

Town of Oyster Bay New York



Comprehensive Annual Financial Report

Year Ended December 31, 2017



TOWN OF OYSTER BAY,

NEW YORK

Comprehensive Annual Financial Report
Year Ended December 31, 2017

Prepared by:
The Office of the Comptroller

TOWN OF OYSTER BAY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017
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**INTRODUCTORY
SECTION**

Places to Play and Visit

TOWN BEACHES AND PARKS

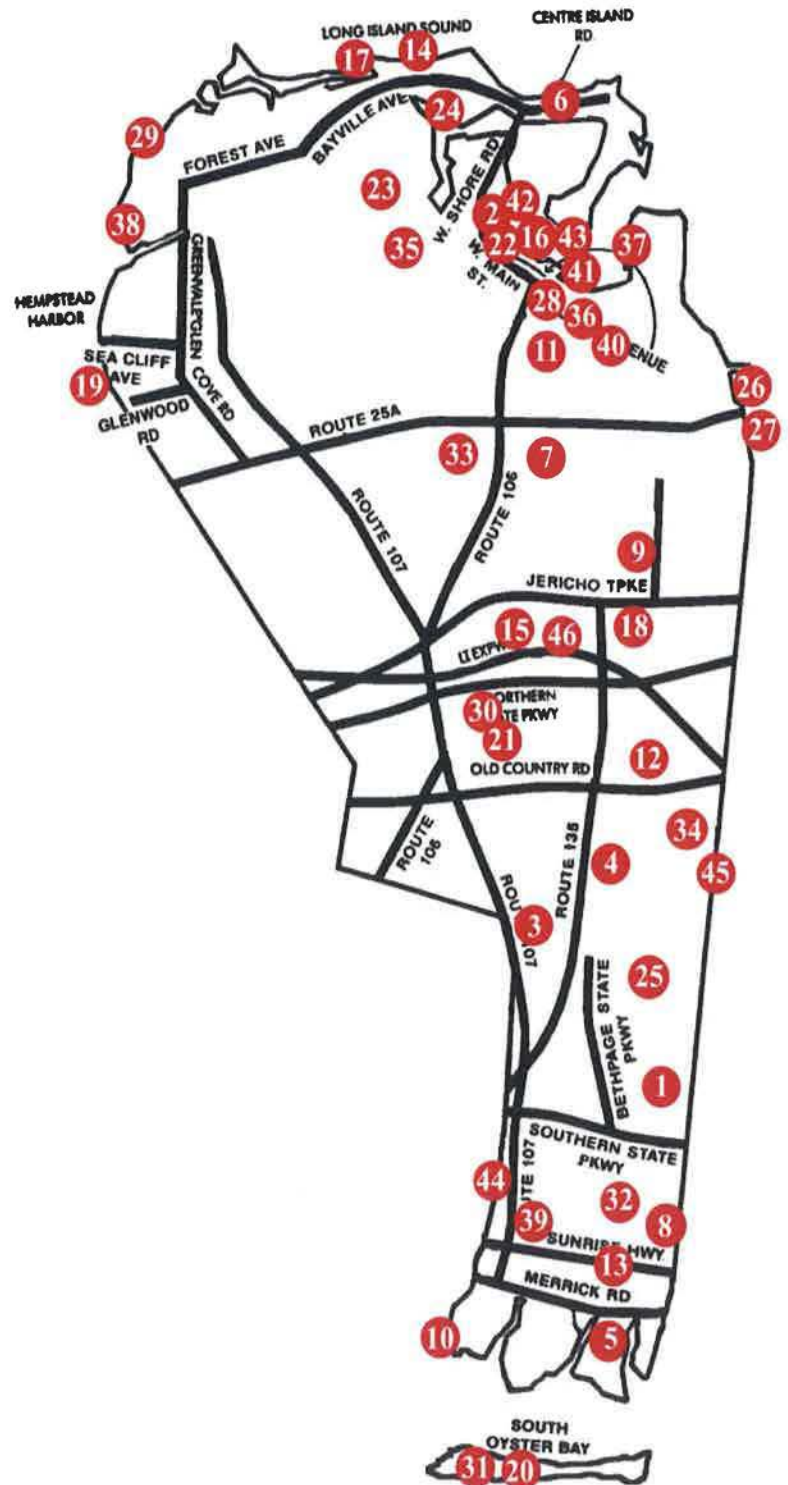
1. Ellsworth W. Allen Town Park
2. Beekman Beach Park
3. Bethpage Community Park
4. Borella Field
5. John J. Burns Town Park
6. Centre Island Beach
7. (The) Farm at Oyster Bay
8. Field of Dreams
9. Golf Course and Clubhouse
10. Philip B. Healey Beach at Florence Avenue
11. Senator Ralph J. Marino Memorial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

PLACES OF INTEREST

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

TOWN FACILITIES

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



TOWN OF OYSTER BAY, NEW YORK

PRINCIPAL OFFICIALS

As of December 31, 2017

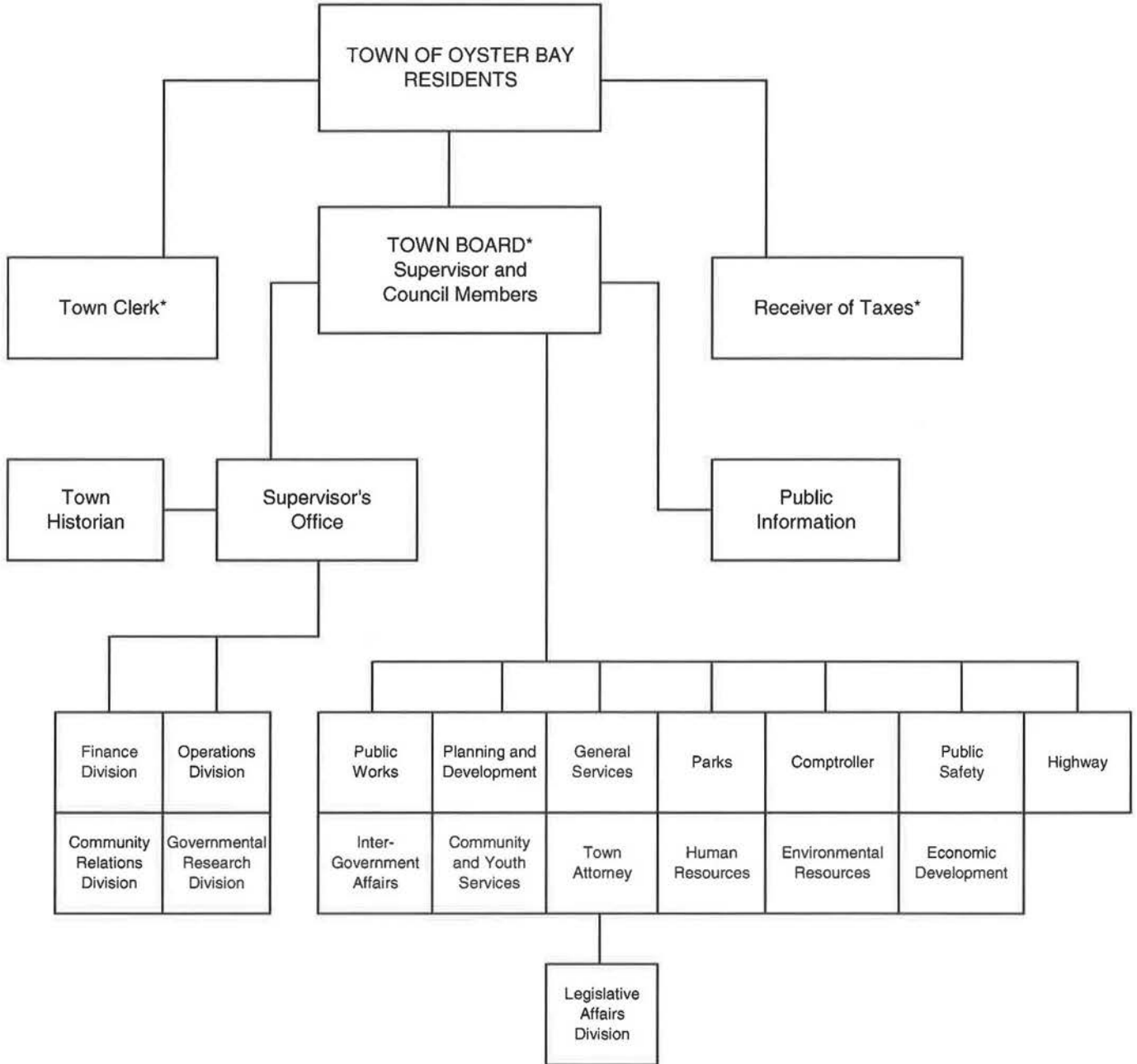
TOWN BOARD:

SUPERVISOR	JOSEPH S. SALADINO
COUNCILMAN	JOSEPH D. MUSCARELLA
COUNCILWOMAN	REBECCA M. ALESIA
COUNCILMAN	ANTHONY D. MACAGNONE
COUNCILWOMAN	MICHELE M. JOHNSON
COUNCILMAN	LOUIS B. IMBROTO
COUNCILMAN	THOMAS P. HAND
TOWN CLERK	JAMES ALTADONNA Jr.
RECEIVER OF TAXES	JAMES J. STEFANICH
TOWN ATTORNEY	JOSEPH NOCELLA
COMPROLLER	STEVEN C. BALLAS

TOWN OF OYSTER BAY, NEW YORK

ORGANIZATIONAL CHART

December 31, 2017



* Elected by Town of Oyster Bay voters.



Steven C. Ballas
Comptroller

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 28, 2018

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, 2017, 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. 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 (GAAP). 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 in a competitively bid process by the Town's Board to prepare the Town's 2017 Comprehensive Annual Financial Report. The accounting firm Cullen & Danowski, LLP was also selected by the Town's Board in a competitively bid process to perform an independent audit of the Town's financial statements as of December 31, 2017, and for its year then ended. The auditor's report on the basic financial statements, combining and individual fund statements, and schedules are 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's 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 19th 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 operates and maintains 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 transitioned 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 diverse commercial, residential, and recreational development, identified by 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 of New York to raise revenue. Eight of these school districts are entirely within the Town while portions of the remaining six districts are located in neighboring municipalities.

The chief executive officer of the Town is the Supervisor, who is elected for a term of two years. The Supervisor is a member and the presiding officer of the Town Board. In addition to the Supervisor, residents elect six members to the Town Board to serve non-concurrent four-year terms. 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.

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 is an economic machine within Nassau County. The headquarters of major employers, including nationally-known AriZona Beverage USA, Altice USA, Nathans Famous and Cox & Co., are located within the Town of Oyster Bay. Residents enjoy one of the lowest unemployment rates in the metropolitan area and State of New York. The Motion Picture and Television Industry continue to expand, and the Town now serves as home to CBS television's hit sitcom "Kevin Can Wait." As the economy and population continue to grow, so does our community. Significant growth is anticipated in the coming years as downtown Hicksville transforms into a vibrant mixed-use community. 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 ensure new development in the Town, maintaining Oyster Bay's suburban quality of life.

Small businesses continue to be the backbone of the U.S. economy and employ residents. Home prices continue to strengthen in the Town and serve as a nest egg for residents. In 2017, the Town experienced tremendous growth – a record year in building permits revenue. National and global enterprises continue to expand within the Town. To assist residents and employers, the Town recently created a Same Day Permits program.

Occupational outlook anticipates growth in professional, technical, clerical and service industries. Many high-tech manufacturing companies have located in the Town, attracted by a well-educated and highly skilled workforce. 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. Bethpage Federal Credit Union ("FCU") celebrated its 75th anniversary last year. 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 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.

Organizational transformation continues in the actions and strategies of the Town's diverse operational units. ITD continues to work closely with Town departments to add value by providing modern business process improvement and reengineered strategies. Many of these efforts streamlined internal processes. 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.

2017 IT Initiatives

The legacy AS400 system was replaced with an IBM iSeries Power 8. The new operating systems were installed and the legacy programs and data migrated to the new systems.

A secondary Disaster Recovery (DR) site was implemented. The implementation of the DR site will provide for the failover of business-critical systems needed to support business continuity during a disaster. In support of these efforts the VMWare hosts and guest system applications were upgraded. The Town continues a maintenance program to improve on the architecture configurations and manage the expansion of critical systems.

The System Center Configuration Manager (SCCM) operating system was upgraded from Windows 2012 to Windows 2016, in preparation for the application upgrade. The SCCM application was upgraded from SCCM 2012 to SCCM 2016 to promote the central management and mass deployment of applications to Town workstations. The additional functionality of the upgraded application includes; but is not limited to, full servicing and rollout ability for the mass deployment of Windows 2010 which is being planned. The Town continues to improve on configurations to improve efficiency.

The upgrade of the SunGard system used by the Department of Planning and Development for permits, licensing and code enforcement began in 2017 with a planned implementation in early 2018. This highly customized system is receiving an application upgrade across multiple versions as well as retrofitting the custom code to the current version. Additionally, the operating system was upgraded from Windows 2008 to Windows 2016. This upgrade will improve processes and support to the Department of Planning and Development. The Town was also awarded grant funds to track "zombie houses". This upgrade provides the technical components needed to develop the reporting, mapping and tracking programs for "zombie houses" within the Town.

High Level Geographical Information System ("GIS")

2017 was primarily a maintenance year for the various GIS viewers and the underlying data. While no major initiatives were undertaken, the various GIS layers were maintained as directed. Additionally, new drainage layers as collected as part of a GOSR project to study the drainage network in Massapequa were integrated into the Town's database and viewers. Research and planning was completed to upgrade all viewers to JavaScript/HTML5.

In keeping with the Town's GIS commitment, all requests for geographic data layers from internal departments and outside entities continue to be satisfied timely.

MAJOR INITIATIVES (continued)

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 improve efficiency in Town facilities, 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. As a result, taxpayers will save millions of dollars.

The Town has also been conserving energy through the installation of energy efficient street lighting. As old street lighting fixtures come to the end of their lifespan, new energy-saving fixtures are installed. Since 2012, the Town has replaced approximately 12,000 fixtures, helping to reduce energy consumption while saving taxpayers millions of dollars.

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 purchasing a more affordable residence to live in by virtue of lower energy costs.

Single Stream Recycling

A Single Stream Recycling Program began last fall in all communities within the Town's recycling pickup districts. The system, which allows residents to place all recyclable materials, including cardboard, into one container, is estimated to generate up to \$2 million in revenue over the next five years. Through single stream, residents can put out all recyclable materials, including all types of cardboard, plastics, glass containers, and paper including junk mail, together without separating. This program literally turns trash into cash.

Transparency and Ethics Reforms

The Supervisor and Town Board have worked tirelessly to deliver important services and restore the public's trust in government. To accomplish just that, the Supervisor and the Town Board took swift action to install a new, independent Board of Ethics with real and meaningful oversight in 2017. Together, the Town Board and Supervisor have instituted disclosure requirements for contractors, vendors and high level employees to prevent conflicts of interest and misdeeds. Additionally, a former Federal prosecutor was appointed to serve as Town Attorney and an Inspector General will be hired to oversee procurement and protect the wallets of taxpayers.

Sunlight was needed; the Supervisor and Town Board shed light on all Town functions. To enhance transparency and ultimately save money, the Town Board and Supervisor enhanced live-streaming of Town board meetings and work sessions so that the public may view the meetings from the comfort of their own home. These reforms were long overdue. The good-government organization, Reclaim New York, recognized the Town of Oyster Bay for their accomplishments in 2017. The Town of Oyster Bay is the first government in the State to partner with Reclaim New York to proactively improve transparency and provide residents unprecedented access to government. Furthermore, the Town was awarded a grade A from the Empire Center for its enhanced website transparency efforts to assist the public.

In fulfilling its pledge to further establish extensive transparency reforms in the Town of Oyster Bay, the Town Board in 2017 also presided over two full days of public presentations to provide applicants for concession services at Town facilities the opportunity to fully describe their response to the request for proposal (RFP) and answer the questions of the Board. This provided the Town Board an opportunity to publicly question proposals, obtain public comments, and finally, deliberate and select qualified vendors, all before the public, the media, and broadcast online through the Town's website. Through this open process, the Town Board approved four proposals at Town facilities that will result in a base revenue totaling more than \$1 million annually.

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 sole 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 thought that comes to mind is 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 maintains numerous assets. 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 upgraded and modernized its computer network to streamline tasks and better serve the public.

Keeping the Town's infrastructure strong is important for many reasons; it allows 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 opportunities for first-time homebuyers has been one of the critical needs on Long Island. With the creation of the "Next Generation" zone, which allows for 12 units to the acre of price controlled, owner-occupied townhouses with garages, the Town of Oyster Bay became the first municipality on Long Island to have a separate zoning classification for starter housing. To date, 76 units of next generation housing have been approved. The Town will continue to be a leader in creating affordable housing opportunities for future generations.

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 34th in the nation because it has what residents most desire.

The Town was praised as a safe, enjoyable community for residents to raise their families, earn a living through economic opportunities and for its strong housing market. The Town also ranked high in terms of job growth and economic opportunity, as well as boasting an extremely low unemployment rate.

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, 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 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.



Steven C. Ballas
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, 2017 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 nine of the eleven nonmajor component units, 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 79.1%, 80.0%, and 78.8%, 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 nine 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, Massapequa Water District, Plainview 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 \$313,032,791 to a deficit of \$343,057,791 and in the balance sheet the fund balance (deficit) of the general fund would be increased from \$22,034,086 to \$52,059,086.

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, 2017, 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, 2017, 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 28, 2018, 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 28, 2018

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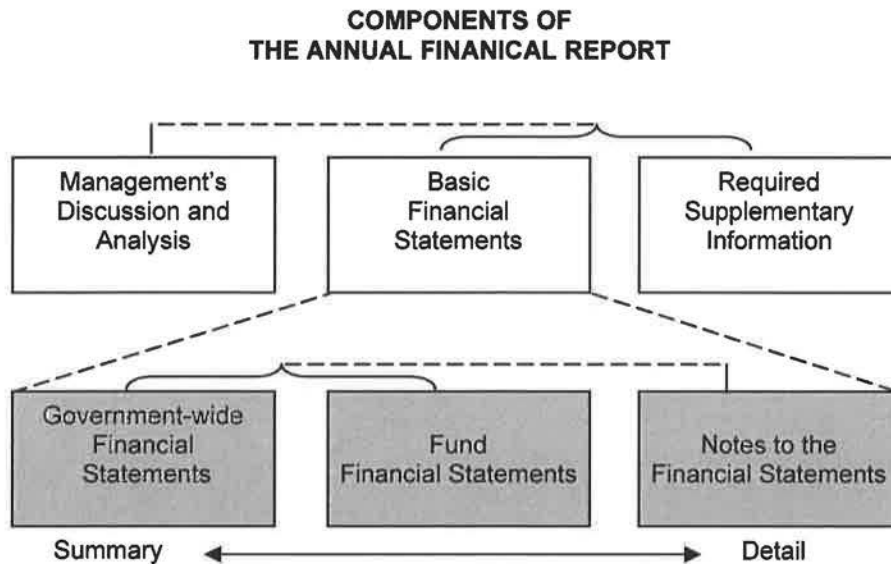
REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

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, 2017. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished in our letter of transmittal of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



Government-wide Financial Statements

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

The Statement of Net Position presents financial information on all of the Town's assets, 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, 2017

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, 2017

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, 2017

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 \$313,032,791 at the close of the most recent year.

Condensed Statement of Net Position
Governmental Activities
as of December 31, 2017 and 2016

	2017	2016*
Assets		
Current and other assets	\$ 108,640,563	\$ 111,807,937
Capital assets	648,152,216	684,756,655
Total assets	756,792,779	796,564,592
Deferred Outflows of Resources	34,837,480	60,421,498
Liabilities		
Current and other liabilities	274,032,863	331,975,101
Long-term liabilities	812,851,723	845,006,039
Total liabilities	1,086,884,586	1,176,981,140
Deferred Inflows of Resources	17,778,464	6,936,999
Net Position		
Net investment in capital assets	76,098,412	56,626,377
Restricted	6,651,316	5,814,874
Unrestricted (deficit)	(395,782,519)	(389,373,300)
Total net position	\$ (313,032,791)	\$ (326,932,049)

* Certain reclassifications were made to conform with the current year presentation.

Total assets and deferred outflows of resources of the Town as of December 31, 2017 were \$791,630,259, a decrease of \$65,355,831 from the prior year. Total liabilities and deferred inflows of resources as of December 31, 2017 were \$1,104,663,050, a decrease of \$79,255,089 from the prior year. This results in an overall net position deficit of \$313,032,791 as of December 31, 2017. Of the Town's net position balance, \$76,098,412 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 \$6,651,316 that is restricted by statute or for other specific purposes and \$395,782,519 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 \$21,604,278, other postemployment benefits payable in the amount of \$243,882,216, compensated absences in the amount of \$21,246,193, claims and judgments payable in the amount of \$23,023,913, other litigation payable of \$196,000, landfill closure and post-closure care costs in the amount of \$3,000,000, length of service award program liability – proportionate share of \$5,425,780, net pension liability – proportionate share of \$31,437,416, capital lease payable of \$116,794 and a retirement incentive payable of \$33,666.

