSTER BAY
GARBAGE COLLECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICES				
Sanitation	30,753,844	32,769,758	32,766,250	3,508
Total Home and Community Services	30,753,844	32,769,758	32,766,250	3,508
EMPLOYEE BENEFITS				
State Employee Retirement System	2,283,244	1,898,271	1,897,315	956
Social security	1,247,630	1,223,630	1,223,000	630
Workers' compensation	951,116	1,178,483	1,178,483	
Unemployment benefits	6,000			
Disability benefits	3,233	233		233
Hospital, medical and dental	3,746,471	3,832,205	3,831,290	915
Total Employee Benefits	8,237,694	8,132,822	8,130,088	2,734
Total Current	38,991,538	40,902,580	40,896,338	6,242
DEBT SERVICE:				
Debt interest - bond anticipation notes		91,795	91,465	330
Total Debt Service		91,795	91,465	330
Total Expenditures	38,991,538	40,994,375	40,987,803	6,572
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,381,627)	(8,242,097)	(16,072,334)	(7,830,237)
OTHER FINANCING SOURCES (USES)				
Operating transfers in:		129,210	129,210	
Transfers out:				
Debt service fund	(2,017,540)	(1,606,158)	(1,605,844)	314
Capital projects fund		(328,587)	(328,555)	32
Issuance of debt			534,187	534,187
Premiums on obligations			27,952	27,952
Total Other Financing Sources (Uses)	(2,017,540)	(1,805,535)	(1,243,050)	562,485
Net Change in Fund Balance	<u>\$ (8,399,167)</u>	<u>\$ (10,047,632)</u>	<u>(17,315,384)</u>	<u>\$ (7,267,752)</u>
Fund Balance at Beginning of Year			<u>6,985,194</u>	
Fund Balance Deficit at End of Year			<u><u>\$ (10,330,190)</u></u>	

TOWN OF OYSTER BAY
SOLID WASTE DISPOSAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 18,199,588	\$ 18,199,588	\$ 18,199,603	\$ 15
Total Real Property Taxes	18,199,588	18,199,588	18,199,603	15
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	240,000	240,000	194,353	(45,647)
Total Other Real Property Tax Items	240,000	240,000	194,353	(45,647)
DEPARTMENTAL INCOME				
Refuse and garbage charges	9,400,000	8,332,658	8,691,895	359,237
Total Departmental Income	9,400,000	8,332,658	8,691,895	359,237
INTERGOVERNMENTAL CHARGES				
Refuse and garbage charges - other governments		112,241	190,716	78,475
Total Intergovernmental Charges		112,241	190,716	78,475
USE OF MONEY AND PROPERTY				
Interest and earnings	30,000	30,000	13,031	(16,969)
Total Use of Money and Property	30,000	30,000	13,031	(16,969)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of recyclable material	390,000	390,000	413,519	23,519
Litigation recoveries	4,041,400	4,041,400		(4,041,400)
Total Sale of Property and Compensation for Loss	4,431,400	4,431,400	413,519	(4,017,881)
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures			12,509	12,509
Miscellaneous revenue			200	200
Total Miscellaneous Local Sources			12,709	12,709
STATE AID				
Household waste removal	100,000	100,000		(100,000)
Other	1,000,000	1,000,000	724,222	(275,778)
Total State Aid	1,100,000	1,100,000	724,222	(375,778)
FEDERAL AID				
Emergency disaster assistance		957,000	1,061,391	104,391
Other			5,000	5,000
Total Federal Aid		957,000	1,066,391	109,391
Total Revenues	33,400,988	33,402,887	29,506,439	(3,896,448)

(continued)

TOWN OF OYSTER BAY
SOLID WASTE DISPOSAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICES				
Sanitation	18,350,885	18,304,771	18,235,431	69,340
Recycling	8,672,909	8,836,826	8,825,690	11,136
Total Home and Community Services	27,023,794	27,141,597	27,061,121	80,476
EMPLOYEE BENEFITS				
State Employee Retirement System	1,202,793	909,802	908,809	993
Social security	657,241	648,241	645,856	2,385
Workers' compensation	267,044	379,285	379,285	
Unemployment benefits	9,000	9,000		9,000
Disability benefits	6,467	6,467		6,467
Hospital, medical and dental	1,447,089	1,911,773	1,910,302	1,471
Total Employee Benefits	3,589,634	3,864,568	3,844,252	20,316
Total Current	30,613,428	31,006,165	30,905,373	100,792
DEBT SERVICE:				
Debt interest - bond anticipation notes		343,214	342,753	461
Total Debt Service		343,214	342,753	461
Total Expenditures	30,613,428	31,349,379	31,248,126	101,253
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,787,560	2,053,508	(1,741,687)	(3,795,195)
OTHER FINANCING SOURCES (USES)				
Transfers out:				
Debt service fund	(2,740,376)	(1,350,633)	(1,345,881)	4,752
Capital projects fund		(1,074,329)	(1,073,397)	932
Other funds		(129,210)	(129,210)	
Issuance of debt			300,165	300,165
Premiums on obligations			1,507	1,507
Total Other Financing Sources (Uses)	(2,740,376)	(2,554,172)	(2,246,816)	307,356
Net Change in Fund Balance	<u>\$ 47,184</u>	<u>\$ (500,664)</u>	(3,988,503)	<u>\$ (3,487,839)</u>
Fund Balance Deficit at Beginning of Year			(7,861,131)	
Fund Balance Deficit at End of Year			<u><u>\$ (11,849,634)</u></u>	

TOWN OF OYSTER BAY
SCHEDULE OF FUNDING PROGRESS
FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
December 31, 2012

Actuarial Valuation Date January 1,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
2011*	\$ -0-	\$ 379,849,782	\$ 379,849,782	0.00%	\$ 104,827,203	362.36%
2011	\$ -0-	\$ 359,114,413	\$ 359,114,413	0.00%	\$ 96,905,559	370.58%
2009**	\$ -0-	\$ 328,057,295	\$ 328,057,295	0.00%	\$ 101,894,535	321.96%
2009	\$ -0-	\$ 311,297,473	\$ 311,297,473	0.00%	\$ 97,425,295	319.52%
2007	\$ -0-	\$ 272,669,707	\$ 272,669,707	0.00%	\$ 83,658,200	325.93%

* Projected for the year ended December 31, 2012.

** Projected for the year ended December 31, 2010.

**OTHER SUPPLEMENTARY
INFORMATION**

Combining and Individual Fund Statements of
Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual
Nonmajor Governmental Special Revenue
Funds and Schedules

TOWN OF OYSTER BAY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	Special Revenue Funds			
	Town Outside Village	Special Grants	Drainage District	Park Districts
ASSETS				
Cash and investments	\$ 50,279	\$ 525,772	\$ 570,505	\$ 2,654,405
Accounts receivable, net of allowances for doubtful accounts of \$15,284	10,138		10,937	41,449
Rehabilitation loan receivable		13,000		
State and federal aid receivables		521,087	178,513	256,132
Inventory of material and supplies				
Total Assets	\$ 60,417	\$ 1,059,859	\$ 759,955	\$ 2,951,986
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 651,760	\$ 219,367	\$ 97,913	\$ 916,029
Accrued liabilities	64,895		15,014	112,449
Deficiency note payable	1,700,000			
Budgetary note payable			178,513	256,133
Due to other funds	2,135,000	252,488		408,000
Deferred revenue		74,000		
Total Liabilities	4,551,655	545,855	291,440	1,692,611
FUND BALANCES (DEFICITS)				
Nonspendable				
Restricted		514,004		
Assigned			468,515	1,259,375
Unassigned	(4,491,238)			
Total Fund Balances (Deficits)	(4,491,238)	514,004	468,515	1,259,375
Total Liabilities and Fund Balances (Deficits)	\$ 60,417	\$ 1,059,859	\$ 759,955	\$ 2,951,986

Fire Protection Districts	Lighting District	Public Parking District	Water Districts	Total Non-Major Funds
\$ 643,959	\$ 1,664,600	\$ 128,452	\$ 24,631	\$ 6,262,603
	4,647	3,391		70,562
				13,000
	118,410	156,680		1,230,822
	625,877			625,877
<u>\$ 643,959</u>	<u>\$ 2,413,534</u>	<u>\$ 288,523</u>	<u>\$ 24,631</u>	<u>\$ 8,202,864</u>
\$ 85,456	\$ 286,274	\$ 85,219		\$ 2,342,018
	14,430	8,868		215,656
				1,700,000
	118,410	156,681		709,737
11,000				2,806,488
				74,000
<u>96,456</u>	<u>419,114</u>	<u>250,768</u>		<u>7,847,899</u>
	625,877			625,877
		540,286		1,054,290
547,503	1,368,543		\$ 24,631	3,668,567
		(502,531)		(4,993,769)
<u>547,503</u>	<u>1,994,420</u>	<u>37,755</u>	<u>24,631</u>	<u>354,965</u>
<u>\$ 643,959</u>	<u>\$ 2,413,534</u>	<u>\$ 288,523</u>	<u>\$ 24,631</u>	<u>\$ 8,202,864</u>

TOWN OF OYSTER BAY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
Year ended December 31, 2012

	Special Revenue Funds			
	Town Outside Village	Special Grants	Drainage District	Park Districts
REVENUES				
Real property taxes	\$ 9,248,651		\$ 6,414,396	\$ 21,712,255
Other real property tax items	60,647		113,919	319,331
Departmental income	4,548,336			906,492
Use of money and property	4,311		2,010	17,638
Sale of property and compensation for loss				
Miscellaneous local sources	32,871	\$ 127,309	2	72,610
State aid		163,142		
Federal aid		3,613,463	178,513	256,132
Total Revenues	13,894,816	3,903,914	6,708,840	23,284,458
EXPENDITURES				
Current:				
Public safety	7,337,090			
Transportation				
Economic assistance and opportunity		2,708,043		
Culture and recreation	4,085			17,213,633
Home and community services	1,554,948	1,303,479	2,230,252	
Employee benefits	2,439,871		697,144	3,990,656
Debt Service:				
Interest	16,353		12,363	225,812
Total Expenditures	11,352,347	4,011,522	2,939,759	21,430,101
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,542,469	(107,608)	3,769,081	1,854,357
OTHER FINANCING SOURCES (USES)				
Transfers out	(194,373)		(3,177,650)	(3,783,176)
Issuance of debt	503,260			1,317,442
Premiums on obligations	12,518			6,614
Total Other Financing Sources (Uses)	321,405		(3,177,650)	(2,459,120)
Net Change in Fund Balances	2,863,874	(107,608)	591,431	(604,763)
Fund Balances (Deficits) at Beginning of Year	(7,355,112)	621,612	(122,916)	1,864,138
Fund Balances (Deficits) at End of Year	\$ (4,491,238)	\$ 514,004	\$ 468,515	\$ 1,259,375

