

# Town of Oyster Bay New York



## Comprehensive Annual Financial Report

Year Ended December 31, 2016





**TOWN OF OYSTER BAY,**

**NEW YORK**

Comprehensive Annual Financial Report  
Year Ended December 31, 2016

Prepared by:  
The Office of the Comptroller





**TOWN OF OYSTER BAY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2016**  
**TABLE OF CONTENTS**

Page

**INTRODUCTORY SECTION**

Town Map .....	2
Principal Officials .....	3
Organizational Chart.....	4
Letter of Transmittal.....	5-11

**FINANCIAL SECTION**

Independent Auditor's Report.....	13-16
-----------------------------------	-------

**REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis.....	19-31
---	-------

**BASIC FINANCIAL STATEMENTS**

Government-wide Financial Statements	
Statement of Net Position .....	33-34
Statement of Activities .....	35-36
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet.....	37-38
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	40
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	41-42
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	43
Fiduciary Funds Financial Statement	
Statement of Fiduciary Assets and Liabilities.....	44
Notes to Financial Statements .....	45-94

(Continued)

**TOWN OF OYSTER BAY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2016**  
**TABLE OF CONTENTS**

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

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
General Fund .....	97-100
Highway Fund .....	101-102
Garbage Collection Districts .....	103-104
Solid Waste Disposal District .....	105-106
Schedule of Funding Progress for Other Postemployment Benefits (OPEB) .....	107
Schedule of Pension Contributions .....	108
Schedule of Proportionate Share of the Net Pension Liability .....	109

**OTHER SUPPLEMENTARY INFORMATION**

Combining and Individual Fund Statements:

Nonmajor Governmental Funds	
Combining Balance Sheet .....	111-112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	113-114
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Funds	
Town Outside Village .....	115-116
Drainage District .....	117-118
Park Districts .....	119-120
Fire Protection Districts .....	122
Lighting District .....	123-124
Public Parking District .....	125-126
Water Districts .....	127
Debt Service Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	128
Fiduciary Funds	
Combining Statement of Fiduciary Assets and Liabilities .....	129
Combining Statement of Changes in Agency Assets and Liabilities .....	130
Discretely Presented Nonmajor Component Units:	
Combining Statement of Net Position .....	133-134
Combining Statement of Activities .....	135-136

(Continued)

**TOWN OF OYSTER BAY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2016**  
**TABLE OF CONTENTS**

<b>STATISTICAL SECTION</b>
----------------------------

**Financial Trends:**

Net Position by Component .....	139-140
Changes in Net Position .....	141-142
Fund Balances of Governmental Funds .....	143-144
Changes in Fund Balances of Governmental Funds .....	145-146

**Revenue Capacity:**

Assessed Value, State Equalization Rate, and Estimated Full Value of Real Property .....	147-148
Property Tax Rates, Direct and Overlapping Governments .....	149-150
Principal Property Taxpayers .....	151
Property Tax Levies and Collections .....	152

**Debt Capacity:**

Ratios of Outstanding Debt by Type .....	153
Ratios of General Bonded Debt Outstanding .....	154
Direct and Overlapping Governmental Activities Debt .....	155
Debt Limit Margin Information .....	156

**Demographic and Economic Information:**

Demographic and Economic Statistics .....	157
Principal Employers .....	158

**Operating Information:**

Full-Time Equivalent Town Government Employees by Function .....	160
Operating Indicators by Function .....	161-162
Capital Asset Statistics by Function .....	163-164

**INTRODUCTORY  
SECTION**

## Places to Play and Visit

### TOWN BEACHES AND PARKS

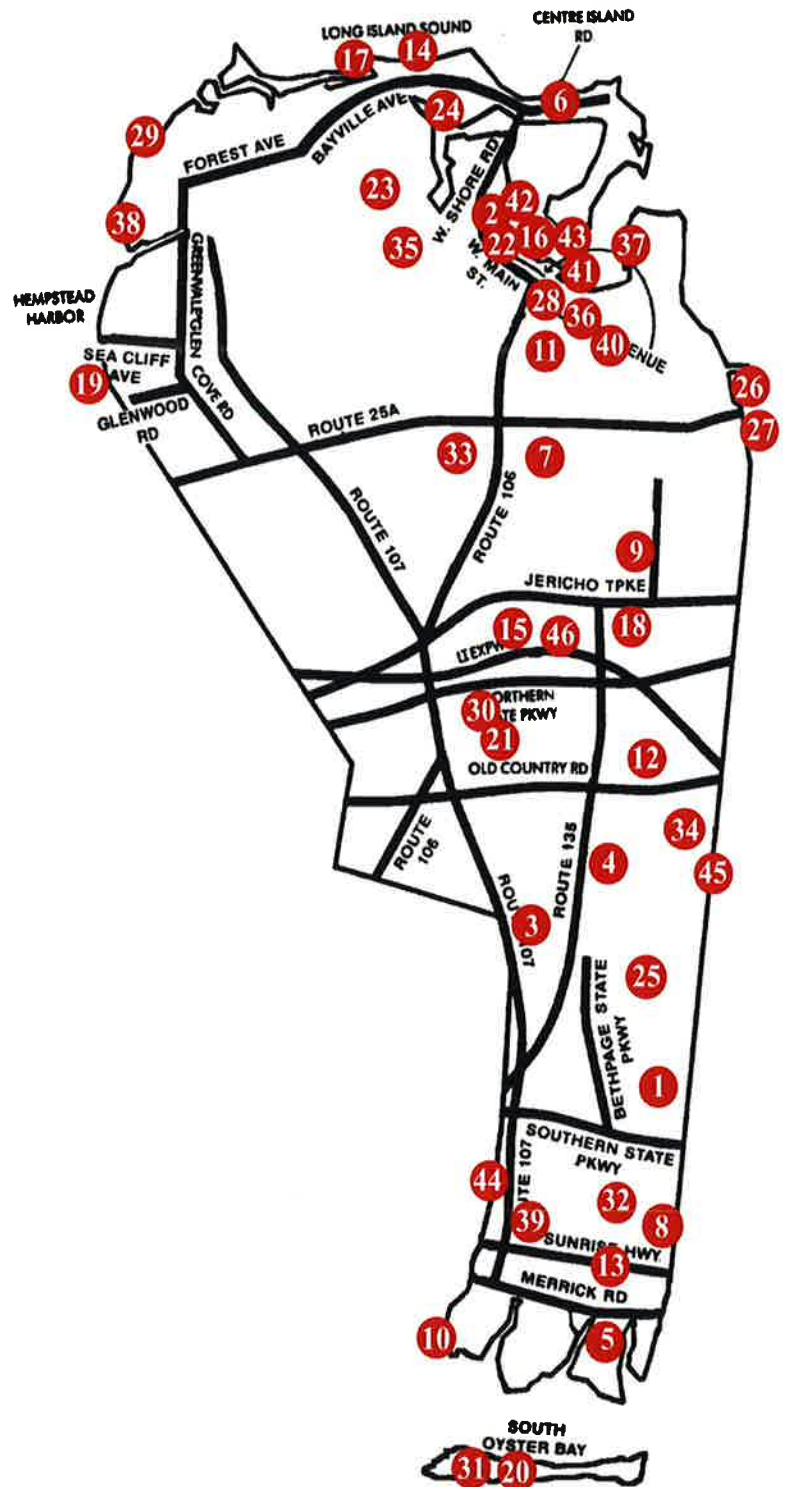
1. Ellsworth W. Allen Town Park
2. Beekman Beach Park
3. Bethpage Community Park
4. Borella Field
5. John J. Burns Town Park
6. Centre Island Beach
7. (The) Farm at Oyster Bay
8. Field of Dreams
9. Golf Course and Clubhouse
10. Philip B. Healey Beach at Florence Avenue
11. Senator Ralph J. Marino Memorial 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**

As of December 31, 2016

**TOWN BOARD:**

SUPERVISOR	JOHN VENDITTO **
COUNCILMAN	JOSEPH G. PINTO **
COUNCILMAN	JOSEPH D. MUSCARELLA
COUNCILWOMAN	REBECCA M. ALESIA
COUNCILMAN	ANTHONY D. MACAGNONE
COUNCILMAN	CHRIS J. COSCHIGNANO **
COUNCILWOMAN	MICHELE JOHNSON
TOWN CLERK	JAMES ALTADONNA, Jr.
RECEIVER OF TAXES	JAMES J. STEFANICH
TOWN ATTORNEY	LEONARD GENOVA **
COMPTROLLER	ROBERT J. McEVOY *

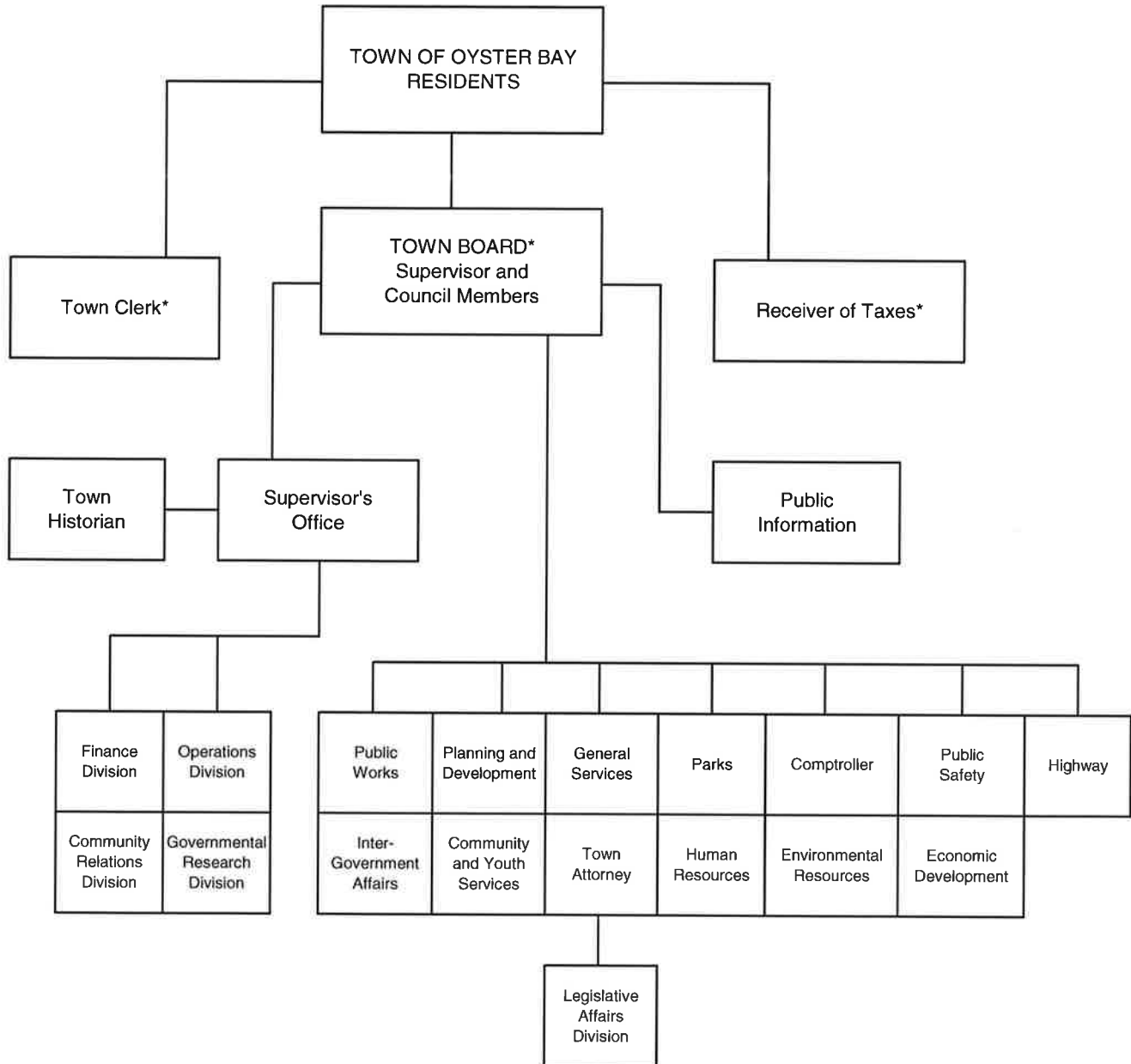
\* Position vacant as of August 1, 2016.

\*\* Resigned from position in 2017.

# TOWN OF OYSTER BAY, NEW YORK

## ORGANIZATIONAL CHART

December 31, 2016



\* Elected by Town of Oyster Bay voters.



Office of the Comptroller  
Town of Oyster Bay

Town Hall  
Oyster Bay, New York 11771-1592  
(516) 624-6440

Christine M. Wiss  
Deputy Comptroller

June 29, 2017

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 ("Town") for the year ended December 31, 2016, 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 2016 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, 2016, and for its year then ended. The auditor's 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 nonmajor 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 nonmajor component units: eight Commissioner-operated water districts, two Commissioner-operated sanitation districts and one Commissioner-operated sewer district. Although these nonmajor component units are legally separate entities, the Town is required to include their financial reporting. These nonmajor 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 auditor's 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 a single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the independent auditor's 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. The Town, located in the easternmost section of Nassau County, has an area of 114.6 square miles. 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.

## 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 the 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 appropriations require Town Board approval. Appropriations for all governmental funds except the Capital Projects Fund and Special Grant Funds 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 continue to grow. In 2016, the Town saw tremendous growth – a record year in the issuance of building permits and revenue. National and global enterprises continue to expand within 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 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.

In 2016 Bethpage Federal Credit Union ("FCU") celebrated its 75th anniversary. Since its opening in 1941 as a credit union for Grumman employees, Bethpage FCU has grown to meet the banking needs of Long Island.

## MAJOR INITIATIVES

### Information Technology Standardization and Alignment Project

As Information Technology ("IT") continues to advance, the Information Technology Division ("ITD") continues to balance their efforts across a wide spectrum of improvements ranging from infrastructure development and maintenance to enterprise level business process and data quality improvements.

A critical infrastructure milestone, core enterprise network, has been achieved 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 manage the growth of the physical network as needed by adding outlying facilities into the core network and extending the benefits of communications, electronic business process, data authoring and quality management to remote operational units.

In 2016, ITD completed the upgrade of the Town's existing network security by implementing advanced firewall services that include cutting edge Intrusion Prevention Services and Advanced Malware Protection. Additional web filtering was implemented on the Town's "guest" network which was also extended to additional remote locations. This allows ITD to monitor security threats with a more advanced proactive approach to ensure the integrity of the Town's enterprise network. Similar advantages have been extended for the public's safety by integrating the Town's video security system and emergency call box systems into a central control and monitoring system.

ITD has successfully managed VMware virtualization over the past several years in the Town's main data center, completing the first phase of the move toward a fully realized Disaster Recovery ("DR") and Business Continuity environment. In 2016, planning was initiated to move the Town's secondary site from the Department of Public Works ("DPW") location to Town Hall South. Redundant network lines were successfully installed linking the Town's two main data centers directly. In 2017, our final phase of DR implementation will be completed by installing and testing the necessary hardware and software. This will allow the Town to leverage resources at both data centers which will maximize utilization, while minimizing failure of critical systems and services in the event of disaster or failure of either data center. This will allow ITD to fully utilize all the resources at both sites while still providing a Business Continuity plan for the Town as a whole.

Organizational transformation continues in the actions and strategies of the Town's diverse operational units. Additionally, an IT Steering Committee was formed to develop and align IT development efforts with the overall strategy of the Town. ITD continues to work closely with Town departments and the IT Steering Committee to add value by providing modern business process improvement and reengineered strategies. Many of these efforts streamlined internal processes. Some, however, focused on value added features for Town residents, such as live streaming of Town meetings and an improved website architecture which will allow for future online features. Process and regulatory improvements were made to many Town systems; including the core applications used by the Receiver of Taxes ("ROT"); the Office of the Comptroller, the Department of Parks, Highway, Public Works and Planning and Development ("P&D"). In addition ITD provides technical support to all departments/users and locations throughout the Town. 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.

### High Level Geographical Information System ("GIS")

In keeping with the Town's GIS agreements with Nassau County and qualifying consulting firms, all of the requests for geographic data layers from outside entities continue to be satisfied. The requests that have been received by the Town in 2016 have ranged from small areas with only a few GIS layers to large areas, some of which include the entire Town, and many data layers.

The Town's GIS Committee continued to meet, review and make collaborative decisions on ongoing initiatives together through late summer 2016. The committee consists of representatives from 11 Town departments including: Comptroller, ITD, Intergovernmental Affairs ("IGA"), Highway, Parks, Department of Environmental Resources ("DER"), ROT, P&D, Public Safety, Economic Development and DPW

## MAJOR INITIATIVES (continued)

In 2016, the GIS Committee decided that all documentation related to GIS should be stored in a central location on the Town's network, accessible to Town staff. The most recent and actively referenced GIS-related documents are now available to the Town staff in this central location. Documents include Committee meeting agendas, minutes, design documents and training manuals. In 2017, it is recommended that historic, yet valuable GIS-related documents, be reviewed, categorized and stored in this same location.

As of 2016, eight Town departments have access to a GIS data viewer tailored to their department-specific data needs. Users, both public and Town staff, accessed the viewers approximately 3,000 times per month in 2016. Each is based on a similar foundation, but with geographic data overlays that provide useful information to Town staff and assist with the daily operation of each department. The viewers were updated to reflect minor software changes and continually maintained as new data requests were received. In 2016, a new service was developed and deployed that provides the most recent property sales data. Additionally, the General Services viewer was updated to provide access to the final facilities drawing for Town Hall South.

Continued data GIS processing was once again one of the largest efforts in 2016. Early in the year, street lighting data was assembled, analyzed and presented to Public Service Enterprise Group ("PSEG") to verify the true count of fixtures under the Town's rental agreement with PSEG. Ongoing monthly data extracts and reports are created and sent to PSEG to ensure both the Town and PSEG continue to have access to the same, current and accurate information. As asset infrastructure is modified in the field, the GIS data is also updated. For signs and street lighting, the GIS data was continually improved and updated throughout the year. Thousands of GIS data points were updated with more relevant and current data. Additional significant data updates in 2016 included zoning changes for P&D, drainage outfall location and attribution for highways and address verification for the Town Clerk's office. Other, minor data updates for addresses and street names continued as well.

In 2016, GIS resources continued to support the Highway department with advisory and technical support related to the integration of GIS and other software applications, specifically, Maximo. For the most part, the GIS integration with Maximo was completed prior to 2016, but staff questions and requests, as well as troubleshooting are ongoing. As fundamental data changes were made to Maximo, the Town also modified and republished the GIS services as needed. This ensures that the mapping component of Maximo continues to function as designed and return the required data that is housed in the GIS database.

### Energy Efficiency/Green Energy

As the global demand for energy continues to increase, energy conservation has become more important than ever. The Town of Oyster Bay has worked to institute policies and programs to make not only the operations of Town facilities more energy efficient, but also promote energy conservation in the private sector. As part of the plan to make Town buildings more energy efficient, Energy Star rated air conditioning units have been installed along with thermal glass windows. Boilers have been 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 has been exploring the use of "green" power on a larger scale.

Another way the Town has been conserving energy is by the installation of energy efficient street lighting. As the old street lighting fixtures come to the end of their life span, they have been replaced with the energy-saving fixtures. Since 2012, the Town has replaced some 12,000 fixtures, helping to reduce energy consumption while saving taxpayers money.

In the private sector, the Town has continued to mandate 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 has used to ensure that Oyster Bay remains among the most desirable places to live. The Town Board has a history of working on plans, enacting legislation, and taking whatever steps 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 has been 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.

### 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. Each year, the Town works to appropriately budget infrastructure improvements and maintenance initiatives. In addition to the vast infrastructure improvements made at Town parks and other facilities, the Town has consistently been upgrading and modernizing its computer network to streamline tasks and better serve the public.

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 has been an investment in a better future for everyone.

### Next Generation Housing

Affordable housing for first-time homebuyers has been one of the critical needs on Long Island in the recent past. 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 starter housing. To date, 76 units of next generation housing have been approved.

### Waterfront Protection and Vitalization Plans

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

The Town's various initiatives have kept communities beautiful, infrastructure strong, all while continuing to preserve and protect the quality of life enjoyed by Town residents. These initiatives have resulted in the Town being recognized by a variety of agencies. Most recently, the Town was ranked by one of the country's most prestigious financial sources, Money Magazine, as the best place to live on Long Island. The publication, which rated the top 50 places in the nation to live, also recognized Oyster Bay Town as the second in New York State and 34<sup>th</sup> in the nation because it has what residents most covet.

The Town was mentioned as providing a safe, enjoyable place for residents to raise their families, economic opportunities and, because of the high regard others have for the Town, homes have steadily increased in value. The Town also ranked high in terms of job growth and economic opportunity, as well as boasting an extremely low unemployment rate.

## PLANNING FOR THE FUTURE (continued)

### Transparency Reforms

Keeping promises to further establish extensive transparency reforms in the Town of Oyster Bay, the Town Board in April of 2017 presided over two full days of public presentations to give applicants for concession services at Town facilities the opportunity to fully describe their response to the RFP and answer the questions of the Board. This provided the Town Board the opportunity to publicly ask questions, listen to the public's comments, and finally, deliberate and choose the winning vendors, all in front of the public, the media, and broadcast online through the Town's website. Through this open process, the Town Board was able to accept four proposals at Town facilities that will result in a base revenue totaling more than \$1,000,000 per year.

## 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, direction and control of the following divisions: Audit and Control, Information Technology ("IT"), Payroll, Accounting and Accounts Payable.

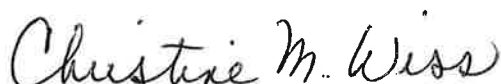
To assist in meeting internal control objectives, the Town has elected to undertake an annual systemic, formalized review of departmental operations pursuant to the New York State Governmental Accountability, Audit and Internal Control Act of 1987. It has developed and maintained a system of administrative 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.

### 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.



Christine M. Wiss  
Deputy Comptroller

**FINANCIAL  
SECTION**

## **INDEPENDENT AUDITOR'S 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 nonmajor 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, 2016 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 nonmajor component units, Massapequa Water District, Plainview Water District, Hicksville Water District, Locust Valley Water District, Oyster Bay Water District, Jericho Water District, Bethpage Water District, Syosset Sanitation District, Oyster Bay Sewer District and Glenwood-Glenhead Garbage District which represent 85.5%, 86.3%, and 89.3%, respectively, of the assets, net position, and revenues of the aggregate discretely presented nonmajor 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 those ten nonmajor 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. The financial statements of the nonmajor component units presented discretely in these financial statements, Plainview Water District, Hicksville Water District, Locust Valley Water District, Oyster Bay Water District, Jericho Water District, South Farmingdale Water District, Syosset Sanitation District, Oyster Bay Sewer District and Glenwood-Glenhead Garbage District were not 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.

### ***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Aggregate Discretely Presented Nonmajor component Units	Unmodified
General Fund	Qualified
Highway Fund	Unmodified
Garbage Collection Districts Fund	Unmodified
Solid Waste Disposal Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Other Governmental Funds	Unmodified
Fiduciary Funds	Unmodified

### ***Basis for Qualified Opinions on Governmental Activities and General Fund***

Management had chosen to recognize as revenue in 2013, the proceeds collected on a sale of land which has not closed. Accounting principles generally accepted in the United States of America require consummation of a sale in order to recognize revenue on the sale of property. If the proceeds had been recorded as a deposit as required by generally accepted accounting principles, the governmental activities and the general fund would have a liability in the amount of \$30,025,000. In the statement of net position, total net position (deficit) would increase from a deficit of \$326,932,049 to a deficit of \$356,957,049 and in the balance sheet the fund balance (deficit) of the general fund would be increased from \$39,954,214 to \$69,979,214.

### ***Qualified Opinions***

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinions on Governmental Activities and General Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental Activities and the General Fund of the Town of Oyster Bay, New York as of December 31, 2016, 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.

### ***Unmodified 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 aggregate discretely presented nonmajor component units, each major fund other than the General Fund, and the aggregate remaining fund information of the Town of Oyster Bay, New York, as of December 31, 2016, 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.

### ***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 29, 2017, 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 29, 2017

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**Management's Discussion and Analysis**

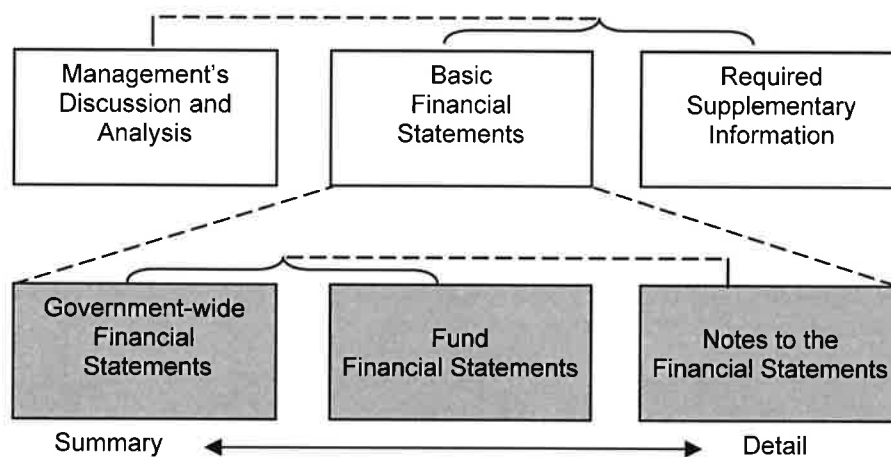
**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2016

As management of the Town of Oyster Bay ("Town"), we offer readers of the financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2016. 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.

**COMPONENTS OF  
THE ANNUAL FINANCIAL REPORT**



**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, liabilities and deferred inflows/outflows of resources, with the difference 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, 2016

**OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**Government-wide Financial Statements** (continued)

The Town's government-wide financial statements include both the governmental activities of the Town itself (known as the primary government) and of its legally separate nonmajor component units for which the Town is financially accountable. Financial information for these nonmajor 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, local government assistance, 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.

Nonmajor Component Units

Nonmajor 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 activities or attaining certain objectives in accordance with special regulations, restrictions 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, 2016

**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, 2016

**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 and deferred inflows of resources exceeded assets and deferred outflows of resources by \$326,932,049 at the close of the most recent year.

Condensed Statement of Net Position  
Governmental Activities  
as of December 31, 2016 and 2015

	2016	(As Restated)* 2015
Assets		
Current and other assets	\$ 111,807,937	\$ 101,188,734
Capital assets	684,756,655	720,801,929
Total assets	<u>796,564,592</u>	<u>821,990,663</u>
Deferred Outflows of Resources	<u>60,421,498</u>	<u>16,207,664</u>
Liabilities		
Current and other liabilities	331,975,101	315,153,609
Long-term liabilities	845,006,039	829,227,167
Total liabilities	<u>1,176,981,140</u>	<u>1,144,380,776</u>
Deferred Inflows of Resources	<u>6,936,999</u>	<u>1,026,711</u>
Net Position		
Net investment in capital assets	56,626,377	41,720,284
Restricted	3,360,347	2,849,979
Unrestricted (deficit)	(386,918,773)	(351,779,423)
Total net position	<u>\$ (326,932,049)</u>	<u>\$ (307,209,160)</u>

\* Amounts for 2015 were restated to show the effect of the prior period adjustment and certain reclassifications were made to conform with the current year presentation. See Note 6 for details of the restatement.

Total assets and deferred outflows of resources of the Town as of December 31, 2016 were \$856,986,090, an increase of \$18,787,763 over the prior year. Total liabilities and deferred inflows of resources as of December 31, 2016 were \$1,183,918,139, an increase of \$38,510,652 over the prior year. This results in an overall net position deficit of \$326,932,049 as of December 31, 2016. Of the Town's net position balance \$56,626,377 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 and 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 \$3,360,347 that is restricted by statute or for other specific purposes and \$386,918,773 that is an unrestricted deficit.

The deficit balance of unrestricted net position includes unfunded long-term liabilities. 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 \$23,721,643, other postemployment benefits payable in the amount of \$221,220,899, compensated absences in the amount of \$22,182,844, claims and judgments payable in the amount of \$24,368,518, other litigation payable of \$196,000, landfill closure and post-closure care costs in the amount of \$4,125,000, net pension liability – proportionate share of \$52,027,268, capital lease payable of \$230,335 and a retirement incentive payable of \$67,333.

**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2016

**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, 2016 and 2015

	2016	(As Restated)* 2015
Program Revenues		
Charges for services	\$ 18,199,368	\$ 17,044,132
Operating grants and contributions	3,988,225	4,535,703
Capital grants and contributions	2,815,071	2,465,139
Total Program Revenues	<u>25,002,664</u>	<u>24,044,974</u>
General Revenues		
Real property taxes	210,988,363	215,667,149
Other real property tax items	10,129,678	4,993,937
Non-property tax items	5,680,869	5,308,648
Interest earnings	236,536	218,014
Local government assistance - unrestricted	14,556,122	14,258,755
State aid - unrestricted	13,679,895	12,311,610
Other	10,659,651	3,837,127
Total General Revenues	<u>265,931,114</u>	<u>256,595,240</u>
Total Revenues	<u>290,933,778</u>	<u>280,640,214</u>
Program Expenses		
General government support	35,572,625	37,483,953
Public safety	28,898,107	29,462,383
Transportation	60,479,881	59,896,037
Economic assistance and opportunity	3,391,651	4,041,854
Culture and recreation	71,781,695	70,411,344
Home and community services	84,826,153	89,199,268
Interest on debt	25,706,555	25,301,881
Total Expenses	<u>310,656,667</u>	<u>315,796,720</u>
Decrease in Net Position	<u>(19,722,889)</u>	<u>(35,156,506)</u>
Net Position at Beginning of Year, as restated	<u>(307,209,160)</u>	<u>(272,052,654)</u>
Net Position at End of Year, as restated	<u>\$ (326,932,049)</u>	<u>\$ (307,209,160)</u>

\* Amounts for 2015 were restated to show the effect of the prior period adjustment and certain reclassifications were made to conform with the current year presentation. See Note 6 for details of the restatement.