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

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, 2017 and 2016

	2017	2016
Program Revenues		
Charges for services	\$ 19,588,423	\$ 18,199,368
Operating grants and contributions	3,555,183	3,988,225
Capital grants and contributions	437,352	2,815,071
Total Program Revenues	23,580,958	25,002,664
General Revenues		
Real property taxes	235,562,854	210,988,363
Other real property tax items	10,208,772	10,129,678
Non-property tax items	5,705,925	5,680,869
Interest earnings	590,388	236,536
Local government assistance - unrestricted	14,959,916	14,556,122
State aid - unrestricted	14,126,639	13,679,895
Other	6,820,884	10,659,651
Total General Revenues	287,975,378	265,931,114
Total Revenues	311,556,336	290,933,778
Program Expenses		
General government support	32,624,198	35,572,625
Public safety	27,134,763	28,898,107
Transportation	56,143,668	60,479,881
Economic assistance and opportunity	3,123,788	3,391,651
Culture and recreation	70,089,044	71,781,695
Home and community services	79,258,294	84,826,153
Interest on debt	26,173,679	25,706,555
Total Expenses	294,547,434	310,656,667
Increase (Decrease) in Net Position	17,008,902	(19,722,889)
Net Position at Beginning of Year, as restated	(330,041,693)	(307,209,160)
Net Position at End of Year	\$ (313,032,791)	\$ (326,932,049)

Net position, from all governmental activities, increased by \$17,008,902 in the current year. Key elements of the governmental activities are:

- The current year surplus was mainly due to the increase in fund balance of \$16,427,754 shown in the governmental funds, adjusted for various items presented in the government-wide financial statements. These items included the repayment of bond principal totaling \$55,438,196, \$3,044,486 in pension item related expenses, \$22,661,317 in expenses related to the unfunded liability for other postemployment benefits and adjustments related to capital asset additions, depreciation and loss on dispositions resulting in a net expense of \$36,604,439.

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

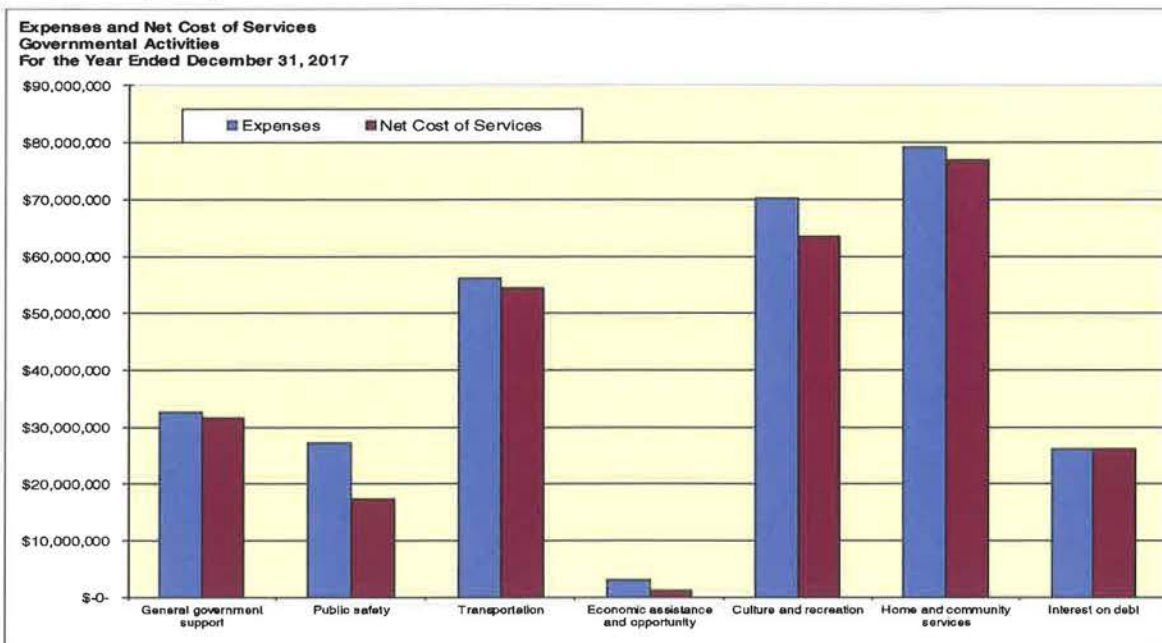
- Total revenues were \$311,556,336 in 2017, an increase of \$20,622,558 from the prior year. General revenues were up overall by \$22,044,264, due primarily to an increase in real property taxes in the current year of \$24,574,491. Program revenues decreased from the prior year by \$1,421,706 due to a decrease in capital grants and contributions of \$2,377,719, primarily due to the decrease in transportation program activities and a decrease in Hurricane Sandy reimbursements. These decreases were offset by an increase in charges for services of \$1,389,055 which was mainly due to an increase in building and alteration permits issued.
- Total program expenses were \$294,547,434 in 2017, a decrease of \$16,109,233 from the prior year. Expenses decreased for all functions except interest on debt (i.e. General government support, Public safety, Transportation, Economic assistance and opportunity, Culture and recreation, and Home and community services, which collectively had a decrease in expenses of \$16,576,357). The decrease in expenses for these functions was mainly due to decreases in salaries expenses, due to retirement incentives and other cost cutting measures taken.

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, 2017 and 2016

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
General government support	\$ 32,624,198	\$ 35,572,625	\$ 31,550,534	\$ 33,706,784
Public safety	27,134,763	28,898,107	17,392,710	21,139,868
Transportation	56,143,668	60,479,881	54,406,814	56,966,598
Economic assistance and opportunity	3,123,788	3,391,651	1,119,158	1,147,976
Culture and recreation	70,089,044	71,781,695	63,517,432	65,698,501
Home and community services	79,258,294	84,826,153	76,806,149	81,287,721
Interest on debt	26,173,679	25,706,555	26,173,679	25,706,555
	<u>\$ 294,547,434</u>	<u>\$ 310,656,667</u>	<u>\$ 270,966,476</u>	<u>\$ 285,654,003</u>

The total cost of all governmental activities this year was \$294,547,434. The net cost of these services after being subsidized by program revenues was \$270,966,476.



TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2017

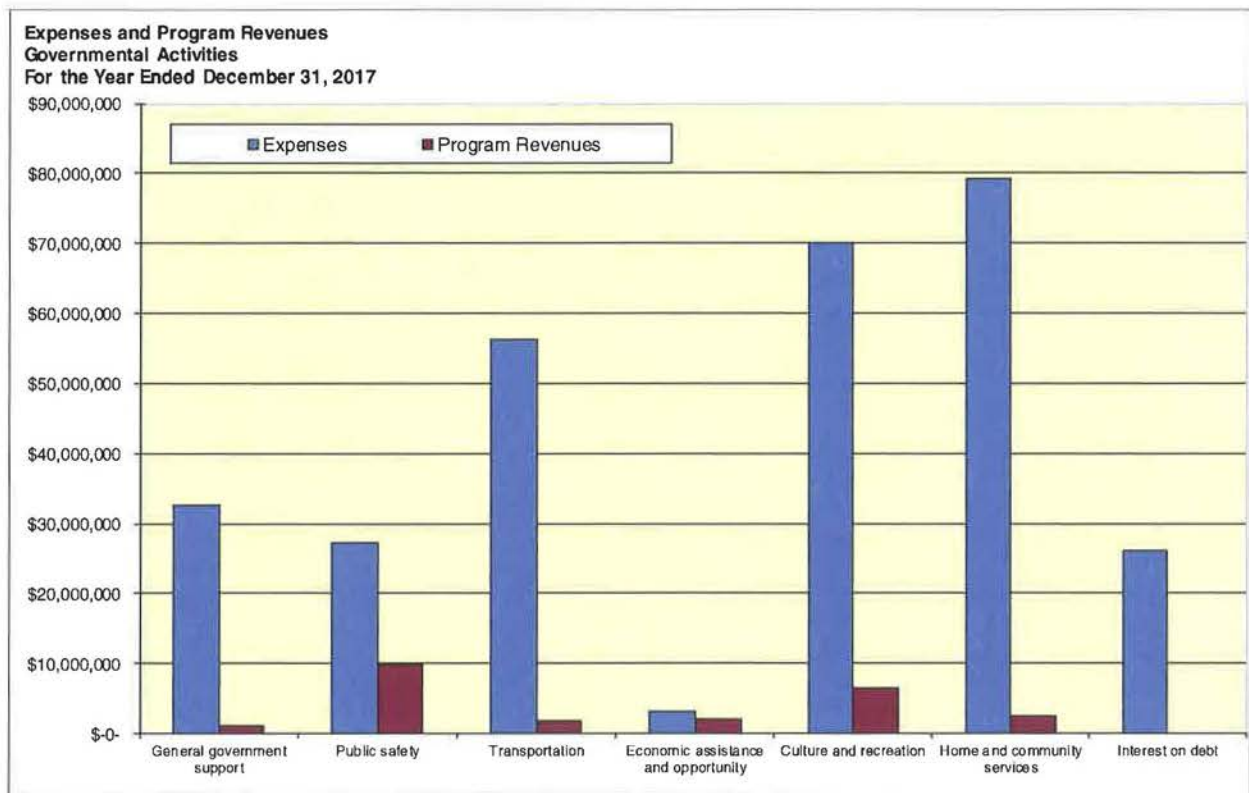
GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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, 2017 and 2016

	Total Cost of Services		Program Revenues	
	2017	2016	2017	2016
General government support	\$ 32,624,198	\$ 35,572,625	\$ 1,073,664	\$ 1,865,841
Public safety	27,134,763	28,898,107	9,742,053	7,758,239
Transportation	56,143,668	60,479,881	1,736,854	3,513,283
Economic assistance and opportunity	3,123,788	3,391,651	2,004,630	2,243,675
Culture and recreation	70,089,044	71,781,695	6,571,612	6,083,194
Home and community services	79,258,294	84,826,153	2,452,145	3,538,432
Interest on debt	26,173,679	25,706,555		
	<u>\$ 294,547,434</u>	<u>\$ 310,656,667</u>	<u>\$ 23,580,958</u>	<u>\$ 25,002,664</u>

The total cost of all governmental activities this year was \$294,547,434. The cost of these services were subsidized by program revenues of \$23,580,958.



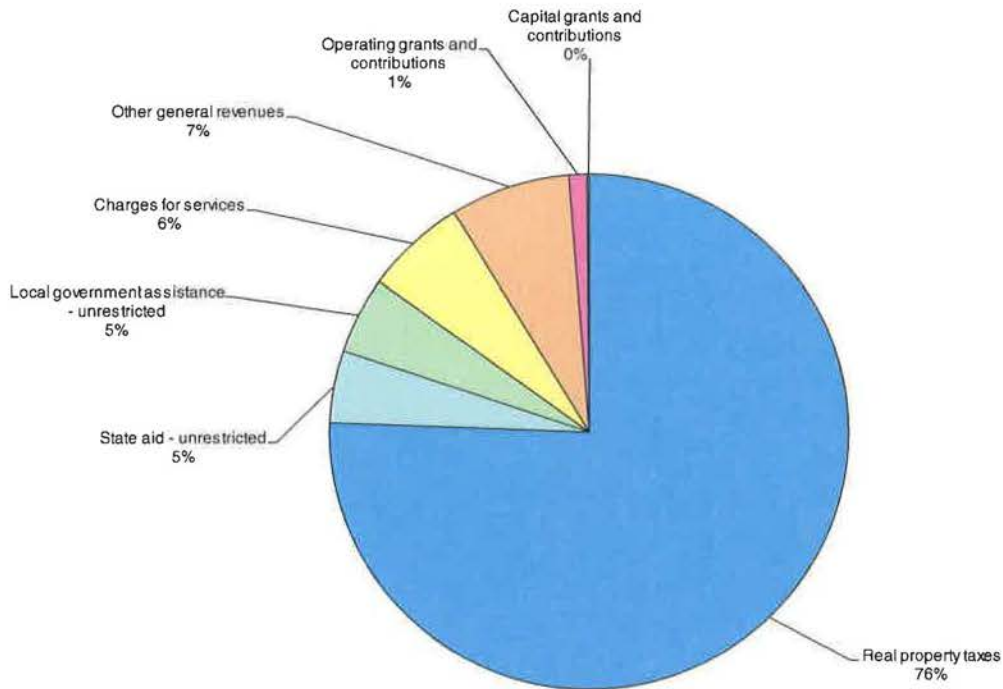
TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Revenue by Source

Governmental Activities
 Year ended December 31, 2017

Real property taxes	\$ 235,562,854
State aid - unrestricted	14,126,639
Local government assistance - unrestricted	14,959,916
Charges for services	19,588,423
Other general revenues	23,325,969
Operating grants and contributions	3,555,183
Capital grants and contributions	437,352
	\$ 311,556,336



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, 2017

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

At December 31, 2017, the Town's governmental funds reported a total ending fund balance deficit of \$91,952,867, a decrease of \$16,427,754 from the prior year restated deficit. The category breakdown of fund balance is as follows:

- **Nonspendable fund balance** - \$3,506,644 (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** - \$31,457,726 (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** - \$18,064,833 (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** - \$144,982,070 (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 increased revenue from real property taxes and departmental income, partially offset by a decrease in revenue from miscellaneous local sources, due to litigation recoveries from Nassau County in the prior year that did not recur in 2017. The Town began the year anticipating that revenues would equal expenditures, utilizing no appropriations of fund balance for the 2017 budget in the governmental funds. During the year, the Town appropriated an additional \$4,233,971 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.

The General Fund operated at a surplus of \$17,920,128 which reduced the deficit from \$39,954,214 to \$22,034,086. Revenues and other financing sources increased by \$25,192,232 from the prior year to \$145,692,169, while expenditures decreased by \$4,838,057 to \$127,772,041 compared to the prior year. The increase in revenue and other financing sources was achieved by an increase of \$28,437,025 in real property taxes, offset by a decrease in other financing sources due to the issuance of debt of \$4,083,344 in 2016, that did not recur in 2017. The decrease in expenditures and other financing uses was a result of decreases in salaries, offset by increases in expenditures for employee benefits and debt service interest.

In the Highway Fund, fund deficit was increased by \$908,389 from a \$3,260,668 deficit to a \$4,169,057 deficit. Revenues and other financing sources totaled \$55,781,055, an increase of \$2,202,875 from the prior year, while expenditures and other financing uses totaled \$56,689,444, an increase of \$2,700,772 from the prior year. The increase in revenue and other financing sources was mainly due to an increase in real property taxes, public safety clean ups and sidewalk repair fees, partially offset by decreases in insurance recoveries and premiums on obligations, as well as a decrease in debt issuances. The increase in expenditures and other financing uses was mainly due to the increase of transfers out to the Debt Service and Capital Projects Funds and debt service expenditures, offset by a decrease in salaries.

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (continued)

Governmental Funds (continued)

In the Garbage Collection Districts Fund, the fund balance surplus was reduced by \$7,009,604 to \$4,369,726. Revenues and other financing sources totaled \$45,211,320, a decrease of \$24,344,955 from the prior year, while expenditures and other financing uses totaled \$52,220,924, an increase of \$947,113 from the prior year. The decrease in revenues and other financing sources is primarily due to prior year litigation recoveries of \$5,142,507 and the issuance of \$19,193,206 in debt. In 2016, the Town bonded for utility tax settlements paid in 2016 and prior years, as has been done in the past. Additionally, in 2016, the Town recognized litigation recoveries from Nassau County which reimbursed the same utility tax settlements paid by the Town in prior years. The overall increase in expenditures and other financing uses was mainly due to an increase in salaries due to employees being transferred from the Solid Waste Disposal District Fund, as well as increases in expenditures related to employee benefits, incinerator fees and transfers out to the Debt Service and Capital Projects Funds. These increases were offset by decreases in utility tax settlements that were paid in 2016.

In the Solid Waste Disposal District Fund, fund balance deficit was decreased by \$3,573,108 from a \$9,589,326 deficit to a \$6,016,218 deficit. Revenues and other financing sources totaled \$32,426,976, a decrease of \$9,884,138 from the prior year, while expenditures and other financing uses totaled \$28,853,868, a decrease of \$7,820,885 from the prior year. The decrease in revenue and other financing sources was mainly due to the prior year litigation recovery of \$2,544,951 and the issuance of \$7,526,247 in debt to fund the utility tax settlements paid by the Town and to fund retirement expenditures. Similar to the Garbage Collection District Fund, in 2016, the Town bonded for and was reimbursed by the County for utility tax settlements paid in 2016 and prior. Such litigation recoveries and debt issuances did not occur in the current year. The overall decrease in expenditures and other financing uses was mainly due to decreases in sanitation and recycling expenditures related to the Town's decision to begin moving the recycling operations in 2017 from this fund to the Garbage Collection Districts Fund. This caused decreases in salaries and employee benefit expenditures which were offset by an increase in debt service expenditures.

In the Capital Projects Fund, the fund balance deficit was decreased by \$1,636,790, from a \$84,098,446 deficit to a \$82,461,656 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, 2017, the Town had \$139,823,688 of bond anticipation notes outstanding to finance capital projects which is down from the prior year balance of \$151,048,688. 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 \$753,046. Revenues and other financing sources were \$66,078,490, a decrease of \$8,040,905 from the prior year, while expenditures and other financing uses totaled \$65,325,444, a decrease of \$2,643,491 from the prior year. The decrease in revenue and other financing sources was mainly due to a decrease in real property taxes of \$7,269,982 and the issuance of \$1,819,042 in debt in 2016, but not 2017, offset by an increase in departmental income of \$1,383,171. Expenditures and other financing uses were decreased primarily by a reduction in building department, parks and lighting expenditures offset by increases in employee benefits expenditures, debt service expenditures and transfers out.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town appropriated expenditures in the original General Fund budget equal to estimated revenues for a balanced budget. 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 \$1,529,172. 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, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2017 the Town had \$648,152,216, 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 \$9,783,079. The Town's nonmajor component units had \$220,402,189 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>2017</u>	<u>2016</u>
Land	\$ 118,534,538	\$ 114,611,393
Development rights	1,306,296	1,306,296
Construction in progress	875,983	801,761
Land rights	9,296,520	9,296,520
Buildings	152,144,271	151,315,112
Improvements other than buildings	495,406,601	493,348,380
Machinery and equipment	93,063,345	97,363,307
Software	25,297,398	24,705,342
Infrastructure		
Roads, curbs and sidewalks	412,961,552	409,087,597
Drainage system	180,032,362	179,939,470
Lighting system	22,499,105	22,360,507
	<u>Total capital assets</u>	<u>1,511,417,971</u>
Less: accumulated depreciation	<u>863,265,755</u>	<u>819,379,030</u>
	<u>Primary government - Total net capital assets</u>	<u>\$ 648,152,216</u>

During 2017, the Town's capital assets were decreased by \$36,604,439. The decrease in capital assets included depreciation expense of \$49,975,140 and a loss on dispositions of \$41,862, offset by additions net of prior year construction in progress placed into service of \$13,412,563.

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>2017</u>	<u>2016</u>
Land	\$ 5,979,602	\$ 5,979,602
Construction in progress	22,641,566	34,330,436
Buildings	70,350,159	60,114,727
Improvements other than buildings	117,487,957	110,736,716
Machinery and equipment	45,701,471	45,226,126
Software	90,688	80,768
Infrastructure		
Water mains	97,585,992	90,798,405
Sewer system	1,517,692	1,517,692
	<u>Total capital assets</u>	<u>361,355,127</u>
Less: accumulated depreciation	<u>140,952,938</u>	<u>132,380,437</u>
	<u>Component units - Total net capital assets</u>	<u>\$ 220,402,189</u>

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Debt Administration

At December 31, 2017, the Town had \$578,430,000 in long-term general obligation bonds outstanding, of which \$524,295,272 was for general Town purposes. Also outstanding at year-end were bond anticipation notes in the amount of \$177,980,000 of which \$139,823,688 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, 2017 was 16.78%.

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

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 2018, which factors in inflation and other adjustments to revenues and expenditures as well as prior year positive and negative fund balances. The 2018 budget includes an overall decrease in real property tax revenue from the prior year of .53% for the Town's overall governmental activities.

State Aid and Local Assistance

The Town receives financial assistance from New York State and Nassau County. During 2017, financial assistance included state aid – mortgage tax \$12,444,217; state aid – per capita \$1,682,422 and County local government assistance of \$14,959,916. 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 2018 budget included similar amounts for this financial assistance.

TOWN OF OYSTER BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2017

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

Bond Rating

For 2017, the Town maintained its BB+ rating assigned by Standard & Poor's (S&P) with a positive outlook to the Town's outstanding bonds. In March 2018, S&P raised its long-term rating on the Town's outstanding debt to BBB-, with a stable outlook. Moody's maintained its underlying rating of Baa3 with a stable outlook for 2017.