Fire Protection Districts	Lighting District	Public Parking District	Water Districts	Total Non-Major Funds
\$ 7,431,275	\$ 5,204,387	\$ 5,452,772		\$ 55,463,736
96,280	73,703	65,511		729,391
		635,360	\$ 2,268	6,092,456
2,746	2,196	2,653	29	31,583
	9,261			9,261
	34	504		233,330
	118,410	156,680		163,142
				4,323,198
7,530,301	5,407,991	6,313,480	2,297	67,046,097
7,457,162				14,794,252
	3,897,351	2,430,457		6,327,808
				2,708,043
				17,217,718
			2,267	5,090,946
	591,984	674,529		8,394,184
	11,758	990,747		1,257,033
7,457,162	4,501,093	4,095,733	2,267	55,789,984
73,139	906,898	2,217,747	30	11,256,113
	(253,927)	(2,778,738)		(10,187,864)
	32,525	141,503		1,994,730
	163	710		20,005
	(221,239)	(2,636,525)		(8,173,129)
73,139	685,659	(418,778)	30	3,082,984
474,364	1,308,761	456,533	24,601	(2,728,019)
\$ 547,503	\$ 1,994,420	\$ 37,755	\$ 24,631	\$ 354,965

TOWN OF OYSTER BAY
TOWN OUTSIDE VILLAGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 9,248,648	\$ 9,248,648	\$ 9,248,651	\$ 3
Total Real Property Taxes	9,248,648	9,248,648	9,248,651	3
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	35,000	35,000	60,647	25,647
Total Other Real Property Tax Items	35,000	35,000	60,647	25,647
DEPARTMENTAL INCOME				
Building fees	6,500,000	6,072,623	4,335,511	(1,737,112)
Zoning board fees	180,000	180,000	200,825	20,825
Planning fees	15,000	15,000	12,000	(3,000)
Total Departmental Income	6,695,000	6,267,623	4,548,336	(1,719,287)
USE OF MONEY AND PROPERTY				
Interest and earnings	2,000	2,000	4,311	2,311
Total Use of Money and Property	2,000	2,000	4,311	2,311
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures	100,000	100,000	16,824	(83,176)
Photo processing fee	20,000	20,000	16,047	(3,953)
Total Miscellaneous Local Sources	120,000	120,000	32,871	(87,129)
Total Revenues	16,100,648	15,673,271	13,894,816	(1,778,455)

(continued)

TOWN OF OYSTER BAY
TOWN OUTSIDE VILLAGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
EXPENDITURES					
CURRENT:					
PUBLIC SAFETY					
Building	7,164,965	7,262,020	7,090,015	40,088	131,917
Animal warden services	308,844	247,075	247,075		
Total Public Safety	7,473,809	7,509,095	7,337,090	40,088	131,917
CULTURE AND RECREATION					
Memorial day assistance	5,000	5,000	4,085		915
Total Culture and Recreation	5,000	5,000	4,085		915
HOME AND COMMUNITY SERVICES					
Board of appeals	395,109	427,262	317,581		109,681
Planning and development - staff	1,375,253	1,371,412	1,237,367		134,045
Total Home and Community Services	1,770,362	1,798,674	1,554,948		243,726
EMPLOYEE BENEFITS					
State Employee Retirement System	854,876	783,675	683,306		100,369
Social security	467,129	467,129	450,563		16,566
Workers' compensation	64,092	22,185	22,185		
Disability benefits	2,315	2,315			2,315
Unemployment benefits	3,300	3,300			3,300
Hospital, medical and dental	1,430,620	1,287,752	1,283,817		3,935
Total Employee Benefits	2,822,332	2,566,356	2,439,871		126,485
Total Current	12,071,503	11,879,125	11,335,994	40,088	503,043
DEBT SERVICE:					
Debt interest - bond anticipation notes		16,644	16,353		291
Total Debt Service		16,644	16,353		291
Total Expenditures	12,071,503	11,895,769	11,352,347	40,088	503,334
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,029,145	3,777,502	2,542,469	(40,088)	(1,275,121)
OTHER FINANCING SOURCES (USES)					
Transfers out:					
Debt service fund	(206,544)	(145,166)	(144,881)		285
Capital projects fund		(49,734)	(49,492)		242
Issuance of debt			503,260		503,260
Premiums on obligations			12,518		12,518
Total Other Financing Sources (Uses)	(206,544)	(194,900)	321,405		516,305
Net Change in Fund Balance	\$ 3,822,601	\$ 3,582,602	2,863,874	\$ (40,088)	\$ (758,816)
Fund Balance Deficit at Beginning of Year			(7,355,112)		
Fund Balance Deficit at End of Year			\$ (4,491,238)		

TOWN OF OYSTER BAY
DRAINAGE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 6,414,390	\$ 6,414,390	\$ 6,414,396	\$ 6
Total Real Property Taxes	6,414,390	6,414,390	6,414,396	6
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	136,000	126,319	113,919	(12,400)
Total Other Real Property Tax Items	136,000	126,319	113,919	(12,400)
USE OF MONEY AND PROPERTY				
Interest and earnings	7,000	7,000	2,010	(4,990)
Total Use of Money and Property	7,000	7,000	2,010	(4,990)
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenue			2	2
Total Miscellaneous Local Sources			2	2
FEDERAL AID				
Emergency disaster assistance			178,513	178,513
Total Federal Aid			178,513	178,513
Total Revenues	6,557,390	6,547,709	6,708,840	161,131

(continued)

TOWN OF OYSTER BAY
DRAINAGE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICES				
Drainage	2,370,986	2,484,956	2,230,252	254,704
Total Home and Community Services	2,370,986	2,484,956	2,230,252	254,704
EMPLOYEE BENEFITS				
State Employee Retirement System	177,438	224,049	119,074	104,975
Social security	96,957	96,957	96,114	843
Disability benefits	541	541		541
Workers' compensation	55,432	8,821	8,821	
Hospital, medical and dental	630,938	477,287	473,135	4,152
Unemployment insurance	1,000	1,000		1,000
Total Employee Benefits	962,306	808,655	697,144	111,511
Total Current	3,333,292	3,293,611	2,927,396	366,215
DEBT SERVICE:				
Debt interest - bond anticipation notes		12,988	12,363	625
Total Debt Service		12,988	12,363	625
Total Expenditures	3,333,292	3,306,599	2,939,759	366,840
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,224,098	3,241,110	3,769,081	527,971
OTHER FINANCING (USES)				
Transfers out:				
Debt service fund	(3,224,988)	(3,189,152)	(3,125,801)	63,351
Capital projects fund		(52,848)	(51,849)	999
Total Other Financing (Uses)	(3,224,988)	(3,242,000)	(3,177,650)	64,350
Net Change in Fund Balance	<u>\$ (890)</u>	<u>\$ (890)</u>	591,431	<u>\$ 592,321</u>
Fund Balance Deficit at Beginning of Year			(122,916)	
Fund Balance at End of Year			<u>\$ 468,515</u>	

TOWN OF OYSTER BAY
PARK DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 21,712,247	\$ 21,712,248	\$ 21,712,255	\$ 7
Total Real Property Taxes	21,712,247	21,712,248	21,712,255	7
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	236,000	210,732	319,331	108,599
Total Other Real Property Tax Items	236,000	210,732	319,331	108,599
DEPARTMENTAL INCOME				
Recreational concessions	37,000	37,000	38,100	1,100
Special recreational facility charge	916,000	835,283	868,392	33,109
Total Departmental Income	953,000	872,283	906,492	34,209
USE OF MONEY AND PROPERTY				
Interest and earnings	18,414	18,414	17,638	(776)
Total Use of Money and Property	18,414	18,414	17,638	(776)
MISCELLANEOUS LOCAL SOURCES				
Forfeitures of deposits			40,000	40,000
Refund of prior year expenditures	5,000	9,000	32,598	23,598
Miscellaneous revenue			12	12
Total Miscellaneous Local Sources	5,000	9,000	72,610	63,610
FEDERAL AID				
Emergency disaster assistance			256,132	256,132
Total Federal Aid			256,132	256,132
Total Revenues	22,924,661	22,822,677	23,284,458	461,781

(continued)

TOWN OF OYSTER BAY
PARK DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
CURRENT:				
CULTURE AND RECREATION				
Parks, pools and rinks	16,437,683	17,795,036	17,213,633	581,403
Total Culture and Recreation	16,437,683	17,795,036	17,213,633	581,403
EMPLOYEE BENEFITS				
State Employee Retirement System	1,240,937	1,092,224	1,055,154	37,070
Social security	786,332	786,332	763,107	23,225
Workers' compensation	229,081	154,495	154,495	
Disability benefits	5,386	386		386
Unemployment benefits	2,000			
Hospital, medical and dental	2,310,118	2,062,108	2,017,900	44,208
Total Employee Benefits	4,573,854	4,095,545	3,990,656	104,889
Total Current	21,011,537	21,890,581	21,204,289	686,292
DEBT SERVICE:				
Debt interest - bond anticipation notes		226,307	225,812	495
Total Debt Service		226,307	225,812	495
Total Expenditures	21,011,537	22,116,888	21,430,101	686,787
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,913,124	705,789	1,854,357	1,148,568
OTHER FINANCING (USES)				
Transfers out:				
Debt service fund	(4,104,043)	(3,176,507)	(3,167,106)	9,401
Capital projects fund		(616,817)	(616,070)	747
Issuance of debt			1,317,442	1,317,442
Premium and accrued interest on obligations		6,000	6,614	614
Total Other Financing (Uses)	(4,104,043)	(3,787,324)	(2,459,120)	1,328,204
Net Change in Fund Balance	<u>\$ (2,190,919)</u>	<u>\$ (3,081,535)</u>	<u>(604,763)</u>	<u>\$ 2,476,772</u>
Fund Balance at Beginning of Year			1,864,138	
Fund Balance at End of Year			<u>\$ 1,259,375</u>	