Net position, from all governmental activities, decreased by \$19,722,889 in the current year. Key elements of the governmental activities are:

- The current year deficit was mainly due to an increase in the unfunded liability for other postemployment benefits in the amount of \$27,201,264, an increase of \$2,323,441 in pension item related expense, an increase of \$2,361,718 in the liability for accrued interest, offset by a net decrease in expenses related to other litigation in the amount of \$6,708,905, the decrease in the liability for compensated absences in the amount of \$2,496,081 and a decrease in landfill and post closure care costs liability of \$1,725,000.
- Total revenues were \$290,933,778 in 2016, an increase of \$10,293,564 from the prior year. General revenues were up overall by \$9,335,874, due primarily to litigation recoveries in the current year of \$7,687,458 and an increase in mortgage taxes of \$1,368,285. Program revenues were up from the prior year by \$957,690 due to an increase in charges for services of \$1,155,236. This was mainly due to increases in building and alteration permits issued.

**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2016

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

- Total program expenses were \$310,656,667 in 2016, a decrease of \$5,140,053 from the prior year. General government support decreased from the prior year by \$1,911,328, mainly due to decreased depreciation expense. Home and community services decreased by \$4,373,115 mainly due to decreased expenses related to judgments and claims for utility settlements. These decreases were offset by a \$1,370,351 increase in culture and recreation, which was mainly due to increases in the allocation of employee benefits and a \$404,674 increase of interest on debt.

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

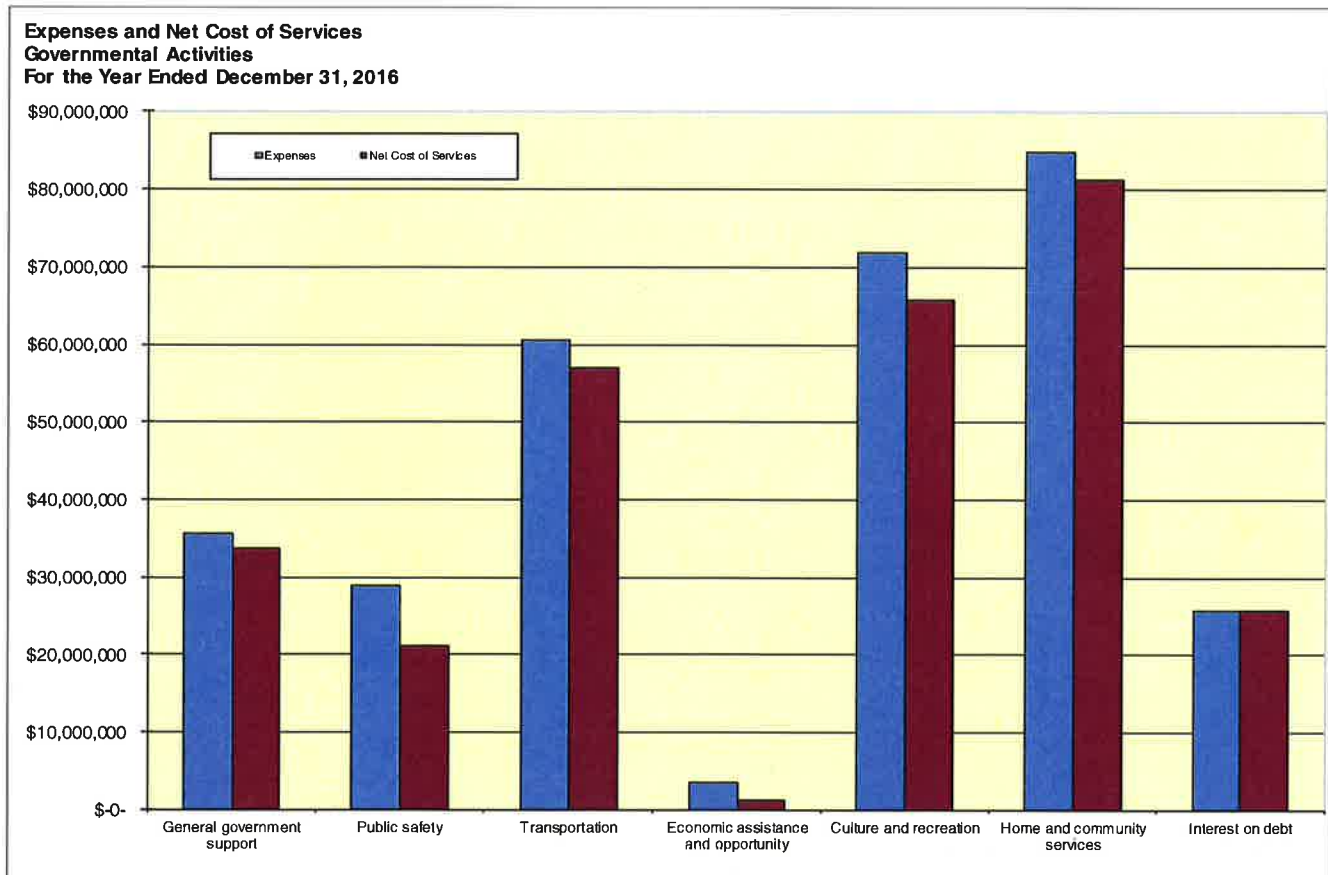
**Net Cost of Services**

**Governmental Activities**

for the years ended December 31, 2016 and 2015

	Total Cost of Services		Net Cost of Services	
		(Restated)		(Restated)
	2016	2015	2016	2015
General government support	\$ 35,572,625	\$ 37,483,953	\$ 33,706,784	\$ 36,197,341
Public safety	28,898,107	29,462,383	21,139,868	22,764,427
Transportation	60,479,881	59,896,037	56,966,598	56,028,593
Economic assistance and opportunity	3,391,651	4,041,854	1,147,976	1,375,422
Culture and recreation	71,781,695	70,411,344	65,698,501	64,048,281
Home and community services	84,826,153	89,199,268	81,287,721	86,035,801
Interest on debt	25,706,555	25,301,881	25,706,555	25,301,881
	<u>\$ 310,656,667</u>	<u>\$ 315,796,720</u>	<u>\$ 285,654,003</u>	<u>\$ 291,751,746</u>

The total cost of all governmental activities this year was \$310,656,667. The net cost of these services after being subsidized by program revenues was \$285,654,003.



**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2016

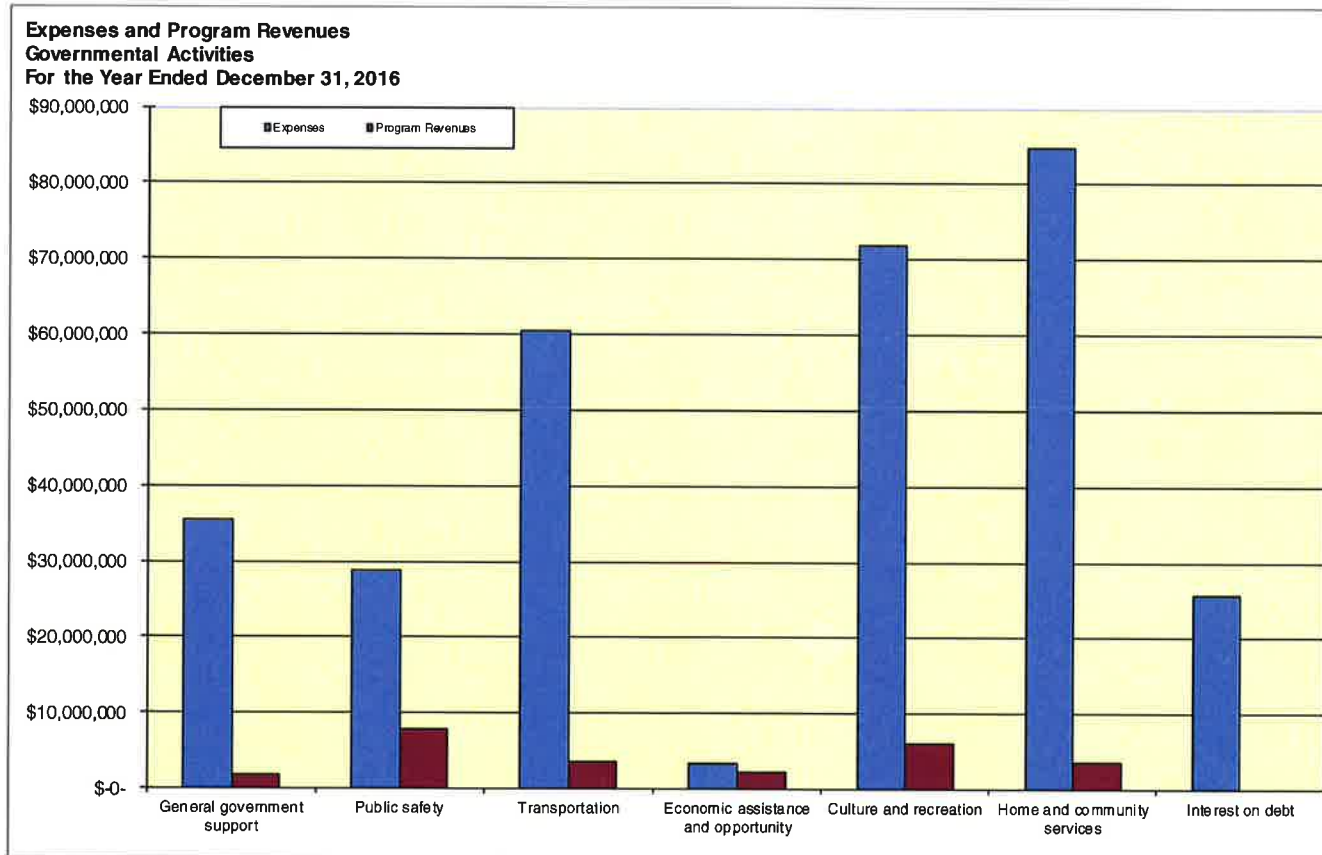
**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

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, 2016 and 2015

	Total Cost of Services		Program Revenues	
	(Restated)		2016	2015
	2016	2015	2016	2015
General government support	\$ 35,572,625	\$ 37,483,953	\$ 1,865,841	\$ 1,286,612
Public safety	28,898,107	29,462,383	7,758,239	6,697,956
Transportation	60,479,881	59,896,037	3,513,283	3,867,444
Economic assistance and opportunity	3,391,651	4,041,854	2,243,675	2,666,432
Culture and recreation	71,781,695	70,411,344	6,083,194	6,363,063
Home and community services	84,826,153	89,199,268	3,538,432	3,163,467
Interest on debt	25,706,555	25,301,881		
	<u>\$ 310,656,667</u>	<u>\$ 315,796,720</u>	<u>\$ 25,002,664</u>	<u>\$ 24,044,974</u>

The total cost of all governmental activities this year was \$310,656,667. The cost of these services were subsidized by program revenues of \$25,002,664.



**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2016

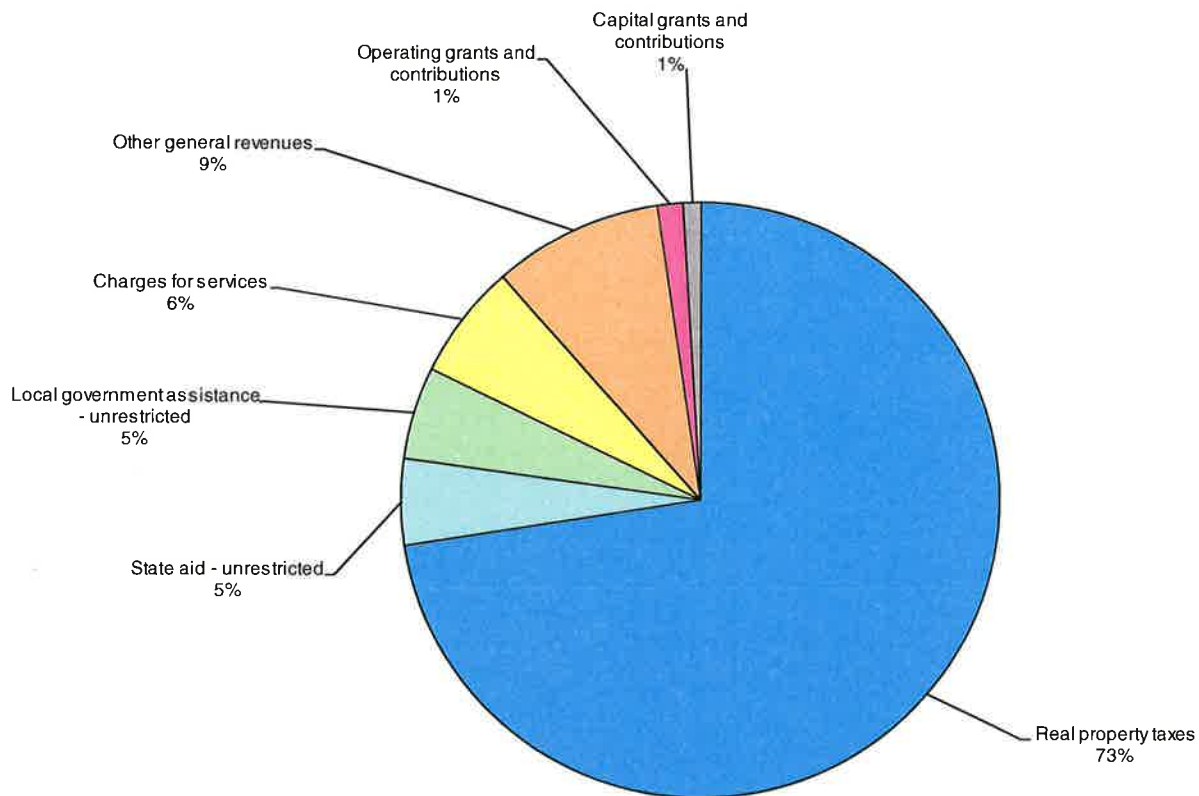
**GOVERNMENT-WIDE FINANCIAL ANALYSIS** (continued)

**Revenue by Source**

Governmental Activities

Year ended December 31, 2016

Real property taxes	\$ 210,988,363
State aid - unrestricted	13,679,895
Local government assistance - unrestricted	14,556,122
Charges for services	18,199,368
Other general revenues	26,706,734
Operating grants and contributions	3,988,225
Capital grants and contributions	2,815,071
	<u>\$ 290,933,778</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, 2016

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS** (continued)

**Governmental Funds** (continued)

At December 31, 2016, the Town's governmental funds reported a total ending fund balance deficit of \$110,835,148, a decrease of \$15,346,400 from the prior year restated deficit. The category breakdown of fund balance is as follows:

- **Nonspendable fund balance** - \$6,930,091 (inherently nonspendable) includes the portion of net resources that are not in spendable form or will not convert to cash within the current period.
- **Restricted fund balance** - \$3,360,347 (externally enforceable limitations on use) includes amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- **Assigned fund balance** - \$23,998,100 (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** - \$145,123,686 (residual net resources) is the remaining total fund balance deficit in the General Fund, Highway Fund, Solid Waste Disposal District Fund, Capital Projects Fund, and Public Parking District.

The positive change in total governmental fund balance was due largely to the issuance of \$34,350,000 in debt to fund utility tax settlements and employee retirements and the recognition of \$7,687,458 of litigation recovery from Nassau County. The Town began the year with an anticipated \$10,631,846 decrease resulting from the appropriation of fund balance for the 2016 budget in the governmental funds. During the year the Town appropriated an additional \$30,678,576 in fund balance to fund operations.

The changes in fund balance in the General Fund, Highway Fund, Garbage Collection Districts Fund, Solid Waste Disposal District Fund, Capital Projects Fund and Nonmajor Governmental Funds are explained in their respective paragraphs below.

In the General Fund, fund deficit was increased by \$12,110,161 from \$27,844,053, inclusive of a prior period adjustment of \$2,553,705 to \$39,954,214. Revenues and other financing sources totaled \$120,499,937, an increase of \$5,812,489 from the prior year, while expenditures and other financing uses totaled \$132,610,098, an increase of \$10,139,467 from the prior year. The increase in revenue and other financing sources is mainly due to the debt issuance of \$4,083,344 and an increase of \$1,368,285 in mortgage tax. The increase in expenditures and other financing uses was mainly due to increases in state retirement, hospital, medical and dental benefit costs, debt service expenditures and transfers out to the Capital Projects Fund.

In the Highway Fund, fund deficit was increased by \$410,492 from a \$2,850,176 deficit to a \$3,260,668 deficit. Revenues and other financing sources totaled \$53,578,180, an increase of \$1,355,920 from the prior year, while expenditures and other financing uses totaled \$53,988,672, an increase of \$3,714,271 from the prior year. The increase in revenue and other financing sources was mainly due to the issuance of debt at a premium, an unbudgeted insurance recovery, offset by a decrease in departmental income and federal aid. The increase in expenditures and other financing uses was mainly due to the increase of transfers out to the Capital Projects Fund of \$2,762,807 and debt service expenditures of \$587,957.

**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2016

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS** (continued)

**Governmental Funds** (continued)

In the Garbage Collection Districts Fund, the fund balance deficit was converted from a \$6,903,134 deficit to a \$11,379,330 surplus. Revenues and other financing sources totaled \$69,556,275, an increase of \$24,630,611 from the prior year, while expenditures and other financing uses totaled \$51,273,811, an increase of \$7,240,424 from the prior year. The increase in revenues and other financing sources is due to litigation recoveries of \$5,142,507 for utility tax settlements paid by the Town in previous years and the issuance of \$19,193,206 in debt to fund the same utility tax settlements paid by the Town. The overall increase in expenditures and other financing uses was mainly due to an increase in sanitation expenditures related to the payment of utility tax settlements to Keyspan and New York Water Company, employee retirements and increased employee benefit expenditures.

In the Solid Waste Disposal District Fund, fund balance deficit was decreased by \$5,636,361 from a \$15,225,687 deficit to a \$9,589,326 deficit. Revenues and other financing sources totaled \$42,311,114 an increase of \$11,522,547 from the prior year, while expenditures and other financing uses totaled \$36,674,753, an increase of \$4,198,771 from the prior year. The increase in revenue and other financing sources was mainly due the litigation recovery of \$2,544,951 for utility tax settlements paid by the Town in previous years and the issuance of \$7,526,247 in debt to fund the same utility tax settlements paid by the Town and to fund retirement expenditures. The overall increase in expenditures and other financing uses was mainly due to an increase in sanitation expenditures related to the payment of utility tax settlements to Keyspan and New York Water Company, employee retirements and increased transfers out to the Capital Projects Fund.

In the Capital Projects Fund, the fund balance deficit was increased by \$2,566,435, from a \$81,532,011 deficit to a \$84,098,446 deficit. The fund balance deficit results 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, 2016 the Town had \$151,048,688 of bond anticipation notes outstanding to finance capital projects which is up from the prior year balance of \$139,165,000. The deficit will be eliminated when long-term bonds payable are issued to redeem the bond anticipation notes payable.

The total Nonmajor Governmental Funds' fund balance surplus was increased by \$6,150,460. Revenues and other financing sources were \$74,119,395, an increase of \$2,589,773 over the prior year, while expenditures and other financing uses totaled \$67,968,935, a decrease of \$246,021 over the prior year. The increase in revenue and other financing sources was mainly due to an increase in departmental income of \$1,700,986 and the issuance of \$1,819,042 in debt offset by a decrease in federal aid of \$708,120. Expenditures and other financing uses amounts were relatively consistent with the prior year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Town appropriated expenditures in the original General Fund budget in excess of estimated revenues in the amount of \$8,820,296 by designating unassigned 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 budget for expenditures and other financing uses was increased as well by the appropriation of additional unassigned fund balance by \$5,983,638. 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, 2016

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2016 the Town had \$684,756,655, 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 expenditures in the amount of \$5,776,148. The Town's nonmajor component units had \$216,404,035 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>2016</u>	<u>2015</u>
Land	\$ 114,611,393	\$ 114,611,393
Development rights	1,306,296	1,306,296
Construction in progress	801,761	2,289,468
Land rights	9,296,520	9,296,520
Buildings	151,315,112	149,493,291
Improvements other than buildings	493,348,380	496,800,245
Machinery and equipment	97,363,307	99,169,973
Software	24,705,342	23,368,420
Infrastructure		
Roads, curbs and sidewalks	409,087,597	402,573,838
Drainage system	179,939,470	178,315,447
Lighting system	22,360,507	22,166,642
Total capital assets	1,504,135,685	1,499,391,533
Less: accumulated depreciation	819,379,030	778,589,604
Primary government - Total net capital assets	<u>\$ 684,756,655</u>	<u>\$ 720,801,929</u>

During 2016, the Town's capital assets were decreased by \$36,045,274. The decrease in capital assets included additions net of prior year construction in progress placed into service of \$15,673,314, offset by depreciation expense of \$51,135,734 and a loss on dispositions of \$582,854.

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>Nonmajor component units</u>	<u>2016</u>	<u>2015</u>
Land	\$ 5,979,602	\$ 5,979,602
Construction in progress	34,330,436	38,403,089
Buildings	60,114,727	59,395,634
Improvements other than buildings	110,736,716	103,677,964
Machinery and equipment	45,226,126	39,816,819
Software	80,768	80,768
Infrastructure		
Water mains	90,798,405	81,648,653
Sewer system	1,517,692	1,517,692
Total capital assets	348,784,472	330,520,221
Less: accumulated depreciation	132,380,437	125,756,897
Component units - Total net capital assets	<u>\$ 216,404,035</u>	<u>\$ 204,763,324</u>



**TOWN OF OYSTER BAY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2016

**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 the expenditure. The following sets forth a summary of the Town's capital program, as adopted for 2017 and the next four years.  
(dollars in thousands):

<u>Equipment</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund	\$ 2,615	\$ 1,755	\$ 1,618	\$ 1,639	\$ 1,181
General - Part Town	400				
Special Districts	4,129	2,485	1,729	3,215	3,455
Total Equipment	<u>\$ 7,144</u>	<u>\$ 4,240</u>	<u>\$ 3,347</u>	<u>\$ 4,854</u>	<u>\$ 4,636</u>
<u>Improvements</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund	\$ 3,550	\$ 3,310	\$ 2,910	\$ 3,035	\$ 2,860
Special Districts	2,560	2,385	2,235	2,085	1,836
Total Improvements	<u>\$ 6,110</u>	<u>\$ 5,695</u>	<u>\$ 5,145</u>	<u>\$ 5,120</u>	<u>\$ 4,696</u>
Total Program	<u>\$ 13,254</u>	<u>\$ 9,935</u>	<u>\$ 8,492</u>	<u>\$ 9,974</u>	<u>\$ 9,332</u>

**Debt Administration**

At December 31, 2016, the Town had \$609,060,000 in long term general obligation bonds outstanding, of which \$550,283,468 was for general Town purposes. Also outstanding at year-end were bond anticipation notes in the amount of \$199,610,000 of which \$181,313,688 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, 2016 was 18.49%.

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, 2016

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

**Property Tax**

Chapter 97 of the Laws of 2011 ("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.

The Town has adopted a budget for 2017, which factors in inflation and other adjustments to revenues and expenditures as well as prior year positive and negative fund balances. The 2017 budget includes an overall increase in real property tax revenue from the prior year of 11.48% for the Town's overall governmental activities. The Town Board, by majority vote, approved to override the limitations of the Tax Cap Law for the annual budget and real property tax levy for the 2017 calendar year.

**State Aid and Local Assistance**

The Town receives financial assistance from New York State and Nassau County. During 2016, financial assistance included state aid – mortgage tax \$11,997,473; state aid – per capita \$1,682,422 and County local government assistance of \$14,556,122. 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 2017 budget included similar amounts for this financial assistance. After 2017, the legislation providing for County local government assistance expires.

**Bond Rating**

In 2016, Standard & Poor's assigned an underlying rating of BB+ with a positive outlook to the Town's outstanding bonds. Moody's assigned an underlying rating of Baa3 with a stable outlook.

**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 4.B to the financial statements.

**Town Concessionaire Litigation**

The Town is currently in litigation on certain matters which involve a Town concessionaire. The Town Attorney cannot predict the outcome of the pending litigations and investigation or whether any additional litigation against the Town or its officers or officials will be initiated. Additional information on this matter can be found in Note 4.C to the financial statements.

**BASIC FINANCIAL  
STATEMENTS**

**TOWN OF OYSTER BAY**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF NET POSITION**  
December 31, 2016

	Primary Governmental Activities	Nonmajor Component Units
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and investments	\$ 45,253,032	\$ 57,355,950
Accounts receivable, net of allowances \$424,959	4,365,022	9,598,877
State and federal aid receivables	13,689,146	
Due from other governments	28,614,529	1,120,937
Due from primary government		8,321,723
Due from component units	12,540,240	
Other assets		700
Inventory of material and supplies	3,176,975	687,098
Prepaid items		1,094,790
Total Current Assets	<u>107,638,944</u>	<u>78,180,075</u>
<b>Non-Current Assets:</b>		
State and federal aid receivables, net of current portion	400,000	
Due from other governments, net of current portion	3,768,993	
Non-depreciable capital assets	116,719,450	40,310,038
Depreciable capital assets, net of depreciation	<u>568,037,205</u>	<u>176,093,997</u>
Total Non-Current Assets	<u>688,925,648</u>	<u>216,404,035</u>
<b>Total Assets</b>	<u>796,564,592</u>	<u>294,584,110</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on refundings, net of accumulated amortization	5,467,394	92,657
Pensions	<u>54,954,104</u>	<u>8,318,510</u>
<b>Total Deferred Outflows of Resources</b>	<u>60,421,498</u>	<u>8,411,167</u>

(continued)

**TOWN OF OYSTER BAY**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF NET POSITION**  
December 31, 2016

	Primary Governmental Activities	Nonmajor Component Units
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	31,410,652	6,246,245
Accrued liabilities	10,247,133	399,078
Accrued interest payable	11,344,171	838,681
Bond anticipation notes payable	151,863,688	18,296,312
Revenue anticipation note payable	10,000,000	
Tax anticipation notes payable	22,000,000	
Due to other governments	34,203	50,984
Due to primary government		12,540,240
Grant advances	22,512	
Unearned income		109,201
Other liabilities		626,940
Non-current liabilities due within one year:		
General obligation bonds payable	56,845,468	4,668,000
Bond anticipation notes payable	29,450,000	
Due to Employees Retirement System	2,117,365	
Compensated absences	1,109,142	388,087
Claims and judgments payable	5,008,559	
Estimated liability for landfill closure and postclosure care costs	375,000	
Retirement incentive payable	33,667	
Capital lease payable	113,541	
Other debt		865,000
Total Current Liabilities	<u>331,975,101</u>	<u>45,028,768</u>
<b>Non-Current Liabilities:</b>		
General obligation bonds payable	505,623,473	54,648,490
Due to Employees Retirement System	21,604,278	
Compensated absences	21,073,702	3,721,080
Claims and judgments payable	19,359,959	
Other litigation payable	196,000	
Estimated liability for landfill closure and postclosure care costs	3,750,000	
Retirement incentive payable	33,666	
Capital lease payable	116,794	
Other postemployment benefits payable	221,220,899	28,973,167
Net pension liability - proportionate share	52,027,268	7,493,073
Other debt		9,925,000
Total Non-Current Liabilities	<u>845,006,039</u>	<u>104,760,810</u>
<b>Total Liabilities</b>	<u>1,176,981,140</u>	<u>149,789,578</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Gain on refunding		154,193
Pensions	6,936,999	924,233
<b>Total Deferred Inflows of Resources</b>	<u>6,936,999</u>	<u>1,078,426</u>
<b>NET POSITION</b>		
Net investment in capital assets	56,626,377	130,805,026
Restricted:		
Home and community services	372,329	27,002,591
Economic assistance and opportunity	318,861	
Debt service	2,669,157	
Unrestricted (deficit)	<u>(386,918,773)</u>	<u>(5,680,344)</u>
<b>Total Net Position</b>	<u>\$ (326,932,049)</u>	<u>\$ 152,127,273</u>

**TOWN OF OYSTER BAY**  
**GOVERNMENT-WIDE FINANCIAL STATEMENT**  
**STATEMENT OF ACTIVITIES**  
Year ended December 31, 2016

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Government Activities:				
General government support	\$ 35,572,625	\$ 1,865,841		
Public safety	28,898,107	7,799,239		\$ (41,000)
Transportation	60,479,881	1,921,218		1,592,065
Economic assistance and opportunity	3,391,651		\$ 2,243,675	
Culture and recreation	71,781,695	5,844,405	205,289	33,500
Home and community services	84,826,153	768,665	1,539,261	1,230,506
Interest on debt	25,706,555			
Total Primary Government	\$ 310,656,667	\$ 18,199,368	\$ 3,988,225	\$ 2,815,071
NONMAJOR COMPONENT UNITS				
Home and community services	\$ 55,844,908	\$ 30,168,779	\$ -0-	\$ -0-

**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, as Restated (See Note 6)

Net Position at End of Year

See notes to the financial statements.