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, 2017

	Primary Governmental Activities	Nonmajor Component Units
ASSETS		
Current Assets:		
Cash and investments	\$ 77,557,757	\$ 57,152,788
Accounts receivable, net of allowances \$893,968	4,726,108	9,568,201
State and federal aid receivables	5,078,692	
Due from other governments, net of allowances \$26,049	5,035,645	934,125
Due from primary government		12,396,938
Due from component units	2,333,467	
Other assets		700
Inventory of material and supplies	3,506,644	897,964
Prepaid items		1,119,165
Total Current Assets	98,238,313	82,069,881
Non-Current Assets:		
Receivable - service concession arrangement	10,402,250	
Non-depreciable capital assets	120,716,817	28,621,168
Depreciable capital assets, net of depreciation	527,435,399	191,781,021
Total Non-Current Assets	658,554,466	220,402,189
Total Assets	756,792,779	302,472,070
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refundings, net of accumulated amortization	4,828,755	81,075
Length of service award program	338,652	
Pensions	29,670,073	4,379,029
Total Deferred Outflows of Resources	34,837,480	4,460,104

(continued)

TOWN OF OYSTER BAY
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2017

	Primary Governmental Activities	Nonmajor Component Units
LIABILITIES		
Current Liabilities:		
Accounts payable	27,922,841	5,130,412
Accrued liabilities	8,677,171	320,423
Accrued interest payable	10,338,393	954,127
Bond anticipation notes payable	139,823,688	38,156,312
Revenue anticipation note payable	15,000,000	
Due to other governments	24,453	
Due to primary government		2,333,467
Grant advances	58,311	
Unearned income		137,515
Other liabilities		685,656
Non-current liabilities due within one year:		
General obligation bonds payable	62,880,730	4,552,738
Due to Employees Retirement System	2,333,698	
Compensated absences	1,098,095	330,200
Claims and judgments payable	5,229,023	
Other litigation payable	196,000	
Estimated liability for landfill closure and postclosure care costs	300,000	
Retirement incentive payable	33,666	
Capital lease payable	116,794	
Other debt		895,000
Total Current Liabilities	274,032,863	53,495,850
Non-Current Liabilities:		
General obligation bonds payable	472,192,743	50,138,890
Due to Employees Retirement System	19,270,580	
Compensated absences	20,148,098	3,925,254
Claims and judgments payable	17,794,890	
Estimated liability for landfill closure and postclosure care costs	2,700,000	
Other postemployment benefits payable	243,882,216	32,606,982
Length of service award program liability - proportionate share	5,425,780	
Net pension liability - proportionate share	31,437,416	4,328,495
Other debt		9,030,000
Total Non-Current Liabilities	812,851,723	100,029,621
Total Liabilities	1,086,884,586	153,525,471
DEFERRED INFLOWS OF RESOURCES		
Contractual service fees		60,000
Service concession arrangement	12,104,750	
Length of service award program	386,408	
Pensions	5,287,306	849,025
Total Deferred Inflows of Resources	17,778,464	909,025
NET POSITION		
Net investment in capital assets	76,098,412	126,691,407
Restricted:		
Length of service award program	2,903,228	
Culture and recreation	32,237	
Home and community services	243,529	28,848,259
Economic assistance and opportunity	340,490	
Debt service	3,131,832	
Unrestricted (deficit)	(395,782,519)	(3,041,988)
Total Net Position	\$ (313,032,791)	\$ 152,497,678

TOWN OF OYSTER BAY
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year ended December 31, 2017

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Government Activities:				
General government support	\$ 32,624,198	\$ 1,073,664		
Public safety	27,134,763	9,742,053		
Transportation	56,143,668	1,413,871		\$ 322,983
Economic assistance and opportunity	3,123,788		\$ 2,004,630	
Culture and recreation	70,089,044	6,328,599	214,347	28,666
Home and community services	79,258,294	1,030,236	1,336,206	85,703
Interest on debt	26,173,679			
Total Primary Government	\$ 294,547,434	\$ 19,588,423	\$ 3,555,183	\$ 437,352
NONMAJOR COMPONENT UNITS				
Home and community services	\$ 58,544,949	\$ 28,435,386	\$ -0-	\$ 81,247

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 Notes 6 and 7)

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
\$	(31,550,534)	
	(17,392,710)	
	(54,406,814)	
	(1,119,158)	
	(63,517,432)	
	(76,806,149)	
	(26,173,679)	
	(270,966,476)	
		\$ (30,028,316)
\$	235,562,854	\$ 26,798,613
	10,208,772	1,526,962
	5,705,925	
	590,388	444,976
	14,959,916	
	14,126,639	19,645
	6,820,884	3,602,444
	287,975,378	32,392,640
	17,008,902	2,364,324
	(330,041,693)	150,133,354
\$	(313,032,791)	\$ 152,497,678

TOWN OF OYSTER BAY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	MAJOR FUNDS		
	General	Highway	Garbage Collection Districts
ASSETS			
Cash and investments	\$ 333,927	\$ 60,852	\$ 479,890
Accounts receivable, net of allowances for doubtful accounts of \$893,968	2,481,792	526,938	22,202
Due from other funds			9,540,000
State and federal aid receivables	2,308,098	25,454	
Due from other governments, net of allowances for doubtful accounts of \$26,049	4,788,351	177,386	
Due from component units			
Inventory of material and supplies	2,077,679	958,919	
Total Assets	<u>\$ 11,989,847</u>	<u>\$ 1,749,549</u>	<u>\$ 10,042,092</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 11,204,538	\$ 1,498,220	\$ 3,788,810
Accrued liabilities	3,949,740	780,386	1,883,556
Bond anticipation notes payable			
Revenue anticipation note payable	15,000,000		
Due to other governments	4,155		
Due to other funds	1,670,000	3,640,000	
Grant advances			
Total Liabilities	<u>31,828,433</u>	<u>5,918,606</u>	<u>5,672,366</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue from rental of real property	493,000		
Unearned revenue - service concession arrangement	1,702,500		
Total Deferred Inflows of Resources	<u>2,195,500</u>		
FUND BALANCES (DEFICIT)			
Nonspendable	2,077,679	958,919	
Restricted	32,237		
Assigned			4,369,726
Unassigned	(24,144,002)	(5,127,976)	
Total Fund Balances (Deficit)	<u>(22,034,086)</u>	<u>(4,169,057)</u>	<u>4,369,726</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 11,989,847</u>	<u>\$ 1,749,549</u>	<u>\$ 10,042,092</u>

Solid Waste Disposal District	Debt Service	Capital Projects	Other Governmental Funds	Totals
\$ 61,981	\$ 102,154	\$ 57,913,619	\$ 18,605,334	\$ 77,557,757
1,624,647			70,529	4,726,108
742,499	2,490,918	1,389,713	3,420,000	15,450,918
24,489		28,666	612,928	5,078,692
		2,333,467	16,753	5,035,645
			470,046	2,333,467
				3,506,644
<u>\$ 2,453,616</u>	<u>\$ 2,593,072</u>	<u>\$ 61,665,465</u>	<u>\$ 23,195,590</u>	<u>\$ 113,689,231</u>

\$ 2,215,113	\$ 1,526	\$ 1,792,217	\$ 3,911,633	\$ 24,412,057
354,721			1,708,768	8,677,171
		139,823,688		139,823,688
		20,298		15,000,000
5,900,000		2,490,918	1,750,000	24,453
			58,311	15,450,918
<u>8,469,834</u>	<u>1,526</u>	<u>144,127,121</u>	<u>7,428,712</u>	<u>203,446,598</u>

				493,000
				1,702,500
				2,195,500

			470,046	3,506,644
	2,591,546	24,806,410	4,027,533	31,457,726
			13,695,107	18,064,833
(6,016,218)		(107,268,066)	(2,425,808)	(144,982,070)
(6,016,218)	2,591,546	(82,461,656)	15,766,878	(91,952,867)
<u>\$ 2,453,616</u>	<u>\$ 2,593,072</u>	<u>\$ 61,665,465</u>	<u>\$ 23,195,590</u>	<u>\$ 113,689,231</u>

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TOWN OF OYSTER BAY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2017

Total Fund Balances (Deficit) - Governmental Funds	\$ (91,952,867)
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	120,716,817
Capital assets - depreciable	1,390,701,154
Accumulated depreciation	(863,265,755)
Receivables in the Statement of Net Position that do not provide current financial resources are not reported as receivables in the funds.	10,402,250
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	(535,073,473)
Due to Employees Retirement System	(21,604,278)
Compensated absences	(21,246,193)
Claims and judgments payable	(23,023,913)
Other litigation payable	(196,000)
Estimated liability for landfill closure and postclosure care costs	(3,000,000)
Retirement incentive payable	(33,666)
Capital lease payable	(116,794)
Other postemployment benefits payable	(243,882,216)
Length of service award program liability - proportionate share	(5,425,780)
Net pension liability - proportionate share	(31,437,416)
Deferred outflows of resources included in the Statement of Net Position	
Pensions	29,670,073
Length of service award program	338,652
Deferred charges	4,828,755
Additional accounts payable included in the Statement of Net Position	(3,510,784)
Deferred inflows of resources included in the Statement of Net Position	
Pensions	(5,287,306)
Length of service award program	(386,408)
Service concession arrangements	(10,402,250)
Other assets not available to pay for current-period expenditures and, therefore, are deferred inflows in the funds.	493,000
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.	(10,338,393)
Net Position of Governmental Activities	<u>\$ (313,032,791)</u>

TOWN OF OYSTER BAY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended December 31, 2017

	MAJOR FUNDS		
	General	Highway	Garbage Collection Districts
REVENUES			
Real property taxes	\$ 68,419,564	\$ 52,909,907	\$ 44,303,594
Other real property tax items	3,104,749	2,201,807	774,258
Non-property tax items	5,705,925		
Departmental income	6,297,238	639,401	
Intergovernmental charges	14,969,179	29,470	
Use of money and property	766,200	2	33,918
Licenses and permits	292,778		
Fines and forfeitures	443,751		
Sale of property and compensation for loss	255,946		
Miscellaneous local sources	1,128,222	200	99,550
Interfund revenues	29,955,070		
State aid	14,332,879	27	
Federal aid	20,668	241	
Total Revenues	145,692,169	55,781,055	45,211,320
EXPENDITURES			
Current:			
General government support	37,828,684		
Public safety	4,583,610		
Transportation	903,269	17,388,686	
Economic assistance and opportunity	201,411		
Culture and recreation	16,680,047		
Home and community services	1,446,063		35,103,823
Employee benefits	26,549,407	5,947,989	13,163,589
Capital Outlay			
Debt Service:			
Principal	113,541		
Interest	1,991,109	3,708,633	904,235
Total Expenditures	90,297,141	27,045,308	49,171,647
Excess (Deficiency) of Revenues Over Expenditures	55,395,028	28,735,747	(3,960,327)
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers out	(37,474,900)	(29,644,136)	(3,049,277)
Total Other Financing Sources (Uses)	(37,474,900)	(29,644,136)	(3,049,277)
Net Change in Fund Balances	17,920,128	(908,389)	(7,009,604)
Fund Balances (Deficit) at Beginning of Year, as Restated	(39,954,214)	(3,260,668)	11,379,330
Fund Balances (Deficit) at End of Year	\$ (22,034,086)	\$ (4,169,057)	\$ 4,369,726

See notes to the financial statements.

Solid Waste Disposal District	Debt Service	Capital Projects	Other Governmental Funds	Totals
\$ 21,568,677			\$ 48,361,112	\$ 235,562,854
561,508			3,566,450	10,208,772
				5,705,925
9,531,983			10,697,952	27,166,574
10,234				15,008,883
	\$ 252,210		229,937	1,282,267
				292,778
				443,751
261,603				517,549
38,168	811,839	\$ 32,266	365,854	2,476,099
				29,955,070
449,803		330,255		15,112,964
5,000		65,437	2,857,185	2,948,531
<u>32,426,976</u>	<u>1,064,049</u>	<u>427,958</u>	<u>66,078,490</u>	<u>346,682,017</u>
	776,124			38,604,808
			14,005,657	18,589,267
			4,627,105	22,919,060
			1,964,944	2,166,355
			15,841,812	32,521,859
21,187,993			3,907,446	61,645,325
4,448,679			11,011,897	61,121,561
		9,954,834		9,954,834
	55,438,196			55,551,737
443,623	19,774,272		357,585	27,179,457
<u>26,080,295</u>	<u>75,988,592</u>	<u>9,954,834</u>	<u>51,716,446</u>	<u>330,254,263</u>
<u>6,346,681</u>	<u>(74,924,543)</u>	<u>(9,526,876)</u>	<u>14,362,044</u>	<u>16,427,754</u>
	75,387,218	11,253,666		86,640,884
(2,773,573)		(90,000)	(13,608,998)	(86,640,884)
(2,773,573)	75,387,218	11,163,666	(13,608,998)	
3,573,108	462,675	1,636,790	753,046	16,427,754
(9,589,326)	2,128,871	(84,098,446)	15,013,832	(108,380,621)
<u>\$ (6,016,218)</u>	<u>\$ 2,591,546</u>	<u>\$ (82,461,656)</u>	<u>\$ 15,766,878</u>	<u>\$ (91,952,867)</u>

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, 2017

Net Change in Fund Balance	\$	16,427,754
<p>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:</p>		
Capital outlay		13,412,563
Depreciation expense		(49,975,140)
Loss on dispositions		(41,862)
<p>Net change in deferred outflows of resources not reported in the funds:</p>		
Deferred charges on refundings		(638,639)
Length of service award program related amounts		338,652
Pension related amounts		(25,284,031)
<p>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:</p>		
Accounts payable		54,519
Due to Employees Retirement System		2,117,365
Compensated absences		936,651
Claims and judgments payable		1,344,605
Estimated liability for landfill closure and postclosure care costs		1,125,000
Retirement incentive payable		33,667
Capital lease payable		113,541
Other postemployment benefits payable		(22,661,317)
Length of service award program liability - proportionate share		138,391
Net pension liability - proportionate share		20,589,852
Accrued interest cost		1,005,778
<p>Net change in deferred inflows of resources not reported in the funds:</p>		
Length of service award program related amounts		(386,408)
Pension related amounts		1,649,693
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		1,270,072
<p>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.</p>		
Repayment of bond principal		<u>55,438,196</u>
Change in Net Position of Governmental Activities	\$	<u><u>17,008,902</u></u>

TOWN OF OYSTER BAY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2017

ASSETS	<u>Agency Funds</u>
Cash	\$ 127,863,929
Due from other governments	<u>788</u>
Total Assets	<u>\$ 127,864,717</u>
LIABILITIES	
Due to the Comptroller of the State of New York	\$ 45
Due to the Department of Environmental Conservation of the State of New York	372
Due to the Department of Health of the State of New York	1,395
Due to the Department of Agriculture and Markets of the State of New York	171
Due to school districts	108,287,063
Due to the Treasurer of Nassau County	176,191
Due to component units	12,396,938
Other agency liabilities	<u>7,002,542</u>
Total Liabilities	<u>\$ 127,864,717</u>

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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.

The Town of Oyster Bay Housing Authority ("Authority") is an autonomous body, created under Section 480 of New York State Public Housing Law, responsible for maintaining housing for seniors and families of low income. The Authority is overseen by a seven-member commission. Five members are appointed to five-year terms by the Town Board. Two tenant commissioners are elected to two-year terms by all the residents within the housing units and then confirmed by the Town Board. The Authority is considered a related organization because the majority of the commissioners are appointed by the Town. The Town cooperates with the Housing Authority in making social programs available to seniors at each complex they control. The Housing Authority is not considered a part of the Town's reporting entity.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. 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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

Governmental Funds (continued)

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.

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. Mid 2017, the Town began to transfer recycling services, inclusive of personnel costs to this fund from the Solid Waste Disposal District. 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. Mid 2017, the Town began to transfer recycling services, inclusive of personnel costs from this fund to the Garbage Collection District Fund. The major sources of revenue are real property taxes and departmental income. The Town reports the Solid Waste Disposal District as a major fund rather than a nonmajor fund to enhance consistency and because management believes it is important to the financial statement users.

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 Grants 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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
 December 31, 2017

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 - 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

Park Districts:

Bethpage	Hicksville	Oyster Bay
Glenwood - Glen Head	Jericho	Plainview-Old Bethpage
Hempstead-Oyster Bay	Locust Valley	South Farmingdale
Community Hall and Swimming Pool	Massapequa	Syosset
	Nassau Shores	

Fire Protection Districts:

Bayville	Greenvale	Plainview
East Norwich	Northeast Farmingdale	
Glenwood - Glen Head	Oyster Bay	

Lighting District

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:

Massapequa Water District	Oyster Bay Water District	Syosset Sanitation District
Plainview Water District	Jericho Water District	Oyster Bay Sewer District
Hicksville	South Farmingdale Water District	Glenwood - Glenhead
Locust Valley Water District	Bethpage Water District	Garbage District

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

In the government-wide statements, governmental activities are presented using the economic resources measurement focus and are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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, 2017

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. Length of Service Award Program (LOSAP) Program Assets

The Town jointly sponsors two length of service award programs ("LOSAP") to provide retirement-like benefits for those volunteering time and services pertaining to firefighting services, in accordance with the Program Plan Documents. The assets are held in trust accounts in the name of the award programs. See Note 3.A for more information on the program's investments and Note 3.F for more information on the programs.

6. Deferred Outflows 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/length of service award programs, which consists of differences between the expected and actual experience, changes in assumptions, net differences between the 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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Deferred Inflows of Resources

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. The governmental funds also contain a deferred amount for an upfront payment on a service concession arrangement that was not earned in the current year. In the government-wide financial statements, the Town reports deferred inflows of resources associated with pensions and length of service award programs which consists of differences between the pension plan's expected and actual experience, changes in assumptions and the changes in proportion and differences between the Town's contributions and proportionate share of contributions. The Town also reports a deferred inflow of resources for the present value of the future installment payments to be received under the service concession arrangement after the advance fee has been liquidated.

8. 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.

9. 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, proportionate shares of length of service award and 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.

10. 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 63% 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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. 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 1st, and are due in two installments, 50% on January 1st and 50% on July 1st, payable without penalty to February 10th and August 10th, respectively. Penalties are imposed thereafter at the rate of 1% per month from January 1st and July 1st until August 31st, 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 1st, 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 1st and 50% on April 1st payable without penalty to November 10th and May 10th, respectively. The County is also responsible for uncollected school taxes.

12. 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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

13. Length of Service Award Program (LOSAP) Liabilities

The Town jointly sponsors LOSAPs, defined benefit service award programs, for its volunteer firefighters of two different fire protection districts. The two programs have multiple sponsors all of whom are legally responsible for annual contributions to the program, as such this is considered a special funding situation. The programs are administered through a trust. Payments under the program are made from the general assets of the sponsors which are subject to the claims of the Town's creditors.

The trust does not meet the criteria of GASB Statement No. 73, paragraph 4 because the assets are not protected from the Town's creditors. Accordingly, the Town reports its proportionate share of the total LOSAP service award liabilities which have been measured at the actuarial present value of projected benefit payments without offset from the trust assets.

14. 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 or expected payouts. 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.

15. 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 and retainage payable in the government-wide financial statements are capital related debt and are used in the calculation of net investment in capital assets.
- b) Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In the fund financials 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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

15. Net Position and Fund Equity Classifications (continued)

- 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 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.

16. 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.

17. Use of Estimates

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

18. 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, 2017, the Town adopted:

Statement No. 73 *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68 - and amendments to Certain Provisions of GASB 67 and 68,"* the objective is to clarify the existing guidance, as well as, establish new requirements for pensions not covered by Statement No. 67 and No. 68. The requirements of this Statement address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. The implementation of this Statement resulted in the Town recording its proportionate share of assets of the Length of Service Award Program (LOSAP) and restricted fund balance within the Fire Protection Districts. In the government-wide financial statements, the Town recorded their proportionate share of the LOSAP liability and related deferred inflows/outflows of resources.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

18. New Pronouncements (continued)

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. This Statement had no effect on the Town's financial statements.

Statement No. 81, "*Irrevocable Split-Interest Agreements*", the objective of which is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement had no effect on the Town's financial statements.

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 Statement are effective for the year ending December 31, 2017, except for the requirements for selection of assumptions in a certain circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017 will be adopted for the year ending December 31, 2018.

19. 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.

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 the deposit and installment payment as revenue.

At December 31, 2017, 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.

See Note 4.J for related commitment and contingency information.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

- a) On or before September 20th, each department, officer or district submits to the Budget Officer and to the Comptroller a detailed estimate of the budget known as "departmental estimates" for the amount of revenue to be received and expenditures to be made for the ensuing year.
- b) On or before September 30th, the Budget Officer files with the Town Clerk and the Comptroller and presents to the Town Board a tentative budget for the ensuing year.
- c) On or before October 5th, the Town Board reviews the tentative budget and files with the Town Clerk a preliminary budget.
- d) The Town Board conducts a public hearing on the preliminary budget and on or before November 20th the Town Board meets to adopt the budget now known as the "annual budget".
- e) Formal budgetary integration is employed during the year as a management control device for the General, certain Special Revenue and Debt Service Funds. The Town Board adopts the budget and establishes 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 2017 budget included an overall increase in real property tax revenue from the prior year of 11.48% for the Town's overall governmental activities.

B. 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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. Fund Balance (Deficit) (continued)

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 District Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:								
Nonspendable:								
Inventory	\$ 2,077,679	\$ 958,919					\$ 470,046	\$ 3,506,644
Total Nonspendable	2,077,679	958,919	\$ -0-	\$ -0-	\$ -0-	\$ -0-	470,046	3,506,644
Restricted for:								
Debt service					2,591,546		540,286	3,131,832
Capital projects						24,806,410		24,806,410
LOSAP							2,903,228	2,903,228
Grantor restrictions	32,237						584,019	616,256
Total Restricted	32,237	-0-	-0-	-0-	2,591,546	24,806,410	4,027,533	31,457,226
Assigned to:								
Purchases on order							46,088	46,088
Special revenue funds								
Town outside village							2,618,389	2,618,389
Drainage district							2,604,354	2,604,354
Park districts							2,976,981	2,976,981
Fire protection districts							1,125,157	1,125,157
Lighting district							879,406	879,406
Water districts							24,732	24,732
Long-term receivables			4,369,726				3,420,000	7,789,726
Total Assigned	-0-	-0-	4,369,726	-0-	-0-	-0-	13,695,107	18,064,839
Unassigned, reported in								
General fund	(24,144,002)							(24,144,002)
Special revenue funds		(5,127,976)		(6,016,218)			(2,425,808)	(13,570,002)
Capital projects fund						(107,268,066)		(107,268,066)
Total Unassigned	(24,144,002)	(5,127,976)	-0-	(6,016,218)	-0-	(107,268,066)	(2,425,808)	(144,982,070)
Total Fund Balances (Deficits)	\$ (22,034,086)	\$ (4,169,057)	\$ 4,369,726	\$ (6,016,218)	\$ 2,591,546	\$ (82,461,656)	\$ 15,766,878	\$ (91,952,867)

C. Deficit Fund Equity

Individual funds with total fund deficits as of December 31, 2017 were as follows:

	Total Fund Balance (Deficit)
General Fund	\$ (22,034,086)
Highway Fund	(4,169,057)
Solid Waste Disposal District	(6,016,218)
Capital Projects Fund	(82,461,656)
Public Parking District	(1,885,522)

The General Fund carried forward a deficit of \$39,954,214. This deficit was decreased during the year, primarily due to the Town's budgetary planning and higher than anticipated revenues. The 2017 budget included decreases in salaries, as well as an increase in real property taxes. Higher than anticipated local government assistance revenue from Nassau County, interfund revenues and mortgage tax revenue further reduced the deficit. The Town anticipates continuing to eliminate this deficit through careful monitoring of expenditures combined with increases to program revenue, allowing for increases in property taxes where necessary.