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TOWN OF OYSTER BAY
FIRE PROTECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 7,430,554	\$ 7,430,554	\$ 7,431,275	\$ 721
Total Real Property Taxes	7,430,554	7,430,554	7,431,275	721
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	20,000	20,000	96,280	76,280
Total Other Real Property Tax Items	20,000	20,000	96,280	76,280
USE OF MONEY AND PROPERTY				
Interest and earnings			2,746	2,746
Total Use of Money and Property			2,746	2,746
Total Revenues	7,450,554	7,450,554	7,530,301	79,747
EXPENDITURES				
CURRENT:				
PUBLIC SAFETY				
Fire protection	7,619,878	7,660,950	7,457,162	203,788
Total Expenditures	7,619,878	7,660,950	7,457,162	203,788
Net Change in Fund Balance	<u>\$ (169,324)</u>	<u>\$ (210,396)</u>	73,139	<u>\$ 283,535</u>
Fund Balance at Beginning of Year			<u>474,364</u>	
Fund Balance at End of Year			<u>\$ 547,503</u>	

TOWN OF OYSTER BAY
LIGHTING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 5,204,385	\$ 5,204,385	\$ 5,204,387	\$ 2
Total Real Property Taxes	5,204,385	5,204,385	5,204,387	2
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	75,000	75,000	73,703	(1,297)
Total Other Real Property Tax Items	75,000	75,000	73,703	(1,297)
USE OF MONEY AND PROPERTY				
Interest and earnings	5,000	5,000	2,196	(2,804)
Total Use of Money and Property	5,000	5,000	2,196	(2,804)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	8,000	8,000	9,261	1,261
Total Sale of Property and Compensation for Loss	8,000	8,000	9,261	1,261
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures			34	34
Total Miscellaneous Local Sources			34	34
FEDERAL AID				
Emergency disaster assistance			118,410	118,410
Total Federal Aid			118,410	118,410
Total Revenues	5,292,385	5,292,385	5,407,991	115,606

(continued)

TOWN OF OYSTER BAY
LIGHTING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
EXPENDITURES					
CURRENT:					
TRANSPORTATION					
Lighting	4,165,316	4,012,335	3,897,351	13,380	101,604
Total Transportation	4,165,316	4,012,335	3,897,351	13,380	101,604
EMPLOYEE BENEFITS					
State Employee Retirement System	177,981	155,702	149,748		5,954
Social security	97,254	97,254	95,524		1,730
Disability benefits	214	214			214
Workers' compensation	43,726	5,346	5,346		
Hospital, medical and dental	512,131	344,790	341,366		3,424
Unemployment benefits	2,000	2,000			2,000
Total Employee Benefits	833,306	605,306	591,984		13,322
Total Current	4,998,622	4,617,641	4,489,335	13,380	114,926
DEBT SERVICE:					
Debt interest - bond anticipation notes		12,562	11,758		804
Total Debt Service		12,562	11,758		804
Total Expenditures	4,998,622	4,630,203	4,501,093	13,380	115,730
Excess (Deficiency) of Revenues Over (Under) Expenditures	293,763	662,182	906,898	(13,380)	231,336
OTHER FINANCING (USES)					
Transfers out:					
Debt service fund	(295,665)	(635,869)	(228,609)		407,260
Capital projects fund		(26,313)	(25,318)		995
Issuance of Debt			32,525		32,525
Premiums on obligations			163		163
Total Other Financing (Uses)	(295,665)	(662,182)	(221,239)		440,943
Net Change in Fund Balance	<u>\$ (1,902)</u>	<u>\$ -0-</u>	<u>685,659</u>	<u>\$ (13,380)</u>	<u>\$ 672,279</u>
Fund Balance at Beginning of Year			<u>1,308,761</u>		
Fund Balance at End of Year			<u>\$ 1,994,420</u>		

TOWN OF OYSTER BAY
PUBLIC PARKING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 5,452,770	\$ 5,452,770	\$ 5,452,772	\$ 2
Total Real Property Taxes	5,452,770	5,452,770	5,452,772	2
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	40,879	11,252	65,511	54,259
Total Other Real Property Tax Items	40,879	11,252	65,511	54,259
DEPARTMENTAL INCOME				
Parking permits	1,900,000	1,900,000	605,667	(1,294,333)
Parking meter fees	27,000	27,000	29,693	2,693
Total Departmental Income	1,927,000	1,927,000	635,360	(1,291,640)
USE OF MONEY AND PROPERTY				
Interest and earnings			2,653	2,653
Total Use of Money and Property			2,653	2,653
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures			504	504
Total Miscellaneous Local Sources			504	504
FEDERAL AID				
Emergency disaster assistance			156,680	156,680
Total Federal Aid			156,680	156,680
Total Revenues	7,420,649	7,391,022	6,313,480	(1,077,542)

(continued)

TOWN OF OYSTER BAY
PUBLIC PARKING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
CURRENT:				
TRANSPORTATION				
Parking	2,473,177	2,549,547	2,430,457	119,090
Total Transportation	2,473,177	2,549,547	2,430,457	119,090
EMPLOYEE BENEFITS				
State Employee Retirement System	141,598	155,469	138,788	16,681
Social security	77,373	79,373	78,900	473
Workers compensation	58,971	44,103	44,103	
Disability benefits	1,076	1,076		1,076
Unemployment benefits	600	600		600
Hospital, medical and dental	522,031	415,031	412,738	2,293
Total Employee Benefits	801,649	695,652	674,529	21,123
Total Current	3,274,826	3,245,199	3,104,986	140,213
DEBT SERVICE:				
Debt interest - bond anticipation notes		990,830	990,747	83
Total Debt Service		990,830	990,747	83
Total Expenditures	3,274,826	4,236,029	4,095,733	140,296
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,145,823	3,154,993	2,217,747	(937,246)
OTHER FINANCING (USES)				
Transfers out:				
Debt service fund	(4,145,823)	(1,343,112)	(967,788)	375,324
Capital projects fund		(1,811,881)	(1,810,950)	931
Issuance of debt			141,503	141,503
Premiums on obligations			710	710
Total Other Financing (Uses)	(4,145,823)	(3,154,993)	(2,636,525)	518,468
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	(418,778)	<u>\$ (418,778)</u>
Fund Balance at Beginning of Year			456,533	
Fund Balance at End of Year			<u>\$ 37,755</u>	

TOWN OF OYSTER BAY
WATER DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
DEPARTMENTAL INCOME				
Water rental arrears		\$ 2,268	\$ 2,268	
Total Departmental Income		2,268	2,268	
USE OF MONEY AND PROPERTY				
Interest and earnings			29	\$ 29
Total Use of Money and Property			29	29
Total Revenues		2,268	2,297	29
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICES				
Water	\$ 20,000	22,268	2,267	20,001
Total Expenditures	20,000	22,268	2,267	20,001
Net Change in Fund Balance	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	30	<u>\$ 20,030</u>
Fund Balance at Beginning of Year			24,601	
Fund Balance at End of Year			<u>\$ 24,631</u>	

TOWN OF OYSTER BAY
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2012

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
USE OF MONEY AND PROPERTY				
Interest and earnings	\$ 200,000	\$ 200,000	\$ 73,982	\$ (126,018)
Total Revenues	200,000	200,000	73,982	(126,018)
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT				
Fiscal agent fees	60,000	120,000	39,737	80,263
Total General Government Support	60,000	120,000	39,737	80,263
Total Current	60,000	120,000	39,737	80,263
DEBT SERVICE:				
Debt principal - serial bonds	45,105,462	45,105,462	31,355,462	13,750,000
Debt interest - serial bonds	20,896,752	20,896,752	13,525,912	7,370,840
Total Debt Service	66,002,214	66,002,214	44,881,374	21,120,840
Total Expenditures	66,062,214	66,122,214	44,921,111	21,201,103
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,862,214)	(65,922,214)	(44,847,129)	21,075,085
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Other funds	61,862,214	61,862,214	37,038,071	(24,824,143)
Premiums on obligations	4,000,000	4,060,000	7,166,887	3,106,887
Total Other Financing Sources (Uses)	65,862,214	65,922,214	44,204,958	(21,717,256)
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	(642,171)	<u>\$ (642,171)</u>
Fund Balance at Beginning of Year			864,721	
Fund Balance at End of Year			<u>\$ 222,550</u>	

TOWN OF OYSTER BAY
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2012

	Town Agency Fund	Town Clerk Agency Fund	Town Receiver of Taxes Agency Fund	Total Agency Funds
ASSETS				
Cash	\$ 9,831,497	\$ 29,558	\$ 62,385,521	\$ 72,246,576
Total Assets	<u>\$ 9,831,497</u>	<u>\$ 29,558</u>	<u>\$ 62,385,521</u>	<u>\$ 72,246,576</u>
LIABILITIES				
Due to the Treasurer of the County of Nassau				
Due to the Comptroller of the State of New York		\$ 60		\$ 60
Due to the Department of Environmental Conservation of the State of New York		572		572
Due to the Department of Health of the State of New York		1,282		1,282
Due to the Department of Agriculture and Markets of the State of New York		83		83
Due to school districts			\$ 61,688,010	61,688,010
Due to the Treasurer of Nassau County			176,191	176,191
Due to component units	\$ 7,739,632			7,739,632
Other agency liabilities	2,091,865	27,561	521,320	2,640,746
Total Liabilities	<u>\$ 9,831,497</u>	<u>\$ 29,558</u>	<u>\$ 62,385,521</u>	<u>\$ 72,246,576</u>

TOWN OF OYSTER BAY
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
Year ended December 31, 2012