Net (Expenses) Revenue and  
Change in Net Position

Primary Government	Nonmajor Component Units
\$ (33,706,784)	
(21,139,868)	
(56,966,598)	
(1,147,976)	
(65,698,501)	
(81,287,721)	
<u>(25,706,555)</u>	
\$ (285,654,003)	

\$ (25,676,129)

\$ 210,988,363	\$ 23,118,760
10,129,678	1,527,687
5,680,869	
236,536	95,841
14,556,122	
13,679,895	
10,659,651	3,223,943
<u>265,931,114</u>	<u>27,966,231</u>
(19,722,889)	2,290,102
<u>(307,209,160)</u>	<u>149,837,171</u>
\$ (326,932,049)	\$ 152,127,273

**TOWN OF OYSTER BAY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2016

	MAJOR FUNDS		
	General	Highway	Garbage Collection Districts
<b>ASSETS</b>			
Cash and investments	\$ 10,194	\$ 2,651	\$ 4,863
Accounts receivable, net of allowances for doubtful accounts of \$424,959	2,773,872	491,730	22,202
Due from other funds	121,323	11,975,900	9,341,560
State and federal aid receivables	2,652,475	59,366	
Due from other governments	18,409,573	129,620	9,883,176
Due from component units			
Inventory of material and supplies	1,876,233	831,159	
Total Assets	<u>\$ 25,843,670</u>	<u>\$ 13,490,426</u>	<u>\$ 19,251,801</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 16,575,764	\$ 939,590	\$ 2,270,313
Accrued liabilities	4,437,031	811,504	2,000,529
Bond anticipation notes payable			601,629
Revenue anticipation note payable	10,000,000		
Tax anticipation notes payable		15,000,000	3,000,000
Due to other governments	13,905		
Due to other funds	34,278,184		
Grant advances			
Total Liabilities	<u>65,304,884</u>	<u>16,751,094</u>	<u>7,872,471</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue from rental of real property	493,000		
Total Deferred Inflows of Resources	<u>493,000</u>		
<b>FUND BALANCES (DEFICIT)</b>			
Nonspendable	5,629,349	831,159	
Restricted			
Assigned			11,379,330
Unassigned	(45,583,563)	(4,091,827)	
Total Fund Balances (Deficit)	<u>(39,954,214)</u>	<u>(3,260,668)</u>	<u>11,379,330</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 25,843,670</u>	<u>\$ 13,490,426</u>	<u>\$ 19,251,801</u>

See notes to the financial statements.



Solid Waste Disposal District	Debt Service	Capital Projects	Other Governmental Funds	Totals
\$ 50,928	\$ 155,463	\$ 44,447,947	\$ 580,986	\$ 45,253,032
999,822			77,396	4,365,022
	2,028,243	4,495,600	17,000,124	44,962,750
971,000		10,009,085	397,220	14,089,146
3,805,417			18,536	32,246,322
		12,540,240		12,540,240
			469,583	3,176,975
<u>\$ 5,827,167</u>	<u>\$ 2,183,706</u>	<u>\$ 71,492,872</u>	<u>\$ 18,543,845</u>	<u>\$ 156,633,487</u>
\$ 2,538,289	\$ 54,835	\$ 2,494,089	\$ 2,972,469	\$ 27,845,349
1,063,345			1,934,724	10,247,133
213,371		151,048,688		151,863,688
				10,000,000
4,000,000				22,000,000
		20,298		34,203
7,601,488		2,028,243	1,054,835	44,962,750
			22,512	22,512
<u>15,416,493</u>	<u>54,835</u>	<u>155,591,318</u>	<u>5,984,540</u>	<u>266,975,635</u>
				493,000
				493,000
	2,128,871		469,583	6,930,091
			1,231,476	3,360,347
			12,618,770	23,998,100
(9,589,326)		(84,098,446)	(1,760,524)	(145,123,686)
<u>(9,589,326)</u>	<u>2,128,871</u>	<u>(84,098,446)</u>	<u>12,559,305</u>	<u>(110,835,148)</u>
<u>\$ 5,827,167</u>	<u>\$ 2,183,706</u>	<u>\$ 71,492,872</u>	<u>\$ 18,543,845</u>	<u>\$ 156,633,487</u>

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**TOWN OF OYSTER BAY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
December 31, 2016

Total Fund Balances (Deficit) - Governmental Funds	\$ (110,835,148)
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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	116,719,450
Capital assets - depreciable	1,387,416,235
Accumulated depreciation	(819,379,030)

Receivables in the Statement of Net Position that do not provide current financial resources are not reported as receivables in the funds	137,200
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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	(562,468,941)
Long-term bond anticipation notes	(29,450,000)
Due to Employees Retirement System	(23,721,643)
Compensated absences	(22,182,844)
Claims and judgments payable	(24,368,518)
Other litigation payable	(196,000)
Estimated liability for landfill closure and postclosure care costs	(4,125,000)
Retirement incentive payable	(67,333)
Capital lease payable	(230,335)
Other postemployment benefits payable	(221,220,899)
Net pension liability - proportionate share	(52,027,268)

Deferred outflows of resources included in the Statement of Net Position	
Pensions	54,954,104
Deferred charges	5,467,394

Additional accounts payable included in the Statement of Net Position	(3,565,303)
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Deferred inflows of resources related to pensions included in the Statement of Net Position	(6,936,999)
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Other assets not available to pay for current-period expenditures and, therefore, are deferred inflows in the funds.	493,000
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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.	(11,344,171)
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Net Position of Governmental Activities	\$ (326,932,049)
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**TOWN OF OYSTER BAY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
Year ended December 31, 2016

	MAJOR FUNDS		
	General	Highway	Garbage Collection Districts
<b>REVENUES</b>			
Real property taxes	\$ 39,982,539	\$ 48,790,267	\$ 44,364,856
Other real property tax items	2,951,069	2,157,456	770,505
Non-property tax items	5,680,869		
Departmental income	5,846,313	425,510	
Intergovernmental charges	14,564,989	5,280	
Use of money and property	883,874	22,895	28,498
Licenses and permits	317,165		
Fines and forfeitures	583,553		
Sale of property and compensation for loss	236,323	175,000	
Miscellaneous local sources	1,277,776	394,162	5,199,210
Interfund revenues	30,090,695		
State aid	13,894,415	(7,004)	
Federal aid	107,013	(113,547)	
<b>Total Revenues</b>	<b>116,416,593</b>	<b>51,850,019</b>	<b>50,363,069</b>
<b>EXPENDITURES</b>			
Current:			
General government support	40,365,135		
Public safety	5,707,544		
Transportation	911,973	18,205,577	
Economic assistance and opportunity	319,825		
Culture and recreation	17,855,334		
Home and community services	2,684,302		37,682,675
Employee benefits	26,219,763	5,895,266	11,092,377
Capital Outlay			
Debt Service:			
Principal	119,345		
Interest	875,390	1,193,190	268,771
<b>Total Expenditures</b>	<b>95,058,611</b>	<b>25,294,033</b>	<b>49,043,823</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>21,357,982</b>	<b>26,555,986</b>	<b>1,319,246</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in			
Transfers out	(37,551,487)	(28,694,639)	(2,229,988)
Issuance of debt	4,083,344	1,728,161	19,193,206
Capital lease			
<b>Total Other Financing Sources (Uses)</b>	<b>(33,468,143)</b>	<b>(26,966,478)</b>	<b>16,963,218</b>
<b>Net Change in Fund Balances</b>	<b>(12,110,161)</b>	<b>(410,492)</b>	<b>18,282,464</b>
<b>Fund Balances at Beginning of Year, as Restated (See Note 6)</b>	<b>(27,844,053)</b>	<b>(2,850,176)</b>	<b>(6,903,134)</b>
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$ (39,954,214)</b>	<b>\$ (3,260,668)</b>	<b>\$ 11,379,330</b>

See notes to the financial statements.

Solid Waste Disposal District	Debt Service	Capital Projects	Other Governmental Funds	Totals
\$ 22,219,607			\$ 55,631,094	\$ 210,988,363
539,234			3,711,414	10,129,678
				5,680,869
8,604,983			9,314,781	24,191,587
8,915				14,579,184
\$ 95,013			32,945	1,063,225
				317,165
				583,553
325,506				736,829
2,588,622	269,190	\$ (12,160)	342,386	10,059,186
				30,090,695
493,000		1,696,793	15	16,077,219
5,000		1,151,948	3,267,718	4,418,132
34,784,867	364,203	2,836,581	72,300,353	328,915,685
	305,702			40,670,837
			14,999,700	20,707,244
			5,398,390	24,515,940
			2,211,186	2,531,011
			16,886,189	34,741,523
28,502,607			4,240,118	73,109,702
5,164,136			10,693,466	59,065,008
		15,949,008		15,949,008
	53,513,713			53,633,058
141,753	20,709,168		157,362	23,345,634
33,808,496	74,528,583	15,949,008	54,586,411	348,268,965
976,371	(74,164,380)	(13,112,427)	17,713,942	(19,353,280)
	74,528,583	10,286,312		84,814,895
(2,866,257)		(90,000)	(13,382,524)	(84,814,895)
7,526,247			1,819,042	34,350,000
		349,680		349,680
4,659,990	74,528,583	10,545,992	(11,563,482)	34,699,680
5,636,361	364,203	(2,566,435)	6,150,460	15,346,400
(15,225,687)	1,764,668	(81,532,011)	6,408,845	(126,181,548)
\$ (9,589,326)	\$ 2,128,871	\$ (84,098,446)	\$ 12,559,305	\$ (110,835,148)

**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, 2016

Net Change in Fund Balance	\$	15,346,400
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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		15,673,314
Depreciation expense		(51,135,734)
Loss on dispositions		(582,854)

Net change in deferred outflows of resources not reported in the funds:		
Deferred charges on refundings		(638,639)
Pension related amounts		44,852,473

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:

Accounts payable		91,954
Due to Employees Retirement System		1,041,687
Compensated absences		2,496,081
Claims and judgments payable		659,437
Other litigation payable		22,363,018
Estimated liability for landfill closure and postclosure care costs		1,725,000
Retirement incentive payable		(55,666)
Capital lease payable		(230,335)
Other postemployment benefits payable		(27,201,264)
Net pension liability - proportionate share		(41,265,626)
Accrued interest cost		(2,361,718)

Net change in deferred inflows of resources related to pensions		(5,910,288)
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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.		(13,753,842)
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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		(34,350,000)
Repayment of bond principal		53,513,713

Change in Net Position of Governmental Activities	\$	<u>(19,722,889)</u>
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See notes to the financial statements.

**TOWN OF OYSTER BAY**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
December 31, 2016

	Agency Funds
<b>ASSETS</b>	
Cash	\$ 77,712,209
Total Assets	\$ 77,712,209
<b>LIABILITIES</b>	
Due to the Comptroller of the State of New York	\$ 30
Due to the Department of Environmental Conservation of the State of New York	450
Due to the Department of Health of the State of New York	1,283
Due to the Department of Agriculture and Markets of the State of New York	127
Due to school districts	66,392,700
Due to component units	8,321,723
Other agency liabilities	2,995,896
Total Liabilities	\$ 77,712,209

See notes to the financial statements.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Oyster Bay ("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 and Comptroller 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, economic assistance and opportunity, 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, except for the accounting of the sale of land discussed in Note 1.E. 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.

The decision to include a potential component unit in the Town of Oyster Bay reporting entity is based on several criteria, including legal standing, financial accountability, dependency or the determination by management that it would be misleading to exclude the component unit. 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 nonmajor 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 nonmajor 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 and non-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 nonmajor component units.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**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, receivables, and deferred outflows of resources as well as long-term debt and obligations and deferred inflows of resources. 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 and opportunity, 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. Governmental 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, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Government-Wide and Fund Financials 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.

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 sources of revenue are 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, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Fund Financial Statements (continued)

**Governmental Funds (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 Nonmajor 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 nonmajor 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.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

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 collected within 60 days after the year end. The Town generally considers all other revenues available if they are collected 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 will remain uncollected after one year, the Town classifies the fund balance as nonspendable in the General Fund or as restricted or assigned fund balance in funds other than the General Fund.

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) principal and interest on indebtedness are recognized as expenditures when due; (b) other long-term liabilities 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' primary governmental activities column, reconciliations are presented that briefly explain 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. Prepaid Items**

Prepaid items in the government-wide statements represent nonmajor 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.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**4. 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 acquisition 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 nonmajor 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.

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the balance sheet or statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund equity or net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until that time. In this category, the Town reports deferred charges on refundings that will be recognized in a future period in the government-wide statement of activities. The Town also reports amounts related to pensions, which consists of differences between the pension plans expected and actual experience, changes in assumptions, net differences between the pension plans projected and actual investment earnings, changes in proportion and differences between the Town's contributions and proportionate share of contributions and the Town's contributions made subsequent to the measurement date.

In addition to liabilities, the balance sheet or statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund equity or net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The unavailable revenue related to rental of real property is deferred in the governmental funds and will be recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements, the Town reports deferred inflows of resources associated with pensions which consists of differences between the pension plan's expected and actual experience and the changes in proportion and differences between the Town's contributions and proportionate share of contributions.

**6. 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.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**7. Long-Term Obligations**

The liabilities for long-term obligations consisting of general obligation bonds payable, due to Employees' Retirement System, compensated absences, claims and judgments payable, other litigation payable, estimated liability for landfill closure and postclosure care costs, retirement incentive payable, capital lease payable, other postemployment benefits payable, net pension liability, and other debt are recognized in the government-wide financial statements. Bond premiums and discounts 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.

**8. 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 56% 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.

**9. 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.

Accounts 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.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

**10. Benefits**

Eligible Town employees participate in the New York State and Local Employees' Retirement System ("System").

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

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 with at least five consecutive years of service 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 ("Empire Plan") whose premiums are based on the benefits paid throughout the State during the year.

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.

**11. 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 in the fund statement of the respective fund that will pay it.

**12. 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."

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

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), (b) will not convert to cash within the current period (i.e. long term receivables and financial assets held for resale), or (c) legally or contractually required to be maintained intact (i.e. the principal of a permanent fund).

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 and 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.

**13. 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.

**14. 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.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**15. 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, 2016, the Town adopted:

Statement No. 72, "*Fair Value Measurement and Application*," the objective of which is to address accounting and financial reporting issues related to fair value measurements and to provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement had no effect on the Town's financial statements.

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

Statement No. 77, "*Tax Abatement Disclosures*," the objective of which is to improve financial reporting by providing the users of financial statements with information about the nature and magnitude of tax abatements, and helping the users understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations, as well as the impact on the government's financial position and economic condition. The implementation of this Statement required note disclosure of tax abatement programs that reduce the Town's tax revenue.

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

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

**16. Subsequent Events**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

**E. Accounting for Sale of Land**

In August 2013, the Town executed an agreement for the sale of a parcel of Town land with a total purchase price of \$32,500,000. Upon the execution of this agreement, the Town received a \$2,500,000 deposit payment and a \$27,525,000 installment payment, which were recorded as revenue in the General Fund. Upon closing of this land sale, the Town will receive the balance in the amount of \$2,475,000 and transfer title to the buyer.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Accounting for Sale of Land (continued)**

Although generally accepted accounting principles require that the revenue from the sale of land be recorded at the time that the seller has received the full sale price and that all conditions necessary for closing have been met, the Town has chosen to recognize revenue for the deposit and installment payment as revenue.

At December 31, 2016, the Town had not yet closed on the land sale and title for the land has not transferred to the buyer. Accordingly, if the deposit payment and installment payment had been recorded under the deposit method in conformity with generally accepted accounting principles, total fund balance in the General Fund would be decreased by \$30,025,000 and total liabilities would be increased respectively. In addition, the net position on the Statement of Net Position would be decreased by the same amount.

**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 20<sup>th</sup>, 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 30<sup>th</sup>, 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 5<sup>th</sup>, 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 20<sup>th</sup> 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 the 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. All budgetary amendments and transfers of appropriations require Town Board approval. Appropriations for all governmental funds except the Capital Projects Fund lapse at year end.
- 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. 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, 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 2016 budget included an overall increase in real property tax revenue from the prior year of \$57,339 (less than .03%) for the Town's overall governmental activities.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**B. Noncompliance with Legal Provisions**

During 2016, General Fund expenditures caused an overdraw of the Town's cash resources resulting in the temporary use of proceeds of general obligations in the Capital Fund. Such use of Capital Fund monies is not authorized under Section 165.00 of the Local Finance Law. This transaction was recorded as an interfund receivable and payable between the General Fund and the Capital Fund as of December 31, 2016.

In June 2016, the Town issued tax anticipation notes in anticipation of the collection of the second half 2016 real property taxes or assessments of the Town. Upon collection of these taxes and assessments, these monies were not set aside for the repayment of the notes and instead used for operating purposes, which is a violation of Local Finance Law Section 24.

**C. Fund Balance (Deficit)**

The fund balance section of the balance sheets of the governmental funds 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. The components of 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
<b>Fund Balances:</b>								
<b>Nonspendable:</b>								
Long-term receivables	\$ 3,753,116							\$ 3,753,116
Inventory	1,876,233	\$ 831,159					\$ 469,583	3,176,975
Total Nonspendable	5,629,349	831,159	-0-	-0-	-0-	-0-	469,583	6,930,091
<b>Restricted for:</b>								
Debt service					\$ 2,128,871		540,286	2,669,157
Grantor restrictions							691,190	691,190
Total Restricted	-0-	-0-	-0-	-0-	2,128,871	-0-	1,231,476	3,360,347
<b>Assigned to:</b>								
Long-term receivables			\$ 9,341,560				12,594,038	21,935,598
Garbage collection districts			2,037,770					2,037,770
Water districts							24,732	24,732
Total Assigned	-0-	-0-	11,379,330	-0-	-0-	-0-	12,618,770	23,998,100
<b>Unassigned, reported in</b>								
General fund	(45,583,563)							(45,583,563)
Special revenue funds		(4,091,827)		\$ (9,589,326)			(1,760,524)	(15,441,677)
Capital projects fund						\$ (84,098,446)		(84,098,446)
Total Unassigned	(45,583,563)	(4,091,827)	-0-	(9,589,326)	-0-	(84,098,446)	(1,760,524)	(145,123,686)
<b>Total Fund Balances (Deficits)</b>	<b>\$ (39,954,214)</b>	<b>\$ (3,260,668)</b>	<b>\$ 11,379,330</b>	<b>\$ (9,589,326)</b>	<b>\$ 2,128,871</b>	<b>\$ (84,098,446)</b>	<b>\$ 12,559,305</b>	<b>\$ (110,835,148)</b>

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**D. Deficit Fund Equity**

Individual funds with total fund deficits as of December 31, 2016 were as follows:

	Total Fund Balance (Deficit)
General Fund	\$ (39,954,214)
Highway Fund	(3,260,668)
Solid Waste Disposal District	(9,589,326)
Capital Projects Fund	(84,098,446)
Public Parking District	(1,220,238)

The General Fund carried forward a deficit of \$27,844,053, which is inclusive of a prior period adjustment of \$2,553,705. The deficit further increased due in part to the Town's budgetary planning and higher than originally anticipated expenditures and other financing uses of \$8,660,376 which was primarily due to higher than anticipated hospital, medical, and dental benefits, legal, information technology and debt service expenditures. This increase in the deficit was partially offset by higher than originally anticipated revenues and other financing sources of \$5,370,511. The Town anticipates eliminating this deficit through reductions in expenditures combined with increases to program revenue, allowing for increases in property taxes where necessary.

The Highway Fund carried forward a deficit of \$2,850,176 from the prior year. The deficit further increased in 2016 primarily due to the Town's budgetary planning, transfers out exceeding the original budget by \$1,191,492, which was offset by the issuance of \$1,728,161 in debt. The Town anticipates continuing to eliminate this deficit through reductions in expenditures combined with increases to program revenue, allowing for increases in property taxes where necessary.

The Solid Waste Disposal District carried forward a deficit of \$15,225,687 from the prior year. The deficit was reduced due to higher than originally anticipated revenues of \$1,530,589 and the issuance of \$7,526,247 in debt for utility tax settlements paid by the Town. The higher than anticipated revenues were mainly due to an unanticipated utility tax litigation recovery from Nassau County of \$2,544,951, offset by lower than anticipated departmental income of \$745,017 and state aid of \$507,000. The expenditures and other financing uses exceeded the original budget by \$3,420,475, which was primarily due to higher than originally anticipated judgments and claims and hospital, medical and dental benefits expenditures. The Town anticipates eliminating this deficit through reductions in expenditures combined with increases to program revenue, allowing for increases in property taxes where necessary.

The Capital Projects Fund carried forward a deficit of \$81,532,011 from the prior year. The Capital Projects Fund's remaining deficit resulted from differences in timing between project expenditures and the recognition of additional 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 additional long-term bonds payable are issued to redeem the bond anticipation notes payable.

The Public Parking District's carried forward a deficit of \$1,760,698 from the prior year. The Town was able to decrease this deficit by maintaining expenditures lower than budgeted amounts. The Town had originally budgeted \$8,699,784 in expenditures and other financing uses and expended \$8,415,659 which resulted in a positive budget variance of \$284,125. The Town recognized revenues and other financing sources in excess of originally budgeted amounts of \$256,335, which was mainly due to unanticipated PILOT payments and the issuance of \$113,510 in debt. The Town anticipates continuing to eliminate this deficit through reductions in expenditures combined with increases to program revenue, allowing for increases in property taxes where necessary.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**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).

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

		Fiduciary Funds		
	Governmental Funds	Town Agency	Town Clerk	Receiver of Taxes
Cash:				
Demand Deposits	\$ 23,936,377	\$ 10,914,941	\$ 30,851	\$ 66,765,817
Money Market	<u>21,308,520</u>			
Total Cash	<u>45,244,897</u>	<u>10,914,941</u>	<u>30,851</u>	<u>66,765,817</u>
Cash on Hand:				
Petty Cash	<u>8,135</u>			<u>600</u>
	<u>\$ 45,253,032</u>	<u>\$ 10,914,941</u>	<u>\$ 30,851</u>	<u>\$ 66,766,417</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.

Deposits are to 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

At December 31, 2016, the Town's bank deposit balances were \$127,354,134. Of these balances, \$34,450,986 was covered by the Federal Deposit Insurance Corporation, \$10,704,859 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, \$63,018,538 was covered by collateral held by the Town's agent, a third-party financial institution, in the Town's name, \$19,174,450 was collateralized with securities held by the pledging financial institution, or its trust, in the name of the Town and \$5,301 was uncollateralized.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**A. Cash and Investments (continued)**

As of December 31, 2016, the Town of Oyster Bay did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

At December 31, 2016, the Town's nonmajor component units bank deposit balances were \$54,117,739. Of these balances, \$9,794,127 was covered by Federal Deposit Insurance Corporation, \$27,367,201 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, \$16,956,411 was covered by collateral held by the nonmajor component unit's agent, a third-party financial institution, in the nonmajor component unit's name.

In addition, the Town's nonmajor component units had investments, consisting of U.S. Treasury obligations, government bonds, certificates of deposit with maturities between one and two years and repurchase agreements relating to Treasury obligations totaling \$4,250,171.

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

Interfund receivable and payable balances for the Town at December 31, 2016 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	\$ 121,323	\$ 34,278,184
Highway Fund	11,975,900	
Garbage Collection Districts	9,341,560	
Solid Waste Disposal District		7,601,488
Debt Service	2,028,243	
Capital Projects Fund	4,495,600	2,028,243
Total Major Funds	<u>27,962,626</u>	<u>43,907,915</u>
Nonmajor Funds:		
Town Outside Village Fund	4,601,115	
Special Grants Fund		
Drainage District	2,751,381	
Park Districts	5,725,873	
Fire Protection Districts	1,099,400	
Lighting District	2,822,355	
Public Parking District		1,054,835
Total Nonmajor Funds	<u>17,000,124</u>	<u>1,054,835</u>
Total	<u>\$ 44,962,750</u>	<u>\$ 44,962,750</u>

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**B. Interfund Receivables, Payables and Transfers (continued)**

Interfund transfer balances for the Town at December 31, 2016 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		\$ 37,551,487
Highway Fund		28,694,639
Garbage Collection Districts		2,229,988
Solid Waste Disposal District		2,866,257
Debt Service Fund	\$ 74,528,583	
Capital Projects Fund	10,286,312	90,000
Total Major Funds	<u>84,814,895</u>	<u>71,432,371</u>
Nonmajor Funds:		
Town Outside Village Fund		827,247
Drainage District		1,432,139
Park Districts		5,386,266
Lighting District		432,087
Public Parking District		5,304,785
Total Nonmajor Funds	<u>-0-</u>	<u>13,382,524</u>
Total	<u>\$ 84,814,895</u>	<u>\$ 84,814,895</u>

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**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**C. Capital Assets**

	Balance 1/1/16	Additions	Deletions	Balance 12/31/16
<b>Primary government</b>				
Capital assets not being depreciated				
Land	\$ 114,611,393			\$ 114,611,393
Development rights	1,306,296			1,306,296
Construction in progress	2,289,468	\$ 157,489	\$ 1,645,196	801,761
Total capital assets not being depreciated	118,207,157	157,489	1,645,196	116,719,450
Depreciable capital assets				
Land rights	9,296,520			9,296,520
Buildings	149,493,291	2,061,820	239,999	151,315,112
Improvements other than buildings	496,800,245	2,945,589	6,397,454	493,348,380
Machinery and equipment	99,169,973	2,485,043	4,291,709	97,363,307
Software	23,368,420	1,336,922		24,705,342
Infrastructure				
Roads, curbs and sidewalks	402,573,838	6,513,759		409,087,597
Drainage system	178,315,447	1,624,023		179,939,470
Lighting system	22,166,642	193,865		22,360,507
Total depreciable capital assets	1,381,184,376	17,161,021	10,929,162	1,387,416,235
Less accumulated depreciation				
Land rights	3,877,450	678,528		4,555,978
Buildings	42,596,848	2,975,881	149,999	45,422,730
Improvements other than buildings	287,185,114	16,957,670	5,993,927	298,148,857
Machinery and equipment	74,259,292	7,203,146	4,202,382	77,260,056
Software	8,131,256	2,424,378		10,555,634
Infrastructure				
Roads, curbs and sidewalks	175,062,431	19,610,485		194,672,916
Drainage system	170,518,413	931,068		171,449,481
Lighting system	16,958,800	354,578		17,313,378
Total accumulated depreciation	\$ 778,589,604	\$ 51,135,734	\$ 10,346,308	819,379,030
Total net depreciable capital assets				568,037,205
Total net capital assets				<u>\$ 684,756,655</u>

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 5,338,529
Public safety	435,605
Transportation	23,954,428
Economic assistance and opportunity	29,181
Culture and recreation	16,030,027
Home and community services	5,347,964
Total governmental activities depreciation expense	<u>\$ 51,135,734</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, 2016, the Town has not recorded any such impairment losses.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**C. Capital Assets (continued)**

<b>Discretely presented component units</b>	Balance 1/1/16	Additions	Deletions	Balance 12/31/16
Capital assets not being depreciated				
Land	\$ 5,979,602			\$ 5,979,602
Construction in progress	38,403,089	\$ 15,733,595	\$ 19,806,248	34,330,436
Total capital assets not being depreciated	44,382,691	15,733,595	19,806,248	40,310,038
Depreciable capital assets				
Buildings	59,395,634	719,093		60,114,727
Improvements other than buildings	103,677,964	7,068,932	10,180	110,736,716
Machinery and equipment	39,816,819	6,787,697	1,378,390	45,226,126
Software	80,768			80,768
Infrastructure				
Water mains	81,648,653	9,149,752		90,798,405
Sewer system	1,517,692			1,517,692
Total depreciable capital assets	286,137,530	23,725,474	1,388,570	308,474,434
Less accumulated depreciation				
Buildings	20,000,658	1,447,588		21,448,246
Improvements other than buildings	34,152,714	3,329,270	10,180	37,471,804
Machinery and equipment	28,218,601	1,818,245	1,377,180	28,659,666
Software	61,841	2,704		64,545
Infrastructure				
Water mains	42,443,696	1,387,506		43,831,202
Sewer system	879,387	25,587		904,974
Total accumulated depreciation	\$ 125,756,897	\$ 8,010,900	\$ 1,387,360	132,380,437
Total net depreciable capital assets				176,093,997
Total net capital assets				\$ 216,404,035

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

Home and community services	\$ 8,010,900
Total discretely presented component unit depreciation expense	\$ 8,010,900

**D. Indebtedness**

Short-term Debt

**Bond Anticipation Notes (BANs)** – Bond anticipation notes (BANs) are generally used as a temporary means of financing capital expenditures in the Capital Projects Fund. Additionally, BANs were issued for litigation settlement in the Garbage Collection Districts and Solid Waste Disposal District. 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. 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 2.75% to 5.25% and are due at various dates through 2017 and 2018.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. Indebtedness (continued)**

Short-term Debt (continued)

These notes are summarized by purpose as follows:

	Balance 1/1/16	Issued	Redeemed	Balance 12/31/16
<b>Primary Government:</b>				
General Fund		\$ 2,062,296	\$ 2,062,296	
Highway Fund		872,809	872,809	
Garbage Collection Districts	\$ 2,436,044	17,183,012	19,017,427	\$ 601,629
Solid Waste Disposal District	863,956	6,663,176	7,313,761	213,371
Part Town		202,690	202,690	
Parks		427,689	427,689	
Lighting		231,000	231,000	
Public Parking		57,328	57,328	
Total Non-Capital Funds	3,300,000	27,700,000	30,185,000	815,000
<b>Capital Projects Fund:</b>				
General Fund - Townwide	45,697,688	9,667,403	5,479,238	49,885,853
Highway Fund	74,109,459	10,664,962	3,098,170	81,676,251
Garbage Collection Districts	4,967,275	872,438	154,424	5,685,289
Solid Waste Disposal District	3,841,040		538,659	3,302,381
Town Outside Village Fund	3,277,789	378,754	516,187	3,140,356
Drainage District	17,033		6,841	10,192
Park Districts	6,542,238	86,443	307,063	6,321,618
Lighting District	294,703	500,000	71,672	723,031
Public Parking District	417,775		114,058	303,717
Total Capital Projects Fund	139,165,000	22,170,000	10,286,312	151,048,688
Total Primary Government	142,465,000	49,870,000	40,471,312	151,863,688
<b>Component Units:</b>				
Locust Valley Water District	5,715,000		15,000	5,700,000
Jericho Water District	3,000,000			3,000,000
So. Farmingdale Water District	1,285,000			1,285,000
Bethpage Water District	8,500,000		188,688	8,311,312
Total Component Units	18,500,000		203,688	18,296,312
Total Bond Anticipation Notes	\$ 160,965,000	\$ 49,870,000	\$ 40,675,000	\$ 170,160,000

In addition to the above presented short-term BANs, the Town issued \$29,450,000 in BANs during 2016, which were considered long-term debt. The proceeds of these Bans were recorded as an other financing source in the governmental funds and as long-term BANs in the government-wide financial statements. See Long-term Debt –Bond Anticipation Notes.