The Highway Fund carried forward a deficit of \$3,260,668 from the prior year. The deficit further increased in 2017 primarily due to higher than originally anticipated expenditures related to maintenance of streets, machinery, and snow removal, as well as employee benefits, which exceeded the original budget by \$1,047,557, offset by higher than originally anticipated departmental income of \$99,401. The Town anticipates eliminating this deficit through careful monitoring of 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, 2017

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

C. Deficit Fund Equity (continued)

The Solid Waste Disposal District carried forward a deficit of \$9,589,326 from the prior year. The deficit was reduced due to actual expenditures being \$3,006,154 lower than originally anticipated. The lower than anticipated expenditures mainly consisted of recycling costs that were \$3,325,272 less than originally budgeted, as well as lower than expected costs related to employee benefits totaling \$816,745. This was partially offset by sanitation and debt service expenditures that were \$1,135,863 higher than originally anticipated. The Town anticipates eliminating this deficit through careful monitoring of expenditures combined with increases to program revenue, allowing for increases in property taxes where necessary.

The Capital Projects Fund carried forward a deficit of \$84,098,446 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 \$1,220,238 from the prior year. The deficit was increased due to lower than anticipated revenue from parking permits. Overall, expenditures were in line with originally budgeted amounts. The Town anticipates eliminating this deficit through careful monitoring of expenditures combined with increases to program revenue, allowing for increases in property taxes where necessary.

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:

	Governmental Funds	Fiduciary Funds		
		Town Agency	Town Clerk	Receiver of Taxes
Cash:				
Demand Deposits	\$ 49,132,321	\$ 14,824,927	\$ 26,589	\$ 113,011,813
Money Market	25,513,923			
Length of Service Award	472			
Total Cash	<u>74,646,716</u>	<u>14,824,927</u>	<u>26,589</u>	<u>113,011,813</u>
Cash on Hand:				
Petty Cash	<u>8,285</u>			<u>600</u>
Investments:				
Length of Service Award	<u>2,902,756</u>			
	<u>\$ 77,557,757</u>	<u>\$ 14,824,927</u>	<u>\$ 26,589</u>	<u>\$ 113,012,413</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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Investments (continued)

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, 2017, the Town's bank deposit balances were \$186,410,396. Of these balances, \$82,167,680 was covered by the Federal Deposit Insurance Corporation, \$4,746,170 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, \$55,077,012 was covered by collateral held by the Town's agent, a third-party financial institution, in the Town's name, \$44,419,534 was collateralized with securities held by the pledging financial institution, or its trust, in the name of the Town.

As of December 31, 2017, 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, 2017, the Town's nonmajor component units bank deposit balances were \$60,046,126. Of these balances, \$11,746,398 was covered by Federal Deposit Insurance Corporation, \$29,039,082 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, \$19,260,646 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 in CLASS, consisting of U.S. Treasury obligations and repurchase agreements relating to Treasury obligations totaling \$29,551.

Restricted Length of Service Award Program Investments

The Town contributes monies, as a non-employer contributing entity through a joint sponsorship intermunicipal agreement. The funds are set-a-side for LOSAP retirement-like benefits and are managed by an administrator, designated by the joint sponsoring board. The administrator maintains the investments in a group benefit trust that are invested by Mass Mutual in their general investment account. The underlying investments are in a group annuity contract and are reported at contract value.

The Town's proportionate share of the LOSAP investments reported in the Fire Protection Districts Fund are included in the preceding schedule.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

B. Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances for the Town at December 31, 2017 represent temporary borrowings and 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		\$ 1,670,000
Highway Fund		3,640,000
Garbage Collection Districts	\$ 9,540,000	
Solid Waste Disposal District		5,900,000
Debt Service	2,490,918	
Capital Projects Fund		2,490,918
Total Major Funds	12,030,918	13,700,918
Nonmajor Funds:		
Town Outside Village Fund	1,670,000	
Lighting District	1,750,000	
Public Parking District		1,750,000
Total Nonmajor Funds	3,420,000	1,750,000
Total	\$ 15,450,918	\$ 15,450,918

Interfund transfer balances for the Town at December 31, 2017 represent primarily the payment of general obligation bonds and bond anticipation notes principal and interest and are stated as follows:

	Transfers In	Transfers Out
Major Funds:		
General Fund		\$ 37,474,900
Highway Fund		29,644,136
Garbage Collection Districts		3,049,277
Solid Waste Disposal District		2,773,573
Debt Service Fund	\$ 75,387,218	
Capital Projects Fund	11,253,666	90,000
Total Major Funds	86,640,884	73,031,886
Nonmajor Funds:		
Town Outside Village Fund		1,200,043
Drainage District		1,109,771
Park Districts		5,607,968
Lighting District		431,378
Public Parking District		5,259,838
Total Nonmajor Funds	-0-	13,608,998
Total	\$ 86,640,884	\$ 86,640,884

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets

Primary government	Balance 1/1/17	Additions	Deletions	Balance 12/31/17
Capital assets not being depreciated				
Land	\$ 114,611,393	\$ 3,923,145		\$ 118,534,538
Development rights	1,306,296			1,306,296
Construction in progress	801,761	201,919	\$ 127,697	875,983
Total capital assets not being depreciated	<u>116,719,450</u>	<u>4,125,064</u>	<u>127,697</u>	<u>120,716,817</u>
Depreciable capital assets				
Land rights	9,296,520			9,296,520
Buildings	151,315,112	829,159		152,144,271
Improvements other than buildings	493,348,380	2,058,221		495,406,601
Machinery and equipment	97,363,307	1,830,315	6,130,277	93,063,345
Software	24,705,342	592,056		25,297,398
Infrastructure				
Roads, curbs and sidewalks	409,087,597	3,873,955		412,961,552
Drainage system	179,939,470	92,892		180,032,362
Lighting system	22,360,507	138,598		22,499,105
Total depreciable capital assets	<u>1,387,416,235</u>	<u>9,415,196</u>	<u>6,130,277</u>	<u>1,390,701,154</u>
Less accumulated depreciation				
Land rights	4,555,978	678,534		5,234,512
Buildings	45,422,730	3,563,491		48,986,221
Improvements other than buildings	298,148,857	16,499,845		314,648,702
Machinery and equipment	77,260,056	6,610,593	6,088,415	77,782,234
Software	10,555,634	2,472,338		13,027,972
Infrastructure				
Roads, curbs and sidewalks	194,672,916	19,161,440		213,834,356
Drainage system	171,449,481	641,798		172,091,279
Lighting system	17,313,378	347,101		17,660,479
Total accumulated depreciation	<u>\$ 819,379,030</u>	<u>\$ 49,975,140</u>	<u>\$ 6,088,415</u>	<u>863,265,755</u>
Total net depreciable capital assets				<u>527,435,399</u>
Total net capital assets				<u>\$ 648,152,216</u>
Depreciation expense was charged to governmental functions as follows:				
General government support				\$ 5,630,484
Public safety				350,322
Transportation				23,337,614
Economic assistance and opportunity				4,824
Culture and recreation				15,855,924
Home and community services				4,795,972
Total governmental activities depreciation expense				<u>\$ 49,975,140</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, 2017, the Town has not recorded any such impairment losses.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

Discretely presented component units	(Restated) Balance 1/1/17	Additions	Deletions	Balance 12/31/17
Capital assets not being depreciated				
Land	\$ 5,979,602			\$ 5,979,602
Construction in progress	28,577,526	\$ 5,827,505	\$ 11,763,465	22,641,566
Total capital assets not being depreciated	34,557,128	5,827,505	11,763,465	28,621,168
Depreciable capital assets				
Buildings	60,499,550	9,871,356	20,747	70,350,159
Improvements other than buildings	113,043,367	4,444,590		117,487,957
Machinery and equipment	45,340,858	943,616	583,003	45,701,471
Software	80,768	9,920		90,688
Infrastructure				
Water mains	91,565,746	6,062,148	41,902.00	97,585,992
Sewer system	1,517,692			1,517,692
Total depreciable capital assets	312,047,981	21,331,630	645,652	332,733,959
Less accumulated depreciation				
Buildings	21,455,166	1,643,680	14,544	23,084,302
Improvements other than buildings	37,601,736	3,836,168		41,437,904
Machinery and equipment	28,485,787	1,974,524	581,831	29,878,480
Software	64,545	3,531		68,076
Infrastructure				
Water mains	43,748,446	1,847,071	41,902.00	45,553,615
Sewer system	904,974	25,587		930,561
Total accumulated depreciation	\$ 132,260,654	\$ 9,330,561	\$ 638,277	140,952,938
Total net depreciable capital assets				191,781,021
Total net capital assets				\$ 220,402,189

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

Home and community services	\$ 9,330,561
Total discretely presented component unit depreciation expense	\$ 9,330,561

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. 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 2.50% to 4.00% and are due at various dates through 2018.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

D. Indebtedness (continued)

Short-term Debt (continued)

These notes are summarized by purpose as follows:

	Balance 1/1/17	Issued	Redeemed	Balance 12/31/17
Primary Government:				
Garbage Collection Districts	\$ 601,629		\$ 601,629	
Solid Waste Disposal District	213,371		213,371	
Total Non-Capital Funds	815,000	\$ -0-	815,000	\$ -0-
Capital Projects Fund:				
General Fund - Townwide	49,885,853		5,209,572	44,676,281
Highway Fund	81,676,251		3,968,818	77,707,433
Garbage Collection Districts	5,685,289		450,772	5,234,517
Solid Waste Disposal District	3,302,381		230,242	3,072,139
Town Outside Village Fund	3,140,356		847,049	2,293,307
Drainage District	10,192		3,685	6,507
Park Districts	6,321,618		434,012	5,887,606
Lighting District	723,031		23,040	699,991
Public Parking District	303,717		57,810	245,907
Total Capital Projects Fund	151,048,688	-0-	11,225,000	139,823,688
Total Primary Government	151,863,688	-0-	12,040,000	139,823,688
Component Units:				
Plainview Water District		366,750		366,750
Locust Valley Water District	5,700,000	2,000,000	45,000	7,655,000
Oyster Bay Water District		2,100,000		2,100,000
Jericho Water District	3,000,000	5,000,000	20,000	7,980,000
So. Farmingdale Water District	1,285,000	5,500,000	5,000	6,780,000
Bethpage Water District	8,311,312	5,033,250	70,000	13,274,562
Total Component Units	18,296,312	20,000,000	140,000	38,156,312
Total Bond Anticipation Notes	\$ 170,160,000	\$ 20,000,000	\$ 12,180,000	\$ 177,980,000

Revenue Anticipation Notes (RANs) – This note was issued as a temporary means of financing a cash flow deficit in the General Fund for 2017. This RAN, with an interest rate of 2.50% was redeemed on February 23, 2018 from local government assistance revenue collected.

These notes are summarized as follows:

	Balance 1/1/17	Issued	Redeemed	Balance 12/31/17
Primary Government:				
General Fund	\$ 10,000,000	\$ 15,000,000	\$ 10,000,000	\$ 15,000,000

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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

D. Indebtedness (continued)

Short-term Debt (continued)

	Balance 1/1/17	Issued	Redeemed	Balance 12/31/17
Primary Government:				
Highway Fund	\$ 15,000,000		\$ 15,000,000	
Garbage Collection Districts	3,000,000		3,000,000	
Solid Waste Disposal District	4,000,000		4,000,000	
Total Tax Anticipation Notes	<u>\$ 22,000,000</u>	<u>\$ -0-</u>	<u>\$ 22,000,000</u>	<u>\$ -0-</u>

Long-term Debt

Summary of changes in long-term debt transactions for the year ended December 31, 2017 is as follows:

	(Restated) Balance 1/1/17*	Increases	Reductions	Balance 12/31/17	Non-current liabilities due within one year	Non-current liabilities
Primary Government:						
General obligation bonds payable	\$ 550,283,468	\$ 29,450,000	\$ 55,438,196	\$ 524,295,272	\$ 61,473,458	\$ 462,821,814
Plus premiums on issuance	12,185,473		1,407,272	10,778,201	1,407,272	9,370,929
Total general obligation bonds	562,468,941	29,450,000	56,845,468	535,073,473	62,880,730	472,192,743
Long-term bond anticipation notes	29,450,000		29,450,000			
Due to Employees' Retirement System	23,721,643		2,117,365	21,604,278	2,333,698	19,270,580
Compensated absences	22,182,844	567,283	1,503,934	21,246,193	1,098,095	20,148,098
Claims and judgments payable	24,368,518	4,613,413	5,958,018	23,023,913	5,229,023	17,794,890
Other litigation payable	196,000			196,000	196,000	
Estimated liability for landfill closure and post-closure care costs	4,125,000		1,125,000	3,000,000	300,000	2,700,000
Retirement incentive payable	67,333		33,667	33,666	33,666	
Capital lease payable	230,335		113,541	116,794	116,794	
Other postemployment benefits payable	221,220,899	35,305,302	12,643,985	243,882,216		243,882,216
LOSAP liability - proportionate share	5,564,171		138,391	5,425,780		5,425,780
Net pension liability - proportionate share	52,027,268	19,873,989	40,463,841	31,437,416		31,437,416
Total non-current liabilities	<u>\$ 945,622,952</u>	<u>\$ 89,809,987</u>	<u>\$ 150,393,210</u>	<u>\$ 885,039,729</u>	<u>\$ 72,188,006</u>	<u>\$ 812,851,723</u>
Component Units:						
General obligation bonds payable	\$ 58,776,532		\$ 4,641,804	\$ 54,134,728	\$ 4,526,542	\$ 49,608,186
Plus premiums on issuance	539,958	\$ 43,138	26,196	556,900	26,196	530,704
Total general obligation bonds	59,316,490	43,138	4,668,000	54,691,628	4,552,738	50,138,890
Compensated absences	4,109,167	504,294	358,007	4,255,454	330,200	3,925,254
Other postemployment benefits payable	28,973,167	5,478,935	1,845,120	32,606,982		32,606,982
Net pension liability - proportionate share	7,493,073	589,833	3,754,411	4,328,495		4,328,495
Other debt	10,790,000		865,000	9,925,000	895,000	9,030,000
Total non-current liabilities	<u>\$ 110,681,897</u>	<u>\$ 6,616,200</u>	<u>\$ 11,490,538</u>	<u>\$ 105,807,559</u>	<u>\$ 5,777,938</u>	<u>\$ 100,029,621</u>

*The beginning balance of the LOSAP liability – proportionate share is reported as of January 1, 2017 in accordance with GASB Statement No. 73. See Note 6.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 2018 through 2043. The original amount borrowed for debt currently outstanding was \$917,850,566.

A summary of these bonds by purpose is as follows:

	Balance 1/1/17	Issued	Redeemed	Balance 12/31/17
Primary Government:				
General Fund	\$ 249,329,083	\$ 2,062,295	\$ 23,408,114	\$ 227,983,264
Highway Fund	178,914,923	872,808	19,575,562	160,212,169
Garbage Collection Districts	14,996,144	18,474,855	1,632,228	31,838,771
Solid Waste Disposal District	17,796,683	7,121,335	1,740,932	23,177,086
Town Outside Village Fund	2,318,613	202,690	267,734	2,253,569
Drainage District	2,898,370		1,001,701	1,896,669
Park Districts	34,514,936	427,689	3,938,904	31,003,721
Lighting District	2,590,616	231,000	305,641	2,515,975
Public Parking District	46,924,100	57,328	3,567,380	43,414,048
Total Primary Government	<u>550,283,468</u>	<u>29,450,000</u>	<u>55,438,196</u>	<u>524,295,272</u>
Component Units:				
Massapequa Water District	4,195,700		437,550	3,758,150
Plainview Water District	16,433,044		1,355,832	15,077,212
Locust Valley Water District	3,926,000		254,000	3,672,000
Oyster Bay Water District	2,869,586		319,296	2,550,290
Jericho Water District	5,983,000		349,000	5,634,000
So. Farmingdale Water District	11,651,217		861,287	10,789,930
Bethpage Water District	11,354,100		724,300	10,629,800
Oyster Bay Sewer District	2,363,885		340,539	2,023,346
Total Component Units	<u>58,776,532</u>	<u>-0-</u>	<u>4,641,804</u>	<u>54,134,728</u>
Total General Obligation Bonds	<u>\$ 609,060,000</u>	<u>\$ 29,450,000</u>	<u>\$ 60,080,000</u>	<u>\$ 578,430,000</u>

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, 2018	\$ 61,473,458	\$ 18,430,926	\$ 79,904,384
2019	59,521,951	16,405,323	75,927,274
2020	61,028,461	14,249,275	75,277,736
2021	49,229,744	12,255,398	61,485,142
2022	42,950,326	10,608,991	53,559,317
2023 - 2027	196,299,852	30,391,354	226,691,206
2028 - 2032	52,381,480	4,417,721	56,799,201
2033 - 2037	595,000	131,287	726,287
2038 - 2042	670,000	57,619	727,619
2043	145,000	1,724	146,724
Totals	<u>\$ 524,295,272</u>	<u>\$ 106,949,618</u>	<u>\$ 631,244,890</u>

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 component units is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
For years ending December 31, 2018	\$ 4,526,542	\$ 1,938,365	\$ 6,464,907
2019	4,263,049	1,782,653	6,045,702
2020	4,161,539	1,630,741	5,792,280
2021	4,165,256	1,480,589	5,645,845
2022	4,304,674	1,331,500	5,636,174
2023 - 2027	21,575,148	4,383,381	25,958,529
2028 - 2032	11,138,520	1,021,565	12,160,085
Totals	<u>\$ 54,134,728</u>	<u>\$ 13,568,794</u>	<u>\$ 67,703,522</u>

Capital Lease Obligations

In 2016, 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, with annual payments totaling \$120,140, inclusive of interest at a rate of 2.865%. At December 31, 2017, the principal amount outstanding was \$116,794. This lease matured in March 2018.

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

Equipment and software	\$ 349,680
Less: accumulated depreciation	<u>233,117</u>
Net Value	<u>\$ 116,563</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, 2018	\$ 116,794	\$ 3,346	\$ 120,140

Retirement Incentive Payable – In the 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 paid \$33,667 of the retirement incentive in 2017. The balance outstanding at December 31, 2017 was \$33,666, which will be paid during 2018.

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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

D. Indebtedness (continued)

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 \$9,925,000 have been included under the caption "Other debt" because the Town does not bear any responsibility with respect to this debt in its repayment.

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 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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

E. Retirement System (continued)

Tiers 1 and 2 (continued)

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.

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.

Disability Retirement Benefits

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

Ordinary Death Benefits

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

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 contribution was \$13,177,601.

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 2017, the Town paid \$361,587 toward this program and has a remaining liability at December 31, 2017 of \$2,021,791.

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 2017, the Town paid \$657,235 toward this program and has a remaining liability at December 31, 2017 of \$4,378,806.

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 2017, the Town paid \$447,303 toward this program and has a remaining liability at December 31, 2017 of \$4,863,674.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 2017, the Town paid \$320,776 toward this program and has a remaining liability at December 31, 2017 of \$3,894,857.

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%. During 2017, the Town paid \$330,464 toward this program and has a remaining liability at December 31, 2017 of \$4,442,942.

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%.

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, 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	2,664,258	395,534	3,059,792
2023 - 2027	8,271,946	891,930	9,163,876
2028 - 2029	851,276	30,645	881,921
Totals	\$ 21,604,278	\$ 3,740,477	\$ 25,344,755

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

At December 31, 2017, the Town reported a liability of \$31,437,416 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2016. The 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 long-term contributions of all participating members.

Below is the Town's proportionate share of the net pension liability of the System and the related employer allocation percentage as of the March 31, 2017 measurement date.