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
ASSETS				
Town Agency Funds				
Cash	\$ 10,012,479	\$ 157,630,022	\$ 157,811,004	\$ 9,831,497
Total Assets - Town Agency Funds	10,012,479	157,630,022	157,811,004	9,831,497
Town Clerk Agency Funds				
Cash	28,100	612,653	611,195	29,558
Total Assets - Town Clerk Agency Funds	28,100	612,653	611,195	29,558
Town Receiver of Taxes Agency Funds				
Cash	78,785,306	1,456,651,926	1,473,051,711	62,385,521
Taxes Agency Funds	78,785,306	1,456,651,926	1,473,051,711	62,385,521
Total Assets	<u>\$ 88,825,885</u>	<u>\$ 1,614,894,601</u>	<u>\$ 1,631,473,910</u>	<u>\$ 72,246,576</u>
LIABILITIES				
Town Agency Funds				
Consolidated payroll		\$ 103,733,536	\$ 103,733,536	
Due to component units	\$ 7,565,953	38,739,030	38,565,351	\$ 7,739,632
Other agency liabilities	2,446,526	15,157,456	15,512,117	2,091,865
Total Liabilities - Town Agency Funds	10,012,479	157,630,022	157,811,004	9,831,497
Town Clerk Agency Funds				
Due to the Comptroller of the State of New York	30	2,554	2,524	60
Due to the Department of Environmental Conservation of the State of New York	1,654	32,903	33,985	572
Due to the Department of Health of the State of New York	1,260	24,907	24,885	1,282
Due to the Department of Agriculture and Markets of the State of New York	70	2,799	2,786	83
Other agency liabilities	25,086	549,490	547,015	27,561
Total Liabilities - Town Clerk Agency Funds	28,100	612,653	611,195	29,558
Town Receiver of Taxes Agency Funds				
Due to school districts	78,131,137	970,151,609	986,594,736	61,688,010
Due to the Treasurer of Nassau County	176,191	253,652,520	253,652,520	176,191
Other agency liabilities	477,978	232,847,797	232,804,455	521,320
Total Liabilities - Town Receiver of Taxes Agency Funds	78,785,306	1,456,651,926	1,473,051,711	62,385,521
Total Liabilities	<u>\$ 88,825,885</u>	<u>\$ 1,614,894,601</u>	<u>\$ 1,631,473,910</u>	<u>\$ 72,246,576</u>

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**DISCRETELY PRESENTED
COMPONENT UNITS**

The component units of the Town provide water, sewer and sanitation services to residents and businesses within the districts. These districts are organized under New York State Town Law and have separately elected boards. Long-term debt, backed by the full faith and credit of the Town, and other matters result in an interdependency with the Town.

TOWN OF OYSTER BAY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
December 31, 2012

	Massapequa Water District	Plainview Water District	Hicksville Water District	Locust Valley Water District	Oyster Bay Water District
ASSETS					
Current Assets:					
Cash and investments	\$ 3,863,050	\$ 4,809,868	\$17,674,892	\$ 708,760	\$ 1,629,055
Accounts receivable, net of allowance for doubtful accounts	2,024,676	788,130	8,953,871	323,717	292,350
State and federal aid receivables					22,990
Due from other governments			213,923		
Due from primary government	1,088,508	236,708	2,407	2,525,931	359,353
Prepaid charges	50,851	162,104	101,105	156,543	32,037
Other assets					
Inventory of materials and supplies		123,393	8,270	117,155	51,759
Total Current Assets	7,027,085	6,120,203	26,954,468	3,832,106	2,387,544
Non-Current Assets:					
Accounts receivable, net of current portion					
Deferred charges, net of accumulated amortization		18,215			
Non-depreciable capital assets	2,715,304	9,030,486	5,819,344	1,953,014	92,755
Depreciable capital assets, net of depreciation	8,118,195	22,536,257	18,114,881	4,399,951	10,154,008
Total Non-Current Assets	10,833,499	31,584,958	23,934,225	6,352,965	10,246,763
Total Assets	17,860,584	37,705,161	50,888,693	10,185,071	12,634,307
LIABILITIES					
Current Liabilities:					
Accounts payable	163,718	1,258,824	826,654	411,597	88,497
Accrued liabilities		361,881	5,514	159,603	
Accrued interest payable	22,697	91,766	46,844		58,624
Bond anticipation notes payable	2,700,000	11,500,000		4,670,000	1,450,000
Due to primary government		1,433,169			
Unearned income		95,206	16,006	120,000	
Other liabilities		499			
Non-current liabilities due within one year					
General obligation bonds payable	266,277	736,759			262,271
Due to Employee Retirement System			74,693		19,134
Compensated absences					8,974
Other debt			755,000		
Total Current Liabilities	3,152,692	15,478,104	1,724,711	5,361,200	1,887,500
Non-Current Liabilities:					
General obligation bonds payable	2,833,634	6,512,875			2,500,538
Due to Employee Retirement System			166,612		42,680
Other postemployment benefits payable	2,101,037	1,973,418	2,411,635	603,168	777,499
Compensated absences	295,808	260,445	603,812	247,643	170,498
Other debt			13,220,000		
Total Non-Current Liabilities	5,230,479	8,746,738	16,402,059	850,811	3,491,215
Total Liabilities	8,383,171	24,224,842	18,126,770	6,212,011	5,378,715
NET POSITION					
Net investment in capital assets	5,033,588	12,817,109	17,513,442	6,352,965	6,254,003
Restricted	2,991,615	2,714,334	11,904,319	1,912,223	994,860
Unrestricted	1,452,210	(2,051,124)	3,344,162	(4,292,128)	6,729
Total Net Position	\$ 9,477,413	\$13,480,319	\$32,761,923	\$ 3,973,060	\$ 7,255,592

Jericho Water District	South Farmingdale Water District	Bethpage Water District	Syosset Sanitation District	Oyster Bay Sewer District	Glenwood- Glenhead Garbage District	Totals
\$ 6,388,859	\$ 8,288,683	\$ 7,929,921	\$ 795,327	\$ 1,274,378	\$ 1,169,423	\$ 54,532,216
2,330,992	792,197	572,149				16,078,082
				85,729		108,719
						213,923
879,837	1,389,370	60,133	128	1,197,049	208	7,739,632
207,756	87,926	45,104		104,469		947,895
		8,986			700	9,686
184,117	19,599	122,669				626,962
9,991,561	10,577,775	8,738,962	795,455	2,661,625	1,170,331	80,257,115
		236,555				236,555
						18,215
3,119,530	3,695,915	16,638,656		48,947		43,113,951
21,752,888	18,803,101	12,032,509		13,928,444		129,840,234
24,872,418	22,499,016	28,907,720		13,977,391		173,208,955
34,863,979	33,076,791	37,646,682	795,455	16,639,016	1,170,331	253,466,070
1,145,801	1,504,279	637,636		128,129	77,334	6,242,469
		360,380				887,378
	96,101	10,284		58,883		385,199
7,000,000	3,330,000	13,280,000				43,930,000
	1,098,028	343,636				2,874,833
		169,025				400,237
						499
	333,338	74,600		406,008		2,079,253
				55,321		149,148
39,818	30,867	28,033		20,651		128,343
		12,761				767,761
8,185,619	6,392,613	14,916,355		668,992	77,334	57,845,120
	4,667,985	470,200		3,728,069		20,713,301
				123,401		332,693
2,504,365	1,664,727	1,350,530		2,344,664		15,731,043
756,546	586,478	167,861		392,377		3,481,468
		21,746				13,241,746
3,260,911	6,919,190	2,010,337		6,588,511		53,500,251
11,446,530	13,311,803	16,926,692		7,257,503	77,334	111,345,371
18,478,874	14,355,709	14,820,844		9,843,314		105,469,848
3,109,003	3,443,308	5,098,161				32,167,823
1,829,572	1,965,971	800,985	795,455	(461,801)	1,092,997	4,483,028
\$ 23,417,449	\$ 19,764,988	\$ 20,719,990	\$ 795,455	\$ 9,381,513	\$ 1,092,997	\$ 142,120,699

TOWN OF OYSTER BAY
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year ended December 31, 2012

	Massapequa Water District	Plainview Water District	Hicksville Water District	Locust Valley Water District	Oyster Bay Water District
EXPENSES					
Current:					
Home and community services	\$ 6,108,744	\$ 6,750,191	\$ 7,271,222	\$ 2,229,425	\$ 2,261,576
Total Expenses	6,108,744	6,750,191	7,271,222	2,229,425	2,261,576
PROGRAM REVENUES					
Charges for services	3,504,663	3,051,394	2,833,542	1,386,377	994,950
Operating grants and contributions			46,835		35,606
Capital grants and contributions					38,139
Total Program Revenues	3,504,663	3,051,394	2,880,377	1,386,377	1,068,695
Net Expenses	(2,604,081)	(3,698,797)	(4,390,845)	(843,048)	(1,192,881)
GENERAL REVENUES					
Real property taxes	2,044,857	3,379,530	4,505,225	433,970	910,079
Other real property tax items		20,859	95,667		
Use of money and property - interest and earnings	10,907	17,716	15,163	20,530	4,032
Sales of property and compensation for loss		421,306	8,859,243		11,798
Miscellaneous local sources	335,875	11,346	372,425	254,019	437,372
Total General Revenues	2,391,639	3,850,757	13,847,723	708,519	1,363,281
Changes in Net Position	(212,442)	151,960	9,456,878	(134,529)	170,400
Net Position at Beginning of Year	9,689,855	13,328,359	23,305,045	3,892,416	7,085,192
Prior Period Adjustments				215,173	
Net Position at End of Year	\$ 9,477,413	\$13,480,319	\$32,761,923	\$ 3,973,060	\$ 7,255,592

Jericho Water District	South Farmingdale Water District	Bethpage Water District	Syosset Sanitation District	Oyster Bay Sewer District	Glenwood- Glenhead Garbage District	Totals
\$ 9,021,601	\$ 5,746,176	\$ 5,536,831	\$ 571,345	\$ 4,295,484	\$ 1,147,929	\$ 50,940,524
9,021,601	5,746,176	5,536,831	571,345	4,295,484	1,147,929	50,940,524
8,080,092 6,522	2,613,802	1,675,811		62,570		24,140,631 88,963 100,709
8,086,614	2,613,802	1,675,811	-0-	62,570	-0-	24,330,303
(934,987)	(3,132,374)	(3,861,020)	(571,345)	(4,232,914)	(1,147,929)	(26,610,221)
1,184,485	1,738,560	3,009,676 71,157	545,230	3,571,151 501,110	892,962 94,482	22,215,725 783,275
16,644	26,444	30,535	1,018	8,542	1,606	153,137
149,699 177,116	6,993 387,962	24,803 747,470		8,055 2,342		9,481,897 2,725,927
1,527,944	2,159,959	3,883,641	546,248	4,091,200	989,050	35,359,961
592,957	(972,415)	22,621	(25,097)	(141,714)	(158,879)	8,749,740
22,824,492	20,737,403	20,697,369	820,552	9,523,227	1,251,876	133,155,786
						215,173
\$ 23,417,449	\$ 19,764,988	\$ 20,719,990	\$ 795,455	\$ 9,381,513	\$ 1,092,997	\$ 142,120,699

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STATISTICAL SECTION

This comprehensive statistical data for the Town includes, in some cases, statistical information for the villages, school districts, and special districts, which are not part of the Town reporting entity. It is intended to provide readers of this report with a broader and more complete understanding of the Town and its financial affairs than is possible from the financial statements and schedules included in the Financial Section. Many tables in this section cover several years for comparison purposes, and may present data from outside of the Town's accounting records. This part of the Town of Oyster Bay's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Page

Financial Trends

These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.