**Revenue Anticipation Notes (RANs)** – This note was issued as a temporary means of financing a cash flow deficit in the General Fund for 2016. This RAN, with an interest rate of 3.75% was redeemed on March 31, 2017 from local government assistance revenue collected.

These notes are summarized as follows:

	Balance 1/1/16	Issued	Redeemed	Balance 12/31/16
<b>Primary Government:</b>				
General Fund	\$ 11,000,000	\$ 10,000,000	\$ 11,000,000	\$ 10,000,000

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. Indebtedness (continued)**

Short-term Debt (continued)

**Tax Anticipation Notes (TANs)** – The Highway Fund notes were issued as a temporary means of financing a cash flow deficit for 2016. These TANs, with an interest rate of 5.25%, were redeemed on April 7, 2017 from ad valorem taxes. The Garbage Collection and Solid Waste Disposal notes were issued as a temporary means of financing a cash flow deficit for 2016. These TANs, with an interest rate of 3.75%, were redeemed on March 31, 2017 from ad valorem taxes.

	Balance 1/1/16	Issued	Redeemed	Balance 12/31/16
<b>Primary Government:</b>				
Highway Fund		\$ 15,000,000		\$ 15,000,000
Garbage Collection Districts	\$ 13,000,000	3,000,000	\$ 13,000,000	3,000,000
Solid Waste Disposal District	6,000,000	4,000,000	6,000,000	4,000,000
Total Tax Anticipation Notes	\$ 19,000,000	\$ 22,000,000	\$ 19,000,000	\$ 22,000,000

Long-term Debt

Summary of changes in long-term debt transactions for the year ended December 31, 2016 is as follows:

	Balance 1/1/16	Increases	Reductions	Balance 12/31/16	Non-current liabilities due within one year	Non-current liabilities
<b>Primary Government:</b>						
General obligation bonds payable	\$ 598,897,181	\$ 4,900,000	\$ 53,513,713	\$ 550,283,468	\$ 55,438,196	\$ 494,845,272
Plus premiums on issuance	13,592,745		1,407,272	12,185,473	1,407,272	10,778,201
Total general obligation bonds	612,489,926	4,900,000	54,920,985	562,468,941	56,845,468	505,623,473
Long-term bond anticipation notes		29,450,000		29,450,000	29,450,000	
Due to Employees' Retirement System	24,763,330	2,002,208	3,043,895	23,721,643	2,117,365	21,604,278
Compensated absences	24,678,925	3,451,350	5,947,431	22,182,844	1,109,142	21,073,702
Claims and judgments payable	25,027,955	4,165,548	4,824,985	24,368,518	5,008,559	19,359,959
Other litigation payable	22,559,018		22,363,018	196,000		196,000
Estimated liability for landfill closure and post-closure care costs	5,850,000		1,725,000	4,125,000	375,000	3,750,000
Retirement incentive payable	11,667	101,000	45,334	67,333	33,667	33,666
Capital lease payable		349,680	119,345	230,335	113,541	116,794
Other postemployment benefits payable	194,019,635	38,474,287	11,273,023	221,220,899		221,220,899
Net pension liability - proportionate share	10,761,642	59,865,105	18,599,479	52,027,268		52,027,268
Total non-current liabilities	\$ 920,162,098	\$ 142,759,178	\$ 122,862,495	\$ 940,058,781	\$ 95,052,742	\$ 845,006,039

	Balance 1/1/16	Increases	Reductions	Balance 12/31/16	Non-current liabilities due within one year	Non-current liabilities
<b>Component Units:</b>						
General obligation bonds payable	\$ 63,567,819		\$ 4,791,287	\$ 58,776,532	\$ 4,641,804	\$ 54,134,728
Plus premiums on issuance	566,154		26,196	539,958	26,196	513,762
Total general obligation bonds	64,133,973		4,817,483	59,316,490	4,668,000	54,648,490
Compensated absences	4,153,089	\$ 475,089	519,011	4,109,167	388,087	3,721,080
Other postemployment benefits payable	25,304,919	5,427,196	1,758,948	28,973,167		28,973,167
Net pension liability - proportionate share	1,623,788	8,715,712	2,846,427	7,493,073		7,493,073
Other debt	11,625,000		835,000	10,790,000	865,000	9,925,000
Total non-current liabilities	\$ 106,840,769	\$ 14,617,997	\$ 10,776,869	\$ 110,681,897	\$ 5,921,087	\$ 104,760,810

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. Indebtedness (continued)**

Long-term Debt (continued)

**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 .0263% to 6.0% and have maturity dates in 2017 through 2043. The original amount borrowed for debt currently outstanding was \$891,265,832.

A summary of these bonds by purpose is as follows:

	Balance 1/1/16	Issued	Redeemed	Balance 12/31/16
<b>Primary Government:</b>				
General Fund	\$ 269,938,281	\$ 2,021,049	\$ 22,630,247	\$ 249,329,083
Highway Fund	196,885,038	855,352	18,825,467	178,914,923
Garbage Collection Districts	15,747,546	718,352	1,469,754	14,996,144
Solid Waste Disposal District	19,016,761	404,913	1,624,991	17,796,683
Town Outside Village Fund	2,349,773	198,636	229,796	2,318,613
Drainage District	4,181,253		1,282,883	2,898,370
Park Districts	37,832,209	419,136	3,736,409	34,514,936
Lighting District	2,626,071	226,380	261,835	2,590,616
Public Parking District	50,320,249	56,182	3,452,331	46,924,100
<b>Total Primary Government</b>	<u>598,897,181</u>	<u>4,900,000</u>	<u>53,513,713</u>	<u>550,283,468</u>
<b>Component Units:</b>				
Massapequa Water District	4,620,330		424,630	4,195,700
Plainview Water District	17,897,168		1,464,124	16,433,044
Locust Valley Water District	4,171,000		245,000	3,926,000
Oyster Bay Water District	3,239,154		369,568	2,869,586
Jericho Water District	6,322,000		339,000	5,983,000
So. Farmingdale Water District	12,483,276		832,059	11,651,217
Bethpage Water District	12,061,000		706,900	11,354,100
Oyster Bay Sewer District	2,773,891		410,006	2,363,885
<b>Total Component Units</b>	<u>63,567,819</u>		<u>4,791,287</u>	<u>58,776,532</u>
<b>Total General Obligation Bonds</b>	<u>\$ 662,465,000</u>	<u>\$ 4,900,000</u>	<u>\$ 58,305,000</u>	<u>\$ 609,060,000</u>

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. Indebtedness (continued)**

Long-term Debt (continued)

**General Obligation Bonds (continued)**

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, 2017	\$ 55,438,196	\$ 19,235,870	\$ 74,674,066
2018	54,503,458	17,469,866	71,973,324
2019	52,306,952	15,685,542	67,992,494
2020	53,543,461	13,799,749	67,343,210
2021	41,449,744	12,101,743	53,551,487
2022 - 2026	207,564,818	37,938,921	245,503,739
2027 - 2031	83,956,839	7,444,969	91,401,808
2032 - 2036	580,000	144,737	724,737
2037 - 2041	655,000	73,233	728,233
2042 - 2043	285,000	6,836	291,836
Totals	<u>\$ 550,283,468</u>	<u>\$ 123,901,466</u>	<u>\$ 674,184,934</u>

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, 2017	\$ 4,641,804	\$ 2,099,970	\$ 6,741,774
2018	4,526,542	1,938,365	6,464,907
2019	4,263,048	1,782,653	6,045,701
2020	4,161,539	1,630,741	5,792,280
2021	4,165,256	1,480,589	5,645,845
2022 - 2026	21,505,182	5,145,188	26,650,370
2027 - 2031	15,513,161	1,591,258	17,104,419
Totals	<u>\$ 58,776,532</u>	<u>\$ 15,668,764</u>	<u>\$ 74,445,296</u>

**Long-term Bond Anticipation Notes**

In February 2017, the Town issued \$29,450,000 of serial bonds and together with \$815,000 of available funds redeemed \$7,565,000 of BANs 2016 Series E (federally taxable) and \$22,700,000 BANs 2016 Series B (federally taxable). Accordingly, \$29,450,000 of the BANs outstanding at December 31, 2016 have been classified and reported as long-term debt. The notes mature in February 2021 and bear interest at rates ranging from 3.25% to 3.95%. These notes are considered federally taxable and were used to fund litigation settlements and employment separation costs. Maturity schedules relating to the notes will be presented next year when they convert to general obligation bonds.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**D. Indebtedness (continued)**

Long-term Debt (continued)

**Capital Lease Obligations**

During the year, the Town entered into a capital lease agreement to finance the acquisition of networking and firewall software and hardware. The amount financed was \$349,680 and is to be repaid by the General Fund over three years. This lease matures in March 2018 and has annual payments totaling \$120,140, inclusive of interest at a rate of 2.865%. At December 31, 2016, the principal amount outstanding was \$230,335.

The equipment, software and related accumulated depreciation under the capital lease is as follows:

Equipment and software	\$ 349,680
Less: accumulated depreciation	<u>116,559</u>
Net Value	<u>\$ 233,121</u>

Future principal and interest payments to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For years ending December 31, 2017	\$ 113,541	\$ 6,599	\$ 120,140
2018	<u>116,794</u>	<u>3,346</u>	<u>120,140</u>
Totals	<u>\$ 230,335</u>	<u>\$ 9,945</u>	<u>\$ 240,280</u>

**Retirement Incentive Payable** – In the current and prior years, the Town offered employees meeting specific criteria an incentive to retire from active employment. As part of the incentive, employees had the option to receive the retirement incentive payment over a three year period. The Town recorded \$101,000 of exercised three year payment options in 2016 and paid \$45,334 in installments. The balance outstanding at December 31, 2016 was \$67,333.

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

Nonmajor Component Unit Debt

One of the Town's nonmajor component units has issued serial bonds not guaranteed by the Town to finance improvements to that district. The outstanding serial bonds of \$10,790,000 have been included under the caption "Other debt" because the Town does not bear any responsibility with respect to this debt in its repayment.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**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 ("System"). This is a cost-sharing multiple-employer defined benefit pension plan. The net position of the System is held in the New York Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001.

Obligation of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. 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.

Benefits Provided

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

*Tiers 1 and 2*

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

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

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

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Retirement System (continued)**

*Tiers 3, 4, and 5*

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

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

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

*Tier 6*

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

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

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

*Ordinary Disability Benefits*

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

*Accidental Disability Benefits*

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

*Ordinary Death Benefits*

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



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Retirement System (continued)**

*Post-Retirement Benefit Increases*

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

Contributions

Generally, Tier 3, 4 and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the NYSRSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Under the authority of the NYSRSSL, the Comptroller shall certify annually the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's year ended March 31. The actual contributions were equal to 100% of the actuarially required amounts of \$11,502,635.

Retirement Amortizations and Incentives

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. Chapter 57 further provides that when contribution rates fall below legally specified levels and all outstanding amortizations have been paid, the Town will be required to pay additional moneys into a specific reserve fund which will be used to offset their contributions in the future. These reserve funds will be invested separately from pension assets. The Town's total deferred amount related to the 2011 fiscal year was \$3,703,672 and will be billed and paid over ten years beginning in 2013 and will include interest at 3.75%. During 2016, the Town paid \$348,518 toward this program and has a remaining liability at December 31, 2016 of \$2,383,378.

Pursuant to Chapter 57 of the Laws of 2010, the Town's total deferred amount related to the 2012 fiscal year was \$6,895,103 and will be billed and paid over ten years beginning in 2014 and will include interest at 3.00%. During 2016, the Town paid \$638,092 toward this program and has a remaining liability at December 31, 2016 of \$5,036,041.

Pursuant to Chapter 57 of the Laws of 2013, the New York State Legislature authorized local governments to amortize a portion of their retirement bill for 12 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 deferred amount related to the 2013 fiscal year was \$6,157,543 and will be billed and paid over twelve years beginning in 2015 and will include interest at 3.76%. During 2016, the Town paid \$431,094 toward this program and has a remaining liability at December 31, 2016 of \$5,310,977.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Retirement System (continued)**

Retirement Amortizations and Incentives (continued)

Pursuant to Chapter 57 of the Laws of 2013, the Town's total deferred amount related to the 2014 fiscal year was \$4,525,561 and will be billed and paid over twelve years beginning in 2016 and will include interest at 3.50%. During 2016, the Town paid \$309,928 toward this program and has a remaining liability at December 31, 2016 of \$4,215,633.

Pursuant to Chapter 57 of the Laws of 2013, the Town's total deferred amount related to the 2015 fiscal year was \$4,773,406 and will be billed and paid over twelve years beginning in 2017 and will include interest at 3.31%.

Pursuant to Chapter 57 of the Laws of 2013, the Town's total deferred amount related to the 2016 fiscal year was \$2,002,208 and will be billed and paid over twelve years beginning in 2018 and will include interest at 2.63%.

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 total costs to the Town of \$6,154,219 in 2010. The cost of the program is billed and paid over five years beginning with 2012 and will include interest at 7.5%. During 2016, the Town paid \$1,316,263 toward this program and has no remaining liability at December 31, 2016.

Future principal and interest payments to maturity for the Chapter 57 amortizations are as follows:

	Principal	Interest	Total Principal and Interest
For years ending December 31, 2017	\$ 2,117,365	\$ 745,698	\$ 2,863,063
2018	2,333,698	726,093	3,059,791
2019	2,412,233	647,558	3,059,791
2020	2,493,446	566,346	3,059,792
2021	2,577,421	482,371	3,059,792
2022 - 2026	9,844,065	1,226,089	11,070,154
2027 - 2029	1,943,415	92,021	2,035,436
Totals	<u>\$ 23,721,643</u>	<u>\$ 4,486,176</u>	<u>\$ 28,207,819</u>

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Retirement System (continued)**

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

At December 31, 2016, the Town reported a liability of \$52,027,268 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2015. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members.

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

<u>Measurement Date</u>	<u>Net Pension Liability</u>	<u>Allocation of the System's Total Net Liability</u>
March 31, 2016	\$ 52,027,268	0.3241518%

There was no significant change in the Town's proportion from March 31, 2015 to March 31, 2016.

For the year ended December 31, 2016, the Town recognized pension expense of \$18,599,479 in the Statement of Activities. At December 31, 2016 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 262,907	\$ 6,166,965
Changes in assumptions	13,874,103	
Net difference between projected and actual investment earnings on pension plan investments	30,865,430	
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	1,078,356	770,034
Contributions made subsequent to the measurement date	8,873,308	
Total	<u>\$ 54,954,104</u>	<u>\$ 6,936,999</u>

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Retirement System (continued)**

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

Deferred outflows of resources related to pensions resulting from the Town's contribution subsequent to the measurement date in the amount of \$8,873,308 will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For years ending March 31, 2017	\$	9,862,563
2018		9,862,563
2019		9,862,563
2020		9,556,108
		<u>\$ 39,143,797</u>

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Actuarial Valuation Date	April 1, 2015
Investment rate of return, including inflation	7.00%
Salary scale	3.80%
Inflation rate	2.50%
Cost of living adjustments	1.30%

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

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

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

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Retirement System (continued)**

Actuarial Assumptions (continued)

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

<u>Asset Class:</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation indexed bonds	2.00%	4.00%
	<u>100.00%</u>	

The discount rate used to calculate the total pension liability was 7.0% for the System. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>One Percent Decrease (6.00%)</u>	<u>Current Assumption (7.00%)</u>	<u>One Percent Increase (8.00%)</u>
Town's proportionate share of the collective net pension liability/(asset)	\$ 117,317,711	\$ 52,027,268	\$ (3,140,366)

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**E. Retirement System (continued)**

Pension Plan Fiduciary Net Position

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

	(Dollars in thousands)
Employers' total pension liability	\$ (172,303,544)
Plan net position	156,253,265
Employers' net pension liability	<u>\$ (16,050,279)</u>
Ratio of plan net position to the Employers' total pension liability	90.70%

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial statements.

**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 \$1,259 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.

Plan Description

The number of participants as of January 1, 2015, the valuation date, is as follows:

Active employees	1,167
Retired employees	<u>806</u>
Total	<u>1,973</u>

During 2016, one hundred twenty active employees retired. There have been no significant changes in the type of coverage since that date.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

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

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, 2016, the Town's annual other postemployment benefits cost (expenses) was \$38,474,287. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$11,273,023 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$27,201,264 for the year ended December 31, 2016. The Town's nonmajor component unit's annual other postemployment benefits cost (expenses) were \$5,427,196. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$1,758,948 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$3,668,248 for the year ended December 31, 2016.

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	\$ 146,341,790	\$ 28,754,556	\$ 10,943,178	\$ 2,974,936	\$ 189,014,460
Active employees	<u>205,183,031</u>	<u>37,930,711</u>	<u>19,522,113</u>	<u>5,680,482</u>	<u>268,316,337</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 351,524,821</u>	<u>\$ 66,685,267</u>	<u>\$ 30,465,291</u>	<u>\$ 8,655,418</u>	<u>\$ 457,330,797</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, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

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

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

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

	Medical Plan	Medicare Part B	Dental Plan	Vision Plan	Total
Normal cost	\$ 12,490,190	\$ 2,373,427	\$ 1,199,069	\$ 356,413	\$ 16,419,099
Amortization of unfunded actuarial liability (UAAL) over 30 years	17,753,054	3,396,947	1,528,428	426,783	23,105,212
Interest	1,004,227	208,587	97,071	28,235	1,338,120
Annual required contribution (ARC)	31,247,471	5,978,961	2,824,568	811,431	40,862,431
Interest on net OPEB obligation	5,557,441	1,252,397	629,348	176,823	7,616,009
Adjustment to ARC	(7,300,081)	(1,645,110)	(826,692)	(232,270)	(10,004,153)
OPEB Cost	29,504,831	5,586,248	2,627,224	755,984	38,474,287
Less: Contribution for year ended December 31, 2016	9,455,215	1,074,140	620,362	123,306	11,273,023
Increase in other postemployment benefits liability	20,049,616	4,512,108	2,006,862	632,678	27,201,264
Other postemployment benefits liability at December 31, 2015	142,660,840	31,300,605	15,518,654	4,539,536	194,019,635
Other postemployment benefits liability at December 31, 2016	<u>\$ 162,710,456</u>	<u>\$ 35,812,713</u>	<u>\$ 17,525,516</u>	<u>\$ 5,172,214</u>	<u>\$ 221,220,899</u>
Percent of annual OPEB cost contributed	32.05%	19.23%	23.61%	16.31%	29.30%

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
2016	\$ 38,474,287	29.30%	\$ 221,220,899
2015	36,864,629	27.69%	194,019,635
2014	34,481,596	29.01%	167,364,523



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**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, 2015, projected for the year ended December 31, 2016 is as follows:

	Actuarial Accrued Liability (AAL)	Actuarial Value of Plan Assets	Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Town	\$ 457,330,797	\$ -0-	\$ 457,330,797	0.00%	\$ 82,833,196	552.11%
Component Units	64,250,520	-0-	64,250,520	0.00%	11,309,393	568.12%

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 is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial Methods and Assumptions

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

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

In the January 1, 2015 actuarial valuation, the liabilities were computed using the entry age normal method and level percentage of projected payroll of active plan members on an open 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 5.0% (post 65) and 8.0% (pre 65) healthcare cost trend increase for the year ended 2016 with reduced decrements to a rate of 5.0% for pre 65 by the year 2019.

**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 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, 2016, the value of the accumulated vacation time and sick leave was \$22,182,844 for the primary government. The liability for compensated absences for the nonmajor component units amounted to \$4,109,167.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**3. DETAILED NOTES ON ALL FUNDS (continued)**

**H. Tax Abatement Programs**

The Town granted real property tax abatements to promote affordable senior citizen housing within the Town of Oyster Bay. Pursuant to Section 125 of the Private Housing Finance Law of the State of New York, a Town qualified project will be included into its privately financed affordable senior citizen housing tax abatement program. This program provides real property tax abatements of 100% of real property taxes for 25 years on qualified new capital improvements. During the term of the agreements, the benefiting entity must operate and maintain the property consistent with the terms of the agreement. As a general condition of providing tax relief assistance, the benefiting company enters into a payment in lieu of taxes ("PILOT") agreement to offset the taxes abated. In 2016, the agreements the Town ratified in the current and previous years, resulted in an abatement of \$2,427,725 of the Town's real property taxes and the PILOTs received totaled \$405,398.

The Town is also subject to real property tax abatements granted by the Nassau County Industrial Development Agency ("NCIDA"), an entity created as a New York State public benefit corporation. The NCIDA was established by Code Section 922, which became Chapter 674 of the Laws of 1975. The NCIDA offers several abatement programs on certain qualified projects to promote, retain, attract and encourage sound commerce and an industry base to prevent unemployment. At December 31, 2016, only the real property tax abatement program offered by NCIDA impacts the Town's revenues. Generally, a qualified project is an applicant submitted project which meets certain economic development criteria (such as job creation/retention) and which either 1) has been or will be financed by the issuance of NCIDA issued bonds, notes or other evidences of indebtedness with respect thereto or 2) is a straight lease transaction which the NCIDA has determined to undertake pursuant to a lease policy. The NCIDA, as a condition of providing assistance, may require that the benefiting company remit a PILOT payment to offset the amount of taxes abated. The NCIDA is authorized to enter into PILOT agreements per Real Property Tax Law, Section 412-a and General Municipal Law, Section 874. In 2016, the agreements the NCIDA ratified in the current and previous years, resulted in an abatement of \$13,851,131 of the Town's real property taxes and the receipt of \$3,077,251 in PILOT payments.

The Town is also subject to real property tax abatements granted by Nassau County ("County"). The County approved specific abatements to provide for electric generation facilities within the Town. The two agreements provide PILOT payments through 2026 and 2028, which are subject to change based on the CPI and assessment adjustments. During the year ended December 31, 2016, the agreements resulted in an abatement of \$3,501,992 of the Town's real property tax and the receipt of \$441,763 in PILOT payments.

**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.

The Town is self-insured for property protection on the first \$50,000, except for earthquake and flood which are on the first \$100,000 and additionally for flood 1% of the total insurable value per location of loss arising out of a named storm with a minimum of \$100,000 per loss. The Town has insurance protection coverage of up to \$100,000,000 for any one loss and annual aggregate, except for flood and earthquake, which have limits of \$5,000,000 for any one loss and annual aggregate and \$2,500,000 for any one loss and annual aggregate, respectively. Flood insurance protection is excluded in FEMA designated zones.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**4. COMMITMENTS AND CONTINGENCIES** (continued)

**A. Risk Management** (continued)

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 actuarially determined workers' compensation liability is reported without a discount when it is probable that a loss has occurred and that the amount of that loss can be reasonably estimated. The result of the process is not an exact amount as it depends on many complex factors such as inflation. The estimate of the claims liability includes amounts for incremental claim adjustments which include attorney, consulting and other fees. The Town is also self-insured for unemployment benefits paid.

The Town's workers compensation liability is based on an actuarial analysis and the Town's general liability reserves are estimated based on consultations 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.

Although the eventual outcome of these claims for workers' compensation and general liability cannot presently be determined, the Town has estimated unsettled claims and litigation to be \$24,368,518, 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.

There were no settlements in excess of insurance coverage over the last three years.

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	
	2016	2015	2016	2015
Unpaid claims and claim adjustment expenditures at the beginning of year	\$ 20,822,316	\$ 20,088,523	\$ 4,205,639	\$ 2,618,980
Incurred claims and claim adjustment expenditures:				
Provision for insured events of the current year and increases in the provision for insured events of prior years	3,034,699	3,602,249	1,130,849	3,569,940
Total incurred claims and claim adjustment expenditures	3,034,699	3,602,249	1,130,849	3,569,940
Payments:				
Claim expenditures attributable to insured events of the current and prior years	3,503,362	2,868,456	1,321,623	1,983,281
Total payments	3,503,362	2,868,456	1,321,623	1,983,281
Total unpaid claims and claim adjustment expenditures at the end of the year	\$ 20,353,653	\$ 20,822,316	\$ 4,014,865	\$ 4,205,639

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**B. Property Condemnation And Environmental Issues**

Liberty Industrial Site, Farmingdale, New York

The Town has acquired title to approximately 14 acres in Farmingdale through a condemnation proceeding of which the United States Environmental Protection Agency (EPA) conducted 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 in the amount of \$3,300,000 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. The Town and the former property owners proceeded to trial on the valuation of the property, which the Town would be required to pay to the prior owners. After the trial, the court determined the value of the property to be approximately \$31,300,000, which is inclusive of interest and other costs. The Town disagrees with the Court's decision and has filed a Notice of Appeal.

The Town has also 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. The ultimate value of the parcel will be subject to determination at trial, however, it is uncertain what amounts of additional payments will be required 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.

Bethpage Community Park

In another matter, the Town is currently engaged in litigation against Northrup Grumman ("Grumman"), the former owner of certain property donated to the Town for use as park land known as the Bethpage Community Park. In 2005, the Town entered into a voluntary agreement ("DEC Agreement") with the New York State Department of Environmental Conservation ("NYSDEC") to allow the Town to proceed with remediation in the northern portion of the Park, for the purpose of allowing the redevelopment of this area with a new ice skating center. Due to the apparent environmental concerns to the residents regarding the park, the Town chose to take a proactive stance, and remediated the environmental concerns to the park in the summer of 2007.

The Town's position is that Grumman is the cause of the environmental problems at the park and is pursuing litigation against Grumman for reimbursement of the above mentioned remediation expenses that the Town incurred in the performance of its obligations under the DEC Agreement. The court, however, granted Grumman summary judgement, dismissing the Town's claims. Grumman's counterclaim against the Town is pending. Grumman alleges the Town contributed to the contamination of the site and seeks a contribution by the Town toward the cost of remediation.

Outside counsel to the Town 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. The aggregate cost of the remediation for which contribution is being sought is unknown but has been estimated to be as high as \$80,000,000. Since the federal court does not permit an interlocutory appeal in this instance, the Town must wait on its appeal of the summary judgment decision until the matter is final, when the trial on the counterclaims are adjudicated.

At the request of the parties (the Town and Grumman), the court has allowed for a lengthy adjournment of the trial so that settlement may be explored. The Town and Grumman, with input from the NYS Department of Environmental Conservation, have discussed the potential of a discontinuance of all claims, a less costly clean-up and either no contribution by the Town or a reduced fixed payment by the Town in furtherance of the remediation.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**B. Property Condemnation And Environmental Issues (continued)**

Bethpage Community Park (continued)

The Town also has completed an investigation at the direction of the New York State Department of Environmental Conservation (NYSDEC) with regard to Freon in groundwater and soil vapors in the area around the park. The Town submitted a Remedial Investigation ("RI") Report for NYSDEC's review in January of 2016. The RI Report concludes that no further action is necessary based on trends observed during the investigation. It is the Town's position that existing Interim Remedial Measures ("IRMs") installed by Northrop Grumman Systems Corporation ("NGSC") to contain high concentrations of volatile organic compounds ("VOCs") in vapors and groundwater around the perimeter of the park are adequately intercepting much lower concentrations of Freon along with the other VOCs.

**C. Litigation**

Garbage Tax Litigation

For several years, there has been litigation involving the taxation of property owned by Keyspan and Verizon by various garbage/sanitation districts. In short, the courts found that taxation to be improper, as Keyspan's infrastructure and Verizon's telephone poles did not generate garbage, and should have therefore been exempt from the garbage taxation. The Courts have held that the Town was obligated to first compensate Keyspan and Verizon for the amounts paid by them, but that the County, pursuant to the County Guaranty provision of the County Charter, must then compensate the Town.

In prior years, the Town paid utility tax settlements amounting to \$15,696,368 to reimburse Verizon New York, Inc. for taxes paid to the Garbage Collection Districts and Solid Waste Disposal District over a period of several years. In early 2016, the Town paid additional utility tax settlements amounting to \$22,363,018 to reimburse Keyspan and New York Water Company for taxes paid to the Garbage Collection Districts and Solid Waste Disposal District over a period of several years. In addition to settlements mentioned above, \$196,000 is expected to be paid to other utilities after 2016. Accordingly, the Town has accrued a liability of \$196,000 in other litigation payable in the government-wide financial statements for the settlements expected to be paid subsequent to year end.

In 2016, the Town reached a settlement agreement with the County, which had the County reimburse the utility tax settlements paid by the Town in the amount of \$26,778,770 (70% of all utility tax judgments) by 2017, of which the first \$13,000,000 was received on May 27, 2016 and the final payment of \$13,778,770 was received April 4, 2017. Accordingly, the Town has recorded due from other governments of \$13,641,570 and \$13,778,770 in the fund and government-wide financial statements, respectively, which represents a receivable equal to 70% of the settlement paid or payable based of the settlement agreement reached with the County.