Net Pension Liability	Allocation of the System's Total Net Liability	Change in the Allocation of the System's Total Net Pension Liability Since Prior Measurement Date
\$ 31,437,416	0.3345750%	0.0104232

There was no significant change in the Town's proportion from March 31, 2016 to March 31, 2017.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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)

For the year ended December 31, 2017, the Town recognized pension expense of \$18,224,295 in the Statement of Activities. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	\$ 787,792	\$ 4,773,950
Changes in assumptions	10,740,173	
Net difference between projected and actual investment earnings on pension plan investments	6,279,326	
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	1,642,950	513,356
Contributions made subsequent to the measurement date	10,219,832	
Total	\$ 29,670,073	\$ 5,287,306

Deferred outflows of resources related to pensions resulting from the Town's contribution subsequent to the measurement date in the amount of \$10,219,832 will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For years ending December 31, 2018	\$ 6,166,695
2019	6,166,695
2020	5,842,133
2021	(4,012,588)
	\$ 14,162,935

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:

	April 1, 2016
Investment rate of return (net of investment expenses)	7.00%
Inflation rate	2.50%
Salary increases	3.80%
Cost of living adjustments	1.30%

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

E. Retirement System (continued)

Actuarial Assumptions (continued)

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, 2016 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.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

<u>Asset Class:</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.75%
Real estate	10.00%	5.80%
Absolute return strategies	2.00%	4.00%
Opportunistic portfolio	3.00%	5.89%
Real assets	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation indexed bonds	4.00%	1.50%
	<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)	\$ 100,404,880	\$ 31,437,416	\$ (26,874,444)

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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, 2017, were as follows:

	(Dollars in thousands)
Employers' total pension liability	\$ 177,400,586
Plan net position	(168,004,363)
Employers' net pension liability	\$ 9,396,223
Ratio of plan net position to the Employers' total pension liability	94.70%

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

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

The Town jointly sponsors defined benefit length of service award programs ("LOSAP") for the active volunteer firefighters of the Oyster Bay ("Oyster Bay") and Glenwood-Glen Head ("Glenwood") Fire Protection Districts. The programs took effect on July 1, 1991 and April 1, 1990 for Oyster Bay and Glenwood, respectively. The programs were established pursuant to Article 11-A of the New York State 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 55% sponsor of the Oyster Bay program and a 46% sponsor of the Glenwood program for the year ended December 31, 2017. The Town contributed \$187,302 and \$122,652 during 2017 to the Oyster Bay and Glenwood programs, respectively. Additional Fire Protection Districts may run LOSAP programs but the Town did not participate in material intermunicipal agreements to directly fund those LOSAP plans which were administered by others and as such are not included in this report.

Program Description

Participation, vesting and service credit

Oyster Bay's active volunteer firefighters who have reached the age of 17 are eligible to participate in the program. Glenwood has no minimum age for eligibility. Participants acquire a nonforfeitable right to a service award after being credited with five 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 55 for Glenwood, both programs require completion of one 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 five years of firefighting service rendered prior to the establishment of the program.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

F. Fire Protection Length of Service Award Program (“LOSAP”) (continued)

Program Description (continued)

Benefits Provided

Benefits in the amount of \$20 per month per year of service are paid on behalf of each participant who is credited with a year of firefighting service. The programs guarantee a retirement annuity of 120 monthly payments payable inclusively to the participant and his/her designated beneficiary. The maximum number of years of firefighting service for which a participant may receive a contribution is forty years for Oyster Bay and thirty-seven years for Glenwood. 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 which are self-insured and paid from the program trust funds.

Participants covered by the benefit terms

	Oyster Bay	Glenwood
Retired participants receiving benefits	39	11
Inactive participants entitled to, but not yet receiving benefits	63	18
Active participants	116	71
Total	218	100

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 boards have retained and designated Glatfelter VFIS Specialty Benefits to assist in the administration of the Oyster Bay and Glenwood programs. The designated program administrator’s functions include calculating the amount to be contributed to the plan at the end of each year based upon the criteria set forth in the Program’s Plan Document. Disbursements for the payment of benefits or administrative expenditures 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 expenditures of the operation and administration of the program. Any payments under the program shall be made from the general assets of the Sponsors which general assets are subject to the claims of creditors of the Sponsor. As such, the trust assets do not meet the criteria as defined by GASB and, therefore, may not be offset against the LOSAP liability.

Authority to invest program assets is vested in the sponsoring board. Subject to restrictions in the Program Plan Document, program assets are invested in accordance with a statutory “prudent person” rule. The sponsoring board is required to retain an actuary to review and certify the administrator’s calculations of the amount of the sponsoring board’s contributions to the program. The actuary retained by the sponsoring board for this purpose is JF Actuarial Service Inc. Portions of the following information are derived from reports prepared by the actuary dated October 12, 2016 for Oyster Bay and July 31, 2017 for Glenwood, respectively. The actuary provided additional calculations for the length of service award program liability.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

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

Program Financial Condition

The following represents the Town's proportionate share of program assets as of December 31, 2017 and the changes for the year then ended.

		<u>Oyster Bay</u>		<u>Glenwood</u>
Group annuity contracts	100.00%	\$ 1,629,329	99.96%	\$ 1,273,427
Cash		<u> </u>	0.04%	<u> 472</u>
Total Net Assets Available for Benefits		<u>\$ 1,629,329</u>		<u>\$ 1,273,899</u>

Prior Service Costs

There are no prior service costs being amortized.

Receipts and Disbursements

Program Net Assets, January 1, 2017		\$ 1,411,465		\$ 1,043,062
Changes during the year:				
Plan contributions		187,302		112,652
Settlement				233,459
Changes in fair market value of investments		74,300		36,211
Plan benefit withdrawals		(34,930)		(147,890)
Premiums		(5,623)		(2,730)
Administrative and Other Fees/Charges		<u>(3,185)</u>		<u>(865)</u>
Program Net Assets, December 31, 2017		<u>\$ 1,629,329</u>		<u>\$ 1,273,899</u>

Contributions

Amount of Town's required contribution:		\$ 187,302		\$ 112,652
Amount of Town's actual contribution:		\$ 187,302		\$ 112,652

Administration Fees

Plan administrator		\$ 2,634		\$ 635
Actuary		\$ 551		\$ 230

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

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

Program Liabilities, Program Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Program

At December 31, 2017, the Town reported a liability of \$5,425,780 for its proportionate share of the length of service award program liability. The length of service award program liability was measured as of June 30, 2017 and December 31, 2017 for Oyster Bay and Glenwood, respectively, and the total program liability by an actuarial valuation as of July 1, 2016 and January 1, 2017 for Oyster Bay and Glenwood, respectively. The Town's proportion of the length of service award program liability was based on a projection of the Town's share of contributions to the program.

	<u>Oyster Bay</u>	<u>Glenwood</u>
Program Liability - Beginning of year	\$3,708,887	\$1,855,284
Service cost	98,813	60,014
Interest	131,282	58,797
Differences between expected and actual experience	(1)	
Changes in assumptions	(450,808)	176,575
Benefit payments	(42,416)	(157,890)
Expenses	(9,163)	(3,594)
Program Liability - End of year	<u>\$3,436,594</u>	<u>\$1,989,186</u>

Program benefit payments included \$29,445 (the Town's proportionate share would be \$16,211) for allocated insurance contracts that were purchased in the measurement period for volunteers with additional service earned after their entitlement date. The obligation for the payment of these benefits covered by allocated insurance contracts has been transferred from the non-employer contributing entities (joint sponsors) to one or more insurance companies.

For the year ended December 31, 2017, the Town recognized program expense of \$96,235 in the Statement of Activities. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to the program from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>Oyster Bay</u>	<u>Glenwood</u>	<u>Oyster Bay</u>	<u>Glenwood</u>
Difference between expected and actual experience			\$ 1	
Changes in assumptions		\$ 151,350	386,407	
Contributions made subsequent to the measurement date	\$ 187,302			
Total	<u>\$ 187,302</u>	<u>\$ 151,350</u>	<u>\$ 386,408</u>	<u>\$ -0-</u>

Deferred outflows of resources related to the program resulting from the Town's contribution subsequent to the measurement date in the amount of \$187,302 will be recognized as a reduction of the program liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the program will be recognized in program expense as follows:

	<u>Oyster Bay</u>	<u>Glenwood</u>	<u>Total</u>
For years ending December 31, 2018	\$ (64,401)	\$ 25,225	\$ (39,176)
2019	(64,401)	25,225	(39,176)
2020	(64,401)	25,225	(39,176)
2021	(64,401)	25,225	(39,176)
2022	(64,401)	25,225	(39,176)
Thereafter	<u>(64,403)</u>	<u>25,225</u>	<u>(39,178)</u>
	<u>\$ (386,408)</u>	<u>\$ 151,350</u>	<u>\$ (235,058)</u>

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

F. Fire Protection Length of Service Award Program (“LOSAP”) (continued)

Funding Methodology and Actuarial Assumptions

The actuarial valuation methodology used by the actuary to determine the sponsor’s contribution is the entry age normal frozen initial liability method. The assumed rate of return on investment was determined by using the 20-year AA general obligation bond rate as of the measurement dates of the individual programs. Update procedures were used to roll forward the liability from the actuarial valuation date to the measurement date.

The assumptions used by the actuary to determine the sponsor’s contribution and the actuarial present value of benefits are:

	<u>Oyster Bay</u>	<u>Glenwood</u>
Actuarial Valuation Date	July 1, 2016	January 1, 2017
Measurement Date	June 30, 2017	December 31, 2017
Investment rate of return	3.56%*	3.31%*
Salary increases	Not Applicable	Not Applicable
Inflation rate	0.00%	0.00%
Mortality	No pre-retirement mortality; post retirement GAR94	No pre-retirement mortality; post retirement GAR94
Turnover	T5	T5
Retirement	First Eligible	First Eligible

* Percentages are net of pension plan investment expense, including inflation.

Sensitivity of the Proportionate Share of the Program Liability to the Discount Rate Assumption

The following presents the Town’s proportionate share of the length of service award program liability calculated using the discount rate of 3.56% and 3.31% for Oyster Bay and Glenwood, respectively, as well as what the Town’s proportionate share of the program liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current assumption:

	<u>One Percent Decrease</u>	<u>Current Assumption</u>	<u>One Percent Increase</u>
Oyster Bay			
Discount rates	2.56%	3.56%	4.56%
Net pension liability	\$ 3,678,898	\$ 3,436,594	\$ 3,188,914
Glenwood			
Discount rates	2.31%	3.31%	4.31%
Net pension liability	\$ 2,139,477	\$ 1,989,186	\$ 1,835,564

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

G. 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 and is a member of the retirement system under tiers 1 through 4. Tier 5 and 6 retirement system members must have been employed with the Town for at least ten consecutive years and be at least 55 years of age in order to be entitled to medical insurance coverage at retirement. 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 meet the requirements to receive medical insurance coverage. This contract will be renegotiated at various times in the future. The retiree is also eligible for full Medicare reimbursement in the amount of \$1,308 to \$1,608 per year, based on enrollment date. 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, 2018 is as follows:

Active employees	996	
Retired employees	845	
Total	1,841	

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

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

Funding Policy

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

Annual Other Postemployment Benefit Cost

For the year ended December 31, 2017, the Town's annual other postemployment benefits cost (expenses) was \$35,305,302. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$12,643,985 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$22,661,317 for the year ended December 31, 2017. The Town's nonmajor component unit's annual other postemployment benefits cost (expenses) were \$5,478,935. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$1,845,120 for retirees and their beneficiaries, the result was an increase in the other postemployment benefits liability of \$3,633,815 for the year ended December 31, 2017.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

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

Benefit Obligations and Normal Cost

Actuarial Accrued Liability (AAL)	
Retired employees	\$ 209,146,242
Active employees	<u>237,609,003</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 446,755,245</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.

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

	Total
Normal cost	\$ 13,837,230
Amortization of unfunded actuarial liability (UAAL) over 30 years	23,438,615
Interest	<u>1,251,019</u>
Annual required contribution (ARC)	38,526,864
Interest on net OPEB obligation	8,848,841
Adjustment to ARC	<u>(12,070,403)</u>
OPEB Cost	35,305,302
Less: Contribution for year ended December 31, 2017	<u>12,643,985</u>
Increase in other postemployment benefits liability	22,661,317
Other postemployment benefits liability at December 31, 2016	<u>221,220,899</u>
Other postemployment benefits liability at December 31, 2017	<u>\$ 243,882,216</u>
Percent of annual OPEB cost contributed	35.81%

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

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

Funded Status and Funding Progress

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

	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 35,305,302	35.81%	\$ 243,882,216
2016	38,474,287	29.30%	221,220,899
2015	36,864,629	27.69%	194,019,635

The funded status of the plan as of January 1, 2017, projected for the year ended December 31, 2017 is as follows:

	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
Town	\$ 446,755,245	\$ -0-	\$ 446,755,245	0.00%	\$ 70,431,857	634.31%
Component Units	66,077,481	-0-	66,077,481	0.00%	11,419,088	578.66%

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, 2017 actuarial valuation, the liabilities were computed using the entry age normal method and level percentage of projected payroll of active plan members on an open basis. The actuarial assumptions utilized a 4.0% interest rate, a 2.28% inflation rate and a 2.5% payroll growth rate. The valuation assumes a 6.0% (post 65) and 9.0% (pre 65) healthcare cost trend increase for the year ended 2017 with reduced decrements to a rate of 5.0% for pre 65 by the year 2021.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

3. DETAILED NOTES ON ALL FUNDS (continued)

H. 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, 2017, the value of the accumulated vacation time and sick leave was \$21,246,193 for the primary government. The liability for compensated absences for the nonmajor component units amounted to \$4,255,454.

I. 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 2017, the agreements the Town ratified in the current and previous years, resulted in an abatement of \$2,856,256 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 2017, the agreements the NCIDA ratified in the current and previous years, resulted in an abatement of \$5,668,038 of the Town's real property taxes and the receipt of \$3,103,207 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, 2017, the agreements resulted in an abatement of \$1,818,520 of the Town's real property tax and the receipt of \$386,491 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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

4. COMMITMENTS AND CONTINGENCIES (continued)

A. Risk Management (continued)

The Town is self-insured for property protection on the first \$50,000, including earthquake and flood, except for wind and hail which are self-insured for 1% of the total insurable value per location of loss arising out of a named storm with a minimum of \$100,000 per loss and \$100,000 for all other wind and hail. 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.

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 \$23,023,913, 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	
	2017	2016	2017	2016
Unpaid claims and claim adjustment expenditures at the beginning of year	\$ 20,353,653	\$ 20,822,316	\$ 4,014,865	\$ 4,205,639
Incurring claims and claim adjustment expenditures:				
Provision for insured events of the current year and increases in the provision for insured events of prior years	3,352,301	3,034,699	1,261,112	1,130,849
Total incurred claims and claim adjustment expenditures	3,352,301	3,034,699	1,261,112	1,130,849
Payments:				
Claim expenditures attributable to insured events of the current and prior years	4,118,224	3,503,362	1,839,794	1,321,623
Total payments	4,118,224	3,503,362	1,839,794	1,321,623
Total unpaid claims and claim adjustment expenditures at the end of the year	\$ 19,587,730	\$ 20,353,653	\$ 3,436,183	\$ 4,014,865

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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 former property owners 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 to determine if additional payments to the property owners would be required. 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 filed a Notice of Appeal in August 1, 2016. In December 2017, the Appellate Division, Second Department vacated the trial court's approximate \$31,300,000 determination, and remitted the matter back to the trial court in order to determine, based upon the evidence offered by the Town, the fair market value of the property with a highest and best use of light industrial development, considering such adjustments as the evidence will support, and whether the property sustained any consequential damages when its proposed highest and best use was industrial.

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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

4. COMMITMENTS AND CONTINGENCIES (continued)

B. Property Condemnation and Environmental Issues (continued)

Bethpage Community Park (continued)

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.

C. Litigation

Town Concessionaire Litigation

The Town is a party to litigation and is aware of the potential for additional litigation regarding certain purported amendments to agreements with a former 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 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 former 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 former 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. The Town appealed both of those decisions to the New York State Supreme Court, Appellate Division, Second Department. Briefings are complete in both cases. Both actions were stayed pending the outcome of former Town Supervisor, John Venditto's criminal case in the United States District Court, Eastern District of New York. As noted below, said trial has concluded and it is anticipated that the stay will be lifted. 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 plaintiff moved for reconsideration. On January 29, 2018, the Court vacated that part of its original order and found that former Town Attorney, Leonard Genova, lacked authority to execute the alleged amendment but adhered to its original determination and again dismissed the plaintiff's claims. The plaintiff appealed that decision to the United State Court of Appeals for the Second Circuit; that appeal will be fully briefed on or before June 28, 2018. The Office of the Town Attorney cannot predict the outcome of that appeal.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

4. COMMITMENTS AND CONTINGENCIES (continued)

C. Litigation (continued)

Town Concessionaire Litigation (continued)

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 former Town concessionaire referred to above, honest service wire fraud and obstruction of justice. As discussed below, the grand jury indictment was superseded on November 21, 2017 to add allegations of criminal violations of securities laws, rules and regulations. The Supervisor had denied all charges. The former Town Supervisor resigned effective January 4, 2017. Trial commenced on March 14, 2018 and ended on May 24, 2018 with the jury acquitting Mr. Venditto of all charges. During the trial, former Town Attorney, Leonard Genova testified, among other things, that numerous Town Officials accepted bribes from the former Town Concessionaire, including both he and former Town Supervisor, John Venditto, who accepted free car rides and meals among other things, in exchange for causing the Town to enter into certain agreements, including the purported amendments described above, that provided for so-called "indirect loan guarantees" for the benefit of the concessionaire.

Securities and Exchange Commission Civil Complaint

On November 21, 2017, the SEC filed a civil complaint against the Town and the Town's former Supervisor, John Venditto, alleging violations of various provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, and the rules promulgated thereunder. In the complaint, the SEC alleges that the Town's disclosures, made in connection with various note and bond sales dating between June 2010 through December 2015, omitted information regarding certain agreements with the former Town concessionaire to operate concessions at certain Town facilities and that such omission was material to investors. In addition, the complaint alleges that between December 2015 and December 2016, the Town misstated and misrepresented the circumstances surrounding the purported amendments by stating that the purported amendments were entered into without the involvement or knowledge of senior Town officials (i.e., the former Town Attorney and former Town Supervisor). In the complaint, the SEC requests various forms of relief, including, without limitation, an unspecified monetary penalty, injunctive relief, the appointment of an independent consultant to recommend improvements to the Town's financial reporting procedures and controls and municipal security disclosure procedures, and a prohibition on Town securities sales unless the Town implements the recommendations of the independent consultant. The Town cannot predict the extent of the penalties, if any, that will be imposed.

Relatedly, the criminal indictment against former Town Supervisor, John Venditto, was superseded and amended to add allegations of criminal violations of the above noted securities laws, rules and regulations.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

4. COMMITMENTS AND CONTINGENCIES (continued)

C. Litigation (continued)

Securities and Exchange Commission Civil Complaint (continued)

The SEC case has been stayed pending the outcome of the criminal case involving the Town's former Supervisor, John Venditto, in the United States District Court, Eastern District of New York, discussed in the preceding paragraph, which commenced March 14, 2018. During the trial, former Town Attorney and Deputy Supervisor, Leonard Genova testified, among other things, that from 2010 to 2015, the Town's disclosures omitted information regarding so-called "indirect loan guarantees" and that, starting in 2015, the Town's disclosures that the purported amendments were entered into without the involvement of the necessary Town Officials were false and misleading because, among other reasons, he and former Town Supervisor John Venditto had accepted bribes in exchange for facilitating the purported amendments. Now that the trial is concluded and Mr. Venditto has been acquitted of all charges, it is anticipated that the stay on the SEC case against the Town will be lifted.

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 filed in Federal court 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").

It is alleged by the plaintiffs that a smaller portion of the land was used by Grumman as "settling ponds" to discharge and dispose of manufacturing chemicals. 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.

On February 14, 2017, the plaintiff's initiated a proceeding in the New York State Supreme Court, Nassau County, seeking leave of the Court to file late notices of claim against the Town, which filings are a statutory condition precedent to the commencement of tort litigation against the Town. After fully briefing the issues, the Supreme Court denied, without prejudice, the petitioners' application because the Court was unable to determine, based upon the allegations contained in the petition, whether the petitioners' claims were timely.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

4. COMMITMENTS AND CONTINGENCIES (continued)

C. Litigation (continued)

Class Action Lawsuit (continued)

On December 15, 2017, the judge in the Federal court action denied the plaintiffs' motion to remand the action to State Supreme Court. At this juncture, there is no indication whether the plaintiffs will appeal the denial of their motion to remand. In addition, over the last several months, the Town has received several additional notices of claim from claimants who appear to be making an effort to join the purported class action. Statutory examinations of each claimant are on-going.

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.

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.

Attorney's Fee Dispute

This action involved a challenge to a Town ordinance which prohibited individuals who were standing within or adjacent to public right-of-ways from stopping or attempting to stop vehicles for the purpose of soliciting employment from the occupants of that vehicle. Plaintiffs brought their challenge pursuant to 42 USC Section 1983, arguing that the ordinance was constitutionally infirm for a variety of reasons. The United States District Court for the Eastern District of New York granted summary judgement in favor of the plaintiffs and, on August 22, 2017, the United States Court of Appeals for the Second Circuit affirmed.

Plaintiffs have filed a formal application on June 3, 2018 under 42 USC Section 1988 to recover their attorneys' fees, in the amount of \$1,800,000. The Town's insurance carrier for this matter has offered to contribute a maximum of \$100,000, citing an exclusion in the policy as the basis for the limited coverage.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

4. COMMITMENTS AND CONTINGENCIES (continued)

C. Litigation (continued)

Attorney's Fee Dispute (continued)

Negotiations with the plaintiffs are ongoing, however, the Town is unable to predict whether the recovery of plaintiff's attorneys' fees will be resolved by mutual agreement or whether litigation will become necessary.