121-128

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

129-134

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

135-139

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

140-141

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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TOWN OF OYSTER BAY
NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)

<u>Year Ended December 31,</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Primary government					
Governmental activities					
Net position					
Net investment					
in capital assets	\$ 26,762,896	\$ 24,260,496	\$ 24,709,247	\$ 29,999,229	\$ 39,411,317
Restricted	1,276,840	2,026,619	659,882	4,077,987	4,695,733
Unrestricted	<u>(231,457,703)</u>	<u>(176,918,159)</u>	<u>(142,604,599)</u>	<u>(101,048,213)</u>	<u>(76,760,000)</u>
Total primary government net position	<u><u>\$(203,417,967)</u></u>	<u><u>\$(150,631,044)</u></u>	<u><u>\$(117,235,470)</u></u>	<u><u>\$ (66,970,997)</u></u>	<u><u>\$ (32,652,950)</u></u>

Source: Office of the Comptroller and the audited financial statements of the Town of Oyster Bay.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 43,046,627	\$ 43,111,426	\$ 46,061,429	\$ 47,170,934	\$ 44,286,145
6,784,573	4,782,128	3,278,908	2,302,721	3,071,352
<u>(55,802,910)</u>	<u>(30,386,111)</u>	<u>(27,401,040)</u>	<u>(27,143,524)</u>	<u>(20,109,284)</u>
<u>\$ (5,971,710)</u>	<u>\$ 17,507,443</u>	<u>\$ 21,939,297</u>	<u>\$ 22,330,131</u>	<u>\$ 27,248,213</u>

TOWN OF OYSTER BAY
CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

Year Ended December 31,	2012	2011	2010	2009
Expenses				
Governmental activities:				
General government support	\$ 32,796,871	\$ 23,979,446	\$ 32,283,214	\$ 30,938,595
Public safety	27,821,478	26,314,669	24,145,307	22,853,502
Transportation	71,035,386	56,829,279	51,102,059	48,780,746
Economic assistance and opportunity	4,039,287	3,952,952	5,214,244	4,671,721
Culture and recreation	70,617,267	67,279,441	66,858,706	56,125,780
Home and community service	85,793,941	85,314,148	85,680,187	81,279,479
Interest on debt	21,318,102	18,275,637	14,948,060	13,940,075
Total governmental activities expenses	<u>313,422,332</u>	<u>281,945,572</u>	<u>280,231,777</u>	<u>258,589,898</u>
Total primary government expenses	<u>\$ 313,422,332</u>	<u>\$ 281,945,572</u>	<u>\$ 280,231,777</u>	<u>\$ 258,589,898</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government support	\$ 1,003,364	\$ 984,923	\$ 1,038,276	\$ 877,821
Public safety	4,564,537	4,067,938	4,271,347	4,439,212
Transportation	2,285,793	1,768,986	2,017,458	1,878,588
Culture and recreation	6,586,215	6,002,337	6,122,679	5,586,432
Home and community service	899,181	581,858	692,256	819,174
Operating grants and contributions	18,126,195	8,156,683	7,838,502	8,155,922
Capital grants and contributions	5,666,110	10,661,138	3,815,966	1,465,316
Total governmental activities program revenues	<u>39,131,395</u>	<u>32,223,863</u>	<u>25,796,484</u>	<u>23,222,465</u>
Total primary government program revenues	<u>\$ 39,131,395</u>	<u>\$ 32,223,863</u>	<u>\$ 25,796,484</u>	<u>\$ 23,222,465</u>
Net (Expense)/Revenue				
Governmental activities	<u>\$ (274,290,937)</u>	<u>\$ (249,721,709)</u>	<u>\$ (254,435,293)</u>	<u>\$ (235,367,433)</u>
Total primary government net expense	<u>\$ (274,290,937)</u>	<u>\$ (249,721,709)</u>	<u>\$ (254,435,293)</u>	<u>\$ (235,367,433)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Real property taxes	\$ 175,579,664	\$ 175,265,000	\$ 166,258,122	\$ 166,273,638
Other real property tax items	3,197,633	3,128,447	2,821,830	2,244,124
Non-property tax items	4,696,524	4,617,396	4,437,509	4,038,122
Interest earnings	147,906	283,646	389,697	831,303
Local government assistance - unrestricted	13,733,876	13,144,675	13,331,035	12,465,539
State aid - unrestricted	11,184,538	10,201,720	10,762,780	11,800,490
Other	12,963,873	9,685,251	6,169,847	3,396,170
Extraordinary items				
Total primary government government general revenues/other	<u>221,504,014</u>	<u>216,326,135</u>	<u>204,170,820</u>	<u>201,049,386</u>
Total primary government	<u>\$ 221,504,014</u>	<u>\$ 216,326,135</u>	<u>\$ 204,170,820</u>	<u>\$ 201,049,386</u>
Change in Net Position				
Governmental activities	<u>\$ (52,786,923)</u>	<u>\$ (33,395,574)</u>	<u>\$ (50,264,473)</u>	<u>\$ (34,318,047)</u>
Total primary government	<u>\$ (52,786,923)</u>	<u>\$ (33,395,574)</u>	<u>\$ (50,264,473)</u>	<u>\$ (34,318,047)</u>

Source: Office of the Comptroller and the audited financial statements of the Town of Oyster Bay.

2008	2007	2006	2005	2004	2003
\$ 29,280,974	\$ 27,452,248	\$ 28,377,683	\$ 27,287,549	\$ 21,427,288	\$ 15,350,216
22,823,530	20,140,332	15,534,907	12,872,109	10,979,478	9,710,726
42,706,899	43,848,773	38,223,618	34,494,917	28,638,311	29,020,707
4,079,454	4,720,246	3,296,258	3,777,967	5,207,938	5,695,836
48,896,676	46,014,635	33,411,370	29,356,108	29,596,895	23,535,236
83,861,818	79,888,664	72,443,102	70,424,188	70,181,671	65,962,070
14,877,375	13,813,969	12,695,405	10,863,419	9,554,854	8,821,321
<u>246,526,726</u>	<u>235,878,867</u>	<u>203,982,343</u>	<u>189,076,257</u>	<u>175,586,435</u>	<u>158,096,112</u>
<u>\$ 246,526,726</u>	<u>\$ 235,878,867</u>	<u>\$ 203,982,343</u>	<u>\$ 189,076,257</u>	<u>\$ 175,586,435</u>	<u>\$ 158,096,112</u>
\$ 877,878	\$ 894,824	\$ 1,027,286	\$ 919,208	\$ 635,666	\$ 1,175,468
5,943,056	5,732,243	5,339,164	4,834,739	3,238,144	3,442,881
1,850,408	1,057,918	1,544,386	1,499,325	1,841,452	1,154,191
4,617,488	4,418,814	4,413,872	4,228,419	4,001,922	3,942,601
2,539,520	1,172,034	3,070,951	1,449,312	1,898,214	1,795,012
4,879,810	5,981,451	4,384,088	4,814,588	4,731,960	6,009,344
3,435,216	3,653,824	1,658,101	1,321,048	3,372,329	3,790,000
<u>24,143,376</u>	<u>22,911,108</u>	<u>21,437,848</u>	<u>19,066,639</u>	<u>19,719,687</u>	<u>21,309,497</u>
<u>\$ 24,143,376</u>	<u>\$ 22,911,108</u>	<u>\$ 21,437,848</u>	<u>\$ 19,066,639</u>	<u>\$ 19,719,687</u>	<u>\$ 21,309,497</u>
<u>\$ (222,383,350)</u>	<u>\$ (212,967,759)</u>	<u>\$ (182,544,495)</u>	<u>\$ (170,009,618)</u>	<u>\$ (155,866,748)</u>	<u>\$ (136,786,615)</u>
<u>\$ (222,383,350)</u>	<u>\$ (212,967,759)</u>	<u>\$ (182,544,495)</u>	<u>\$ (170,009,618)</u>	<u>\$ (155,866,748)</u>	<u>\$ (136,786,615)</u>
\$ 154,966,262	\$ 141,561,626	\$ 131,326,025	\$ 123,308,923	\$ 111,586,093	\$ 111,229,463
2,085,320	2,811,308	1,813,354	1,783,960	1,552,924	1,586,091
3,738,181	3,584,094	3,048,430	3,010,801	2,829,158	2,576,355
2,319,018	3,975,611	3,414,443	2,270,613	839,617	772,420
13,903,412	13,341,427	12,841,012	12,969,569	12,760,832	11,686,130
13,655,882	21,770,758	22,907,937	24,175,253	27,888,488	21,082,087
5,034,035	2,443,782	2,761,440	2,099,665	2,633,950	2,243,086
				(9,142,396)	
<u>195,702,110</u>	<u>189,488,606</u>	<u>178,112,641</u>	<u>169,618,784</u>	<u>150,948,666</u>	<u>151,175,632</u>
<u>\$ 195,702,110</u>	<u>\$ 189,488,606</u>	<u>\$ 178,112,641</u>	<u>\$ 169,618,784</u>	<u>\$ 150,948,666</u>	<u>\$ 151,175,632</u>
<u>\$ (26,681,240)</u>	<u>\$ (23,479,153)</u>	<u>\$ (4,431,854)</u>	<u>\$ (390,834)</u>	<u>\$ (4,918,082)</u>	<u>\$ 14,389,017</u>
<u>\$ (26,681,240)</u>	<u>\$ (23,479,153)</u>	<u>\$ (4,431,854)</u>	<u>\$ (390,834)</u>	<u>\$ (4,918,082)</u>	<u>\$ 14,389,017</u>