In the current year fund financial statements, in addition to the revenue recognized in relation to the settlement agreement with the County, the Town recorded an other financing source of \$24,450,000 for the issuance of debt in relation to these same utility tax settlements paid by the Town.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**C. Litigation (continued)**

Town Concessionaire Litigation

The Town is aware of certain investigations and litigations regarding certain purported amendments to agreements with a Town concessionaire. On September 8, 2015, the United States Attorney for the Eastern District of New York indicted this Town concessionaire on criminal charges alleging, according to the indictment, that the Town concessionaire provided payments and other things of value to a Town employee in exchange for assistance in obtaining bank loans guaranteed by the Town totaling approximately \$20,000,000. The Nassau County District Attorney, on August 25, 2015, and the Securities and Exchange Commission ("SEC"), on October 20, 2015, requested information from the Town concerning these allegations as well as certain of the Town's public disclosures including official statements from outstanding bond and note issues. The Town has provided documents to the Nassau County District Attorney, and is continuing to provide information to the Securities and Exchange Commission in response to these inquiries. The Town has cooperated with all law enforcement inquiries regarding these allegations.

The Town is a defendant in three lawsuits in New York arising from the purported agreements with the Town concessionaire. The first lawsuit was filed in January 2016 and the other two were filed in July 2016. In each of the lawsuits against the Town, a lender to the Town concessionaire has brought suit against the Town seeking to enforce one of the purported amendments and contending that it requires the Town to reimburse the lender for unpaid amounts on its loan following default by the concessionaire. The total amount of damages sought by the three lenders across all three lawsuits is approximately \$18,000,000. It is the Town's position that the three amendments that are subject of the lawsuits are each unenforceable.

The Town has filed motions to dismiss in each of the lawsuits. Its motions were denied in two of the lawsuits, from which the Town is taking appeals to the New York State Supreme Court, Appellate Division, Second Department. The Office of the Town Attorney cannot predict the outcome of the appeals nor the pending litigations and investigations, or whether any additional litigation against the Town or its officers or officials will be initiated.

As to the third lawsuit, United States District Judge Sandra Feuerstein of the United States District Court for the Eastern District of New York, in a decision dated May 30, 2017, dismissed the suit with prejudice, ruling that the lender had failed to plausibly allege that the Town Board had ever approved, authorized or ratified the purported amendment at issue, which sought to require the Town to reimburse the lender for any unpaid amounts on a loan of approximately \$7,800,000 that the lender extended to the defaulting concessionaire. The lender may appeal that decision to the United States Court of Appeals for the Second Circuit. The Office of the Town Attorney cannot predict the outcome of any such appeal.

Unrelated to the unauthorized amendments that are the subject of litigation described above, a prior amendment to the Golf Course/The Woodlands Catering Hall Agreement included certain provisions for payment of a \$2,000,000 termination fee by the Town that the concessionaire may claim was triggered by its termination in September 2016. While the Town would expect to contest any claim by the concessionaire for a termination fee, it cannot predict the outcome of any such dispute.

On June 26, 2017, the Town filed a lawsuit against the prior concessionaire and related parties seeking to recover damages with respect to the above described series of transactions.

On October 18, 2016, the Town's former Supervisor, John Venditto, was charged by a grand jury in the United States District Court for the Eastern District of New York with solicitation and receipt of bribes in exchange for official action in connection with the Town concessionaire referred to above, honest service wire fraud and obstruction of justice. The Supervisor has denied all charges. The former Town Supervisor resigned effective January 4, 2017.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**4. COMMITMENTS AND CONTINGENCIES** (continued)

**C. Litigation** (continued)

Town Concessionaire Litigation (continued)

On June 22, 2017, the Town was advised by staff of the SEC that they intend to recommend the commencement of a civil enforcement action against the Town to the Commissioners of the SEC. The Commissioners of the SEC have the authority to commence legal actions in response to recommendations of the SEC staff.

The SEC staff indicated that the Town's disclosures made in connection with various note and bond sales dating back to 2010 and continuing to the present have had material misstatements and omissions regarding certain agreements with a former Town concessionaire to operate concessions at certain Town facilities. The Staff indicated that the allegations would include, among others, the contentions that the Town, commencing in 2015, misstated the circumstances surrounding certain of these agreements by implying that the former Town Attorney and former Supervisor had been unaware of their content and existence and also by failing to explain that the Town had knowingly entered into prior loan guarantees for the concessionaire that were similar in nature to the concessionaire agreements the Town now contends to be unenforceable. The SEC staff indicated that the action could seek various forms of relief against the Town, including an injunction against future violations of the securities laws, monetary penalties, and the imposition of additional controls over the Town's disclosure practices. At this point in time, the Town is unable to estimate the potential liability to the Town in relation to these actions.

Fashion Institute of Technology Litigation

New York State Education law permits community colleges to charge and collect from each county with New York State – outside of the geographic region in which the college is located – the operating cost allocable to students attending the college from such counties. The state law allows the counties to charge back such amounts to the cities and towns within the counties in which the students reside.

Fashion Institute of Technology (FIT), a community college, has required Nassau County to reimburse its operating costs allocable to its Nassau students since, at least, 2003. The County did not, in turn, charge back these costs to the Towns until 2010, despite a 2003 Nassau County Legislature Resolution authorizing it to do so.

The Town has recognized expenditures for all chargebacks from 2010 to the present. In June 2015 the County sent a demand letter to the Town for the FIT chargebacks for 2004-2009 in the amount of \$7,045,513. The Town refused to make payment, and, in response, the County withheld such sums from the Town's share of local government assistance revenue.

The neighboring Town of North Hempstead experienced the same 2004-2009 chargebacks and brought a lawsuit in Nassau County Supreme Court. The Court found that Nassau County was and is barred by the statute of limitations to collect on chargebacks more than six years prior. Nassau County has appealed the ruling to the Appellate Division, Second Department.

Because the facts and circumstances of the subject matter are exactly the same in both the Town of North Hempstead and the Town of Oyster Bay, the decision by the Appellate Divisions will have binding precedential effect on the parties involved.

On April 26, 2017, the Appellate Division affirmed the Nassau County Supreme Court decision, and therefore Nassau County will be precluded from seeking chargebacks from the Town for the period of 2004-2009.

Based on the above, the Town has not recorded expenditures or a liability for the 2004-2009 FIT chargebacks in the financial statements.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**C. Litigation (continued)**

Class Action Lawsuit

On December 5, 2016, the Town was served with a summons and complaint by a group of residents purporting to act as class representatives in a personal injury action arising out of activities by Grumman Aerospace Corporation and its successors in interest, Northrop Grumman Corporation (collectively, "Grumman") in the Bethpage area over a nearly 60-year period. These plaintiffs allege, in substance, that Grumman's discharge of chemicals used in its manufacturing of aircraft, weapons, and spacecraft contaminated the ground and groundwater aquifer and, relatedly, the plaintiffs' properties, thereby leading to personal injuries. The plaintiffs allege four causes of action sounding in negligence, strict liability (against Grumman, only), trespass, and nuisance, and, for each cause of action, allege damages in excess of \$100,000,000. The plaintiffs also request punitive damages in an unspecified amount. At this early stage of the litigation, there has been no discovery to assess the validity of the damages allegations.

Inclusion of the Town as a defendant in the subject action is related to the Town's current ownership of 18 acres of land which had previously been part of a more than 600 acre complex used in Grumman's manufacturing operations before this parcel was conveyed to the Town in 1962 and subsequently developed as Bethpage Community Park ("Park").

The plaintiffs do not allege that the Town was, in any way, engaged in the discharge or disposal of such chemicals that contributed to the contamination which caused the alleged injuries. The Town has acted to reduce the Grumman contamination by completing major remediation in the Park. Accordingly, even if the plaintiffs in this case are able to establish that they have suffered injuries attributable to contamination from the Grumman site, which of itself is by no means certain, there does not appear to be any reasonable likelihood that the facts of this matter would justify a significant judgment against the Town.

It is the Town's position that Grumman is, in any case, the party which would be ultimately liable for any proven harms to the plaintiffs. In a related matter, the Town is pursuing litigation against Grumman for reimbursement of certain remediation expenses that the Town incurred in the performance of its obligations under the DEC Agreement. Accordingly, no liability has been accrued.

Discrimination Litigation

In April, 2014, the United States Government ("Government") commenced a civil action against the Town and then Supervisor John Venditto, alleging, in sum and substance, that the Town's Next Generation and Golden Age housing programs (collectively, the "Housing Programs") were discriminatory and in violation of, inter alia, the Fair Housing Act inasmuch as the Housing Programs had an alleged disparate impact upon African Americans. To be clear, the Government's allegations were and remain based upon statistics only, and, significantly, do not contain any indicia that the Housing Programs were intentionally designed and implemented to have a discriminatory intent.

More specifically, according to the Government, the Town's Housing Programs have discriminatory effects because (1) the Housing Programs give priority to Town residents and relatives of Town residents and (2) the eligible population in the Town happens to include a smaller percentage of African Americans than the eligible populations of New York City and Nassau and Suffolk Counties. Responding to the Government's Complaint, the Town has argued, among other things, that the Fair Housing Act prohibits intentional discrimination, only; that a disparate impact claim based upon statistics alone is legally insufficient; and, that notwithstanding the foregoing points, the Fair Housing Act does not require municipalities to engage in "racial balancing" as the Government seeks.



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**C. Litigation (continued)**

Discrimination Litigation (continued)

The Government's Complaint seeks a declaration that the Housing Programs violated the Fair Housing Act, an injunction to enjoin the Town and its employees from engaging in discrimination on the basis of race, ordering the Town to take steps to prevent discriminatory conduct, and insignificant civil penalties, and unspecified damages related to the financial position of the Town. The Town has vigorously defended against this action, which is presently stayed pending the resolution of an unrelated court proceeding.

In a related matter, on December 17, 2015, New York State, through its Division of Human Rights brought a similar lawsuit under the New York State Human Rights Law in Nassau County Supreme Court. The complaint makes almost identical statistically based allegations of discrimination as those set forth in the United States action. The Town has made a motion to dismiss which was denied by the Court. The Town's appeal of the decision is pending.

Collective Bargaining Litigation

On or about March 16, 2017, the Town and the Civil Service Employees Association, Local 881 ("Union"), were served with a summons and complaint by a group of Town employees purporting to act as class representatives alleging that the Town and the Union during collective bargaining for a new labor contract to commence on January 1, 2017, negotiated an unfair contract that eliminated and/or reduced certain compensation, and therefore would cause monetary harm to the employees. In addition, plaintiffs claim that the Union violated the Labor Management Relations and Disclosure Act of 1959 ("LMRDA") in that it failed to properly disclose information to Union members regarding the negotiation of said contract.

It is the Town's position that the Collective Bargaining Agreement in question was properly negotiated with the Union, which is a separate legal entity from the Town. Members of the Union cede their individual right to negotiate to the Union, who acts on behalf of all Union members. Subsequent to the Town and Union arriving at a final draft of the terms and conditions of the collective bargaining agreement, the Union put the agreement out to a vote of the members. On January 10, 2017, the union members voted and approved the contract negotiated by the parties.

Based on the foregoing, there does not appear to be any reasonable likelihood that the facts of this matter would justify any significant liability against the Town, particularly, that most of the allegations in the complaint are directed at the Union. In the event the plaintiffs are able to break the current contract, the Town would be faced in 2017 with returning the 2% salary giveback pursuant to the new contract in the amount of \$1,500,000, and would be obligated to pay the graded salary step according to the salary scale from the previous expired agreement amounting to another \$1,500,000. These amounts, however, will be mitigated since the original 2017 Budget before the new labor agreement was approved called for lay-offs.

Other Matters

On June 29th 2017, certain former Town officials, one current employee and certain outside contractors were charged by a grand jury in the County Court of the County of Nassau with criminal conduct related to government actions. The Town's former Supervisor was charged with conspiracy, official misconduct, corrupt use of position of authority and defrauding government. At this juncture, the Town has not come into possession of any indictment and therefore cannot comment on nor predict the effect and outcome of such charges.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**4. COMMITMENTS AND CONTINGENCIES** (continued)

**D. Compressed Natural Gas - Grant Funding**

In April 2010, the Town entered into an agreement for grant funding that was made available under the American Recovery and Reinvestment Act of 2009. Pursuant to that grant, the Town was awarded approximately \$5,000,000, to be used in the purchase of compressed natural gas ("CNG") vehicles, the conversion of conventional vehicles to compressed natural gas, and/or the construction of compressed natural gas fueling station(s). Subsequent to 2010, the grant agreement was amended and the final grant awarded to the Town was approximately \$5,200,000.

Consistent with the grant award, the Town constructed a CNG fueling station and converted several diesel trucks to CNG. As designed, the cost of the Town's CNG fueling station, located at the Department of Public Works (DPW) Complex at 150 Miller Place, Syosset, New York, was approximately \$2,000,000 and the purchase of CNG trucks and/or the conversion of conventional trucks to CNG was approximately \$3,000,000, which left approximately \$200,000 of grant monies unexpended.

Subsequent to the grant award, the Town entered into a contract to sell the real property upon which the Town's CNG fueling station was located. Under the terms of that contract, the Town must vacate the property by 2021. In view of the relocation from the DPW Complex, the Town inquired as to the procedures that govern the decommissioning of the CNG fueling station. Regardless of the disposition of the CNG fueling station, the Town intends to continue use of the CNG fueled trucks.

With respect to the CNG fueling station, the U.S. Department of Energy ("DOE") has indicated that, upon consent of the DOE, the Town may sell those components for which the Town no longer has a use. For those components that the Town does not sell or otherwise dispose of pursuant to DOE instructions, the Town may be responsible to reimburse the DOE for the value of such equipment, after factoring depreciation. Since the Town plans to continue use of the CNG trucks, there should be no potential reimbursement for this portion of the grant award. At this time, however, it would not be possible to determine the possible exposure to the DOE because the Town is unclear as to when it will fully vacate the DPW Complex, how much of the CNG fueling infrastructure the Town will retain, whether the Town will be permitted to sell or otherwise dispose of and, assuming such permission is granted by the DOE, the value that the Town will raise through such sales or dispositions, and the indeterminate depreciated value of the remaining equipment.

**E. 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. Based on monitoring by the EPA, post-closure care costs for the Syosset Landfill were estimated to continue until 2033. In 1994, the Old Bethpage Landfill was determined to have to continue post-closure care maintenance and monitoring until 2024. If the EPA determines the landfill to be remediated before the thirty years are complete, the liability for post-closure care costs will be reduced. Likewise, if the EPA determines that additional post-closure care costs are needed, the liability may increase. In 2016, the costs to remediate these landfill sites have been reduced as a result of evaluations performed by the New York State Department of Environmental Conservation ("NYSDEC") and the transfer of the Old Bethpage Landfill's groundwater treatment assets and operations to NYSDEC in October 2016. The liability has been reduced by \$1,250,000 as the annual monitoring costs estimated have been reduced from \$475,000 to \$375,000. Accordingly, as of December 31, 2016, the Town has recorded a liability of \$4,125,000, 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.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**F. Federal and State Grants**

The Town has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the Town's administration believes disallowances, if any, will be immaterial.

**G. Construction and Other Capital Acquisition Commitments**

Construction in progress commitments for equipment purchases and other capital acquisition commitments amounting to \$5,776,148 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.

**H. Lease Commitments and Leased Assets**

The Town leases office and storage space under an operating lease which commenced in July 2012 and expired in June 2016. The lease amount for the current year is \$6,781 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. Rental expenditures on this lease for the year ended December 31, 2016 totaled \$46,204.

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 \$32,113 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. Rental expenditures on this lease for the year ended December 31, 2016 totaled \$390,544.

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

For years ending December 31, 2017	\$	400,969
2018		407,413
2019		414,050
2020		<u>138,761</u>
	\$	<u>1,361,193</u>

**I. Fire Protection Length of Service Award Program ("LOSAP")**

The Town's financial statements are for the year ended December 31, 2016. The information contained in this note is projected for the plan year ending June 30, 2017, based on information for the year ended on December 31, 2015, which is the most recent plan year for which complete information is available.

The Town sponsors defined benefit Length of Service Award Programs for the active volunteer firefighters of the Oyster Bay ("Oyster Bay") and East Norwich ("East Norwich") Fire Protection Districts. The programs took effect on July 1, 1991 and July 1, 1990 for Oyster Bay and East Norwich, respectively. The programs were established pursuant to Article 11-A of the General Municipal Law. The programs provide municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is approximately a 58.29% sponsor of the Oyster Bay program and approximately a 31.64% sponsor of the East Norwich program. The Town contributed \$194,054 and \$37,500 during 2016 to the Oyster Bay and East Norwich programs, respectively.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**I. Fire Protection Length of Service Award Program ("LOSAP") (continued)**

Program Description

**Participation, vesting and service credit**

For Oyster Bay, active volunteer firefighters who have reached the age of 17 are eligible to participate in the program upon joining the fire company. For East Norwich, active volunteer firefighters who have reached the age of 18 are eligible to participate in the program after a twelve month waiting period. 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 for Oyster Bay and age 65 for East Norwich, both plans require 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 per year of service 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 and thirty years for Oyster Bay and East Norwich, respectively. 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 July 1, 1990 for Oyster Bay and East Norwich respectively, 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 October 12, 2016 and August 26, 2016 for Oyster Bay and East Norwich respectively.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**I. Fire Protection Length of Service Award Program ("LOSAP") (continued)**

Program Financial Condition

		<u>Oyster Bay</u>	<u>East Norwich</u>
<b>Assets and Liabilities</b>			
Actuarial present value of benefits at June 30, 2017		\$ 4,603,548	\$ 1,816,007
Assets Available for Benefits			
	<u>% of total</u>		
Annuity contracts	100.00%	\$ 2,287,929	\$ 1,133,407
Less: Liabilities		<u>-0-</u>	<u>-0-</u>
Total Net Assets Available for Benefits		<u>\$ 2,287,929</u>	<u>\$ 1,133,407</u>
Unfunded Liability for Prior Service		<u>\$ 2,315,619</u>	<u>\$ 682,600</u>

**Prior Service Costs**

There are no prior service costs being amortized.

**Receipts and Disbursements**

Plan Net Assets, July 1, 2015	\$ 1,967,064	\$ 1,014,469
Changes during the year:		
Plan contributions	319,853	137,209
Changes in fair market value of investments	81,009	40,312
Plan benefit withdrawals	(62,823)	(49,097)
Premiums	(12,012)	(7,829)
Administrative and Other Fees/Charges	<u>(5,162)</u>	<u>(1,657)</u>
Plan Net Assets, June 30, 2016	<u>\$ 2,287,929</u>	<u>\$ 1,133,407</u>

**Contributions**

Amount of sponsoring board's required contribution:	\$ 332,916	\$ 118,530
Amount of sponsoring board's actual contribution:	\$ 346,820	\$ 124,075

**Administration Fees**

Fees paid to designated Plan administrator / actuary:	\$ 5,162	1,657
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**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**4. COMMITMENTS AND CONTINGENCIES (continued)**

**I. Fire Protection 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

Male	1994 Group Annuity (GAR)
Female	1994 Group Annuity (GAR)

The Town is also a sponsor of the Roslyn Fire Department LOSAP Plan and contributed \$1,830 in 2016.

**5. CONDENSED FINANCIAL STATEMENTS FOR THE DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS**

The following represents condensed financial statements for the discretely presented nonmajor component units as of and for the year ended December 31, 2016:

Condensed Statement of Net Position:

	Current Assets	Due from Primary Government	Capital Assets Net of Depreciation	Deferred Outflows of Resources	Current Liabilities	Due to Primary Government	Other Long-Term Liabilities	Deferred Inflows of Resources	Net Investment in Capital Assets	Restricted	Unrestricted (Deficit)
Massapequa Water District	\$ 5,102,730	\$ 68,309	\$ 16,343,560	\$ 1,043,224	\$ 719,819	\$ 406,316	\$ 9,045,895	\$ 228,760	\$ 12,117,553	\$ 1,518,344	\$ (1,478,864)
Plainview Water District	6,458,059	66,679	29,666,829	1,208,756	2,402,143	268,826	20,085,807	141,882	13,233,785	2,208,701	(940,821)
Hicksville Water District	21,805,015	88,499	32,193,328	1,000,359	3,080,679		15,607,477	85,499	25,951,713	7,581,369	2,780,464
Locust Valley Water District	1,891,713	1,715,507	13,875,596	432,692	6,278,948	1,706,568	5,798,677	43,924	3,904,207	549,223	(366,039)
Oyster Bay Water District	2,437,117	187,220	11,206,972	372,094	455,597	1,876,500	4,467,393	65,307	6,582,205	1,141,555	(385,154)
Jericho Water District	12,967,246	3,309,771	25,468,705	1,340,666	5,093,365		12,501,164	148,478	19,767,085	5,067,726	508,570
South Farmingdale Water District	11,153,534	1,513,404	30,111,915	1,021,320	3,222,217	4,054,411	15,536,686	125,257	14,049,687	4,618,671	2,193,244
Bethpage Water District	6,399,442	1,228,422	44,582,734	790,239	10,415,794	4,227,619	14,038,303	123,887	24,917,322	4,317,002	(5,039,090)
Syosset Sanitation District	352,943										352,943
Oyster Bay Sewer District	1,121,150	143,912	12,954,396	1,201,817	745,276		7,679,408	115,432	10,281,469		(3,400,310)
Glenwood-Glenhead Garbage District	169,403				74,690						94,713
	<u>\$ 69,858,352</u>	<u>\$ 8,321,723</u>	<u>\$ 216,404,035</u>	<u>\$ 8,411,167</u>	<u>\$ 32,488,528</u>	<u>\$ 12,540,240</u>	<u>\$ 104,760,810</u>	<u>\$ 1,078,426</u>	<u>\$ 130,805,026</u>	<u>\$ 27,002,591</u>	<u>\$ (5,680,344)</u>

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

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

Condensed Statement of Activities:

	Program		General Revenue			Net Position		
	Expenses	Charges for Services	Net (Expense) Revenue	Property Tax	Other	Change	(As restated) 1/1/16	12/31/16
Massapequa Water District	\$ 5,527,624	\$ 3,914,220	\$ (1,613,404)	\$ 1,910,182	\$ 388,232	\$ 685,010	\$ 11,472,023	\$ 12,157,033
Plainview Water District	7,372,992	4,508,385	(2,864,607)	3,824,222	178,924	1,138,539	13,363,126	14,501,665
Hicksville Water District	7,723,871	3,094,457	(4,629,414)	4,497,351	933,716	801,653	35,511,893	36,313,546
Locust Valley Water District	2,827,555	1,975,356	(852,199)	573,892	272,480	(5,827)	4,093,218	4,087,391
Oyster Bay Water District	2,319,863	1,034,004	(1,285,859)	868,511	496,463	79,115	7,259,491	7,338,606
Jericho Water District	10,014,010	8,867,785	(1,146,225)	1,141,232	391,836	386,843	24,956,538	25,343,381
South Farmingdale Water District	7,154,769	3,930,425	(3,224,344)	1,835,549	470,682	(918,113)	21,779,715	20,861,602
Bethpage Water District	6,375,124	2,265,275	(4,109,849)	3,265,693	1,348,168	504,012	23,691,222	24,195,234
Syosset Sanitation District	516,114		(516,114)	585,214		69,100	283,843	352,943
Oyster Bay Sewer District	4,850,397	578,872	(4,271,525)	3,582,510	335,495	(353,520)	7,234,679	6,881,159
Glenwood-Glenhead Garbage District	1,162,589		(1,162,589)	1,034,404	31,475	(96,710)	191,423	94,713
	<u>\$ 55,844,908</u>	<u>\$ 30,168,779</u>	<u>\$ (25,676,129)</u>	<u>\$ 23,118,760</u>	<u>\$ 4,847,471</u>	<u>\$ 2,290,102</u>	<u>\$ 149,837,171</u>	<u>\$ 152,127,273</u>

Complete financial statements of the individual nonmajor 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. RESTATEMENT**

Management determined that there was an understatement of the amount reported in accounts payable for the year ended December 31, 2015 in the General Fund and the governmental activities in the amount of \$2,553,705, which was related to the community college tuition chargeback.

As a result of this restatement, the Town's January 1, 2016 General Fund deficit and government activities negative net position were increased by \$2,553,705 to \$27,844,053 and \$307,209,160, respectively.

Additionally, management of the Massapequa Water District, a nonmajor discretely presented component unit of the Town, determined that there was an understatement of the amount reported as due to primary government for the year ended December 31, 2015 in the amount of \$173,599, which was related to debt service payments. As a result of this restatement, the total nonmajor component units' January 1, 2016 net position was decreased by \$173,599 to \$149,837,171.

**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**7. SUBSEQUENT EVENTS**

Debt Issuance

In February 2017, the Town issued \$29,450,000 of serial bonds and together with \$815,000 of available funds redeemed \$7,565,000 of BANs 2016 Series E (federally taxable) and \$22,700,000 BANs 2016 Series B (federally taxable). Accordingly, \$29,450,000 of the BANs outstanding at December 31, 2016 have been classified and reported as long-term debt. The bonds mature in February 2021 and bear interest at rates ranging from 3.25% to 3.95%.

In February 2017, the Town renewed \$72,255,388 (2017 Series A) of bond anticipation notes. These notes bear interest of 3.50% and mature on June 1, 2018.

In February 2017, the Town renewed \$19,889,612 (2017 Series B) of bond anticipation notes. These notes bear interest of 3.50% and mature on February 2, 2018.

In June 2017, the Town issued \$34,550,000 (2017 Series C) of bond anticipation notes for \$20,000,000 of water district projects and together with \$4,435,000 of available funds were used to partially redeem and renew \$18,985,000 BANs 2016 Series D. The notes carry an interest rate of 2.50% and mature on June 1, 2018.

In June 2017, the Town issued \$15,000,000 of revenue anticipation notes at an interest rate of 2.50%, which mature on February 23, 2018.

**8. NEW PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued the following Statements:

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

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

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

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



**TOWN OF OYSTER BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

**8. NEW PRONOUNCEMENTS (continued)**

Statement No. 84, "*Fiduciary Activities*," the objective of which is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The requirements of the new Statement become effective for the Town for the year ended December 31, 2019.

Statement No. 85, "*Omnibus 2017*," the objective of which is to address practice issues that have been identified during implementation of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The requirements of the new Statement become effective for the Town for the year ended December 31, 2018.

Statement No. 86, "*Certain Debt Extinguishment Issues*," the objective of which is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also addresses reporting for prepaid insurance on debt that is extinguished. The requirements of the new Statement become effective for the Town for the year ended December 31, 2018.