Tax Assessment Litigation

This action was served upon the Town on April 27, 2018, and seeks among other forms of relief, that the defendant, which includes the County of Nassau and the Town, make an unspecified refund to the plaintiff, New York American Water Company, Inc., for the plaintiff's alleged overpayment in taxes resulting from the County's erroneous method by which certain property was assessed for taxation purposes. Because the County of Nassau is responsible for assessment of properties in Nassau County, the Town believes at this early juncture that the complaint does not state a cause of action against the Town.

Hicksville Garage

The Town is currently bringing suits against the contractor and engineering firm involved in the construction of the Hicksville parking garage. The Town alleges that poor construction has led to the need for major repair work. In order to make the repairs, the Town must close the parking garage for a period of time during 2018. The Town estimates that the repairs will cost between \$15,500,000 and \$17,500,000. In order to fund the repairs until such time that the litigation with the contractor and engineering firm is resolved, the Town has issued bond anticipation notes for \$8,300,000. In addition, the Town Board has authorized an additional borrowing of \$6,800,000 which is expected to take place in 2019.

Other Matters

On June 29th 2017, the Nassau County District Attorney's Office charged former Town Supervisor John Venditto with conspiracy and corrupt use of position or authority, and the former Town Commissioner of Parks and the former Commissioner of Planning and Development with official misconduct in connection with an alleged illegal hiring and firing of a Town employee. In a separate indictment that was unsealed on the same day, the former Town Supervisor, together with others, were indicted in connection with, among other things, the failure to disclose a financial interest of a Town official in a real estate development deal relating to property located in Hicksville, New York. At this juncture, there does not appear to be a financial impact on the Town as a result of this matter.

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.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

4. COMMITMENTS AND CONTINGENCIES (continued)

D. Compressed Natural Gas - Grant Funding (continued)

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 2017, the costs to remediate these landfill sites have been reduced as a result of prior year 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 \$750,000 as the annual monitoring costs estimated have been reduced from \$375,000 to \$300,000. Accordingly, as of December 31, 2017, the Town has recorded a liability of \$3,000,000, 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.

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 \$9,783,079 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 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 \$33,067 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, 2017 totaled \$396,800.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

4. COMMITMENTS AND CONTINGENCIES (continued)

H. Lease Commitments and Leased Assets (continued)

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

For years ending December 31, 2018	407,413
2019	414,050
2020	<u>138,761</u>
	<u>\$ 960,225</u>

Due to certain circumstances, the Town vacated the premises discussed above in April 2017. The landlord, however, has brought litigation to collect rent due under the lease agreement, and it appears that the landlord will continue to litigate throughout the entire term of the lease agreement which ends April 2020. By an action commenced in 2017, the landlord has obtained a judgment, dated June 3, 2018, against the Town for approximately \$224,000 which represented the rental period of January 1, 2017 through May 31, 2017. A second action is pending, seeking \$294,000 for the period of June 1, 2017 through December 31, 2017. As of December 31, 2017, the Town has reported a liability for the amounts owed per the lease in the General Fund. A Notice of Claim has been filed demanding \$267,000 for January 1, 2018 through May 31, 2018. Based upon the remaining term of the lease (June 1, 2018 to December 31, 2020), the Town's exposure may be an additional \$850,000 to \$875,000.

I. Service Concession Arrangement

The Town entered into an agreement with Lessing's, Inc. ("Lessing's") to use and operate the Mansion at Oyster Bay (catering facility), Clubhouse Grille (restaurant), and the halfway and breakfast house stands at the Honorable Joseph Colby Town of Oyster Bay Golf Course. The agreement conveys to Lessing's the right, through license to provide future repairs, improvements and modifications to the facilities, related storage buildings and grounds and to operate and maintain those facilities for a period of twenty years unless extended. The Town has the right to approve the type of services Lessing's may provide and the fees that may be charged to the public. Lessing's was required to make an up-front concession fee of \$2.0 million. The Town will recognize revenue from monthly license fees that start at \$42,500 per month and increase annually by 3%. The guaranteed base rent for twenty years is \$13,703,892 of which \$297,500 was recognized in 2017 and \$1,702,500 of the advance payment is reported as a deferred inflow of resources in the general fund. The present value of the installments to be paid after the upfront payment has been liquidated is \$10,402,250 and have been reported in the Statement of Net Position as a receivable-service concession arrangement and an increase in the deferred inflow of resources-service concession arrangement. The Town is also entitled to a 15% share of operator gross receipts over \$6.0 million annually, which will be recognized as earned. The Town has made no guarantees or commitments to Lessing's, who assumes all risk in the operation of the facilities.

Lessing's has agreed to provide various capital improvements to the facility. The improvements that increase the capacity or efficiency of the facility will be capitalized by the Town at acquisition value once construction is completed. Title to the facilities and all fixed improvements rests with the Town. Lessing's will return the premises back to the Town in its original condition at the end of the lease, so the Town will not recognize depreciation on the existing assets throughout the term of the agreement.

Should the Town terminate the agreement with Lessing's prior to the end of the original term, Lessing's is entitled to actual certified costs of construction after the contract effective date (June 1, 2017) less 5% for each year or part of a year since completion. Lessing's would also receive the balance of the advanced concession fee and any lost profits on events booked prior to receipt of notice of termination.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

4. COMMITMENTS AND CONTINGENCIES (continued)

J. Sale of Department of Public Works (DPW) Facility

On August 27, 2013, the Town and Oyster Bay Realty, LLC entered into a Purchase and Sale Agreement for the sale of the real property located at 150 Miller Place, Syosset, New York, also known as the Town's DPW Facility. The parties agreed to defer the transfer of title and, therefore, the closing date has yet to occur. The closing date may be adjourned or delayed by the Town, at the Town's option, so that the Town may continue to hold title and remain in use of the premises, free of charge/rent, excluding utilities and operational charges, for a period of up to five years from the installment date, concluding on September 4, 2018 (the "closing extension date"). The accounting treatment for this sale is discussed in Note 1.E.

The closing may be further extended by the Town for up to an additional three years provided that the Town notifies the Purchaser in writing no less than 120 days prior to the end of the closing extension date of the Town's intent to extend; and beginning on the first day of the sixth year, the Town shall pay a fee of \$8.00 per square foot triple net per annum of the buildings that remain occupied by the Town, in accordance with the square footage calculations set forth in the Purchase and Sale Agreement.

The Town has sent the requisite notice of intent to extend on March 27, 2018. Based upon the square footage of the current occupancy, the Town will be obligated to pay approximately \$900,000 per year starting September 5, 2018.

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, 2017:

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	\$ 5,215,808	\$ 57,999	\$ 14,599,163	\$ 499,619	\$ 579,522	\$ 406,316	\$ 8,776,759	\$ 169,195	\$ 10,434,849	\$ 1,728,865	\$ (1,722,917)
Plainview Water District	8,153,245	234,967	29,006,471	554,617	3,015,980	44,636	18,502,215	124,373	13,574,325	3,946,809	(1,259,018)
Hicksville Water District	18,352,981	101,110	35,662,162	644,259	2,473,317		14,972,228	68,027	28,352,430	7,998,221	896,289
Locust Valley Water District	1,669,703	1,600,216	14,094,088	245,477	8,087,928		5,590,612	94,995	2,436,699	575,940	823,310
Oyster Bay Water District	2,442,228	379,209	11,338,976	186,518	2,962,224		4,151,509	50,034	6,976,492	1,163,440	(956,768)
Jericho Water District	12,138,039	7,998,711	26,305,920	698,123	10,156,973		12,307,547	113,836	20,013,360	4,039,138	509,939
South Farmingdale Water District	11,580,218	624,432	31,288,873	563,517	8,362,413	552,738	14,942,240	102,082	13,399,249	4,712,349	1,985,969
Bethpage Water District	8,271,308	1,252,572	45,524,528	398,194	14,761,559	1,329,777	13,358,691	99,495	21,157,118	4,683,497	56,465
Syosset Sanitation District	412,224										412,224
Oyster Bay Sewer District	1,273,208	147,702	12,582,008	669,780	609,751		7,427,820	86,988	10,346,885		(3,798,746)
Glenwood-Glenhead Garbage District	163,981				152,716						11,265
	<u>\$ 69,672,943</u>	<u>\$ 12,396,938</u>	<u>\$ 220,402,189</u>	<u>\$ 4,460,104</u>	<u>\$ 51,162,383</u>	<u>\$ 2,333,467</u>	<u>\$ 100,029,621</u>	<u>\$ 909,025</u>	<u>\$ 126,691,407</u>	<u>\$ 28,848,259</u>	<u>\$ (3,041,988)</u>

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

Condensed Statement of Activities:

	Program			General Revenue			Net Position		
	Expenses	Charges for	Capital	Net (Expense)	Property	Other	Change	(As restated)	
		Services	Grants and Contributions		Revenue				Tax
							1/1/17	12/31/17	
Massapequa Water District	\$ 5,682,217	\$ 3,563,144		\$ (2,119,073)	\$ 1,945,334	\$ 451,422	\$ 277,683	\$ 10,163,114	\$ 10,440,797
Plainview Water District	7,360,391	4,807,232		(2,553,159)	4,060,609	253,001	1,760,451	14,501,665	16,262,116
Hicksville Water District	8,362,323	2,998,608		(5,363,715)	5,069,992	1,227,117	933,394	36,313,546	37,246,940
Locust Valley Water District	2,928,279	1,631,970		(1,296,309)	744,034	300,833	(251,442)	4,087,391	3,835,949
Oyster Bay Water District	2,462,809	949,293		(1,513,516)	866,974	491,100	(155,442)	7,338,606	7,183,164
Jericho Water District	10,531,087	8,110,481		(2,420,606)	1,117,806	521,856	(780,944)	25,343,381	24,562,437
South Farmingdale Water District	7,721,851	3,858,827		(3,863,024)	2,481,986	617,003	(764,035)	20,861,602	20,097,567
Bethpage Water District	6,924,968	1,976,617	81,247	(4,867,104)	5,165,149	1,403,801	1,701,846	24,195,234	25,897,080
Syosset Sanitation District	525,821			(525,821)	585,102		59,281	352,943	412,224
Oyster Bay Sewer District	4,871,708	539,214		(4,332,494)	3,671,580	327,894	(933,020)	6,881,159	6,548,139
Glenwood-Glenhead Garbage District	1,173,495			(1,173,495)	1,090,047		(83,448)	94,713	11,265
	<u>\$ 58,544,949</u>	<u>\$ 28,435,386</u>	<u>\$ 81,247</u>	<u>\$ (30,028,316)</u>	<u>\$ 26,798,613</u>	<u>\$ 5,594,027</u>	<u>\$ 2,364,324</u>	<u>\$ 150,133,354</u>	<u>\$ 152,497,678</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. EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE ON CURRENT-PERIOD FINANCIAL STATEMENTS

For the year ended December 31, 2017, the Town implemented GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68 - and amendments to Certain Provisions of GASB 67 and 68". The implementation of the Statement resulted in the retroactive reporting of a liability related to the Town's participation as a governmental nonemployer contributing entity in two jointly sponsored length of service award programs (defined benefit plans) for volunteer firefighters. The Statement also required that the assets held in trust for the program that are not protected from creditors be reported as assets of the sponsoring municipalities. In the fund level financial statements, the Fire Protection Districts beginning fund balance was restated by \$2,454,527, increasing from \$942,073 to \$3,396,600 for the recognition of the Town's proportionate share of the program assets. In the government-wide statements, the Town's January 1, 2017 governmental activities net position was restated by the net of the Town's proportionate share of the liabilities and the program assets which decreased net position by \$3,109,644 from \$(326,932,049) to \$(330,041,693).

7. RESTATEMENT

The Massapequa Water District's (a nonmajor component unit) net position has been restated as of December 31, 2016 as follows:

Beginning balance, as reported	\$ 12,157,033
Capital Assets	(2,059,580)
Inventory	<u>65,661</u>
Beginning balance, as restated	<u>\$ 10,163,114</u>

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

7. RESTATEMENT (continued)

Capital assets were restated based on an updated inventory and capitalization of past capital project costs not being depreciated. In addition, inventory of parts and meters were not being included as assets of the District.

8. SUBSEQUENT EVENTS

Debt Issuance

In February 2018, the Town issued \$10,524,981 of 2018 Series A public improvement serial bonds and together with \$9,364,631 of available funds redeemed \$19,889,612 of 2017 Series B BANs. The bonds mature in February 2033 and bear interest at rates ranging from 3.00% to 3.50%.

In April 2018, the Town issued \$83,195,000 of public improvement refunding serial bonds, which refunded \$14,520,000 of the \$25,599,433 public improvement serial bonds dated June 1, 2008 and \$71,955,000 of the \$126,314,000 public improvement serial bonds dated August 15, 2010. The bonds mature in February 2027 and bear interest rates ranging from 2.00% to 5.00%.

In May 2018, the Town issued \$152,665,388 of 2018 Series B public improvement serial bonds and together with \$5,425,000 of available funds redeemed \$51,285,000 of 2016 Series C BANs and \$72,255,388 of 2017 Series A BANs. The bonds mature in February 2033 and bear interest at rates ranging from 3.00% to 4.00%.

In May 2018, the Town issued \$38,540,000 of 2018 BANs which will provide new monies for various capital projects, including \$8,515,000 of water district projects. The notes carry an interest rate of 3.00% and mature on March 15, 2019.

Retirement Incentives

On March 13, 2018, the Town Board adopted Local Law 3-18, which provides that any eligible employee who files an irrevocable resignation letter with the Town's Department of Human Resources no later than June 30, 2018, stating that the employee's last day of work shall be no later than the close of business on July 31, 2018, shall receive an incentive of \$1,000 for each completed year of service with the Town.

On March 13, 2018, the Town Board also adopted Local Law 4-18, which provides all eligible employees with a two-part retirement incentive program from the effective date of the local law through June 30, 2018. Based on the local law, any eligible employee meeting certain requirements (i.e. an employee who has been continuously in active service of the Town from no later than January 1, 2016 to the date immediately prior to retirement; is eligible for a service retirement (with or without penalty) as of the effective date of this local law or who first becomes eligible on or before June 30, 2018; and files an application for service retirement stating that the employee's last day of work must be no later than the close of business on July 31, 2018, with his or her retirement being effective commencing no later than August 1, 2018) will be entitled to a retirement incentive of \$1,000 for each completed year of retirement service credit in the retirement system, for those who first became eligible to retire between January 1, 2018 and on or before June 30, 2018; or \$500 for each completed year of retirement service credit in the retirement system, for those who were eligible for a service retirement on or before December 31, 2017. In addition, the employee will be entitled to 2% of the employee's base 2016 salary, pro-rated from January 1, 2018 to the last day of employment, but no later than July 4, 2018, as well as be entitled to Town provided individual or family health insurance coverage for life, at no cost to the retiree. If any employee is otherwise eligible, but will first become eligible to retire from the New York State and Local Employees' Retirement System between July 1, 2018 and June 30, 2019, the employee may be granted a waiver of the time restrictions contained in the local law by the Commissioner of the Department of Human Resources.

Any eligible employee who separates from service pursuant to these local laws shall be paid either in one lump sum 75 days after the effective date of separation, or in three equal payments, in which the first payment will be made 75 days after the effective date of separation from service and the second and third payments will be made on the first and second anniversary of the effective date of the separation.

TOWN OF OYSTER BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

9. 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, 2018.

Statement No. 82, "*Pension Issues – an Amendment of Statements No. 67, 68, and 73*," The requirements of the Statement are effective for the year ending December 31, 2017, except for the requirements for selection of assumptions in a certain circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017 will be adopted for the year ending 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.

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.

Statement No. 87, "*Leases*," the objective of which is to improve accounting and financial reporting for leases by governments. This Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for financial statements for the year ending December 31, 2020.

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" the objective of which is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for financial statements for the year ending December 31, 2019.

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, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 67,751,167	\$ 67,751,167	\$ 68,419,564	\$ 668,397
Total Real Property Taxes	67,751,167	67,751,167	68,419,564	668,397
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	1,300,000	1,807,000	1,527,203	(279,797)
Interest and penalty on taxes	1,600,000	1,600,000	1,577,546	(22,454)
Total Other Real Property Tax Items	2,900,000	3,407,000	3,104,749	(302,251)
NON-PROPERTY TAX ITEMS				
Franchises - cable TV	5,600,000	5,600,000	5,705,925	105,925
Total Non-Property Tax Items	5,600,000	5,600,000	5,705,925	105,925
DEPARTMENTAL INCOME				
Town clerk fees	500,000	500,000	518,683	18,683
Attorney fees	10,000	10,000	13,458	3,458
Other general departmental income	5,000	5,000	8,100	3,100
Tax collector fees	65,000	65,000	40	(64,960)
Public pound charge dog fees	15,000	15,000	18,675	3,675
Recreation fees	500,000	500,000	708,077	208,077
Community service fees	700,000	700,000	581,892	(118,108)
Recreational concessions	450,000	450,000	574,495	124,495
Beach, pool, golf fees	3,300,000	3,300,000	2,989,826	(310,174)
Boat basin fees	200,000	200,000	187,092	(12,908)
Dock storage leases	600,000	600,000	696,900	96,900
Total Departmental Income	6,345,000	6,345,000	6,297,238	(47,762)
INTERGOVERNMENTAL CHARGES				
Dog pound facilities, other governments	700	700	1,992	1,292
Services other governments	7,000	7,000	7,271	271
Nassau County local government assistance	13,200,000	12,600,000	14,959,916	2,359,916
Total Intergovernmental Charges	13,207,700	12,607,700	14,969,179	2,361,479
USE OF MONEY AND PROPERTY				
Interest and earnings	59,000	59,000	92,454	33,454
Rental of real property	1,950,000	1,950,000	631,692	(1,318,308)
Rental of equipment			42,054	42,054
Commissions	1,000	1,000		(1,000)
Total Use of Money and Property	2,010,000	2,010,000	766,200	(1,243,800)

(continued)

TOWN OF OYSTER BAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
LICENSES AND PERMITS				
Games of chance	150	150	210	60
Bingo licenses	700	700	360	(340)
Dog license fund apportionment	12,000	12,000	12,608	608
Road opening permits	200,000	200,000	279,600	79,600
Total Licenses and Permits	212,850	212,850	292,778	79,928
FINES AND FORFEITURES				
Court fines	550,000	550,000	443,128	(106,872)
Fines and penalties - dog cases	600	600	623	23
Total Fines and Forfeitures	550,600	550,600	443,751	(106,849)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of scrap and excess material	6,000	6,000	(12,027)	(18,027)
Sale of surplus equipment	1,000	1,000	235,427	234,427
Insurance recoveries	68,088	68,088	21,747	(46,341)
Other compensation for loss	5,000	5,000	10,799	5,799
Total Sale of Property and Compensation for Loss	80,088	80,088	255,946	175,858
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures	20,000	377,627	216,660	(160,967)
Premiums on obligations			27,900	27,900
Gifts and donations			37,237	37,237
Miscellaneous revenue	700,000	769,737	846,425	76,688
Miscellaneous Local Sources	720,000	1,147,364	1,128,222	(19,142)
INTERFUND REVENUES	10,102,749	14,523,459	29,955,070	15,431,611
STATE AID				
Mental health	100,000	100,000	141,240	41,240
Per capita	1,650,000	1,650,000	1,682,422	32,422
Mortgage tax	10,000,000	10,622,326	12,444,217	1,821,891
Youth program	65,000	65,000	65,000	
Other	5,000	5,000		(5,000)
Total State Aid	11,820,000	12,442,326	14,332,879	1,890,553
FEDERAL AID				
Other			20,668	20,668
Total Federal Aid			20,668	20,668
Total Revenue	121,300,154	126,677,554	145,692,169	19,014,615

(continued)

TOWN OF OYSTER BAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
EXPENDITURES					
CURRENT:					
GENERAL GOVERNMENT SUPPORT					
Town board	1,601,745	1,747,544	1,747,544		
Executive	788,637	1,218,734	1,218,734		
Comptroller	4,558,857	5,874,090	5,874,090		
Receiver of taxes	1,071,356	1,235,453	1,235,453		
Town clerk	1,170,261	1,203,373	1,200,418	2,955	
Town attorney	3,443,243	4,454,692	4,350,805	98,735	5,152
Human resources	752,200	781,149	781,149		
Public works	1,383,544	1,944,437	1,944,437		
General services	6,417,660	6,508,047	6,488,545	14,342	5,160
Central vehicle maintenance	7,995,816	8,371,211	8,262,172	53,201	55,838
Other general government support	4,005,033	3,506,090	3,506,090		
Unallocated insurance and payment for losses	1,369,629	1,389,607	1,219,247	17,017	153,343
Total General Government Support	34,557,981	38,234,427	37,828,684	186,250	219,493
PUBLIC SAFETY					
Public safety	3,297,603	3,393,515	3,392,071	1,444	
Animal shelter	1,153,593	1,191,555	1,191,539		16
Total Public Safety	4,451,196	4,585,070	4,583,610	1,444	16
TRANSPORTATION					
Superintendent of highways	812,312	903,269	903,269		
Total Transportation	812,312	903,269	903,269		
ECONOMIC ASSISTANCE AND OPPORTUNITY					
Publicity	35,000	18,090	17,938		152
Economic development	213,376	183,473	183,473		
Total Economic Assistance And Opportunity	248,376	201,563	201,411		152
CULTURE AND RECREATION					
Community and youth services	4,493,294	4,668,646	4,668,646		
Parks, recreation, beaches	11,375,388	12,015,462	12,011,401	391	3,670
Total Culture and Recreation	15,868,682	16,684,108	16,680,047	391	3,670
HOME AND COMMUNITY SERVICES					
Intergovernmental affairs	695,626	708,920	708,920		
Housing authority	20,000	12,750	12,750		
Environmental control	1,152,726	724,393	724,393		
Total Home and Community Services	1,868,352	1,446,063	1,446,063		