TOWN OF OYSTER BAY
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

Year Ended December 31,	2012	2011 ⁽¹⁾	2010	2009	2008
General Fund					
Reserved			\$ 1,708,530	\$ 1,919,359	\$ 1,700,529
Unreserved			374,746	6,279,485	11,645,425
Nonspendable	\$ 3,387,516	\$ 4,292,202			
Unassigned	(10,299,540)	(5,422,383)			
Total General Fund	<u>\$ (6,912,024)</u>	<u>\$ (1,130,181)</u>	<u>\$ 2,083,276</u>	<u>\$ 8,198,844</u>	<u>\$ 13,345,954</u>
All other governmental funds					
Reserved			\$ 33,306,988	\$ 75,490,973	\$ 58,854,255
Unreserved, reported in:					
Special Revenue Funds			6,665,244	7,444,464	13,839,236
Capital Projects Fund			(281,933,862)	(336,440,020)	(231,148,619)
Nonspendable	\$ 1,721,425	\$ 1,635,674			
Restricted	1,276,840	2,026,619			
Assigned	6,680,117	14,100,368			
Unassigned	(366,641,459)	(298,511,328)			
Total all other governmental funds	<u>\$ (356,963,077)</u>	<u>\$ (280,748,667)</u>	<u>\$ (241,961,630)</u>	<u>\$ (253,504,583)</u>	<u>\$ (158,455,128)</u>

Source: Office of the Comptroller and the audited financial statements of the Town of Oyster Bay.

Note: ⁽¹⁾ Components of fund balance reclassified in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

2007	2006	2005	2004	2003
\$ 1,644,976	\$ 1,742,746	\$ 1,310,170	\$ 1,423,943	\$ 1,348,183
14,671,147	19,617,161	20,312,356	22,306,232	16,824,760
<u>\$ 16,316,123</u>	<u>\$ 21,359,907</u>	<u>\$ 21,622,526</u>	<u>\$ 23,730,175</u>	<u>\$ 18,172,943</u>
\$ 36,328,089	\$ 31,552,078	\$ 21,194,339	\$ 20,024,310	\$ 16,630,731
5,590,942	4,100,548	3,424,234	780,983	3,351,329
(133,639,662)	(115,787,954)	(128,129,004)	(86,627,959)	(84,039,913)
<u>\$ (91,720,631)</u>	<u>\$ (80,135,328)</u>	<u>\$ (103,510,431)</u>	<u>\$ (65,822,666)</u>	<u>\$ (64,057,853)</u>

TOWN OF OYSTER BAY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

Year Ended December 31,	2012	2011	2010	2009	2008
Revenues					
Real property taxes	\$ 175,579,664	\$ 175,265,001	\$ 166,258,122	\$ 166,273,638	\$ 154,966,262
Other real property tax items	3,197,633	3,128,447	2,821,830	2,244,124	2,085,320
Non-property tax items	4,696,524	4,617,396	4,437,509	4,038,122	3,738,181
Departmental income	22,079,123	20,406,328	20,966,195	21,915,754	23,640,211
Intergovernmental charges	13,942,518	13,176,813	13,365,710	12,884,581	14,266,470
Use of money and property	603,056	735,241	894,246	1,208,674	2,706,212
License and permits	174,475	149,865	119,629	119,429	211,967
Fines and forfeitures	746,224	454,077	513,879	527,531	293,488
Sale of property and compensation for loss	1,606,331	333,447	396,953	419,791	867,677
Miscellaneous and local sources	1,803,732	5,105,926	3,530,852	3,253,042	4,093,979
Interfund revenues	29,876,012	29,160,183	26,942,095	24,410,321	21,594,481
State aid	13,608,089	13,732,037	14,549,881	16,686,465	15,854,956
Federal aid	21,139,005	12,200,790	7,362,931	4,735,263	6,115,952
Total revenues	<u>289,052,386</u>	<u>278,465,551</u>	<u>262,159,832</u>	<u>258,716,735</u>	<u>250,435,156</u>
Expenditures					
Current:					
General government support	39,712,264	34,125,789	36,650,794	35,459,470	33,993,375
Public safety	20,167,997	19,295,277	18,433,319	17,459,466	17,158,885
Transportation	36,926,372	25,912,405	24,496,655	24,814,537	21,431,751
Economic assistance and opportunity	3,184,421	3,200,016	4,121,859	3,828,861	3,359,651
Culture and recreation	35,638,463	35,039,970	33,278,647	31,438,530	27,106,969
Home and community service	68,441,125	67,054,880	69,766,398	67,781,406	74,303,619
Employee benefits	51,210,979	46,923,714	42,116,903	41,419,904	37,671,690
Capital outlay	78,651,835	114,031,571	123,578,275	101,778,497	86,452,980
Debt Service:					
Principal	31,355,462	25,975,875	20,526,759	22,756,967	21,881,062
Interest	20,754,691	16,402,710	13,086,920	14,445,618	16,287,762
Bond issuance costs		233,966		273,907	
Advanced refunding escrow		2,731,641		1,790,652	
Total expenditures	<u>386,043,609</u>	<u>390,927,814</u>	<u>386,056,529</u>	<u>363,247,815</u>	<u>339,647,744</u>
Excess (deficiency) of revenues over (under) expenditures	(96,991,223)	(112,462,263)	(123,896,697)	(104,531,080)	(89,212,588)
Other financing sources (uses)					
Transfers in	52,917,281	42,553,991	42,092,659	40,597,795	33,556,976
Transfers out	(52,917,281)	(42,553,991)	(42,092,659)	(40,597,795)	(33,556,976)
Issuance of debt	7,500,000	61,575,000	125,449,000		18,224,433
Premiums on obligations	7,494,970	8,915,009	3,875,082	5,591,215	1,283,489
Refunding bond issued		32,514,467		39,074,300	
Payment to refunded bond escrow agent		(32,542,707)		(40,331,000)	
Total other financing sources (uses)	<u>14,994,970</u>	<u>70,461,769</u>	<u>129,324,082</u>	<u>4,334,515</u>	<u>19,507,922</u>
Net change in fund balances	<u>\$ (81,996,253)</u>	<u>\$ (42,000,494)</u>	<u>\$ 5,427,385</u>	<u>\$ (100,196,565)</u>	<u>\$ (69,704,666)</u>
Debt service as a percentage of noncapital expenditures					
	16.94%	16.37%	12.83%	14.78%	15.17%

Source: Office of the Comptroller and the audited financial statements of the Town of Oyster Bay.

2007	2006	2005	2004	2003
\$ 141,561,626	\$ 131,326,025	\$ 123,308,923	\$ 111,586,093	\$ 111,229,462
2,811,308	1,813,354	1,783,960	1,552,924	1,586,091
3,584,094	3,048,430	3,010,801	2,829,158	2,576,355
22,720,584	24,603,121	22,266,020	22,176,986	21,371,594
13,675,191	13,103,282	13,199,409	12,980,913	11,892,028
4,349,291	4,005,643	2,696,926	966,480	1,454,349
149,806	139,944	122,712	143,023	123,871
275,606	301,220	346,826	349,370	261,734
916,559	801,351	683,120	668,871	605,548
2,018,414	2,236,624	2,383,468	2,576,285	2,163,945
20,257,890	18,651,183	15,683,447	14,747,294	15,277,896
26,229,932	25,038,625	25,790,398	30,710,066	23,177,387
5,176,101	3,836,502	4,520,492	5,282,711	7,637,377
243,726,402	228,905,304	215,796,502	206,570,174	199,357,637
30,691,664	27,209,517	25,782,339	23,424,903	19,536,580
14,922,227	12,964,921	10,955,667	9,479,306	8,416,697
21,841,905	21,958,988	19,181,462	17,335,033	16,732,693
3,897,085	2,730,482	3,284,222	3,180,816	4,121,046
24,903,758	23,622,658	22,821,411	20,157,560	19,471,498
66,152,574	65,012,028	59,566,813	60,412,606	53,296,132
38,960,749	36,224,777	33,876,288	30,792,269	25,659,583
85,957,746	51,890,093	49,549,275	60,778,951	32,448,018
21,007,985	19,350,939	20,569,298	19,681,600	21,221,332
12,555,008	11,176,588	10,005,141	9,239,711	9,300,511
320,890,701	272,140,991	255,591,916	254,482,755	210,204,090
(77,164,299)	(43,235,687)	(39,795,414)	(47,912,581)	(10,846,453)
38,517,501	33,981,160	36,251,675	33,183,638	34,566,291
(38,517,501)	(33,981,160)	(36,251,675)	(33,183,638)	(34,566,291)
59,550,000	65,610,000		51,705,000	
985,212	738,171			
				13,901,032
				(13,901,032)
60,535,212	66,348,171		51,705,000	
\$ (16,629,087)	\$ 23,112,484	\$ (39,795,414)	\$ 3,792,419	\$ (10,846,453)
14.26%	13.76%	14.82%	15.08%	17.24%

TOWN OF OYSTER BAY
ASSESSED VALUE, STATE EQUALIZATION RATE, AND ESTIMATED FULL VALUE OF REAL PROPERTY
LAST TEN YEARS

Year Ended December 31,	Class One		Class Two		Class Three		Class Four		Total Net Assessed Value	
	Residential Property		Condo and Co-Op Property		Utility and Special Franchise		Commercial Property			
2012	\$	119,349,935	\$	3,404,383	\$	8,335,694	\$	50,709,884	\$	181,799,896
2011		124,558,277		3,587,770		8,063,217		58,814,856		195,024,120
2010		144,899,065		3,605,084		7,655,995		58,128,433		214,288,577
2009		145,410,757		3,134,057		6,973,758		55,900,961		211,419,533
2008		139,713,171		2,932,594		6,027,208		51,871,415		200,544,388
2007		131,590,763		2,743,279		5,693,347		48,435,541		188,462,930
2006		225,567,183		2,697,079		4,939,664		47,197,060		280,400,986
2005		364,135,751		2,659,027		4,882,323		47,239,027		418,916,128
2004*		370,833,774		2,669,334		5,096,507		48,513,107		427,112,722
2003		677,167,963		15,256,505		91,977,276		278,756,652		1,063,158,396

Source: Town of Oyster Bay Annual Budget Report.