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

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**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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 40,760,230	\$ 39,829,032	\$ 39,982,539	\$ 153,507
Total Real Property Taxes	40,760,230	39,829,032	39,982,539	153,507
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	250,000	1,181,198	1,389,667	208,469
Interest and penalty on taxes	1,500,000	1,500,000	1,561,402	61,402
Total Other Real Property Tax Items	1,750,000	2,681,198	2,951,069	269,871
<b>NON-PROPERTY TAX ITEMS</b>				
Franchises - cable TV	5,000,000	5,800,000	5,680,869	(119,131)
Total Non-Property Tax Items	5,000,000	5,800,000	5,680,869	(119,131)
<b>DEPARTMENTAL INCOME</b>				
Town clerk fees	500,000	500,000	518,815	18,815
Attorney fees	10,000	10,000	14,015	4,015
Other general departmental income	15,000	15,000	3,600	(11,400)
Tax collector fees	65,000	65,000		(65,000)
Public pound charge dog fees	15,000	15,000	21,005	6,005
Recreation fees	350,000	350,000	471,496	121,496
Community service fees	620,000	620,000	390,591	(229,409)
Recreational concessions	450,000	450,000	453,668	3,668
Beach, pool, golf fees	3,600,000	3,600,000	3,019,694	(580,306)
Boat basin fees	200,000	200,000	190,910	(9,090)
Dock storage leases	750,000	750,000	685,342	(64,658)
Incineration and disposal charges	77,177	77,177	77,177	
Total Departmental Income	6,652,177	6,652,177	5,846,313	(805,864)
<b>INTERGOVERNMENTAL CHARGES</b>				
Dog pound facilities, other governments	700	700	(315)	(1,015)
Services other governments	7,000	7,000	9,182	2,182
Nassau County local government assistance	15,000,000	15,000,000	14,556,122	(443,878)
Total Intergovernmental Charges	15,007,700	15,007,700	14,564,989	(442,711)
<b>USE OF MONEY AND PROPERTY</b>				
Interest and earnings	60,000	60,000	57,187	(2,813)
Rental of real property	450,000	806,856	826,687	19,831
Commissions	3,800	3,800		(3,800)
Total Use of Money and Property	513,800	870,656	883,874	13,218

(continued)

**TOWN OF OYSTER BAY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**Year ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>LICENSES AND PERMITS</b>				
Games of chance	200	200	180	(20)
Bingo licenses	1,400	1,400	360	(1,040)
Dog license fund apportionment	21,000	21,000	12,546	(8,454)
Road opening permits	150,000	150,000	304,079	154,079
Total Licenses and Permits	172,600	172,600	317,165	144,565
<b>FINES AND FORFEITURES</b>				
Court fines	750,000	750,000	582,433	(167,567)
Fines and penalties - dog cases	600	600	1,120	520
Total Fines and Forfeitures	750,600	750,600	583,553	(167,047)
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Sale of scrap and excess material	6,000	6,000	5,674	(326)
Sale of surplus equipment	30,000	30,000	384	(29,616)
Insurance recoveries	126,292	976,292	224,143	(752,149)
Other compensation for loss	35,000	35,000	6,122	(28,878)
Total Sale of Property and Compensation for Loss	197,292	1,047,292	236,323	(810,969)
<b>MISCELLANEOUS LOCAL SOURCES</b>				
Refund of prior year expenditures	502,675	1,018,641	130,177	(888,464)
Premiums on obligations			425,208	425,208
Gifts and donations			2,000	2,000
Miscellaneous revenue	723,664	811,789	720,391	(91,398)
Miscellaneous Local Sources	1,226,339	1,830,430	1,277,776	(552,654)
<b>INTERFUND REVENUES</b>	31,163,688	30,806,832	30,090,695	(716,137)
<b>STATE AID</b>				
Mental health	130,000	130,000	134,554	4,554
Per capita	1,700,000	1,700,000	1,682,422	(17,578)
Mortgage tax	10,000,000	10,828,108	11,997,473	1,169,365
Emergency disaster assistance			(310)	(310)
Youth program	100,000	100,000	65,000	(35,000)
Other	5,000	5,000	15,276	10,276
Total State Aid	11,935,000	12,763,108	13,894,415	1,131,307
<b>FEDERAL AID</b>				
Emergency disaster assistance			(2,794)	(2,794)
Other			109,807	109,807
Total Federal Aid			107,013	107,013
Total Revenue	115,129,426	118,211,625	116,416,593	(1,795,032)

(continued)

**TOWN OF OYSTER BAY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
<b>EXPENDITURES</b>					
<b>CURRENT:</b>					
<b>GENERAL GOVERNMENT SUPPORT</b>					
Town board	2,115,937	1,897,186	1,897,086	19	81
Executive	1,045,452	910,416	910,416		
Comptroller	5,249,871	7,345,374	7,344,874	456	44
Receiver of taxes	1,283,513	1,230,064	1,230,064		
Town clerk	1,476,380	1,531,259	1,531,259		
Town attorney	3,070,284	5,105,419	5,105,419		
Human resources	935,939	974,238	974,238		
Public works	1,716,811	1,636,553	1,636,553		
General services	7,318,690	7,250,122	7,222,375	6,215	21,532
Central vehicle maintenance	8,581,813	8,078,490	8,044,476	32,736	1,278
Other general government support	3,725,393	3,958,225	3,934,127	24,000	98
Unallocated insurance and payment for losses	1,463,456	2,401,658	534,248	9,977	1,857,433
<b>Total General Government Support</b>	<b>37,983,539</b>	<b>42,319,004</b>	<b>40,365,135</b>	<b>73,403</b>	<b>1,880,466</b>
<b>PUBLIC SAFETY</b>					
Public safety	4,408,683	4,540,989	4,539,489	1,073	427
Animal shelter	1,220,456	1,168,055	1,168,055		
<b>Total Public Safety</b>	<b>5,629,139</b>	<b>5,709,044</b>	<b>5,707,544</b>	<b>1,073</b>	<b>427</b>
<b>TRANSPORTATION</b>					
Superintendent of highways	959,352	911,973	911,973		
<b>Total Transportation</b>	<b>959,352</b>	<b>911,973</b>	<b>911,973</b>		
<b>ECONOMIC ASSISTANCE AND OPPORTUNITY</b>					
Publicity	37,000	16,209	15,909	299	1
Economic development	375,601	303,916	303,916		
<b>Total Economic Assistance And Opportunity</b>	<b>412,601</b>	<b>320,125</b>	<b>319,825</b>	<b>299</b>	<b>1</b>
<b>CULTURE AND RECREATION</b>					
Community and youth services	4,959,362	5,012,177	5,012,177		
Parks, recreation, beaches	12,452,120	12,846,557	12,843,157	3,230	170
<b>Total Culture and Recreation</b>	<b>17,411,482</b>	<b>17,858,734</b>	<b>17,855,334</b>	<b>3,230</b>	<b>170</b>
<b>HOME AND COMMUNITY SERVICES</b>					
Intergovernmental affairs	1,145,253	1,331,478	1,314,970		16,508
Housing authority	20,000	12,500	12,500		
Environmental control	1,453,492	1,363,332	1,356,832	6,500	
<b>Total Home and Community Services</b>	<b>2,618,745</b>	<b>2,707,310</b>	<b>2,684,302</b>	<b>6,500</b>	<b>16,508</b>

(continued)

**TOWN OF OYSTER BAY**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
<b>EMPLOYEE BENEFITS</b>					
State Employee Retirement System	6,136,708	6,989,996	6,959,900		30,096
Social security	3,353,272	3,427,758	3,417,163		10,595
Workers' compensation	873,394	1,161,694	1,090,163		71,531
Disability benefits	16,500				
Unemployment benefits	52,000	38,630	38,630		
Hospital, medical and dental	12,293,227	15,046,118	14,713,907		332,211
<b>Total Employee Benefits</b>	<b>22,725,101</b>	<b>26,664,196</b>	<b>26,219,763</b>		<b>444,433</b>
<b>Total Current</b>	<b>87,739,959</b>	<b>96,490,386</b>	<b>94,063,876</b>	<b>84,505</b>	<b>2,342,005</b>
<b>DEBT SERVICE</b>					
Debt principal:					
Capital lease		119,345	119,345		
Debt interest:					
Bond anticipation notes		689,427	689,427		
Revenue anticipation notes		185,167	185,167		
Capital lease		796	796		
<b>Total Debt Service</b>		<b>994,735</b>	<b>994,735</b>		
<b>Total Expenditures</b>	<b>87,739,959</b>	<b>97,485,121</b>	<b>95,058,611</b>	<b>84,505</b>	<b>2,342,005</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>27,389,467</b>	<b>20,726,504</b>	<b>21,357,982</b>	<b>(84,505)</b>	<b>546,973</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out:					
Debt service fund	(36,209,763)	(32,072,251)	(32,072,251)		
Capital projects fund		(5,479,236)	(5,479,236)		
Issuance of debt		2,021,049	4,083,344		2,062,295
<b>Total Other Financing Sources (Uses)</b>	<b>(36,209,763)</b>	<b>(35,530,438)</b>	<b>(33,468,143)</b>		<b>2,062,295</b>
<b>Net Change in Fund Balance</b>	<b>\$ (8,820,296)</b>	<b>\$ (14,803,934)</b>	<b>(12,110,161)</b>	<b>\$ (84,505)</b>	<b>\$ 2,609,268</b>
<b>Fund Balance (Deficit) at Beginning of Year, as Restated (See Note 6)</b>			<b>(27,844,053)</b>		
<b>Fund Balance (Deficit) at End of Year</b>			<b>\$ (39,954,214)</b>		

**TOWN OF OYSTER BAY**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 50,094,226	\$ 48,790,265	\$ 48,790,267	\$ 2
Total Real Property Taxes	50,094,226	48,790,265	48,790,267	2
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	500,000	1,803,961	2,157,456	353,495
Total Other Real Property Tax Items	500,000	1,803,961	2,157,456	353,495
DEPARTMENTAL INCOME				
Road restoration fee	50,000	50,000	37,100	(12,900)
Public safety cleanup	100,000	100,000	115,628	15,628
Public safety sidewalk repair	1,000,000	1,000,000	272,782	(727,218)
Total Departmental Income	1,150,000	1,150,000	425,510	(724,490)
INTERGOVERNMENTAL CHARGES				
Services other governments	15,000	15,000	5,280	(9,720)
Total Intergovernmental Charges	15,000	15,000	5,280	(9,720)
USE OF MONEY AND PROPERTY				
Interest and earnings	1,000	1,000	22,893	21,893
Rental of real property			2	2
Total Use of Money and Property	1,000	1,000	22,895	21,895
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries			175,000	175,000
Total Sale of Property and Compensation for Loss			175,000	175,000
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures	50,000	50,000		(50,000)
Premium on obligations			394,062	394,062
Miscellaneous revenue			100	100
Total Miscellaneous Local Sources	50,000	50,000	394,162	344,162
STATE AID				
Emergency disaster assistance			(7,004)	(7,004)
Total State Aid			(7,004)	(7,004)
FEDERAL AID				
Emergency disaster assistance			(113,547)	(113,547)
Total Federal Aid			(113,547)	(113,547)
Total Revenues	51,810,226	51,810,226	51,850,019	39,793

(continued)



**TOWN OF OYSTER BAY**  
**HIGHWAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
<b>EXPENDITURES</b>					
<b>CURRENT:</b>					
<b>TRANSPORTATION</b>					
Maintenance of streets	13,715,169	13,864,074	13,724,908	12,022	127,144
Machinery	2,790,110	2,555,040	2,554,197		843
Snow removal	2,355,024	2,090,653	1,926,472	163,207	974
Total Transportation	18,860,303	18,509,767	18,205,577	175,229	128,961
<b>EMPLOYEE BENEFITS</b>					
State Employee Retirement System	1,167,298	1,510,138	1,510,138		
Social security	637,845	637,845	627,292		10,553
Workers' compensation	479,782	262,243	262,243		
Disability benefits	2,500	2,500			2,500
Hospital, medical and dental	4,943,291	3,569,839	3,495,593		74,246
Total Employee Benefits	7,230,716	5,982,565	5,895,266		87,299
Total Current	26,091,019	24,492,332	24,100,843	175,229	216,260
<b>DEBT SERVICE:</b>					
Debt interest:					
Bond anticipation notes		1,193,190	1,193,190		
Total Debt Service		1,193,190	1,193,190		
Total Expenditures	26,091,019	25,685,522	25,294,033	175,229	216,260
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	25,719,207	26,124,704	26,555,986	(175,229)	256,053
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out:					
Debt service fund	(27,503,147)	(25,596,398)	(25,596,398)		
Capital projects fund		(3,098,241)	(3,098,241)		
Issuance of debt		544,525	1,728,161		1,183,636
Total Other Financing Sources (Uses)	(27,503,147)	(28,150,114)	(26,966,478)		1,183,636
<b>Net Change in Fund Balance</b>	<u>\$ (1,783,940)</u>	<u>\$ (2,025,410)</u>	(410,492)	<u>\$ (175,229)</u>	<u>\$ 1,439,689</u>
<b>Fund Balance (Deficit) at Beginning of Year</b>			(2,850,176)		
<b>Fund Balance (Deficit) at End of Year</b>			<u><u>\$ (3,260,668)</u></u>		

**TOWN OF OYSTER BAY**  
**GARBAGE COLLECTION DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 44,386,763	\$ 44,364,856	\$ 44,364,856	
Total Real Property Taxes	44,386,763	44,364,856	44,364,856	
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	298,710	670,193	770,505	\$ 100,312
Total Other Real Property Tax Items	298,710	670,193	770,505	100,312
<b>USE OF MONEY AND PROPERTY</b>				
Interest and earnings		17,626	28,498	10,872
Total Use of Money and Property		17,626	28,498	10,872
<b>MISCELLANEOUS LOCAL SOURCES</b>				
Premiums on obligations			56,603	56,603
Litigation recovery		370,000	5,142,507	4,772,507
Miscellaneous revenue			100	100
Total Miscellaneous Local Sources		370,000	5,199,210	4,829,210
Total Revenues	44,685,473	45,422,675	50,363,069	4,940,394

(continued)

**TOWN OF OYSTER BAY**  
**GARBAGE COLLECTION DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>HOME AND COMMUNITY SERVICES</b>				
Sanitation	32,623,412	49,023,915	37,682,675	11,341,240
Total Home and Community Services	32,623,412	49,023,915	37,682,675	11,341,240
<b>EMPLOYEE BENEFITS</b>				
State Employee Retirement System	2,292,672	2,624,560	2,624,560	
Social security	1,252,781	1,219,334	1,219,334	
Workers' compensation	1,324,530	1,639,288	1,639,288	
Unemployment benefits	6,000			
Disability benefits	3,200			
Hospital, medical and dental	5,161,190	5,609,195	5,609,195	
Total Employee Benefits	10,040,373	11,092,377	11,092,377	
Total Current	42,663,785	60,116,292	48,775,052	11,341,240
<b>DEBT SERVICE:</b>				
Debt interest:				
Bond anticipation notes		104,646	104,646	
Tax anticipation notes		164,125	164,125	
Total Debt Service		268,771	268,771	
Total Expenditures	42,663,785	60,385,063	49,043,823	11,341,240
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	2,021,688	(14,962,388)	1,319,246	16,281,634
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out:				
Debt service fund	(2,021,688)	(2,075,578)	(2,075,578)	
Capital projects fund		(154,410)	(154,410)	
Issuance of debt			19,193,206	19,193,206
Total Other Financing Sources (Uses)	(2,021,688)	(2,229,988)	16,963,218	19,193,206
<b>Net Change in Fund Balance</b>	<b>\$ -0-</b>	<b>\$ (17,192,376)</b>	18,282,464	<b>\$ 35,474,840</b>
<b>Fund Balance (Deficit) at Beginning of Year</b>			(6,903,134)	
<b>Fund Balance (Deficit) at End of Year</b>			<b>\$ 11,379,330</b>	

**TOWN OF OYSTER BAY**  
**SOLID WASTE DISPOSAL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 22,235,055	\$ 22,219,606	\$ 22,219,607	\$ 1
Total Real Property Taxes	22,235,055	22,219,606	22,219,607	1
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	269,223	284,672	539,234	254,562
Total Other Real Property Tax Items	269,223	284,672	539,234	254,562
<b>DEPARTMENTAL INCOME</b>				
Refuse and garbage charges	9,350,000	10,275,000	8,604,983	(1,670,017)
Total Departmental Income	9,350,000	10,275,000	8,604,983	(1,670,017)
<b>INTERGOVERNMENTAL CHARGES</b>				
Refuse and garbage charges - other governments			8,915	8,915
Total Intergovernmental Charges			8,915	8,915
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Sale of recyclable material	400,000	400,000	325,506	(74,494)
Total Sale of Property and Compensation for Loss	400,000	400,000	325,506	(74,494)
<b>MISCELLANEOUS LOCAL SOURCES</b>				
Premiums on obligations			43,571	43,571
Litigation recovery			2,544,951	2,544,951
Miscellaneous revenue			100	100
Total Miscellaneous Local Sources			2,588,622	2,588,622
<b>STATE AID</b>				
Other	1,000,000	1,000,000	493,000	(507,000)
Total State Aid	1,000,000	1,000,000	493,000	(507,000)
<b>FEDERAL AID</b>				
Other			5,000	5,000
Total Federal Aid			5,000	5,000
Total Revenues	33,254,278	34,179,278	34,784,867	605,589

(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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>HOME AND COMMUNITY SERVICES</b>				
Sanitation	16,911,768	23,606,007	19,000,498	4,605,509
Recycling	9,340,972	9,504,227	9,502,109	2,118
Total Home and Community Services	26,252,740	33,110,234	28,502,607	4,607,627
<b>EMPLOYEE BENEFITS</b>				
State Employee Retirement System	1,178,407	1,323,224	1,323,224	
Social security	643,915	655,584	655,584	
Workers' compensation	352,498	531,321	531,321	
Unemployment benefits	9,000	9,000		9,000
Disability benefits	6,300	6,300		6,300
Hospital, medical and dental	2,000,339	2,660,009	2,654,007	6,002
Total Employee Benefits	4,190,459	5,185,438	5,164,136	21,302
Total Current	30,443,199	38,295,672	33,666,743	4,628,929
<b>DEBT SERVICE:</b>				
Debt interest:				
Bond anticipation notes		66,003	66,003	
Tax anticipation notes		75,750	75,750	
Total Debt Service		141,753	141,753	
Total Expenditures	30,443,199	38,437,425	33,808,496	4,628,929
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	2,811,079	(4,258,147)	976,371	5,234,518
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out:				
Debt service fund	(2,811,079)	(2,328,744)	(2,328,744)	
Capital projects fund		(537,513)	(537,513)	
Issuance of debt			7,526,247	7,526,247
Total Other Financing Sources (Uses)	(2,811,079)	(2,866,257)	4,659,990	7,526,247
<b>Net Change in Fund Balance</b>	<u>\$ -0-</u>	<u>\$ (7,124,404)</u>	5,636,361	<u>\$ 12,760,765</u>
<b>Fund Balance (Deficit) at Beginning of Year</b>			(15,225,687)	
Fund Balance (Deficit) at End of Year			<u>\$ (9,589,326)</u>	

**TOWN OF OYSTER BAY**  
**SCHEDULE OF FUNDING PROGRESS**  
**FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
December 31, 2016

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
2015 *	\$ -0-	\$ 457,330,797	\$ 457,330,797	0.00%	\$ 82,833,196	552.11%
2015	-0-	433,870,709	433,870,709	0.00%	80,812,874	536.88%
2013 **	-0-	411,582,353	411,582,353	0.00%	93,592,829	439.76%
2013	-0-	391,370,351	391,370,351	0.00%	89,519,572	437.19%
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, 2016.

\*\* Projected for the year ended December 31, 2014.

\*\*\* Projected for the year ended December 31, 2012.

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

**TOWN OF OYSTER BAY**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
December 31, 2016

Years Ending December 31,	Contractually Required Contributions	Contributions Recognized by the Plan in Relation to the Contractually Required Contributions	Contribution Deficiency (excess)	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2016	\$ 14,097,142	\$ 11,502,635	\$ 2,594,507	\$ 86,642,362	13.28%
2015	15,112,830	10,327,189	4,785,641	87,297,307	11.83%
2014	16,227,162	9,980,533	6,246,629	81,871,351	12.19%
2013	17,448,825	10,683,465	6,765,360	79,520,605	13.43%
2012	15,808,562	10,354,332	5,454,230	90,863,367	11.40%
2011	12,471,195	8,978,629	3,492,566	89,891,250	9.99%
2010	9,171,197	8,126,858	1,044,339	88,764,270	9.16%
2009	6,559,441	6,559,441	-0-	90,032,402	7.29%
2008	6,754,401	6,754,401	-0-	80,934,845	8.35%
2007	7,248,733	7,070,156	178,577	76,098,491	9.29%

Note: Contribution amounts presented for each year were determined as of December 31<sup>st</sup> with the contractually required contributions based on the amounts invoiced by the New York State Local Retirement System.

**TOWN OF OYSTER BAY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
December 31, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability	0.3241518%	0.3185572%	0.3185572%
Town's proportionate share of the net collective pension liability	\$ 52,027,268	\$ 10,761,642	\$ 14,395,154
Town's covered-employee payroll	\$ 87,987,807	\$ 82,956,655	\$ 79,614,352
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.13%	12.97%	18.08%
Plan fiduciary net position as a percentage of the total pension liability coming from Plan	90.70%	97.90%	97.20%



**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, 2016

	Special Revenue Funds			
	Town Outside Village	Special Grants	Drainage District	Park Districts
<b>ASSETS</b>				
Cash and investments	\$ 2,423	\$ 504,956	\$ 3,602	\$ 21,049
Accounts receivable, net of allowances for doubtful accounts of \$15,284	15,514		10,939	42,564
Due from other funds	4,601,115		2,751,381	5,725,873
State and federal aid receivables		397,220		
Due from other governments				601
Inventory of material and supplies				
Total Assets	<u>\$ 4,619,052</u>	<u>\$ 902,176</u>	<u>\$ 2,765,922</u>	<u>\$ 5,790,087</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 532,615	\$ 114,639	\$ 91,395	\$ 1,699,675
Accrued liabilities	537,600	73,835	168,702	989,469
Due to other funds				
Grant advances		22,512		
Total Liabilities	<u>1,070,215</u>	<u>210,986</u>	<u>260,097</u>	<u>2,689,144</u>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable				
Restricted		691,190		
Assigned	3,548,837		2,505,825	3,100,943
Unassigned				
Total Fund Balances (Deficits)	<u>3,548,837</u>	<u>691,190</u>	<u>2,505,825</u>	<u>3,100,943</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 4,619,052</u>	<u>\$ 902,176</u>	<u>\$ 2,765,922</u>	<u>\$ 5,790,087</u>

Fire Protection Districts	Lighting District	Public Parking District	Water Districts	Total Nonmajor Funds
\$ 13,091	\$ 4,422	\$ 6,711	\$ 24,732	\$ 580,986
	4,647	3,732		77,396
1,099,400	2,822,355			17,000,124
				397,220
	17,935			18,536
	469,583			469,583
<u>\$ 1,112,491</u>	<u>\$ 3,318,942</u>	<u>\$ 10,443</u>	<u>\$ 24,732</u>	<u>\$ 18,543,845</u>
\$ 170,418	\$ 257,483	\$ 106,244		\$ 2,972,469
	95,516	69,602		1,934,724
		1,054,835		1,054,835
				22,512
<u>170,418</u>	<u>352,999</u>	<u>1,230,681</u>		<u>5,984,540</u>
	469,583			469,583
		540,286		1,231,476
942,073	2,496,360		\$ 24,732	12,618,770
		(1,760,524)		(1,760,524)
<u>942,073</u>	<u>2,965,943</u>	<u>(1,220,238)</u>	<u>24,732</u>	<u>12,559,305</u>
<u>\$ 1,112,491</u>	<u>\$ 3,318,942</u>	<u>\$ 10,443</u>	<u>\$ 24,732</u>	<u>\$ 18,543,845</u>

**TOWN OF OYSTER BAY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
Year ended December 31, 2016

		Special Revenue Funds			
		Town Outside Village	Special Grants	Drainage District	Park Districts
<b>REVENUES</b>					
Real property taxes	\$	5,837,028		\$ 4,144,818	\$ 25,721,882
Other real property tax items		259,926		337,823	1,731,561
Departmental income		7,954,831			632,705
Use of money and property		9,512		5,406	11,241
Miscellaneous local sources		26,613	\$ 231,539	368	72,859
State aid					15
Federal aid			3,267,718		
Total Revenues		14,087,910	3,499,257	4,488,415	28,170,263
<b>EXPENDITURES</b>					
Current:					
Public safety		6,863,350			
Transportation					
Economic assistance and opportunity			2,211,186		
Culture and recreation					16,886,189
Home and community services		1,362,010	1,005,776	1,864,631	
Employee benefits		2,992,237	137,276	764,796	5,216,926
Debt Service:					
Interest		51,810		246	95,000
Total Expenditures		11,269,407	3,354,238	2,629,673	22,198,115
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		2,818,503	145,019	1,858,742	5,972,148
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out		(827,247)		(1,432,139)	(5,386,266)
Issuance of debt		401,326			846,825
Total Other Financing Sources (Uses)		(425,921)		(1,432,139)	(4,539,441)
<b>Net Change in Fund Balances</b>		2,392,582	145,019	426,603	1,432,707
<b>Fund Balances (Deficits) at Beginning of Year</b>		1,156,255	546,171	2,079,222	1,668,236
Fund Balances (Deficits) at End of Year	\$	3,548,837	\$ 691,190	\$ 2,505,825	\$ 3,100,943

Fire Protection Districts	Lighting District	Public Parking District	Water Districts	Total Nonmajor Funds
\$ 7,757,216	\$ 4,584,956	\$ 7,585,194		\$ 55,631,094
514,958	332,364	534,782		3,711,414
		719,544	\$ 7,701	9,314,781
651	6,135			32,945
	7,918	3,089		342,386
				15
				3,267,718
8,272,825	4,931,373	8,842,609	7,701	72,300,353
8,136,350				14,999,700
	3,117,579	2,280,811		5,398,390
				2,211,186
				16,886,189
			7,701	4,240,118
	758,226	824,005		10,693,466
	4,248	6,058		157,362
8,136,350	3,880,053	3,110,874	7,701	54,586,411
136,475	1,051,320	5,731,735		17,713,942
	(432,087)	(5,304,785)		(13,382,524)
	457,381	113,510		1,819,042
	25,294	(5,191,275)		(11,563,482)
136,475	1,076,614	540,460		6,150,460
805,598	1,889,329	(1,760,698)	24,732	6,408,845
\$ 942,073	\$ 2,965,943	\$ (1,220,238)	\$ 24,732	\$ 12,559,305

**TOWN OF OYSTER BAY**  
**TOWN OUTSIDE VILLAGE**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 5,992,610	\$ 5,836,757	\$ 5,837,028	\$ 271
Total Real Property Taxes	5,992,610	5,836,757	5,837,028	271
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	100,000	255,853	259,926	4,073
Total Other Real Property Tax Items	100,000	255,853	259,926	4,073
<b>DEPARTMENTAL INCOME</b>				
Building fees	6,750,000	6,750,000	7,649,256	899,256
Zoning board fees	290,000	290,000	295,075	5,075
Planning fees	6,000	6,000	10,500	4,500
Total Departmental Income	7,046,000	7,046,000	7,954,831	908,831
<b>USE OF MONEY AND PROPERTY</b>				
Interest and earnings	4,513	4,513	9,512	4,999
Total Use of Money and Property	4,513	4,513	9,512	4,999
<b>MISCELLANEOUS LOCAL SOURCES</b>				
Refund of prior year expenditures	25,000	25,000		(25,000)
Premiums on obligations			17,817	17,817
Photo processing fee	15,000	15,000	8,796	(6,204)
Total Miscellaneous Local Sources	40,000	40,000	26,613	(13,387)
Total Revenues	13,183,123	13,183,123	14,087,910	904,787

(continued)

**TOWN OF OYSTER BAY**  
**TOWN OUTSIDE VILLAGE**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
<b>EXPENDITURES</b>					
<b>CURRENT:</b>					
<b>PUBLIC SAFETY</b>					
Building	6,747,879	6,879,569	6,470,337	2,841	406,391
Animal warden services	393,013	393,013	393,013		
Total Public Safety	7,140,892	7,272,582	6,863,350	2,841	406,391
<b>CULTURE AND RECREATION</b>					
Memorial day assistance	5,000	5,000			5,000
Total Culture and Recreation	5,000	5,000			5,000
<b>HOME AND COMMUNITY SERVICES</b>					
Board of appeals	395,184	514,118	384,131		129,987
Planning and development - staff	1,374,892	1,411,249	977,879		433,370
Total Home and Community Services	1,770,076	1,925,367	1,362,010		563,357
<b>EMPLOYEE BENEFITS</b>					
State Employee Retirement System	831,989	880,033	839,660		40,373
Social security	454,622	454,622	411,780		42,842
Workers' compensation	84,603	36,692	36,692		
Disability benefits	2,300	2,300			2,300
Unemployment benefits	4,000	4,000			4,000
Hospital, medical and dental	1,967,015	1,711,948	1,704,105		7,843
Total Employee Benefits	3,344,529	3,089,595	2,992,237		97,358
Total Current	12,260,497	12,292,544	11,217,597	2,841	1,072,106
<b>DEBT SERVICE:</b>					
Debt interest:					
Bond anticipation notes		51,810	51,810		
Total Debt Service		51,810	51,810		
Total Expenditures	12,260,497	12,344,354	11,269,407	2,841	1,072,106
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	922,626	838,769	2,818,503	(2,841)	1,976,893
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out:					
Debt service fund	(922,626)	(322,679)	(311,058)		11,621
Capital projects fund		(516,189)	(516,189)		
Issuance of debt			401,326		401,326
Total Other Financing Sources (Uses)	(922,626)	(838,868)	(425,921)		412,947
<b>Net Change in Fund Balance</b>	<u>\$ -0-</u>	<u>\$ (99)</u>	2,392,582	<u>\$ (2,841)</u>	<u>\$ 2,389,840</u>
<b>Fund Balance at Beginning of Year</b>			1,156,255		
Fund Balance at End of Year			<u>\$ 3,548,837</u>		

**TOWN OF OYSTER BAY**  
**DRAINAGE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 4,327,895	\$ 4,144,809	\$ 4,144,818	\$ 9
Total Real Property Taxes	4,327,895	4,144,809	4,144,818	9
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	130,000	313,086	337,823	24,737
Total Other Real Property Tax Items	130,000	313,086	337,823	24,737
<b>USE OF MONEY AND PROPERTY</b>				
Interest and earnings	3,644	3,644	5,406	1,762
Total Use of Money and Property	3,644	3,644	5,406	1,762
<b>MISCELLANEOUS LOCAL SOURCES</b>				
Premiums on obligations			368	368
Total Miscellaneous Local Sources			368	368
Total Revenues	4,461,539	4,461,539	4,488,415	26,876

(continued)



**TOWN OF OYSTER BAY**  
**DRAINAGE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>HOME AND COMMUNITY SERVICES</b>				
Drainage	2,002,895	2,228,701	1,864,631	364,070
Total Home and Community Services	2,002,895	2,228,701	1,864,631	364,070
<b>EMPLOYEE BENEFITS</b>				
State Employee Retirement System	148,518	148,518	144,004	4,514
Social security	81,155	81,155	72,722	8,433
Disability benefits	500	500		500
Workers' compensation	62,194	47,125	47,125	
Hospital, medical and dental	765,518	504,027	500,945	3,082
Unemployment insurance	1,000	1,000		1,000
Total Employee Benefits	1,058,885	782,325	764,796	17,529
Total Current	3,061,780	3,011,026	2,629,427	381,599
<b>DEBT SERVICE:</b>				
Debt interest:				
Bond anticipation notes		246	246	
Total Debt Service		246	246	
Total Expenditures	3,061,780	3,011,272	2,629,673	381,599
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	1,399,759	1,450,267	1,858,742	408,475
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out:				
Debt service fund	(1,399,759)	(1,443,186)	(1,425,058)	18,128
Capital projects fund		(7,081)	(7,081)	
Total Other Financing Sources (Uses)	(1,399,759)	(1,450,267)	(1,432,139)	18,128
<b>Net Change in Fund Balance</b>	\$ -0-	\$ -0-	426,603	\$ 426,603
<b>Fund Balance at Beginning of Year</b>			2,079,222	
<b>Fund Balance at End of Year</b>			<u>\$ 2,505,825</u>	