(continued)

TOWN OF OYSTER BAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
EMPLOYEE BENEFITS					
State Employee Retirement System	6,472,842	7,308,650	7,291,981		16,669
Social security	2,745,433	3,044,999	3,044,999		
Workers' compensation	600,000	719,301	719,301		
Disability benefits	16,500				
Unemployment benefits	694,000	57,030	57,030		
Hospital, medical and dental	13,845,000	15,436,096	15,436,096		
Total Employee Benefits	<u>24,373,775</u>	<u>26,566,076</u>	<u>26,549,407</u>		<u>16,669</u>
Total Current	<u>82,180,674</u>	<u>88,620,576</u>	<u>88,192,491</u>	<u>188,085</u>	<u>240,000</u>
DEBT SERVICE					
Debt principal:					
Capital lease		120,141	113,541		6,600
Debt interest:					
Bond anticipation notes		1,700,135	1,700,135		
Revenue anticipation notes		284,375	284,375		
Capital lease		6,599	6,599		
Total Debt Service		<u>2,111,250</u>	<u>2,104,650</u>		<u>6,600</u>
Total Expenditures	<u>82,180,674</u>	<u>90,731,826</u>	<u>90,297,141</u>	<u>188,085</u>	<u>246,600</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,119,480	35,945,728	55,395,028	(188,085)	19,261,215
OTHER FINANCING SOURCES (USES)					
Transfers out:					
Debt service fund	(39,119,480)	(32,236,661)	(32,236,661)		
Capital projects fund		(5,238,239)	(5,238,239)		
Total Other Financing Sources (Uses)	<u>(39,119,480)</u>	<u>(37,474,900)</u>	<u>(37,474,900)</u>		
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ (1,529,172)</u>	17,920,128	<u>\$ (188,085)</u>	<u>\$ 19,261,215</u>
Fund Balance (Deficit) at Beginning of Year			(39,954,214)		
Fund Balance (Deficit) at End of Year			<u>\$ (22,034,086)</u>		

TOWN OF OYSTER BAY
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 52,909,906	\$ 52,909,906	\$ 52,909,907	\$ 1
Total Real Property Taxes	52,909,906	52,909,906	52,909,907	1
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	1,804,188	2,275,961	2,201,807	(74,154)
Total Other Real Property Tax Items	1,804,188	2,275,961	2,201,807	(74,154)
DEPARTMENTAL INCOME				
Road restoration fee	40,000	40,000	26,055	(13,945)
Public safety cleanup	100,000	100,000	200,680	100,680
Public safety sidewalk repair	400,000	400,000	412,666	12,666
Total Departmental Income	540,000	540,000	639,401	99,401
INTERGOVERNMENTAL CHARGES				
Services other governments	20,000	20,000	29,470	9,470
Total Intergovernmental Charges	20,000	20,000	29,470	9,470
USE OF MONEY AND PROPERTY				
Interest and earnings	96	96		(96)
Rental of real property			2	2
Total Use of Money and Property	96	96	2	(94)
MISCELLANEOUS LOCAL SOURCES				
Miscellaneous revenue			200	200
Total Miscellaneous Local Sources			200	200
STATE AID				
Emergency disaster assistance			27	27
Total State Aid			27	27
FEDERAL AID				
Emergency disaster assistance			241	241
Total Federal Aid			241	241
Total Revenues	55,274,190	55,745,963	55,781,055	35,092

(continued)

TOWN OF OYSTER BAY
HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
EXPENDITURES					
CURRENT:					
TRANSPORTATION					
Maintenance of streets	11,722,460	12,475,153	12,475,053	100	
Machinery	2,490,055	2,598,272	2,598,272		
Snow removal	2,243,024	2,315,361	2,315,361		
Total Transportation	<u>16,455,539</u>	<u>17,388,786</u>	<u>17,388,686</u>	<u>100</u>	
EMPLOYEE BENEFITS					
State Employee Retirement System	1,099,003	1,615,616	1,490,153		125,463
Social security	467,076	559,501	559,501		
Workers' compensation	460,000	233,064	233,064		
Disability benefits	2,500				
Unemployment benefits	185,000				
Hospital, medical and dental	3,620,000	3,665,274	3,665,271		3
Total Employee Benefits	<u>5,833,579</u>	<u>6,073,455</u>	<u>5,947,989</u>		<u>125,466</u>
Total Current	<u>22,289,118</u>	<u>23,462,241</u>	<u>23,336,675</u>	<u>100</u>	<u>125,466</u>
DEBT SERVICE:					
Debt interest:					
Bond anticipation notes		3,476,758	3,476,758		
Tax anticipation notes		231,875	231,875		
Total Debt Service		<u>3,708,633</u>	<u>3,708,633</u>		
Total Expenditures	<u>22,289,118</u>	<u>27,170,874</u>	<u>27,045,308</u>	<u>100</u>	<u>125,466</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,985,072	28,575,089	28,735,747	(100)	160,558
OTHER FINANCING SOURCES (USES)					
Transfers out:					
Debt service fund	(32,985,072)	(25,675,318)	(25,675,318)		
Capital projects fund		(3,968,818)	(3,968,818)		
Total Other Financing Sources (Uses)	<u>(32,985,072)</u>	<u>(29,644,136)</u>	<u>(29,644,136)</u>		
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ (1,069,047)</u>	<u>(908,389)</u>	<u>\$ (100)</u>	<u>\$ 160,558</u>
Fund Balance (Deficit) at Beginning of Year			<u>(3,260,668)</u>		
Fund Balance (Deficit) at End of Year			<u>\$ (4,169,057)</u>		

TOWN OF OYSTER BAY
GARBAGE COLLECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 44,303,594	\$ 44,303,594	\$ 44,303,594	
Total Real Property Taxes	44,303,594	44,303,594	44,303,594	
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	699,281	6,482,125	774,258	\$ (5,707,867)
Total Other Real Property Tax Items	699,281	6,482,125	774,258	(5,707,867)
USE OF MONEY AND PROPERTY				
Interest and earnings			33,918	33,918
Total Use of Money and Property			33,918	33,918
MISCELLANEOUS LOCAL SOURCES				
Litigation recovery			99,400	99,400
Miscellaneous revenue			150	150
Total Miscellaneous Local Sources			99,550	99,550
Total Revenues	45,002,875	50,785,719	45,211,320	(5,574,399)

(continued)

TOWN OF OYSTER BAY
GARBAGE COLLECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICES				
Sanitation	30,006,587	35,104,073	35,103,823	250
Total Home and Community Services	30,006,587	35,104,073	35,103,823	250
EMPLOYEE BENEFITS				
State Employee Retirement System	2,484,957	3,428,051	3,419,966	8,085
Social security	1,056,107	1,168,499	1,168,499	
Workers' compensation	1,656,000	2,326,416	2,326,416	
Unemployment benefits	285,000			
Disability benefits	3,200			
Hospital, medical and dental	5,540,000	6,248,711	6,248,708	3
Total Employee Benefits	11,025,264	13,171,677	13,163,589	8,088
Total Current	41,031,851	48,275,750	48,267,412	8,338
DEBT SERVICE:				
Debt interest:				
Bond anticipation notes		818,922	818,922	
Tax anticipation notes		85,313	85,313	
Total Debt Service		904,235	904,235	
Total Expenditures	41,031,851	49,179,985	49,171,647	8,338
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,971,024	1,605,734	(3,960,327)	(5,566,061)
OTHER FINANCING SOURCES (USES)				
Transfers out:				
Debt service fund	(3,971,024)	(2,598,506)	(2,598,506)	
Capital projects fund		(450,771)	(450,771)	
Total Other Financing Sources (Uses)	(3,971,024)	(3,049,277)	(3,049,277)	
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ (1,443,543)</u>	<u>(7,009,604)</u>	<u>\$ (5,566,061)</u>
Fund Balance at Beginning of Year			11,379,330	
Fund Balance at End of Year			<u>\$ 4,369,726</u>	

TOWN OF OYSTER BAY
SOLID WASTE DISPOSAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 21,568,677	\$ 21,568,677	\$ 21,568,677	
Total Real Property Taxes	21,568,677	21,568,677	21,568,677	
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	449,705	449,705	561,508	\$ 111,803
Total Other Real Property Tax Items	449,705	449,705	561,508	111,803
DEPARTMENTAL INCOME				
Refuse and garbage charges	9,000,000	10,125,000	9,531,983	(593,017)
Total Departmental Income	9,000,000	10,125,000	9,531,983	(593,017)
INTERGOVERNMENTAL CHARGES				
Nassau County local government assistance		774,086		(774,086)
Refuse and garbage charges - other governments			10,234	10,234
Total Intergovernmental Charges		774,086	10,234	(763,852)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of recyclable material	350,000	350,000	261,603	(88,397)
Total Sale of Property and Compensation for Loss	350,000	350,000	261,603	(88,397)
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures			368	368
Litigation recovery			37,800	37,800
Total Miscellaneous Local Sources			38,168	38,168
STATE AID				
Other	900,000	900,000	449,803	(450,197)
Total State Aid	900,000	900,000	449,803	(450,197)
FEDERAL AID				
Other			5,000	5,000
Total Federal Aid			5,000	5,000
Total Revenues	32,268,382	34,167,468	32,426,976	(1,740,492)

(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, 2017

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
EXPENDITURES					
CURRENT:					
HOME AND COMMUNITY SERVICES					
Sanitation	15,853,723	17,266,961	16,545,963	\$ 11,676	709,322
Recycling	7,967,302	7,805,260	4,642,030	30	3,163,200
Total Home and Community Services	<u>23,821,025</u>	<u>25,072,221</u>	<u>21,187,993</u>	<u>11,706</u>	<u>3,872,522</u>
EMPLOYEE BENEFITS					
State Employee Retirement System	1,255,526	1,454,797	830,357		624,440
Social security	533,598	594,996	439,966		155,030
Workers' compensation	515,000	830,501	830,501		
Unemployment benefits	145,000				
Disability benefits	6,300	6,300			6,300
Hospital, medical and dental	2,810,000	2,352,855	2,347,855		5,000
Total Employee Benefits	<u>5,265,424</u>	<u>5,239,449</u>	<u>4,448,679</u>		<u>790,770</u>
Total Current	<u>29,086,449</u>	<u>30,311,670</u>	<u>25,636,672</u>	<u>11,706</u>	<u>4,663,292</u>
DEBT SERVICE:					
Debt interest:					
Bond anticipation notes		329,873	329,873		
Tax anticipation notes		113,750	113,750		
Total Debt Service		<u>443,623</u>	<u>443,623</u>		
Total Expenditures	<u>29,086,449</u>	<u>30,755,293</u>	<u>26,080,295</u>	<u>11,706</u>	<u>4,663,292</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,181,933	3,412,175	6,346,681	(11,706)	2,922,800
OTHER FINANCING SOURCES (USES)					
Transfers out:					
Debt service fund	(3,181,933)	(3,181,933)	(2,543,331)		638,602
Capital projects fund		(230,242)	(230,242)		
Total Other Financing Sources (Uses)	<u>(3,181,933)</u>	<u>(3,412,175)</u>	<u>(2,773,573)</u>		<u>638,602</u>
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>3,573,108</u>	<u>\$ (11,706)</u>	<u>\$ 3,561,402</u>
Fund Balance (Deficit) at Beginning of Year			<u>(9,589,326)</u>		
Fund Balance (Deficit) at End of Year			<u>\$ (6,016,218)</u>		

TOWN OF OYSTER BAY
SCHEDULE OF FUNDING PROGRESS
FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
December 31, 2017

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
2017	\$ -0-	\$ 446,755,245	446,755,245	0.00%	\$ 70,431,857	634.31%
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, 2017

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
2017	\$ 13,671,247	\$ 13,177,601	\$ 493,646	\$ 78,717,049	16.74%
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%

Note: Contribution amounts presented for each year were determined as of December 31st 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, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability	0.3345750%	0.3241518%	0.3185572%	0.3185572%
Town's proportionate share of the net collective pension liability	\$ 31,437,416	\$ 52,027,268	\$ 10,761,642	\$ 14,395,154
Town's covered-employee payroll	\$ 87,196,731	\$ 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	36.05%	59.13%	12.97%	18.08%
Plan fiduciary net position as a percentage of the total pension liability coming from Plan	94.70%	90.70%	97.90%	97.20%

TOWN OF OYSTER BAY
SCHEDULE OF PROPORTIONATE SHARE OF THE LENGTH OF SERVICE AWARD PROGRAM LIABILITY
December 31, 2017

Measurement date	Oyster Bay Fire Protection District	Glenwood Fire Protection District
	June 30, 2017	December 31, 2017
Total program liability - end of year	\$ 6,242,053	\$ 4,324,315
Town's percentage share of the LOSAP liability	55.05551%	46.0%
Town's proportionate share of the LOSAP liability	\$ 3,436,594	\$ 1,989,186
Expected average remaining years of service of all participants	7	7

Notes:

There is no covered payroll due to the fact that these are volunteer fire departments.
Benefits are determined based off service credits earned.

Trust Assets

There are no assets accounted in a trust that meets the criteria in paragraph 4
of GASB Statement No. 73 to pay related benefits.

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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, 2017

	Special Revenue Funds			
	Town Outside Village	Special Grants	Drainage District	Park Districts
ASSETS				
Cash and investments	\$ 3,952,528	\$ 395,568	\$ 2,785,433	\$ 5,607,424
Accounts receivable, net of allowances for doubtful accounts of \$19,650	11,893		10,939	29,581
Due from other funds	1,670,000			
State and federal aid receivables		612,928		
Due from other governments				601
Inventory of material and supplies				
Total Assets	\$ 5,634,421	\$ 1,008,496	\$ 2,796,372	\$ 5,637,606
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 722,210	\$ 307,024	\$ 107,308	\$ 1,850,082
Accrued liabilities	623,822	59,142	84,710	806,378
Due to other funds				
Grant advances		58,311		
Total Liabilities	1,346,032	424,477	192,018	2,656,460
FUND BALANCES (DEFICITS)				
Nonspendable				
Restricted		584,019		
Assigned	4,288,389		2,604,354	2,981,146
Unassigned				
Total Fund Balances (Deficits)	4,288,389	584,019	2,604,354	2,981,146
Total Liabilities and Fund Balances (Deficit)	\$ 5,634,421	\$ 1,008,496	\$ 2,796,372	\$ 5,637,606

Fire Protection Districts	Lighting District	Public Parking District	Water Districts	Total Nonmajor Funds
\$ 4,533,831	\$ 1,250,259	\$ 55,559	\$ 24,732	\$ 18,605,334
10,000	4,584	3,532		70,529
	1,750,000			3,420,000
	16,152			612,928
	470,046			16,753
				470,046
<u>\$ 4,543,831</u>	<u>\$ 3,491,041</u>	<u>\$ 59,091</u>	<u>\$ 24,732</u>	<u>\$ 23,195,590</u>
\$ 473,523	\$ 326,992	\$ 124,494		\$ 3,911,633
	64,597	70,119		1,708,768
		1,750,000		1,750,000
				58,311
<u>473,523</u>	<u>391,589</u>	<u>1,944,613</u>		<u>7,428,712</u>
	470,046			470,046
2,903,228		540,286		4,027,533
1,167,080	2,629,406	(2,425,808)	\$ 24,732	13,695,107
				(2,425,808)
<u>4,070,308</u>	<u>3,099,452</u>	<u>(1,885,522)</u>	<u>24,732</u>	<u>15,766,878</u>
<u>\$ 4,543,831</u>	<u>\$ 3,491,041</u>	<u>\$ 59,091</u>	<u>\$ 24,732</u>	<u>\$ 23,195,590</u>

TOWN OF OYSTER BAY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
Year ended December 31, 2017

	Special Revenue Funds			
	Town Outside Village	Special Grants	Drainage District	Park Districts
REVENUES				
Real property taxes	\$ 2,431,016		\$ 3,326,279	\$ 24,472,148
Other real property tax items	159,561		298,502	1,751,752
Departmental income	9,871,775			593,954
Use of money and property	30,704		14,942	56,796
Miscellaneous local sources	5,801	\$ 125,683		911
Federal aid		2,857,185		
Total Revenues	12,498,857	2,982,868	3,639,723	26,875,561
EXPENDITURES				
Current:				
Public safety	5,918,482			
Transportation				
Economic assistance and opportunity		1,964,944		
Culture and recreation				15,841,812
Home and community services	1,259,920	1,012,211	1,626,044	
Employee benefits	3,253,795	112,884	805,099	5,352,764
Debt Service:				
Interest	127,065		280	192,814
Total Expenditures	10,559,262	3,090,039	2,431,423	21,387,390
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,939,595	(107,171)	1,208,300	5,488,171
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,200,043)		(1,109,771)	(5,607,968)
Total Other Financing Sources (Uses)	(1,200,043)		(1,109,771)	(5,607,968)
Net Change in Fund Balances	739,552	(107,171)	98,529	(119,797)
Fund Balances (Deficits) at Beginning of Year	3,548,837	691,190	2,505,825	3,100,943
Cumulative Effect of a Change in Accounting Principle				
Fund Balances (Deficits) at Beginning of Year, as restated	3,548,837	691,190	2,505,825	3,100,943
Fund Balances (Deficits) at End of Year	\$ 4,288,389	\$ 584,019	\$ 2,604,354	\$ 2,981,146

Fire Protection Districts	Lighting District	Public Parking District	Water Districts	Total Nonmajor Funds
\$ 7,858,033	\$ 3,509,666	\$ 6,763,970		\$ 48,361,112
558,468	288,850	509,317		3,566,450
		222,952	\$ 9,271	10,697,952
110,923	16,572			229,937
233,459				365,854
				2,857,185
8,760,883	3,815,088	7,496,239	9,271	66,078,490
8,087,175				14,005,657
	2,524,753	2,102,352		4,627,105
				1,964,944
				15,841,812
			9,271	3,907,446
	698,377	788,978		11,011,897
	27,071	10,355		357,585
8,087,175	3,250,201	2,901,685	9,271	51,716,446
673,708	564,887	4,594,554		14,362,044
	(431,378)	(5,259,838)		(13,608,998)
	(431,378)	(5,259,838)		(13,608,998)
673,708	133,509	(665,284)		753,046
942,073	2,965,943	(1,220,238)	24,732	12,559,305
2,454,527				2,454,527
3,396,600	2,965,943	(1,220,238)	24,732	15,013,832
\$ 4,070,308	\$ 3,099,452	\$ (1,885,522)	\$ 24,732	\$ 15,766,878

TOWN OF OYSTER BAY
TOWN OUTSIDE VILLAGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 2,431,013	\$ 2,431,013	\$ 2,431,016	\$ 3
Total Real Property Taxes	2,431,013	2,431,013	2,431,016	3
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	255,830	255,830	159,561	(96,269)
Total Other Real Property Tax Items	255,830	255,830	159,561	(96,269)
DEPARTMENTAL INCOME				
Building fees	8,000,000	9,080,674	9,507,475	426,801
Zoning board fees	250,000	250,000	348,050	98,050
Planning fees	10,000	10,000	16,250	6,250
Total Departmental Income	8,260,000	9,340,674	9,871,775	531,101
USE OF MONEY AND PROPERTY				
Interest and earnings	1,375	1,375	30,704	29,329
Total Use of Money and Property	1,375	1,375	30,704	29,329
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures	500	500	1,543	1,043
Photo processing fee	5,000	5,000	4,258	(742)
Total Miscellaneous Local Sources	5,500	5,500	5,801	301
Total Revenues	10,953,718	12,034,392	12,498,857	464,465

(continued)

TOWN OF OYSTER BAY
TOWN OUTSIDE VILLAGE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
CURRENT:				
PUBLIC SAFETY				
Building	4,994,434	5,684,677	5,525,469	159,208
Animal warden services	393,013	393,013	393,013	
Total Public Safety	5,387,447	6,077,690	5,918,482	159,208
CULTURE AND RECREATION				
Memorial day assistance	5,000	5,000		5,000
Total Culture and Recreation	5,000	5,000		5,000
HOME AND COMMUNITY SERVICES				
Board of appeals	354,345	360,271	315,192	45,079
Planning and development - staff	806,552	959,224	944,728	14,496
Total Home and Community Services	1,160,897	1,319,495	1,259,920	59,575
EMPLOYEE BENEFITS				
State Employee Retirement System	843,313	1,080,290	1,057,736	22,554
Social security	358,408	440,786	411,756	29,030
Workers' compensation	50,000	19,844	19,844	
Disability benefits	2,300	2,300		2,300
Unemployment benefits	86,000			
Hospital, medical and dental	1,784,000	1,764,719	1,764,459	260
Total Employee Benefits	3,124,021	3,307,939	3,253,795	54,144
Total Current	9,677,365	10,710,124	10,432,197	277,927
DEBT SERVICE:				
Debt interest:				
Bond anticipation notes		127,065	127,065	
Total Debt Service		127,065	127,065	
Total Expenditures	9,677,365	10,837,189	10,559,262	277,927
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,276,353	1,197,203	1,939,595	742,392
OTHER FINANCING SOURCES (USES)				
Transfers out:				
Debt service fund	(1,276,353)	(352,994)	(352,994)	
Capital projects fund		(847,049)	(847,049)	
Total Other Financing Sources (Uses)	(1,276,353)	(1,200,043)	(1,200,043)	
Net Change in Fund Balance	\$ -0-	\$ (2,840)	739,552	\$ 742,392
Fund Balance at Beginning of Year			3,548,837	
Fund Balance at End of Year			\$ 4,288,389	