*2004 was the first year of Nassau County's Reassessment.

Total Direct Tax Rate	State Equalization Rate	Full Valuation	Assessed Value as a Percentage of Full Value
3.93	0.31%	\$ 58,645,127,742	0.31%
3.77	0.32%	60,945,037,500	0.32%
3.48	0.34%	63,026,052,059	0.34%
3.42	0.33%	64,066,525,152	0.33%
3.19	0.31%	64,691,738,065	0.31%
2.95	0.29%	64,987,217,241	0.29%
1.88	0.29%	96,689,995,172	0.29%
1.99	0.50%	83,783,225,600	0.50%
2.89	0.81%	52,729,965,679	0.81%
1.25	0.89%	119,455,999,551	0.89%

TOWN OF OYSTER BAY
PROPERTY TAX RATES, DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS

Town Direct Rates					
Years Ended December 31,	Full Valuation	State Equalization Rate	Total Net Assessed Value	Tax Levy For Town ¹	Total Town Direct Tax Rate ^{1,2}
2012	\$ 58,645,127,742	0.31%	\$ 181,799,896	\$ 230,699,358	3.93
2011	60,945,037,500	0.32%	195,024,120	229,899,564	3.77
2010	63,026,052,059	0.34%	214,288,577	219,045,576	3.48
2009	64,066,525,152	0.33%	211,419,533	219,357,222	3.42
2008	64,691,738,065	0.31%	200,544,388	206,512,925	3.19
2007	64,987,217,241	0.29%	188,462,930	191,419,715	2.95
2006	96,689,995,172	0.29%	280,400,986	181,310,611	1.88 ³
2005	83,783,225,600	0.50%	418,916,128	167,057,512	1.99
2004	52,729,965,679	0.81%	427,112,722 ⁴	152,606,248	2.89
2003	119,455,999,551	0.89%	1,063,158,396	149,113,083	1.25

Source: Receiver of Taxes - General and School Tax Warrants.

¹ Total tax levy, as well as the total direct rate for Town includes all Town controlled funds, Discretely Presented Component Units, Fire Hydrant, Rental District, Fire Districts, Incorporated Villages and Library Districts.

² Per \$1,000 of full valuation.

³ 2006 rate increases are due to decreases in assessed valuations by Nassau County.

⁴ Nassau County completed a county-wide reassessment in 2004 wherein it reassessed all properties within the County by utilizing one percent of market value applicable to each of the four property classes.

Overlapping Rates

County Tax Levy For Town	Total County Direct Rate ²	School Levy	Total School Direct Rate ²	Total Direct & Overlapping Rates
\$ 263,271,178	4.49	\$ 974,916,136	16.62	25.04
262,419,092	4.31	945,235,477	15.51	23.59
260,456,163	4.13	933,444,160	14.81	22.42
261,479,836	4.08	906,670,726	14.15	21.65
250,074,671	3.87	856,038,872	13.23	20.29
252,167,909	3.88	807,139,720	12.42	19.25
251,140,046	2.60	759,251,800	7.85	12.33
246,576,497	2.94	655,967,265	7.83	12.76
247,036,126	4.68	655,967,265	12.44	20.01
251,176,854	2.10	603,741,518	5.05	8.40

TOWN OF OYSTER BAY
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

2012

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation
1	Long Island Power Authority	Public Utility - Public Franchise	\$ 4,839,448	2.66%
2	Keyspan Gas East	Public Utility - Public Franchise	2,125,563	1.17%
3	CLK-HP Various Properties	Office Buildings	2,019,401	1.11%
4	Verizon	Public Utility - Public Franchise	1,733,659	0.95%
5	Sunrise Mall Associates & Hudson Resources	Shopping Mall	1,139,978	0.63%
6	Broadway Mall (CGA Broadway Partners, LLC)	Shopping Mall	1,431,941	0.79%
7	Jericho Quads Associates	Office Buildings	872,210	0.48%
8	One-Two Jericho Plaza Owner, LLC	Office Buildings	786,137	0.43%
9	Northrop Grumman Corp. & Related Companies	Office Buildings	613,406	0.34%
10	Associated Brook, Inc.	Industrial Buildings	447,060	0.25%
Total			<u>\$ 16,008,803</u>	<u>(a) 8.81%</u>

(a) Represents 8.81% of the total taxable assessed valuation of the Town for 2012.

2003

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation
1	Long Island Lighting Company	Public Utility	\$ 28,516,241	2.68%
2	Verizon	Public Utility	22,768,707	2.14%
3	Keyspan Energy	Public Utility	20,334,202	1.91%
4	Long Island Power Authority	Public Utility	17,469,892	1.64%
5	Northrop-Grumman Corp. & Related Companies	Aerospace Manufacturing	12,025,600	1.13%
6	Industrial & Research Associates	Office Buildings	7,143,750	0.67%
7	Sunrise Mall Associates & Hudson Resources	Shopping Mall	5,977,060	0.56%
8	Broadway Mall	Shopping Mall	5,771,570	0.54%
9	Jericho Quads	Office Buildings	5,691,300	0.54%
10	Cablevision	Communication	3,365,410	0.32%
Total			<u>\$129,063,732</u>	<u>(b) 12.13%</u>

(b) Represents 12.13% of the total taxable assessed valuation of the Town for 2003.

Source: Town of Oyster Bay Official Statements.

TOWN OF OYSTER BAY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Year Ended December 31,	Tax Levy For Town ^(a)	Amount Collected ^(b)	Percent Collected
2012	\$ 230,699,358	\$ 230,699,358	100.00%
2011	229,899,564	229,899,564	100.00%
2010	219,045,576	219,045,576	100.00%
2009	219,357,222	219,357,222	100.00%
2008	206,512,925	206,512,925	100.00%
2007	191,419,715	191,419,715	100.00%
2006	181,310,611	181,310,611	100.00%
2005	167,057,512	167,057,512	100.00%
2004	152,606,248	152,606,248	100.00%
2003	149,113,083	149,113,083	100.00%

Source: Receiver of Taxes - General Tax Levy.

^(a) Total tax levy for Town includes all Town controlled funds, Discretely Presented Component Units, Fire Hydrant Rental District, Fire Districts, Incorporated Villages and Library Districts.

^(b) During year of levy.

TOWN OF OYSTER BAY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Year Ended	<u>Governmental Activities</u> General Obligation Bonds	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
2012	\$ 351,012,446	\$ 351,012,446	0.39%	1,194
2011	374,867,908	374,867,908	0.43%	1,284
2010	339,297,023	339,297,023	0.40%	1,157
2009	234,374,782	234,374,782	0.23%	773
2008	258,388,449	258,388,449	0.26%	854
2007	262,045,078	262,045,078	0.31%	870
2006	223,503,063	223,503,063	0.27%	743
2005	177,244,002	177,244,002	0.24%	590
2004	197,813,300	197,813,300	0.28%	660
2003	165,789,900	165,789,900	0.25%	555

Source: Details regarding the outstanding debt can be found in the notes to the financial statements.

Notes: As of December 31, 2012, the Town had \$384,893,958 in short-term bond anticipation notes, which are not presented in this schedule.

As of December 31, 2012, the Town had \$16,800,000 in short-term revenue anticipation notes, which are not presented in this schedule.

As of December 31, 2012, the Town had \$13,000,000 in short-term deficiency notes, which are not presented in this schedule.

As of December 31, 2012, the Town had \$15,000,000 in short-term budgetary notes, which are not presented in this schedule.

¹ See the schedule of Demographic and Economic Statistics for personal income and population.

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TOWN OF OYSTER BAY
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS

Year Ended	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Full Taxable Value ¹ of Property	Per Capita ²
2012	\$ 351,012,446	\$ 222,550	\$ 350,789,896	0.60%	1,193
2011	374,867,908	864,721	374,003,187	0.61%	1,281
2010	339,297,023	100,628	339,196,395	0.54%	1,157
2009	234,374,782	3,530,798	230,843,984	0.36%	761
2008	258,388,449	4,089,788	254,298,661	0.39%	840
2007	262,045,078	6,266,490	255,778,588	0.39%	849
2006	223,503,063	4,333,257	219,169,806	0.23%	729
2005	177,244,002	2,978,827	174,265,175	0.21%	580
2004	197,813,300	1,920,142	195,893,158	0.37%	653
2003	165,789,900	1,975,490	163,814,410	0.14%	548

Source: Details regarding outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Assessed Value, Equalization Rate and Estimated Full Value of Real Property for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics.

TOWN OF OYSTER BAY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2012

<u>Jurisdiction</u>	<u>Net Long-Term Debt</u>	<u>Percentage Applicable to the Town of Oyster Bay</u>	<u>Town of Oyster Bay Share of Debt (1)</u>
Direct:			
Town of Oyster Bay	<u>\$ 351,012,446</u>	100.00%	<u>\$ 351,012,446</u>
Total Direct Debt	<u>351,012,446</u>		<u>351,012,446</u>
Overlapping:			
Nassau County	3,980,539,361	25.68%	1,022,202,508
School Districts	35,614,038	100.00%	35,614,038
Fire Districts	6,744,711	100.00%	6,744,711
Water Districts	18,658,477	100.00%	18,658,477
Sewer District	4,134,077	100.00%	4,134,077
Incorporated Villages	<u>51,269,026</u>	100.00%	<u>51,269,026</u>
Total Overlapping Debt	<u>4,096,959,690</u>		<u>1,138,622,837</u>
Total Direct and Overlapping Debt	<u>\$ 4,447,972,136</u>		<u>\$ 1,489,635,283</u>

Source: Town of Oyster Bay Official Statement.

Note: The taxpayers share of overlapping debt is based upon the amount of the Town's equalized property values taken as a percentage of each separate units' total values.

(1) Only the Town portion of school districts and villages that lie partially in other towns has been considered.