**TOWN OF OYSTER BAY**  
**PARK DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 26,819,086	\$ 25,721,877	\$ 25,721,882	\$ 5
Total Real Property Taxes	26,819,086	25,721,877	25,721,882	5
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	301,899	1,399,108	1,731,561	332,453
Total Other Real Property Tax Items	301,899	1,399,108	1,731,561	332,453
<b>DEPARTMENTAL INCOME</b>				
Recreational concessions	14,000	14,000	28,000	14,000
Special recreational facility charge	725,000	725,000	604,705	(120,295)
Total Departmental Income	739,000	739,000	632,705	(106,295)
<b>USE OF MONEY AND PROPERTY</b>				
Interest and earnings	263	263	11,241	10,978
Total Use of Money and Property	263	263	11,241	10,978
<b>MISCELLANEOUS LOCAL SOURCES</b>				
Premiums on obligations			62,247	62,247
Miscellaneous revenue			10,612	10,612
Total Miscellaneous Local Sources			72,859	72,859
<b>STATE AID</b>				
Emergency disaster assistance			15	15
Total State Aid			15	15
Total Revenues	27,860,248	27,860,248	28,170,263	310,015

(continued)

**TOWN OF OYSTER BAY**  
**PARK DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
<b>EXPENDITURES</b>					
<b>CURRENT:</b>					
<b>CULTURE AND RECREATION</b>					
Parks, pools and rinks	17,204,557	17,370,973	16,886,189	1,629	483,155
Total Culture and Recreation	17,204,557	17,370,973	16,886,189	1,629	483,155
<b>EMPLOYEE BENEFITS</b>					
State Employee Retirement System	1,206,693	1,362,883	1,360,948		1,935
Social security	718,740	731,896	714,561		17,335
Workers' compensation	296,067	250,012	250,012		
Disability insurance	5,500	5,500			5,500
Unemployment insurance	2,000	2,000			2,000
Hospital, medical and dental	3,198,990	2,910,850	2,891,405		19,445
Total Employee Benefits	5,427,990	5,263,141	5,216,926		46,215
Total Current	22,632,547	22,634,114	22,103,115	1,629	529,370
<b>DEBT SERVICE:</b>					
Debt interest:					
Bond anticipation notes		95,000	95,000		
Total Debt Service		95,000	95,000		
Total Expenditures	22,632,547	22,729,114	22,198,115	1,629	529,370
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	5,227,701	5,131,134	5,972,148	(1,629)	839,385
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out:					
Debt service fund	(5,227,701)	(5,078,354)	(5,078,353)		1
Capital projects fund		(307,913)	(307,913)		
Issuance of Debt		75,673	846,825		771,152
Total Other Financing Sources (Uses)	(5,227,701)	(5,310,594)	(4,539,441)		771,153
<b>Net Change in Fund Balance</b>	\$ -0-	\$ (179,460)	1,432,707	\$ (1,629)	\$ 1,610,538
<b>Fund Balance at Beginning of Year</b>			1,668,236		
Fund Balance at End of Year			\$ 3,100,943		

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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, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 8,147,348	\$ 7,758,653	\$ 7,757,216	\$ (1,437)
Total Real Property Taxes	8,147,348	7,758,653	7,757,216	(1,437)
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	30,524	420,660	514,958	94,298
Total Other Real Property Tax Items	30,524	420,660	514,958	94,298
USE OF MONEY AND PROPERTY				
Interest and earnings			651	651
Total Use of Money and Property			651	651
Total Revenues	8,177,872	8,179,313	8,272,825	93,512
<b>EXPENDITURES</b>				
CURRENT:				
PUBLIC SAFETY				
Fire protection	8,205,482	8,206,923	8,136,350	70,573
Total Public Safety	8,205,482	8,206,923	8,136,350	70,573
Total Expenditures	8,205,482	8,206,923	8,136,350	70,573
<b>Net Change in Fund Balance</b>	<u>\$ (27,610)</u>	<u>\$ (27,610)</u>	136,475	<u>\$ 164,085</u>
<b>Fund Balance at Beginning of Year</b>			805,598	
Fund Balance at End of Year			<u>\$ 942,073</u>	

**TOWN OF OYSTER BAY**  
**LIGHTING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 4,787,827	\$ 4,584,955	\$ 4,584,956	\$ 1
Total Real Property Taxes	4,787,827	4,584,955	4,584,956	1
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	100,000	302,872	332,364	29,492
Total Other Real Property Tax Items	100,000	302,872	332,364	29,492
<b>USE OF MONEY AND PROPERTY</b>				
Interest and earnings	2,000	2,000	6,135	4,135
Total Use of Money and Property	2,000	2,000	6,135	4,135
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Insurance recoveries	8,770	8,770		(8,770)
Total Sale of Property and Compensation for Loss	8,770	8,770		(8,770)
<b>MISCELLANEOUS LOCAL SOURCES</b>				
Premiums on obligations			7,918	7,918
Total Miscellaneous Local Sources			7,918	7,918
Total Revenues	4,898,597	4,898,597	4,931,373	32,776

(continued)

**TOWN OF OYSTER BAY**  
**LIGHTING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>TRANSPORTATION</b>				
Lighting	3,622,874	3,695,364	3,117,579	577,785
Total Transportation	3,622,874	3,695,364	3,117,579	577,785
<b>EMPLOYEE BENEFITS</b>				
State Employee Retirement System	148,541	197,230	197,230	
Social security	81,167	84,648	84,648	
Disability benefits	200	200		200
Workers' compensation	49,060	3,597	3,597	
Hospital, medical and dental	626,428	473,084	472,751	333
Unemployment benefits	1,000	1,000		1,000
Total Employee Benefits	906,396	759,759	758,226	1,533
Total Current	4,529,270	4,455,123	3,875,805	579,318
<b>DEBT SERVICE:</b>				
Debt interest:				
Bond anticipation notes		4,248	4,248	
Total Debt Service		4,248	4,248	
Total Expenditures	4,529,270	4,459,371	3,880,053	579,318
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	369,327	439,226	1,051,320	612,094
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out:				
Debt service fund	(369,327)	(369,327)	(360,416)	8,911
Capital projects fund		(71,671)	(71,671)	
Issuance of debt			457,381	457,381
Total Other Financing Sources (Uses)	(369,327)	(440,998)	25,294	466,292
<b>Net Change in Fund Balance</b>	\$ -0-	\$ (1,772)	1,076,614	\$ 1,078,386
<b>Fund Balance at Beginning of Year</b>			1,889,329	
<b>Fund Balance at End of Year</b>			<u>\$ 2,965,943</u>	

**TOWN OF OYSTER BAY**  
**PUBLIC PARKING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
<b>REAL PROPERTY TAXES</b>				
Ad valorem taxes	\$ 7,920,098	\$ 7,585,194	\$ 7,585,194	
Total Real Property Taxes	7,920,098	7,585,194	7,585,194	
<b>OTHER REAL PROPERTY TAX ITEMS</b>				
Payment in lieu of taxes	99,686	434,590	534,782	\$ 100,192
Total Other Real Property Tax Items	99,686	434,590	534,782	100,192
<b>DEPARTMENTAL INCOME</b>				
Parking permits	650,000	650,000	706,206	56,206
Parking meter fees	30,000	30,000	13,338	(16,662)
Total Departmental Income	680,000	680,000	719,544	39,544
<b>MISCELLANEOUS LOCAL SOURCES</b>				
Premiums on obligations			3,089	3,089
Total Miscellaneous Local Sources			3,089	3,089
Total Revenues	8,699,784	8,699,784	8,842,609	142,825

(continued)



**TOWN OF OYSTER BAY**  
**PUBLIC PARKING DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>TRANSPORTATION</b>				
Parking	2,448,572	2,492,130	2,280,811	211,319
Total Transportation	2,448,572	2,492,130	2,280,811	211,319
<b>EMPLOYEE BENEFITS</b>				
State Employee Retirement System	120,823	143,901	143,901	
Social security	66,021	66,021	60,522	5,499
Workers compensation	77,842	88,133	88,133	
Disability benefits	1,000	1,000		1,000
Unemployment benefits	1,000	1,000		1,000
Hospital, medical and dental	730,002	538,205	531,449	6,756
Total Employee Benefits	996,688	838,260	824,005	14,255
Total Current	3,445,260	3,330,390	3,104,816	225,574
<b>DEBT SERVICE:</b>				
Debt interest:				
Bond anticipation notes		6,058	6,058	
Total Debt Service		6,058	6,058	
Total Expenditures	3,445,260	3,336,448	3,110,874	225,574
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	5,254,524	5,363,336	5,731,735	368,399
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out:				
Debt service fund	(5,254,524)	(5,250,423)	(5,190,727)	59,696
Capital projects fund		(114,058)	(114,058)	
Issuance of debt			113,510	113,510
Total Other Financing Sources (Uses)	(5,254,524)	(5,364,481)	(5,191,275)	173,206
<b>Net Change in Fund Balance</b>	\$ -0-	\$ (1,145)	540,460	\$ 541,605
<b>Fund Balance (Deficit) at Beginning of Year</b>			(1,760,698)	
<b>Fund Balance (Deficit) at End of Year</b>			<u>\$ (1,220,238)</u>	

**TOWN OF OYSTER BAY**  
**WATER DISTRICTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
DEPARTMENTAL INCOME				
Water rental arrears		\$ 7,701	\$ 7,701	
Total Departmental Income		7,701	7,701	
Total Revenues		7,701	7,701	
<b>EXPENDITURES</b>				
CURRENT:				
HOME AND COMMUNITY SERVICES				
Water		7,701	7,701	
Total Home and Community Services		7,701	7,701	
Total Expenditures		7,701	7,701	
<b>Net Change in Fund Balance</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>-0-</b>	<b>\$ -0-</b>
<b>Fund Balance at Beginning of Year</b>			24,732	
Fund Balance at End of Year			<b>\$ 24,732</b>	

**TOWN OF OYSTER BAY**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
Year ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
USE OF MONEY AND PROPERTY				
Interest and earnings			\$ 95,013	\$ 95,013
Total Use of Money and Property			95,013	95,013
MISCELLANEOUS LOCAL SOURCES				
Premiums on bond anticipation notes			269,190	269,190
Total Miscellaneous Local Sources			269,190	269,190
Total Revenues			364,203	364,203
<b>EXPENDITURES</b>				
CURRENT:				
GENERAL GOVERNMENT SUPPORT				
Fiscal agent fees	\$ 90,000	\$ 315,702	305,702	10,000
Total General Government Support	90,000	315,702	305,702	10,000
Total Current	90,000	315,702	305,702	10,000
DEBT SERVICE:				
Debt principal:				
Serial bonds	59,354,775	59,060,158	53,513,713	5,546,445
Debt interest:				
Serial bonds	22,274,840	22,297,967	20,709,168	1,588,799
Total Debt Service	81,629,615	81,358,125	74,222,881	7,135,244
Total Expenditures	81,719,615	81,673,827	74,528,583	7,145,244
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(81,719,615)	(81,673,827)	(74,164,380)	7,509,447
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Other funds	81,719,615	81,719,615	74,528,583	(7,191,032)
Total Other Financing Sources (Uses)	81,719,615	81,719,615	74,528,583	(7,191,032)
<b>Net Change in Fund Balance</b>	\$ -0-	\$ 45,788	364,203	\$ 318,415
<b>Fund Balance at Beginning of Year</b>			1,764,668	
<b>Fund Balance at End of Year</b>			<u>\$ 2,128,871</u>	

**TOWN OF OYSTER BAY**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**December 31, 2016**

	Town Agency Fund	Town Clerk Agency Fund	Town Receiver of Taxes Agency Fund	Total Agency Funds
<b>ASSETS</b>				
Cash	\$ 10,914,941	\$ 30,851	\$ 66,766,417	\$ 77,712,209
Total Assets	<u>\$ 10,914,941</u>	<u>\$ 30,851</u>	<u>\$ 66,766,417</u>	<u>\$ 77,712,209</u>
<b>LIABILITIES</b>				
Due to the Comptroller of the State of New York		\$ 30		\$ 30
Due to the Department of Environmental Conservation of the State of New York		450		450
Due to the Department of Health of the State of New York		1,283		1,283
Due to the Department of Agriculture and Markets of the State of New York		127		127
Due to school districts			\$ 66,392,700	66,392,700
Due to component units	\$ 8,321,723			8,321,723
Other agency liabilities	<u>2,593,218</u>	<u>28,961</u>	<u>373,717</u>	<u>2,995,896</u>
Total Liabilities	<u>\$ 10,914,941</u>	<u>\$ 30,851</u>	<u>\$ 66,766,417</u>	<u>\$ 77,712,209</u>

**TOWN OF OYSTER BAY**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES**  
**Year ended December 31, 2016**

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
<b>ASSETS</b>				
<b>Town Agency Funds</b>				
Cash	\$ 14,375,232	\$ 166,698,425	\$ 170,158,716	\$ 10,914,941
Due from component units	873,939		873,939	
Total Assets - Town Agency Funds	15,249,171	166,698,425	171,032,655	10,914,941
<b>Town Clerk Agency Funds</b>				
Cash	35,175	636,343	640,667	30,851
Total Assets - Town Clerk Agency Funds	35,175	636,343	640,667	30,851
<b>Town Receiver of Taxes Agency Funds</b>				
Cash	62,493,127	1,545,869,191	1,541,595,901	66,766,417
Taxes Agency Funds	62,493,127	1,545,869,191	1,541,595,901	66,766,417
Total Assets	\$ 77,777,473	\$ 1,713,203,959	\$ 1,713,269,223	\$ 77,712,209
<b>LIABILITIES</b>				
<b>Town Agency Funds</b>				
Consolidated payroll		\$ 100,553,922	\$ 100,553,922	
Due to component units	\$ 12,891,543	30,602,339	35,172,159	\$ 8,321,723
Other agency liabilities	2,357,628	35,542,164	35,306,574	2,593,218
Total Liabilities - Town Agency Funds	15,249,171	166,698,425	171,032,655	10,914,941
<b>Town Clerk Agency Funds</b>				
Due to the Comptroller of the State of New York	75	810	855	30
Due to the Department of Environmental Conservation of the State of New York	420	30,147	30,117	450
Due to the Department of Health of the State of New York	1,395	27,112	27,224	1,283
Due to the Department of Agriculture and Markets of the State of New York	137	1,893	1,903	127
Other agency liabilities	33,148	576,381	580,568	28,961
Total Liabilities - Town Clerk Agency Funds	35,175	636,343	640,667	30,851
<b>Town Receiver of Taxes Agency Funds</b>				
Due to school districts	61,844,443	1,022,463,612	1,017,915,355	66,392,700
Due to the Treasurer of Nassau County	176,191	222,844,526	223,020,717	
Other agency liabilities	472,493	300,561,053	300,659,829	373,717
Total Liabilities - Town Receiver of Taxes Agency Funds	62,493,127	1,545,869,191	1,541,595,901	66,766,417
Total Liabilities	\$ 77,777,473	\$ 1,713,203,959	\$ 1,713,269,223	\$ 77,712,209

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**DISCRETELY PRESENTED NONMAJOR  
COMPONENT UNITS**

The nonmajor 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, 2016

	Massapequa Water District	Plainview Water District	Hicksville Water District	Locust Valley Water District
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and investments	\$ 2,480,012	\$ 5,005,004	\$20,748,283	\$ 1,016,392
Accounts receivable, net of allowance for doubtful accounts	2,567,372	1,013,567	755,203	519,891
Due from other governments		151,429	174,908	90,599
Due from primary government	68,309	66,679	88,499	1,715,507
Other assets				
Inventory of materials and supplies		112,963	13,114	107,613
Prepaid items	55,346	175,096	113,507	157,218
Total Current Assets	5,171,039	6,524,738	21,893,514	3,607,220
<b>Non-Current Assets:</b>				
Non-depreciable capital assets	5,988,769	302,792	10,757,831	1,953,014
Depreciable capital assets, net of depreciation	10,354,791	29,364,037	21,435,497	11,922,582
Total Non-Current Assets	16,343,560	29,666,829	32,193,328	13,875,596
<b>Total Assets</b>	<b>21,514,599</b>	<b>36,191,567</b>	<b>54,086,842</b>	<b>17,482,816</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refundings				
Pensions	1,043,224	1,208,756	1,000,359	432,692
<b>Total Deferred Outflows of Resources</b>	<b>1,043,224</b>	<b>1,208,756</b>	<b>1,000,359</b>	<b>432,692</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	175,287	638,459	2,032,556	186,964
Accrued liabilities		152,423	11,554	
Accrued interest payable	57,257	215,998	34,924	
Bond anticipation notes payable				5,700,000
Due to other governments				50,984
Due to primary government	406,316	268,826		1,706,568
Unearned income	37,201			72,000
Other liabilities	12,524			15,000
Non-current liabilities due within one year				
General obligation bonds payable	437,550	1,355,832		254,000
Compensated absences		39,431	136,645	
Other debt			865,000	
Total Current Liabilities	1,126,135	2,670,969	3,080,679	7,985,516
<b>Non-Current Liabilities:</b>				
General obligation bonds payable	3,758,151	15,077,212		4,002,389
Compensated absences	347,596	195,700	505,994	306,142
Other postemployment benefits payable	3,926,034	3,669,142	4,455,178	1,132,804
Net pension liability - proportionate share	1,014,114	1,143,753	721,305	357,342
Other debt			9,925,000	
Total Non-Current Liabilities	9,045,895	20,085,807	15,607,477	5,798,677
<b>Total Liabilities</b>	<b>10,172,030</b>	<b>22,756,776</b>	<b>18,688,156</b>	<b>13,784,193</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Gain on refunding	30,306			
Pensions	198,454	141,882	85,499	43,924
<b>Total Deferred Inflows of Resources</b>	<b>228,760</b>	<b>141,882</b>	<b>85,499</b>	<b>43,924</b>
<b>NET POSITION</b>				
Net investment in capital assets	12,117,553	13,233,785	25,951,713	3,904,207
Restricted	1,518,344	2,208,701	7,581,369	549,223
Unrestricted	(1,478,864)	(940,821)	2,780,464	(366,039)
<b>Total Net Position</b>	<b>\$12,157,033</b>	<b>\$14,501,665</b>	<b>\$36,313,546</b>	<b>\$ 4,087,391</b>



Oyster Bay Water District	Jericho Water District	South Farmingdale Water District	Bethpage Water District	Syosset Sanitation District	Oyster Bay Sewer District	Glenwood- Glenhead Garbage District	Totals
\$ 2,016,611	\$ 10,133,014	\$ 9,806,986	\$ 4,613,094	\$ 352,891	\$ 1,014,960	\$ 168,703	\$ 57,355,950
357,454	2,252,860	1,263,083	869,447	52			9,598,877
			703,949				1,120,937
187,220	3,309,771	1,513,404	1,228,422		143,912		8,321,723
						700	700
40,365	277,678	7,865	127,500				687,098
22,687	303,694	75,600	85,452		106,190		1,094,790
2,624,337	16,277,017	12,666,938	7,627,864	352,943	1,265,062	169,403	78,180,075
162,145	1,323,280	320,309	19,092,277		409,621		40,310,038
11,044,827	24,145,425	29,791,606	25,490,457		12,544,775		176,093,997
11,206,972	25,468,705	30,111,915	44,582,734		12,954,396		216,404,035
13,831,309	41,745,722	42,778,853	52,210,598	352,943	14,219,458	169,403	294,584,110
					92,657		92,657
372,094	1,340,666	1,021,320	790,239		1,109,160		8,318,510
372,094	1,340,666	1,021,320	790,239		1,201,817		8,411,167
2,157	1,011,385	817,200	1,133,419		174,128	74,690	6,246,245
50,931	46,929	58,736	30,962		47,543		399,078
36,089	139,150	160,306	155,354		39,603		838,681
	3,000,000	1,285,000	8,311,312				18,296,312
							50,984
1,876,500		4,054,411	4,227,619				12,540,240
							109,201
35,645	500,644	350	48,728		14,049		626,940
319,296	349,000	861,286	724,300		366,736		4,668,000
11,479	46,257	39,339	11,719		103,217		388,087
							865,000
2,332,097	5,093,365	7,276,628	14,643,413		745,276	74,690	45,028,768
2,550,290	5,634,000	10,789,930	10,629,800		2,206,718		54,648,490
218,099	878,875	747,451	184,211		337,012		3,721,080
1,347,512	4,738,126	3,076,282	2,466,244		4,161,845		28,973,167
351,492	1,250,163	923,023	758,048		973,833		7,493,073
							9,925,000
4,467,393	12,501,164	15,536,686	14,038,303		7,679,408		104,760,810
6,799,490	17,594,529	22,813,314	28,681,716		8,424,684	74,690	149,789,578
			123,887				154,193
65,307	148,478	125,257			115,432		924,233
65,307	148,478	125,257	123,887		115,432		1,078,426
6,582,205	19,767,085	14,049,687	24,917,322		10,281,469		130,805,026
1,141,555	5,067,726	4,618,671	4,317,002				27,002,591
(385,154)	508,570	2,193,244	(5,039,090)	352,943	(3,400,310)	94,713	(5,680,344)
\$ 7,338,606	\$ 25,343,381	\$ 20,861,602	\$ 24,195,234	\$ 352,943	\$ 6,881,159	\$ 94,713	\$ 152,127,273

**TOWN OF OYSTER BAY**  
**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS**  
**COMBINING STATEMENT OF ACTIVITIES**  
Year ended December 31, 2016

	Massapequa Water District	Plainview Water District	Hicksville Water District	Locust Valley Water District
<b>EXPENSES</b>				
Current:				
Home and community services	\$ 5,527,624	\$ 7,372,992	\$ 7,723,871	\$ 2,827,555
Total Expenses	<u>5,527,624</u>	<u>7,372,992</u>	<u>7,723,871</u>	<u>2,827,555</u>
<b>PROGRAM REVENUES</b>				
Charges for services	3,914,220	4,508,385	3,094,457	1,975,356
Total Program Revenues	<u>3,914,220</u>	<u>4,508,385</u>	<u>3,094,457</u>	<u>1,975,356</u>
Net Expenses	<u>(1,613,404)</u>	<u>(2,864,607)</u>	<u>(4,629,414)</u>	<u>(852,199)</u>
<b>GENERAL REVENUES</b>				
Real property taxes	1,910,182	3,824,222	4,497,351	573,892
Other real property tax items	135,987	154,482	463,600	
Use of money and property - interest and earnings	2,236	15,400	5,609	12,276
Sales of property and compensation for loss		9,042	75,470	
Miscellaneous local sources	250,009		389,037	260,204
Total General Revenues	<u>2,298,414</u>	<u>4,003,146</u>	<u>5,431,067</u>	<u>846,372</u>
Changes in Net Position	<u>685,010</u>	<u>1,138,539</u>	<u>801,653</u>	<u>(5,827)</u>
Net Position at Beginning of Year	11,645,622	13,363,126	35,511,893	4,093,218
Prior Period Adjustment (See Note 6)	<u>(173,599)</u>			
Net Position at Beginning of Year, as restated	<u>11,472,023</u>	<u>13,363,126</u>	<u>35,511,893</u>	<u>4,093,218</u>
Net Position at End of Year	<u>\$ 12,157,033</u>	<u>\$ 14,501,665</u>	<u>\$ 36,313,546</u>	<u>\$ 4,087,391</u>

Oyster Bay Water District	Jericho Water District	South Farmingdale Water District	Bethpage Water District	Syosset Sanitation District	Oyster Bay Sewer District	Glenwood- Glenhead Garbage District	Totals
\$ 2,319,863	\$ 10,014,010	\$ 7,154,769	\$ 6,375,124	\$ 516,114	\$ 4,850,397	\$ 1,162,589	\$ 55,844,908
2,319,863	10,014,010	7,154,769	6,375,124	516,114	4,850,397	1,162,589	55,844,908
1,034,004	8,867,785	3,930,425	2,265,275		578,872		30,168,779
1,034,004	8,867,785	3,930,425	2,265,275		578,872		30,168,779
(1,285,859)	(1,146,225)	(3,224,344)	(4,109,849)	(516,114)	(4,271,525)	(1,162,589)	(25,676,129)
868,511	1,141,232	1,835,549	3,265,693	585,214	3,582,510	1,034,404	23,118,760
73,598		50,965	330,570		287,135	31,350	1,527,687
1,407	18,901	16,396	21,078		2,413	125	95,841
	283,804	37,694	24,082		14,500		444,592
421,458	89,131	365,627	972,438		31,447		2,779,351
1,364,974	1,533,068	2,306,231	4,613,861	585,214	3,918,005	1,065,879	27,966,231
79,115	386,843	(918,113)	504,012	69,100	(353,520)	(96,710)	2,290,102
7,259,491	24,956,538	21,779,715	23,691,222	283,843	7,234,679	191,423	150,010,770
							(173,599)
7,259,491	24,956,538	21,779,715	23,691,222	283,843	7,234,679	191,423	149,837,171
\$ 7,338,606	\$ 25,343,381	\$ 20,861,602	\$ 24,195,234	\$ 352,943	\$ 6,881,159	\$ 94,713	\$ 152,127,273

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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 Town's financial performance and well-being have changed over time.

139-146

#### **Revenue Capacity**

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

147-152

#### **Debt Capacity**

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

153-156

#### **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.

157-158

#### **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.

160-164

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

Year Ended December 31,	2016	2015 <sup>1</sup>	2014	2013	2012
Primary government					
Governmental activities					
Net position					
Net investment					
in capital assets	\$ 56,626,377	\$ 41,720,284	\$ 39,210,064	\$ 32,343,595	\$ 26,762,896
Restricted	3,360,347	2,849,979	1,808,763	1,201,964	1,276,840
Unrestricted (deficit)	<u>(386,918,773)</u>	<u>(351,779,423)</u>	<u>(313,071,481)</u>	<u>(263,390,501)</u>	<u>(231,457,703)</u>
Total primary government					
net position	<u><u>\$(326,932,049)</u></u>	<u><u>\$(307,209,160)</u></u>	<u><u>\$(272,052,654)</u></u>	<u><u>\$(229,844,942)</u></u>	<u><u>\$(203,417,967)</u></u>

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

Note <sup>1</sup> Amounts for 2015 were restated to show the effect of the prior period adjustment and certain reclassifications were made to conform with the current year presentation.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 24,260,496	\$ 24,709,247	\$ 29,999,229	\$ 39,411,317	\$ 43,046,627
2,026,619	659,882	4,077,987	4,695,733	6,784,573
<u>(176,918,159)</u>	<u>(142,604,599)</u>	<u>(101,048,213)</u>	<u>(76,760,000)</u>	<u>(55,802,910)</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>	<u><u>\$ (5,971,710)</u></u>

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

Year Ended December 31,	2016	2015 <sup>1</sup>	2014	2013	2012
<b>Expenses</b>					
Governmental activities:					
General government support	\$ 35,572,625	\$ 37,483,953	\$ 38,162,097	\$ 36,575,649	\$ 32,796,871
Public safety	28,898,107	29,462,383	28,286,861	29,134,180	27,821,478
Transportation	60,479,881	59,896,037	62,982,460	68,083,600	71,035,386
Economic assistance and opportunity	3,391,651	4,041,854	4,192,597	4,035,988	4,039,287
Culture and recreation	71,781,695	70,411,344	66,674,609	71,386,725	70,617,267
Home and community service	84,826,153	89,199,268	86,904,193	93,926,958	85,793,941
Interest on debt	25,706,555	25,301,881	24,225,844	22,180,971	21,318,102
Total governmental activities expenses	<u>310,656,667</u>	<u>315,796,720</u>	<u>311,428,661</u>	<u>325,324,071</u>	<u>313,422,332</u>
Total primary government expenses	<u>\$ 310,656,667</u>	<u>\$ 315,796,720</u>	<u>\$ 311,428,661</u>	<u>\$ 325,324,071</u>	<u>\$ 313,422,332</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government support	\$ 1,865,841	\$ 1,286,612	\$ 1,136,556	\$ 1,229,235	\$ 1,003,364
Public safety	7,799,239	6,697,956	6,024,901	6,354,468	4,564,537
Transportation	1,921,218	1,899,617	2,922,521	2,029,540	2,285,793
Culture and recreation	5,844,405	6,175,419	6,230,650	6,307,093	6,586,215
Home and community service	768,665	984,528	830,167	794,692	899,181
Operating grants and contributions	3,988,225	4,535,703	10,777,160	15,217,357	18,126,195
Capital grants and contributions	2,815,071	2,465,139	4,522,687	10,328,219	5,666,110
Total governmental activities program revenues	<u>25,002,664</u>	<u>24,044,974</u>	<u>32,444,642</u>	<u>42,260,604</u>	<u>39,131,395</u>
Total primary government program revenues	<u>\$ 25,002,664</u>	<u>\$ 24,044,974</u>	<u>\$ 32,444,642</u>	<u>\$ 42,260,604</u>	<u>\$ 39,131,395</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	<u>\$ (285,654,003)</u>	<u>\$ (291,751,746)</u>	<u>\$ (278,984,019)</u>	<u>\$ (283,063,467)</u>	<u>\$ (274,290,937)</u>
Total primary government net expense	<u>\$ (285,654,003)</u>	<u>\$ (291,751,746)</u>	<u>\$ (278,984,019)</u>	<u>\$ (283,063,467)</u>	<u>\$ (274,290,937)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental activities:					
Real property taxes	\$ 210,988,363	\$ 215,667,149	\$ 198,080,058	\$ 182,180,760	\$ 175,579,664
Other real property tax items	10,129,678	4,993,937	3,678,417	3,390,556	3,197,633
Non-property tax items	5,680,869	5,308,648	5,112,339	4,863,692	4,696,524
Interest earnings	236,536	218,014	181,680	246,628	147,906
Local government assistance - unrestricted	14,556,122	14,258,755	13,942,484	14,680,867	13,733,876
State aid - unrestricted	13,679,895	12,311,610	10,327,711	11,883,093	11,184,538
Other	10,659,651	3,837,127	8,005,579	10,062,430	12,963,873
Special item				30,025,000	
Total primary government government general revenues/other	<u>265,931,114</u>	<u>256,595,240</u>	<u>239,328,268</u>	<u>257,333,026</u>	<u>221,504,014</u>
Total primary government	<u>\$ 265,931,114</u>	<u>\$ 256,595,240</u>	<u>\$ 239,328,268</u>	<u>\$ 257,333,026</u>	<u>\$ 221,504,014</u>
<b>Change in Net Position</b>					
Governmental activities	<u>\$ (19,722,889)</u>	<u>\$ (35,156,506)</u>	<u>\$ (39,655,751)</u>	<u>\$ (25,730,441)</u>	<u>\$ (52,786,923)</u>
Total primary government	<u>\$ (19,722,889)</u>	<u>\$ (35,156,506)</u>	<u>\$ (39,655,751)</u>	<u>\$ (25,730,441)</u>	<u>\$ (52,786,923)</u>

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

Note <sup>1</sup> Amounts for 2015 were restated to show the effect of the prior period adjustment and certain reclassifications were made to conform with the current year presentation.