TOWN OF OYSTER BAY
DEBT LIMIT MARGIN INFORMATION
December 31, 2012

Years Ended December 31,	Assessed Valuation	State Equalization Rate	Full Valuation
2012	\$ 181,799,896	0.31%	\$ 58,645,127,742
2011	195,024,120	0.32%	60,945,037,500
2010	214,288,577	0.34%	63,026,052,059
2009	211,419,533	0.33%	64,066,525,152
2008	200,544,388	0.31%	64,691,738,065
Total Five Year Full Valuation			<u>\$ 311,374,480,518</u>
Five Year Average Full Valuation of Taxable Real Property			<u>62,274,896,104</u>
Debt Limit - 7% of Five Year Average Full Valuation			<u>4,359,242,727</u>
Inclusions:			
Outstanding Bonds			373,805,000
Bond Anticipation Notes			<u>428,823,958</u>
Total Inclusions			<u>802,628,958</u>
Exclusions:			
Water Bonds			18,658,477
Water Bond Anticipation Notes			<u>43,930,000</u>
Total Exclusions			<u>62,588,477</u>
Total Net Indebtedness Subject to the Debt Limit			<u>740,040,481</u>
Net Debt Contracting Margin			<u>3,619,202,246</u>
Percent of Debt Limit Exhausted			16.98%

Last Ten Years

Year	Constitutional Debt Limit	Outstanding Indebtedness December 31	Less: Exclusions	Indebtedness Subject to Debt Limit	Net Debt Contracting Margin	Percent of Net Debt Contracting Margin Available
2012	\$ 4,359,242,727	\$ 802,628,958	\$ 62,588,477	\$ 740,040,481	\$ 3,619,202,246	83.02%
2011	4,448,031,980	724,175,945	48,693,585	675,482,360	3,772,549,620	84.81%
2010	4,526,990,068	659,294,000	31,357,617	627,936,383	3,899,053,685	86.13%
2009	4,341,939,581	521,340,800	25,166,102	496,174,698	3,845,764,883	88.57%
2008	3,996,543,411	451,486,933	24,870,785	426,616,148	3,569,927,263	89.33%
2007	3,700,867,994	407,005,000	26,297,261	380,707,739	3,320,160,255	89.71%
2006	3,306,525,278	333,670,000	24,717,437	308,952,563	2,997,572,715	90.66%
2005	2,987,238,099	329,005,000	25,307,498	303,697,502	2,683,540,597	89.83%
2004	2,688,240,424	301,513,400	34,547,100	266,966,300	2,421,274,124	90.07%
2003	2,389,152,919	271,071,422	66,209,122	204,862,300	2,184,290,619	91.43%

Source: Office of the Comptroller and the Official Statements of the Town of Oyster Bay.

TOWN OF OYSTER BAY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Years Ended December 31,	Population ¹	Personal Income ² (in millions)	Per Capita Income ²	Median Age ³	Unem- ployment Rate ^{2,4}	Year-Round Households Estimate ⁴	Average Household Size Estimate ⁴	Population Density Per Square Mile ^{4,6}	Public School Enrollment ⁵
2012	293,990	\$ 91,120	\$ 47,757	44.9	6.40%	100,094	2.89	2,816	46,455
2011	292,033	87,992	45,529	42.6	6.30%	93,579	2.93	2,826	46,981
2010	293,214	83,985	45,607	42.8	6.60%	99,419	2.89	2,808	47,700
2009	303,285	101,648	44,606	39.8	6.50%	101,018	2.95	2,916	47,898
2008	302,589	100,146	35,895	40.0	4.40%	99,873	2.93	2,816	48,108
2007	301,273	85,217	62,981	42.8	3.50%	96,879	3.02	2,871	48,219
2006	300,786	81,756	44,757	41.8	3.60%	100,539	2.93	2,881	48,517
2005	300,616	73,161	43,135	39.4	3.80%	100,595	2.93	2,879	48,096
2004	299,840	70,643	41,534	41.1	4.20%	100,506	2.93	2,872	51,333
2003	298,696	67,050	40,113	39.9	4.30%	97,738	2.92	2,861	47,009

Sources:

- ¹ Bureau of the Census / Long Island Regional Planning Board / Long Island Population Survey.
- ² Bureau of Economic Analysis. Figures are for Nassau County. TOB figures not available.
- ³ State Department of Commerce
- ⁴ Long Island Business News - Doing Business on Long Island / LILCO Survey / Long Island Population Survey.
- ⁵ NY START.GOV
- ⁶ Wikipedia - Oyster Bay

TOWN OF OYSTER BAY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

2012

Rank	Name	Type of Business	Number of Employees
1	Cablevision Systems Corporation	Entertainment / Communications	A
2	Government Employees Insurance Company	Insurance Agents / Brokers	A
3	King Kullen Grocery Co., Inc.	Grocers - Retail	A
4	N.C. Association for Help of Retarded Children	Job Training & Vocation Rehab. Services	A
5	National Grid / LIPA	Public Utility	A
6	Northrop Grumman	Aerospace Industries	A
7	New York Institute of Technology	Professional Schools	A
8	St. Francis Hospital	General Medical & Surgical Hospital	A
9	Commercial Building Maintenance Corp	Cleaning Services - Industrial	B
10	Darby Group Co., Inc.	Dental Equipment & Supplies - Wholesale	B

2003

Rank	Name	Type of Business	Number of Employees
1	Cablevision Systems Corporation	Entertainment / Telecommunications	A
2	Keyspan Energy	Public Utility	A
3	King Kullen Grocery Co., Inc.	Supermarket Chain	A
4	Long Island University	Education	A
5	Northrop Grumman	Manufacturing Aerospace / Data Systems	A
6	Griffon Corporation	Manufacturing	B
7	Weight Watchers International	Weight Reduction Services	B
8	Adults & Children with Learning and Development Disabilities	Treatment / Education / Diagnostic Center	C
9	Catholic Charities of the Diocese of Rockville Center	Healthcare Facility	C
10	Lackmann Culinary Services	Food Service Contactor	C

Source: Town of Oyster Bay Official Statements.

Note: Percentage of total Town employment is not available.

Code

- A More than 1,500 employees
- B 1,000 to 1,499 employees
- C 500 to 999 employees

TOWN OF OYSTER BAY
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS

Full-time Equivalent Employees as of December 31										
Function	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government support	253	274	257	298	276	299	303	297	298	296
Public safety	116	125	119	124	133	115	109	78	77	71
Transportation	160	176	164	174	203	185	190	193	186	189
Economic assistance and opportunity	11	11	12	12	11	10	11	11	11	19
Culture and recreation	287	303	277	269	248	232	231	223	215	207
Home and community services	344	361	356	376	358	346	357	357	352	341
Total	<u>1,171</u>	<u>1,250</u>	<u>1,185</u>	<u>1,253</u>	<u>1,229</u>	<u>1,187</u>	<u>1,201</u>	<u>1,159</u>	<u>1,139</u>	<u>1,123</u>

Source: Office of the Comptroller of the Town of Oyster Bay.

TOWN OF OYSTER BAY
OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS

Year Ended December 31,	2012	2011	2010	2009	2008
Function					
Public Safety					
Building					
Residential building permits issued	3,935	4,018	3,783	1,756	2,579
Commercial building permits issued	795	921	293	52	230
Public Safety					
Animals received	826	804	747	847	1,056
Animals adopted	233	327	200	276	282
Animals redeemed	172	127	116	143	155
Town Clerk					
Permits issued ¹	29,592	8,272	29,384	6,882	26,802
Fire					
Number of fire protection districts	7	7	7	7	7
Number of calls answered	7,822	18,240	17,498	19,232	19,171
Transportation					
Parking Meters					
Number of parking meters	275	305	305	305	302
Collections per month	2	2	2	2	2
Highways and Streets					
Street resurfacing (miles)	14	18	4	10	18
Number of trees planted	1,080	419	1,996	293	1,964
Number of trees removed	2,695	3,396	1,558	3,135	2,410
Culture and Recreation					
Beach permits issued	48,316	50,974	55,987	49,947	45,777
Registration for adult programs	238	400	339	142	217
Registration for summer programs	2,150	2,300	2,650	2,500	2,200
Home and Community Services					
Sanitation					
Refuse collected (tons/day)	1,293	633	565	650	666
Recyclables collected (tons/day)	178	190	208	208	124

Source: Various departments of the Town of Oyster Bay.

¹ Resident parking permits contained in this total are issued every two years.

2007	2006	2005	2004	2003
2,227	2,039	2,380	2,354	2,765
263	209	216	231	299
1,162	1,192	1,121	1,141	1,397
344	350	288	271	277
197	174	169	164	168
6,868	25,715	6,216	25,257	5,941
7	7	7	7	7
19,253	19,094	19,054	18,704	18,525
271	271	271	271	271
1	1	1	1	1
33	68	76	72	74
2,040	1,661	1,643	1,552	1,549
2,319	2,000	1,942	1,878	1,866
44,389	39,852	42,960	36,955	39,629
229	259	223	240	164
141	234	234	222	217
778	841	856	859	809
138	210	231	226	206

TOWN OF OYSTER BAY
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS

Year Ended December 31,	2012	2011	2010	2009	2008
Function					
General Government Support					
Municipal buildings	3	3	3	3	3
Central vehicle maintenance					
Vehicles maintained	700	700	687	729	729
Transportation					
Highways and streets					
Streets (miles)	781	781	781	780	780
Streetlights ¹	25,000	25,000	25,000	20,703	20,652
Parking fields	54	54	54	54	54
Culture and Recreation					
Parks acreage	600	600	600	600	600
Beaches	9	9	9	9	9
Marinas	3	3	3	3	3
Boat basin slips	554	554	554	554	554
Swimming pools	5	5	5	5	5
Golf courses	1	1	1	1	1
Tennis courts	28	28	28	28	28
Community centers	11	11	11	10	10
Home and Community Service					
Sanitation					
Collection trucks	50	50	50	50	50

Source: Various departments of the Town of Oyster Bay.

¹ 2003 - 2005 numbers are an estimate from the Town of Oyster Bay Department of Public Works Division of Lighting.

N/A Information was not available for these years.

2007	2006	2005	2004	2003
3	3	3	3	3
707	707	N/A	N/A	N/A
732	732	732	732	732
20,551	20,451	20,351	20,251	20,151
40	40	40	40	40
600	600	600	600	600
9	9	9	9	9
3	3	3	3	3
554	554	554	554	554
5	5	5	5	5
1	1	1	1	1
28	28	28	28	28
10	10	10	10	10
50	50	50	50	48