2011	2010	2009	2008	2007
\$ 23,979,446	\$ 32,283,214	\$ 30,938,595	\$ 29,280,974	\$ 27,452,248
26,314,669	24,145,307	22,853,502	22,823,530	20,140,332
56,829,279	51,102,059	48,780,746	42,706,899	43,848,773
3,952,952	5,214,244	4,671,721	4,079,454	4,720,246
67,279,441	66,858,706	56,125,780	48,896,676	46,014,635
85,314,148	85,680,187	81,279,479	83,861,818	79,888,664
18,275,637	14,948,060	13,940,075	14,877,375	13,813,969
<u>281,945,572</u>	<u>280,231,777</u>	<u>258,589,898</u>	<u>246,526,726</u>	<u>235,878,867</u>
<u>\$ 281,945,572</u>	<u>\$ 280,231,777</u>	<u>\$ 258,589,898</u>	<u>\$ 246,526,726</u>	<u>\$ 235,878,867</u>

\$ 984,923	\$ 1,038,276	\$ 877,821	\$ 877,878	\$ 894,824
4,067,938	4,271,347	4,439,212	5,943,056	5,732,243
1,768,986	2,017,458	1,878,588	1,850,408	1,057,918
6,002,337	6,122,679	5,586,432	4,617,488	4,418,814
581,858	692,256	819,174	2,539,520	1,172,034
8,156,683	7,838,502	8,155,922	4,879,810	5,981,451
10,661,138	3,815,966	1,465,316	3,435,216	3,653,824
<u>32,223,863</u>	<u>25,796,484</u>	<u>23,222,465</u>	<u>24,143,376</u>	<u>22,911,108</u>
<u>\$ 32,223,863</u>	<u>\$ 25,796,484</u>	<u>\$ 23,222,465</u>	<u>\$ 24,143,376</u>	<u>\$ 22,911,108</u>

<u>\$ (249,721,709)</u>	<u>\$ (254,435,293)</u>	<u>\$ (235,367,433)</u>	<u>\$ (222,383,350)</u>	<u>\$ (212,967,759)</u>
<u>\$ (249,721,709)</u>	<u>\$ (254,435,293)</u>	<u>\$ (235,367,433)</u>	<u>\$ (222,383,350)</u>	<u>\$ (212,967,759)</u>

\$ 175,265,000	\$ 166,258,122	\$ 166,273,638	\$ 154,966,262	\$ 141,561,626
3,128,447	2,821,830	2,244,124	2,085,320	2,811,308
4,617,396	4,437,509	4,038,122	3,738,181	3,584,094
283,646	389,697	831,303	2,319,018	3,975,611
13,144,675	13,331,035	12,465,539	13,903,412	13,341,427
10,201,720	10,762,780	11,800,490	13,655,882	21,770,758
9,685,251	6,169,847	3,396,170	5,034,035	2,443,782
<u>216,326,135</u>	<u>204,170,820</u>	<u>201,049,386</u>	<u>195,702,110</u>	<u>189,488,606</u>
<u>\$ 216,326,135</u>	<u>\$ 204,170,820</u>	<u>\$ 201,049,386</u>	<u>\$ 195,702,110</u>	<u>\$ 189,488,606</u>
<u>\$ (33,395,574)</u>	<u>\$ (50,264,473)</u>	<u>\$ (34,318,047)</u>	<u>\$ (26,681,240)</u>	<u>\$ (23,479,153)</u>
<u>\$ (33,395,574)</u>	<u>\$ (50,264,473)</u>	<u>\$ (34,318,047)</u>	<u>\$ (26,681,240)</u>	<u>\$ (23,479,153)</u>

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

Year Ended December 31,	2016	2015 <sup>2</sup>	2014	2013	2012
General Fund					
Reserved					
Unreserved					
Nonspendable	\$ 5,629,349	\$ 9,209,971	\$ 11,909,423	\$ 4,678,333	\$ 3,387,516
Unassigned	<u>(45,583,563)</u>	<u>(37,054,024)</u>	<u>(29,416,588)</u>	<u>(3,168,285)</u>	<u>(10,299,540)</u>
Total General Fund	<u>\$ (39,954,214)</u>	<u>\$ (27,844,053)</u>	<u>\$ (17,507,165)</u>	<u>\$ 1,510,048</u>	<u>\$ (6,912,024)</u>
All other governmental funds					
Reserved					
Unreserved, reported in:					
Special Revenue Funds					
Capital Projects Fund					
Nonspendable	\$ 1,300,742	\$ 1,259,729	\$ 1,530,435	\$ 1,734,984	\$ 1,721,425
Restricted	3,360,347	2,849,979	1,808,763	1,201,964	1,276,840
Assigned	23,998,100	7,023,559	3,729,857	5,633,333	6,680,117
Unassigned	<u>(99,540,123)</u>	<u>(109,470,762)</u>	<u>(80,437,628)</u>	<u>(310,460,120)</u>	<u>(366,641,459)</u>
Total all other governmental funds	<u>\$ (70,880,934)</u>	<u>\$ (98,337,495)</u>	<u>\$ (73,368,573)</u>	<u>\$ (301,889,839)</u>	<u>\$ (356,963,077)</u>

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

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

<sup>2</sup>Amounts for 2015 were restated to show the effect of the prior period adjustment and certain reclassifications were made to conform with the current year presentation.

2011 <sup>1</sup>	2010	2009	2008	2007
	\$ 1,708,530	\$ 1,919,359	\$ 1,700,529	\$ 1,644,976
	374,746	6,279,485	11,645,425	14,671,147
\$ 4,292,202				
(5,422,383)				
<u>\$ (1,130,181)</u>	<u>\$ 2,083,276</u>	<u>\$ 8,198,844</u>	<u>\$ 13,345,954</u>	<u>\$ 16,316,123</u>
	\$ 33,306,988	\$ 75,490,973	\$ 58,854,255	\$ 36,328,089
	6,665,244	7,444,464	13,839,236	5,590,942
	(281,933,862)	(336,440,020)	(231,148,619)	(133,639,662)
\$ 1,635,674				
2,026,619				
14,100,368				
(298,511,328)				
<u>\$ (280,748,667)</u>	<u>\$ (241,961,630)</u>	<u>\$ (253,504,583)</u>	<u>\$ (158,455,128)</u>	<u>\$ (91,720,631)</u>

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

Year Ended December 31,	2016	2015 <sup>1</sup>	2014	2013	2012
<b>Revenues</b>					
Real property taxes	\$ 210,988,363	\$ 215,667,149	\$ 198,080,058	\$ 182,180,760	\$ 175,579,664
Other real property tax items	10,129,678	4,993,937	3,678,417	3,390,556	3,197,633
Non-property tax items	5,680,869	5,308,648	5,112,339	4,863,692	4,696,524
Departmental income	24,191,587	22,938,738	22,978,529	23,120,124	22,079,123
Intergovernmental charges	14,579,184	14,402,785	13,973,877	14,718,216	13,942,518
Use of money and property	1,063,225	852,443	777,031	824,353	603,056
License and permits	317,165	233,344	296,652	205,178	174,475
Fines and forfeitures	583,553	640,896	1,027,489	666,753	746,224
Sale of property and compensation for loss	736,829	933,986	468,532	905,960	1,606,331
Miscellaneous and local sources	10,059,186	3,092,399	7,774,106	9,770,228	1,803,732
Interfund revenues	30,090,695	29,596,471	29,949,479	28,423,597	29,876,012
State aid	16,077,219	14,775,547	17,497,657	14,987,030	13,608,089
Federal aid	4,418,132	4,179,376	7,744,354	22,354,741	21,139,005
<b>Total revenues</b>	<b>328,915,685</b>	<b>317,615,719</b>	<b>309,358,520</b>	<b>306,411,188</b>	<b>289,052,386</b>
<b>Expenditures</b>					
<b>Current:</b>					
General government support	40,670,837	38,037,078	39,420,479	37,984,142	39,712,264
Public safety	20,707,244	21,009,794	20,595,032	19,778,269	20,167,997
Transportation	24,515,940	24,686,666	26,210,566	31,523,700	36,926,372
Economic assistance and opportunity	2,531,011	2,916,303	3,366,498	2,812,692	3,184,421
Culture and recreation	34,741,523	33,427,561	32,963,253	32,362,259	35,638,463
Home and community service	73,109,702	65,812,654	69,396,713	66,628,449	68,441,125
Employee benefits	59,065,008	55,838,958	54,412,698	53,452,014	51,210,979
Capital outlay	15,949,008	35,133,901	57,144,686	84,324,592	78,651,835
<b>Debt Service:</b>					
Principal	53,633,058	50,506,321	38,231,954	30,680,747	31,355,462
Interest	23,345,634	25,552,293	23,805,275	21,958,366	20,754,691
Bond issuance costs			355,604		
Advanced refunding escrow			3,622,850		
<b>Total expenditures</b>	<b>348,268,965</b>	<b>352,921,529</b>	<b>369,525,608</b>	<b>381,505,230</b>	<b>386,043,609</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(19,353,280)</b>	<b>(35,305,810)</b>	<b>(60,167,088)</b>	<b>(75,094,042)</b>	<b>(96,991,223)</b>
<b>Other financing sources (uses)</b>					
Transfers in	84,814,895	77,120,806	75,101,560	55,504,247	52,917,281
Transfers out	(84,814,895)	(77,120,806)	(75,101,560)	(55,504,247)	(52,917,281)
Issuance of debt	34,350,000		264,175,000	107,056,379	7,500,000
Premiums on obligations			8,649,587	1,507,973	7,494,970
Refunding bond issued			66,224,563		
Payment to refunded bond escrow agent			(70,152,185)		
Capital lease	349,680				
<b>Total other financing sources (uses)</b>	<b>34,699,680</b>	<b>-0-</b>	<b>268,896,965</b>	<b>108,564,352</b>	<b>14,994,970</b>
<b>Special item</b>				<b>30,025,000</b>	
<b>Net change in fund balances</b>	<b>\$ 15,346,400</b>	<b>\$ (35,305,810)</b>	<b>\$ 208,729,877</b>	<b>\$ 63,495,310</b>	<b>\$ (81,996,253)</b>
Debt service as a percentage of noncapital expenditures	23.14%	24.23%	20.84%	17.57%	16.94%

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

Note: <sup>1</sup>Amounts for 2015 were restated to show the effect of the prior period adjustment and certain reclassifications were made to conform with the current year presentation.

2011	2010	2009	2008	2007
\$ 175,265,001	\$ 166,258,122	\$ 166,273,638	\$ 154,966,262	\$ 141,561,626
3,128,447	2,821,830	2,244,124	2,085,320	2,811,308
4,617,396	4,437,509	4,038,122	3,738,181	3,584,094
20,406,328	20,966,195	21,915,754	23,640,211	22,720,584
13,176,813	13,365,710	12,884,581	14,266,470	13,675,191
735,241	894,246	1,208,674	2,706,212	4,349,291
149,865	119,629	119,429	211,967	149,806
454,077	513,879	527,531	293,488	275,606
333,447	396,953	419,791	867,677	916,559
5,105,926	3,530,852	3,253,042	4,093,979	2,018,414
29,160,183	26,942,095	24,410,321	21,594,481	20,257,890
13,732,037	14,549,881	16,686,465	15,854,956	26,229,932
12,200,790	7,362,931	4,735,263	6,115,952	5,176,101
278,465,551	262,159,832	258,716,735	250,435,156	243,726,402
34,125,789	36,650,794	35,459,470	33,993,375	30,691,664
19,295,277	18,433,319	17,459,466	17,158,885	14,922,227
25,912,405	24,496,655	24,814,537	21,431,751	21,841,905
3,200,016	4,121,859	3,828,861	3,359,651	3,897,085
35,039,970	33,278,647	31,438,530	27,106,969	24,903,758
67,054,880	69,766,398	67,781,406	74,303,619	66,152,574
46,923,714	42,116,903	41,419,904	37,671,690	38,960,749
114,031,571	123,578,275	101,778,497	86,452,980	85,957,746
25,975,875	20,526,759	22,756,967	21,881,062	21,007,985
16,402,710	13,086,920	14,445,618	16,287,762	12,555,008
233,966		273,907		
2,731,641		1,790,652		
390,927,814	386,056,529	363,247,815	339,647,744	320,890,701
(112,462,263)	(123,896,697)	(104,531,080)	(89,212,588)	(77,164,299)
42,553,991	42,092,659	40,597,795	33,556,976	38,517,501
(42,553,991)	(42,092,659)	(40,597,795)	(33,556,976)	(38,517,501)
61,575,000	125,449,000		18,224,433	59,550,000
8,915,009	3,875,082	5,591,215	1,283,489	985,212
32,514,467		39,074,300		
(32,542,707)		(40,331,000)		
70,461,769	129,324,082	4,334,515	19,507,922	60,535,212
\$ (42,000,494)	\$ 5,427,385	\$ (100,196,565)	\$ (69,704,666)	\$ (16,629,087)
16.37%	12.83%	14.78%	15.17%	14.26%

**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 Residential Property	Class Two Condo and Co-Op Property	Class Three Utility and Special Franchise	Class Four Commercial Property	Total Net Assessed Value
2016	\$ 100,696,094	\$ 3,265,115	\$ 4,009,445	\$ 41,924,815	\$ 149,895,469
2015	103,499,098	3,314,650	8,110,700	43,333,487	158,257,935
2014	106,471,145	3,315,141	8,008,677	45,555,762	163,350,725
2013	109,989,707	3,330,881	7,965,140	46,547,801	167,833,529
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

Source: Town of Oyster Bay Annual Budget Report.

Total Direct Tax Rate	State Equalization Rate	Full Valuation	Assessed Value as a Percentage of Full Value
4.67	0.26%	\$ 57,652,103,462	0.26%
4.67	0.27%	58,614,050,000	0.27%
4.69	0.30%	54,450,241,667	0.30%
4.41	0.31%	54,139,848,065	0.31%
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%

**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 <sup>1</sup>	Total Town Direct Tax Rate <sup>1,2</sup>
2016	\$ 57,652,103,462	0.26%	\$ 149,895,469	\$ 269,088,858	4.67
2015	58,614,050,000	0.27%	158,257,935	273,742,969	4.67
2014	54,450,241,667	0.30%	163,350,725	255,141,730	4.69
2013	54,139,848,065	0.31%	167,833,529	238,793,854	4.41
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

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

<sup>1</sup> 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.

<sup>2</sup> Per \$1,000 of full valuation.



Overlapping Rates

County Tax Levy For Town	Total County Direct Rate <sup>2</sup>	School Levy	Total School Direct Rate <sup>2</sup>	Total Direct & Overlapping Rates
\$ 261,689,441	4.54	\$ 1,038,819,411	18.02	27.23
272,517,577	4.65	1,055,707,878	18.01	27.33
264,940,834	4.87	1,032,048,220	18.95	28.51
265,051,828	4.90	1,001,983,368	18.51	27.82
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

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

2016

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation
1	Keyspan Gas East	Public Utility - Public Franchise	\$ 2,067,525	1.38%
2	Verizon	Public Utility - Public Franchise	1,298,317	0.87%
3	Sunrise Mall Associates & Hudson Resources	Shopping Mall	1,047,866	0.70%
4	Jericho Quads Associates	Office Buildings	846,826	0.56%
5	Broadway Mall (CGA Broadway Partners LLC)	Shopping Mall	747,300	0.50%
6	Northrop Grumman Corp. & Related Companies	Office Buildings	715,725	0.48%
7	Long Island Power Authority	Public Utility - Public Franchise	673,894	0.45%
8	Norwich Gate Company LLC	Apartments - Garden	436,649	0.29%
9	TreeCo. Centers Limited Partnership	Office Buildings	401,930	0.27%
10	CLK-HP Various Properties	Office Buildings	401,586	0.27%
Total			<u>\$ 8,637,618</u>	<u>(a) 5.77%</u>

(a) Represents 5.77% of the total taxable assessed valuation of the Town for 2016.

2007

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation
1	CLK-HP Various Properties	Office Buildings	\$ 2,447,445	1.30%
2	Long Island Lighting Company	Public Utility	2,975,012	1.58%
3	Sunrise Mall Assoc. & Hudson Resources	Shopping Mall	1,775,410	0.94%
4	Verizon	Public Utility and Special Franch	1,587,923	0.84%
5	Broadway Mall (CGA Broadway Partners LLC)	Shopping Mall	1,545,295	0.82%
6	National Grid	Public Utility and Special Franch	1,322,736	0.70%
7	Jericho Quads	Office Buildings	1,163,055	0.62%
8	Northrop Grumman Corp. & Related Companies	Engineering & Advanced Develc	829,155	0.44%
9	Mass One LLC	Shopping Center	543,872	0.29%
10	Hubspot	Office Buildings	471,749	0.25%
Total			<u>\$ 14,661,652</u>	<u>(b) 7.78%</u>

(b) Represents 7.78% of the total taxable assessed valuation of the Town for 2007.

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 <sup>1</sup>	Amount Collected <sup>2</sup>	Percent Collected
2016	\$ 269,088,858	\$ 269,088,858	100.00%
2015	273,742,969	273,742,969	100.00%
2014	255,141,730	255,141,730	100.00%
2013	238,793,854	238,793,854	100.00%
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%

Source: Receiver of Taxes - General Tax Levy.

<sup>1</sup> 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.

<sup>2</sup> During year of levy.

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

Year Ended	Governmental Activities		Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds				
2016	\$ 562,468,941	\$	562,468,941	0.53%	1,895
2015	612,489,926		612,489,926	0.61%	2,050
2014	664,403,519		664,403,519	0.68%	2,258
2013	434,723,923		434,723,923	0.46%	1,468
2012	357,319,045		357,319,045	0.39%	1,215
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

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

Notes: As of December 31, 2016, the Town had \$151,863,688 in short-term bond anticipation notes and \$29,450,000 in long-term bond anticipation notes, which are not presented in this schedule.

As of December 31, 2016, the Town had \$10,000,000 in short-term revenue anticipation notes, which are not presented in this schedule.

As of December 31, 2016, the Town had \$22,000,000 in short-term tax anticipation notes, which are not presented in this schedule.

Beginning with the year ended 2012, the amount reported for general obligation bonds is inclusive of premiums on general obligation bonds. Prior to 2012, the amount reported relates solely to general obligation bonds.

<sup>1</sup> See the schedule of Demographic and Economic Statistics for personal income and population.

**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 of Property <sup>1</sup>	Per Capita <sup>2</sup>
2016	\$ 562,468,941	\$ 2,128,871	\$ 560,340,070	0.97%	1,887
2015	612,489,926	1,764,668	610,725,258	1.04%	2,044
2014	664,403,519	612,934	663,790,585	1.22%	2,255
2013	434,723,923	139,480	434,584,443	0.80%	1,468
2012	357,319,045	222,550	357,096,495	0.61%	1,215
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

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

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

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics.

Note: Beginning with the year ended 2012, the amount reported for general obligation bonds is inclusive of premiums on general obligation bonds. Prior to 2012, the amount reported relates solely to general obligation bonds.

**TOWN OF OYSTER BAY**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
December 31, 2016

<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 <sup>1</sup></u>
Direct:			
Town of Oyster Bay	\$ 562,468,941	100.00%	\$ 562,468,941
Total Direct Debt	562,468,941		562,468,941
Overlapping:			
Nassau County	4,195,805,810	26.30%	1,103,496,928
School Districts	24,646,205	100.00%	24,646,205
Fire Districts	4,890,000	100.00%	4,890,000
Water Districts	56,412,647	100.00%	56,412,647
Sewer District	2,363,885	100.00%	2,363,885
Incorporated Villages	46,817,084	100.00%	46,817,084
Total Overlapping Debt	4,330,935,631		1,238,626,749
Total Direct and Overlapping Debt	\$ 4,893,404,572		\$ 1,801,095,690

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.

<sup>1</sup> 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, 2016

Years Ended December 31,	Assessed Valuation	State Equalization Rate	Full Valuation
2016	\$ 149,895,469	0.26%	\$ 57,652,103,462
2015	158,257,935	0.27%	58,614,050,000
2014	163,350,725	0.30%	54,450,241,667
2013	167,833,529	0.31%	54,139,848,065
2012	181,799,896	0.31%	58,645,127,742
Total Five Year Full Valuation			\$ 283,501,370,936
Five Year Average Full Valuation of Taxable Real Property			56,700,274,187
Debt Limit - 7% of Five Year Average Full Valuation			3,969,019,193
Inclusions:			
Outstanding Bonds			609,060,000
Bond Anticipation Notes (including Long-term BANs)			199,610,000
Total Inclusions			808,670,000
Exclusions:			
Water Bonds			56,412,647
Water Bond Anticipation Notes			18,296,312
Total Exclusions			74,708,959
Total Net Indebtedness Subject to the Debt Limit			733,961,041
Net Debt Contracting Margin			3,235,058,152
Percent of Debt Limit Exhausted			18.49%

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
2016	\$ 3,969,019,193	\$ 808,670,000	\$ 74,708,959	\$ 733,961,041	\$ 3,235,058,152	81.51%
2015	4,015,120,720	823,430,000	79,293,928	744,136,072	3,270,984,198	81.47%
2014	4,076,888,298	814,341,379	73,834,924	740,506,455	3,336,381,843	81.84%
2013	4,211,516,267	794,571,379	68,145,232	726,426,147	3,485,090,120	82.75%
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%

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 <sup>1</sup>	Personal Income <sup>2</sup> (in millions)	Per Capita Income <sup>2,7</sup>	Median Age <sup>3,7</sup>	Unem- ployment Rate <sup>2,4,9</sup>	Year-Round Households Estimate <sup>4,7</sup>	Average Household Size Estimate <sup>4,7</sup>	Population Density Per Square Mile <sup>4,6,7,8</sup>	Public School Enrollment <sup>5</sup>
2016	296,876	\$105,861	\$ 49,697	43.7	3.70%	98,509	2.97	2,591	44,485
2015	298,766	100,019	50,950	44.1	3.90%	98,872	2.97	2,862	44,840
2014	294,307	98,096	50,770	44.4	4.40%	99,159	2.95	2,853	45,330
2013	296,108	95,475	44,704	42.9	5.50%	98,210	2.96	2,836	46,057
2012	293,990	91,120	47,757	44.9	6.60%	100,094	2.89	2,816	46,455
2011	292,033	87,992	45,529	42.6	6.50%	93,579	2.93	2,826	46,981
2010	293,214	83,985	45,607	42.8	6.80%	99,419	2.89	2,808	47,700
2009	303,285	101,648	44,606	39.8	6.40%	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

Sources:

- <sup>1</sup> Bureau of the Census / Long Island Regional Planning Board / Long Island Population Survey.
- <sup>2</sup> Bureau of Economic Analysis. Figures are for Nassau County. TOB figures not available.
- <sup>3</sup> State Department of Commerce
- <sup>4</sup> Long Island Business News - Doing Business on Long Island / LILCO Survey / Long Island Population Survey.
- <sup>5</sup> NYSED.gov
- <sup>6</sup> Wikipedia - Oyster Bay
- <sup>7</sup> U.S. Census Bureau
- <sup>8</sup> Town of Oyster Bay Official Statement
- <sup>9</sup> State Department of Labor



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

2016

Rank	Name	Type of Business	Number of Employees
1	Association for Help of Retarded Children	Job Training & Vocational Rehab. Services	A
2	Government Employees Insurance Company	Insurance Agents / Brokers	A
3	National Grid / PSEGLI	Public Utility	A
4	St. Francis Hospital	General Medical & Surgical Hospital	A
5	Long Island University	Schools - Universities & Colleges	A
6	Rainbow Media	Multimedia Manufacturers	A
7	Syosset Central School District	Schools	A
8	Altice USA (formerly Cablevision)	Television-Cable	A
9	Best Yet Market Inc.	Grocery-Retail	B
10	Commercial Building Maintenance Corp	Cleaners	B

2007

Rank	Name	Type of Business	Number of Employees
1	Cablevision Systems	Entertainment/Telecommunications	A
2	Interpool Temporary Personnel	Temporary Staffing Services	A
3	Keyspan Corp.	Utility Distribution	A
4	Nassau County AHRC	Rehabilitation & Training Services	A
5	Northrop-Grumman Systems Corp.	Engineering & Technology	A
6	Pall/Pall Int'l. Corporation	Surgical Appliances & Supplies	A
7	St. Francis Hospital	General Medical & Surgical Hospital	A
8	Aeroflex Inc.	Search & Navigation Equipment	B
9	JBL Incorporated	Audio & Video Equipment	B
10	North Shore University Hospital at Plainview	General Medical & Surgical Hospital	B

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

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

Full-time Equivalent Employees as of December 31										
Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government support	224	248	258	256	253	274	257	298	276	299
Public safety	109	123	126	118	116	125	119	124	133	115
Transportation	120	142	151	152	160	176	164	174	203	185
Economic assistance and opportunity	11	13	14	11	11	11	12	12	11	10
Culture and recreation	268	289	293	280	287	303	277	269	248	232
Home and community services	301	333	343	350	344	361	356	376	358	346
Total	<u>1,033</u>	<u>1,148</u>	<u>1,185</u>	<u>1,167</u>	<u>1,171</u>	<u>1,250</u>	<u>1,185</u>	<u>1,253</u>	<u>1,229</u>	<u>1,187</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,	2016	2015	2014	2013	2012
<b>Function</b>					
<b>General Government Support</b>					
<b>Public Safety</b>					
Building					
Residential building permits issued	5,140	4,745	4,739	4,838	3,935
Commercial building permits issued	1,161	715	866	1,062	795
Public Safety					
Animals received	803	788	805	783	826
Animals adopted	382	363	258	354	233
Animals redeemed	149	127	130	127	172
Town Clerk					
Permits issued <sup>1</sup>	31,891	9,275	27,446	6,050	29,592
Fire					
Number of fire protection districts	7	7	7	7	7
Number of calls answered	8,565	8,321	7,503	8,926	7,822
<b>Transportation</b>					
Parking Meters					
Number of parking meters	275	275	275	275	275
Collections per month	2	2	2	2	2
Highways and Streets					
Street resurfacing (miles)	2	3	7	11	14
Number of trees planted		781	794	1,566	1,080
Number of trees removed	720	616	801	2,808	2,695
<b>Economic Assistance and Opportunity</b>					
<b>Culture and Recreation</b>					
Beach permits issued	37,822	38,943	39,795	45,262	48,316
Registration for adult programs	880	714	766	709	238
Registration for summer programs	1,631	1,627	1,685	1,975	2,150
<b>Home and Community Services</b>					
Sanitation					
Refuse collected (tons/day)	580	567	588	1,259	1,293
Recyclables collected (tons/day)	196	180	208	195	178

Source: Various departments of the Town of Oyster Bay.

<sup>1</sup> Resident parking permits contained in this total are issued every two years.

2011	2010	2009	2008	2007
4,018	3,783	1,756	2,579	2,227
921	293	52	230	263
804	747	847	1,056	1,162
327	200	276	282	344
127	116	143	155	197
8,272	29,384	6,882	26,802	6,868
7	7	7	7	7
18,240	17,498	19,232	19,171	19,253
305	305	305	302	271
2	2	2	2	1
18	4	10	18	33
419	1,996	293	1,964	2,040
3,396	1,558	3,135	2,410	2,319
50,974	55,987	49,947	45,777	44,389
400	339	142	217	229
2,300	2,650	2,500	2,200	141
633	565	650	666	778
190	208	208	124	138

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

Year Ended December 31,	2016	2015	2014	2013	2012
<b>Function</b>					
<b>General Government Support</b>					
Municipal buildings	3	3	3	3	3
Central vehicle maintenance					
Vehicles maintained	700	700	700	700	700
<b>Transportation</b>					
Highways and streets					
Streets (miles)	781	781	781	781	781
Streetlights	20,990	20,927	20,927	23,000	25,000
Parking fields	54	54	54	54	54
<b>Culture and Recreation</b>					
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	11	11
<b>Home and Community Service</b>					
Sanitation					
Collection trucks	64	64	64	64	50

Source: Various departments of the Town of Oyster Bay.

2011	2010	2009	2008	2007
3	3	3	3	3
700	687	729	729	707
781	781	780	780	732
25,000	25,000	20,703	20,652	20,551
54	54	54	54	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
11	11	10	10	10
50	50	50	50	50