TOWN OF OYSTER BAY
DRAINAGE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 3,326,355	\$ 3,326,355	\$ 3,326,279	\$ (76)
Total Real Property Taxes	3,326,355	3,326,355	3,326,279	(76)
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	313,086	313,086	298,502	(14,584)
Total Other Real Property Tax Items	313,086	313,086	298,502	(14,584)
USE OF MONEY AND PROPERTY				
Interest and earnings	389	389	14,942	14,553
Total Use of Money and Property	389	389	14,942	14,553
Total Revenues	3,639,830	3,639,830	3,639,723	(107)

(continued)

TOWN OF OYSTER BAY
DRAINAGE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICES				
Drainage	1,645,004	1,696,138	1,626,044	70,094
Total Home and Community Services	1,645,004	1,696,138	1,626,044	70,094
EMPLOYEE BENEFITS				
State Employee Retirement System	155,928	187,999	167,998	20,001
Social security	66,270	68,226	67,227	999
Disability benefits	500	500		500
Workers' compensation	5,000	51,088	51,088	
Hospital, medical and dental	624,000	518,786	518,786	
Unemployment insurance	30,000			
Total Employee Benefits	881,698	826,599	805,099	21,500
Total Current	2,526,702	2,522,737	2,431,143	91,594
DEBT SERVICE:				
Debt interest:				
Bond anticipation notes		280	280	
Total Debt Service		280	280	
Total Expenditures	2,526,702	2,523,017	2,431,423	91,594
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,113,128	1,116,813	1,208,300	91,487
OTHER FINANCING SOURCES (USES)				
Transfers out:				
Debt service fund	(1,113,128)	(1,113,128)	(1,106,086)	7,042
Capital projects fund		(3,685)	(3,685)	
Total Other Financing Sources (Uses)	(1,113,128)	(1,116,813)	(1,109,771)	7,042
Net Change in Fund Balance	\$ -0-	\$ -0-	98,529	\$ 98,529
Fund Balance at Beginning of Year			2,505,825	
Fund Balance at End of Year			<u>\$ 2,604,354</u>	

TOWN OF OYSTER BAY
PARK DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 24,472,143	\$ 24,472,143	\$ 24,472,148	\$ 5
Total Real Property Taxes	24,472,143	24,472,143	24,472,148	5
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	1,562,136	1,562,136	1,751,752	189,616
Total Other Real Property Tax Items	1,562,136	1,562,136	1,751,752	189,616
DEPARTMENTAL INCOME				
Recreational concessions	13,854	13,854	28,424	14,570
Special recreational facility charge	645,000	645,000	565,530	(79,470)
Total Departmental Income	658,854	658,854	593,954	(64,900)
USE OF MONEY AND PROPERTY				
Interest and earnings			38,666	38,666
Rental of real property			15,855	15,855
Rental of equipment			2,275	2,275
Total Use of Money and Property			56,796	56,796
MISCELLANEOUS LOCAL SOURCES				
Refund of prior year expenditures			899	899
Miscellaneous revenue		412,286	12	(412,274)
Total Miscellaneous Local Sources		412,286	911	(411,375)
Total Revenues	26,693,133	27,105,419	26,875,561	(229,858)

(continued)

TOWN OF OYSTER BAY
PARK DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
EXPENDITURES					
CURRENT:					
CULTURE AND RECREATION					
Parks, pools and rinks	15,624,383	16,068,029	15,841,812	4,165	222,052
Total Culture and Recreation	15,624,383	16,068,029	15,841,812	4,165	222,052
EMPLOYEE BENEFITS					
State Employee Retirement System	1,335,576	1,543,010	1,492,224		50,786
Social security	626,989	659,058	657,693		1,365
Workers' compensation	157,000	196,753	196,753		
Disability insurance	5,500				
Unemployment insurance	155,000				
Hospital, medical and dental	3,095,000	3,006,095	3,006,094		1
Total Employee Benefits	5,375,065	5,404,916	5,352,764		52,152
Total Current	20,999,448	21,472,945	21,194,576	4,165	274,204
DEBT SERVICE:					
Debt interest:					
Bond anticipation notes		192,814	192,814		
Total Debt Service		192,814	192,814		
Total Expenditures	20,999,448	21,665,759	21,387,390	4,165	274,204
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,693,685	5,439,660	5,488,171	(4,165)	44,346
OTHER FINANCING SOURCES (USES)					
Transfers out:					
Debt service fund	(5,693,685)	(5,173,957)	(5,173,956)		1
Capital projects fund		(434,012)	(434,012)		
Total Other Financing Sources (Uses)	(5,693,685)	(5,607,969)	(5,607,968)		1
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ (168,309)</u>	<u>(119,797)</u>	<u>\$ (4,165)</u>	<u>\$ 44,347</u>
Fund Balance at Beginning of Year			3,100,943		
Fund Balance at End of Year			<u>\$ 2,981,146</u>		

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TOWN OF OYSTER BAY
FIRE PROTECTION DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Encum- brances	Variance Positive (Negative)
REVENUES					
REAL PROPERTY TAXES					
Ad valorem taxes	\$ 7,858,030	\$ 7,858,030	\$ 7,858,033		\$ 3
Total Real Property Taxes	7,858,030	7,858,030	7,858,033		3
OTHER REAL PROPERTY TAX ITEMS					
Payment in lieu of taxes	439,010	462,803	558,468		95,665
Total Other Real Property Tax Items	439,010	462,803	558,468		95,665
USE OF MONEY AND PROPERTY					
Interest and earnings	218	218	110,923		110,705
Total Use of Money and Property	218	218	110,923		110,705
MISCELLANEOUS LOCAL SOURCES					
Litigation recovery			233,459		233,459
Total Miscellaneous Local Sources			233,459		233,459
Total Revenues	8,297,258	8,321,051	8,760,883		439,832
EXPENDITURES					
CURRENT:					
PUBLIC SAFETY					
Fire protection	8,297,258	8,321,051	8,087,175	\$ 41,923	191,953
Total Public Safety	8,297,258	8,321,051	8,087,175	41,923	191,953
Total Current	8,297,258	8,321,051	8,087,175	41,923	191,953
Total Expenditures	8,297,258	8,321,051	8,087,175	41,923	191,953
Net Change in Fund Balance	\$ -0-	\$ -0-	673,708	\$ (41,923)	\$ 631,785
Fund Balance at Beginning of Year			942,073		
Cumulative Effect of a Change in Accounting Principle			2,454,527		
Fund Balance at Beginning of Year, as Restated			3,396,600		
Fund Balance at End of Year			<u>\$ 4,070,308</u>		

TOWN OF OYSTER BAY
LIGHTING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 3,509,666	\$ 3,509,666	\$ 3,509,666	
Total Real Property Taxes	3,509,666	3,509,666	3,509,666	
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	302,870	302,870	288,850	\$ (14,020)
Total Other Real Property Tax Items	302,870	302,870	288,850	(14,020)
USE OF MONEY AND PROPERTY				
Interest and earnings	340	340	16,572	16,232
Total Use of Money and Property	340	340	16,572	16,232
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	5,000	5,000		(5,000)
Total Sale of Property and Compensation for Loss	5,000	5,000		(5,000)
Total Revenues	3,817,876	3,817,876	3,815,088	(2,788)

(continued)

TOWN OF OYSTER BAY
LIGHTING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
CURRENT:				
TRANSPORTATION				
Lighting	2,657,733	2,638,932	2,524,753	114,179
Total Transportation	2,657,733	2,638,932	2,524,753	114,179
EMPLOYEE BENEFITS				
State Employee Retirement System	138,484	153,086	131,572	21,514
Social security	58,856	63,467	63,467	
Disability benefits	200	200		200
Workers' compensation	15,000	18,578	18,578	
Hospital, medical and dental	522,000	485,164	484,760	404
Unemployment benefits	25,000			
Total Employee Benefits	759,540	720,495	698,377	22,118
Total Current	3,417,273	3,359,427	3,223,130	136,297
DEBT SERVICE:				
Debt interest:				
Bond anticipation notes		27,071	27,071	
Total Debt Service		27,071	27,071	
Total Expenditures	3,417,273	3,386,498	3,250,201	136,297
Excess (Deficiency) of Revenues Over (Under) Expenditures	400,603	431,378	564,887	133,509
OTHER FINANCING SOURCES (USES)				
Transfers out:				
Debt service fund	(400,603)	(408,338)	(408,338)	
Capital projects fund		(23,040)	(23,040)	
Total Other Financing Sources (Uses)	(400,603)	(431,378)	(431,378)	
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	133,509	<u>\$ 133,509</u>
Fund Balance at Beginning of Year			2,965,943	
Fund Balance at End of Year			<u>\$ 3,099,452</u>	

TOWN OF OYSTER BAY
PUBLIC PARKING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
REAL PROPERTY TAXES				
Ad valorem taxes	\$ 6,763,970	\$ 6,763,970	\$ 6,763,970	
Total Real Property Taxes	6,763,970	6,763,970	6,763,970	
OTHER REAL PROPERTY TAX ITEMS				
Payment in lieu of taxes	434,543	434,543	509,317	\$ 74,774
Total Other Real Property Tax Items	434,543	434,543	509,317	74,774
DEPARTMENTAL INCOME				
Parking permits	925,000	925,000	188,594	(736,406)
Parking meter fees	25,017	25,017	34,358	9,341
Total Departmental Income	950,017	950,017	222,952	(727,065)
Total Revenues	8,148,530	8,148,530	7,496,239	(652,291)

(continued)

TOWN OF OYSTER BAY
PUBLIC PARKING DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES				
CURRENT:				
TRANSPORTATION				
Parking	2,050,225	2,104,727	2,102,352	2,375
Total Transportation	2,050,225	2,104,727	2,102,352	2,375
EMPLOYEE BENEFITS				
State Employee Retirement System	103,486	128,325	128,325	
Social security	43,982	49,419	49,419	
Workers compensation	140,000	65,866	65,866	
Disability benefits	1,000	1,000		1,000
Unemployment benefits	25,000			
Hospital, medical and dental	529,000	550,060	545,368	4,692
Total Employee Benefits	842,468	794,670	788,978	5,692
Total Current	2,892,693	2,899,397	2,891,330	8,067
DEBT SERVICE:				
Debt interest:				
Bond anticipation notes		10,355	10,355	
Total Debt Service		10,355	10,355	
Total Expenditures	2,892,693	2,909,752	2,901,685	8,067
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,255,837	5,238,778	4,594,554	(644,224)
OTHER FINANCING SOURCES (USES)				
Transfers out:				
Debt service fund	(5,255,837)	(5,202,028)	(5,202,028)	
Capital projects fund		(57,810)	(57,810)	
Total Other Financing Sources (Uses)	(5,255,837)	(5,259,838)	(5,259,838)	
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ (21,060)</u>	(665,284)	<u>\$ (644,224)</u>
Fund Balance (Deficit) at Beginning of Year			(1,220,238)	
Fund Balance (Deficit) at End of Year			<u>\$ (1,885,522)</u>	

TOWN OF OYSTER BAY
WATER DISTRICTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
DEPARTMENTAL INCOME				
Water rental arrears		\$ 9,271	\$ 9,271	
Total Departmental Income		9,271	9,271	
Total Revenues		9,271	9,271	
EXPENDITURES				
CURRENT:				
HOME AND COMMUNITY SERVICES				
Water		9,271	9,271	
Total Home and Community Services		9,271	9,271	
Total Expenditures		9,271	9,271	
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>\$ -0-</u>
Fund Balance at Beginning of Year			<u>24,732</u>	
Fund Balance at End of Year			<u>\$ 24,732</u>	

TOWN OF OYSTER BAY
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
USE OF MONEY AND PROPERTY				
Interest and earnings			\$ 252,210	\$ 252,210
Total Use of Money and Property			252,210	252,210
MISCELLANEOUS LOCAL SOURCES				
Premiums on bond anticipation notes	\$ 600,000	\$ 600,000	811,839	211,839
Total Miscellaneous Local Sources	600,000	600,000	811,839	211,839
Total Revenues	600,000	600,000	1,064,049	464,049
EXPENDITURES				
CURRENT:				
GENERAL GOVERNMENT SUPPORT				
Fiscal agent fees	100,000	776,124	776,124	
Total General Government Support	100,000	776,124	776,124	
Total Current	100,000	776,124	776,124	
DEBT SERVICE:				
Debt principal:				
Serial bonds	66,723,196	66,047,072	55,438,196	10,608,876
Debt interest:				
Serial bonds	26,173,916	26,173,916	19,774,272	6,399,644
Total Debt Service	92,897,112	92,220,988	75,212,468	17,008,520
Total Expenditures	92,997,112	92,997,112	75,988,592	17,008,520
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92,397,112)	(92,397,112)	(74,924,543)	17,472,569
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Other funds	92,397,112	92,397,112	75,387,218	(17,009,894)
Total Other Financing Sources (Uses)	92,397,112	92,397,112	75,387,218	(17,009,894)
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	462,675	<u>\$ 462,675</u>
Fund Balance at Beginning of Year			2,128,871	
Fund Balance at End of Year			<u>\$ 2,591,546</u>	

TOWN OF OYSTER BAY
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2017

	Town Agency Fund	Town Clerk Agency Fund	Town Receiver of Taxes Agency Fund	Total Agency Funds
ASSETS				
Cash	\$ 14,824,927	\$ 26,589	\$113,012,413	\$ 127,863,929
Due from other governments		788		788
Total Assets	\$ 14,824,927	\$ 27,377	\$113,012,413	\$ 127,864,717
LIABILITIES				
Due to the Comptroller of the State of New York		\$ 45		\$ 45
Due to the Department of Environmental Conservation of the State of New York		372		372
Due to the Department of Health of the State of New York		1,395		1,395
Due to the Department of Agriculture and Markets of the State of New York		171		171
Due to school districts			\$108,287,063	108,287,063
Due to the Treasurer of Nassau County			176,191	176,191
Due to component units	\$ 12,396,938			12,396,938
Other agency liabilities	2,427,989	25,394	4,549,159	7,002,542
Total Liabilities	\$ 14,824,927	\$ 27,377	\$113,012,413	\$ 127,864,717

TOWN OF OYSTER BAY
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN AGENCY ASSETS AND LIABILITIES
Year ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
ASSETS				
Town Agency Funds				
Cash	\$ 10,914,941	\$ 172,694,890	\$ 168,784,904	\$ 14,824,927
Total Assets - Town Agency Funds	10,914,941	172,694,890	168,784,904	14,824,927
Town Clerk Agency Funds				
Cash	30,851	632,055	636,317	26,589
Due from other governments		788		788
Total Assets - Town Clerk Agency Funds	30,851	632,843	636,317	27,377
Town Receiver of Taxes Agency Funds				
Cash	66,766,417	1,658,785,324	1,612,539,328	113,012,413
Taxes Agency Funds	66,766,417	1,658,785,324	1,612,539,328	113,012,413
Total Assets	\$ 77,712,209	\$ 1,832,113,057	\$ 1,781,960,549	\$ 127,864,717
LIABILITIES				
Town Agency Funds				
Consolidated payroll		\$ 87,392,135	\$ 87,392,135	
Due to component units	\$ 8,321,723	48,772,504	44,697,289	\$ 12,396,938
Other agency liabilities	2,593,218	36,530,251	36,695,480	2,427,989
Total Liabilities - Town Agency Funds	10,914,941	172,694,890	168,784,904	14,824,927
Town Clerk Agency Funds				
Due to the Comptroller of the State of New York	30	855	840	45
Due to the Department of Environmental Conservation of the State of New York	450	28,274	28,352	372
Due to the Department of Health of the State of New York	1,283	28,935	28,823	1,395
Due to the Department of Agriculture and Markets of the State of New York	127	1,949	1,905	171
Other agency liabilities	28,961	572,830	576,397	25,394
Total Liabilities - Town Clerk Agency Funds	30,851	632,843	636,317	27,377
Town Receiver of Taxes Agency Funds				
Due to school districts	66,392,700	1,075,980,407	1,034,086,044	108,287,063
Due to the Treasurer of Nassau County		221,651,972	221,475,781	176,191
Other agency liabilities	373,717	361,152,945	356,977,503	4,549,159
Total Liabilities - Town Receiver of Taxes Agency Funds	66,766,417	1,658,785,324	1,612,539,328	113,012,413
Total Liabilities	\$ 77,712,209	\$ 1,832,113,057	\$ 1,781,960,549	\$ 127,864,717

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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, 2017

	Massapequa Water District	Plainview Water District	Hicksville Water District	Locust Valley Water District
ASSETS				
Current Assets:				
Cash and investments	\$ 2,740,196	\$ 6,314,057	\$ 17,315,992	\$ 891,253
Accounts receivable	2,217,231	1,353,392	881,239	539,012
Due from other governments	146,622	149,923	27,158	666
Due from primary government	57,999	234,987	101,110	1,600,216
Other assets				
Inventory of materials and supplies	57,473	121,341	7,835	104,628
Prepaid items	54,286	214,532	120,757	134,144
Total Current Assets	<u>5,273,807</u>	<u>8,388,232</u>	<u>18,454,091</u>	<u>3,269,919</u>
Non-Current Assets:				
Non-depreciable capital assets	408,378	302,792	1,874,738	1,953,014
Depreciable capital assets, net of depreciation	14,190,785	28,703,679	33,787,424	12,141,074
Total Non-Current Assets	<u>14,599,163</u>	<u>29,006,471</u>	<u>35,662,162</u>	<u>14,094,088</u>
Total Assets	<u>19,872,970</u>	<u>37,394,703</u>	<u>54,116,253</u>	<u>17,364,007</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refundings				
Pensions	499,619	554,617	644,259	245,477
Total Deferred Outflows of Resources	<u>499,619</u>	<u>554,617</u>	<u>644,259</u>	<u>245,477</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	85,262	872,050	1,391,551	155,818
Accrued liabilities	61,044	41,572	3,996	
Accrued interest payable	49,400	198,525	30,663	17,110
Bond anticipation notes payable		366,750		7,655,000
Due to primary government	406,316	44,636		
Unearned income	28,573	108,942		
Other liabilities				
Non-current liabilities due within one year				
General obligation bonds payable	355,243	1,399,382		260,000
Compensated absences		28,759	152,107	
Other debt			895,000	
Total Current Liabilities	<u>985,838</u>	<u>3,060,616</u>	<u>2,473,317</u>	<u>8,087,928</u>
Non-Current Liabilities:				
General obligation bonds payable	3,402,907	13,677,830		3,785,527
Compensated absences	364,928	176,291	469,863	335,887
Other postemployment benefits payable	4,414,718	4,070,797	5,070,148	1,270,546
Net pension liability - proportionate share	594,206	577,297	402,217	198,652
Other debt			9,030,000	
Total Non-Current Liabilities	<u>8,776,759</u>	<u>18,502,215</u>	<u>14,972,228</u>	<u>5,590,612</u>
Total Liabilities	<u>9,762,597</u>	<u>21,562,831</u>	<u>17,445,545</u>	<u>13,678,540</u>
DEFERRED INFLOWS OF RESOURCES				
Contractual service fees				60,000
Pensions	169,195	124,373	68,027	34,995
Total Deferred Inflows of Resources	<u>169,195</u>	<u>124,373</u>	<u>68,027</u>	<u>94,995</u>
NET POSITION				
Net investment in capital assets	10,434,849	13,574,325	28,352,430	2,436,699
Restricted	1,728,865	3,946,809	7,998,221	575,940
Unrestricted (deficit)	<u>(1,722,917)</u>	<u>(1,259,018)</u>	<u>896,289</u>	<u>823,310</u>
Total Net Position	<u>\$ 10,440,797</u>	<u>\$ 16,262,116</u>	<u>\$ 37,246,940</u>	<u>\$ 3,835,949</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
\$ 2,013,953	\$ 9,166,302	\$ 10,131,890	\$ 6,836,811	\$ 412,172	\$ 1,166,881	\$ 163,281	\$ 57,152,788
357,780	2,236,530	1,358,810	624,207				9,568,201
	68		609,636	52			934,125
379,209	7,998,711	624,432	1,252,572		147,702		12,396,938
						700	700
47,326	442,006	7,665	109,690				897,964
23,169	293,133	81,853	90,964		106,327		1,119,165
<u>2,821,437</u>	<u>20,136,750</u>	<u>12,204,650</u>	<u>9,523,880</u>	<u>412,224</u>	<u>1,420,910</u>	<u>163,981</u>	<u>82,069,881</u>
740,568	1,815,311	320,309	21,095,892		110,166		28,621,168
10,598,408	24,490,609	30,968,564	24,428,636		12,471,842		191,781,021
11,338,976	26,305,920	31,288,873	45,524,528		12,582,008		220,402,189
<u>14,160,413</u>	<u>46,442,670</u>	<u>43,493,523</u>	<u>55,048,408</u>	<u>412,224</u>	<u>14,002,918</u>	<u>163,981</u>	<u>302,472,070</u>
					81,075		81,075
186,518	698,123	563,517	398,194		588,705		4,379,029
<u>186,518</u>	<u>698,123</u>	<u>563,517</u>	<u>398,194</u>		<u>669,780</u>		<u>4,460,104</u>
411,583	1,127,808	496,190	333,181		104,253	152,716	5,130,412
11,301	48,819	68,478	32,635		52,578		320,423
58,610	170,673	248,301	145,896		34,949		954,127
2,100,000	7,980,000	6,780,000	13,274,562				38,156,312
		552,738	1,329,777				2,333,467
							137,515
35,645	419,728	350	215,885		14,048		685,656
332,391	360,000	725,870	752,800		367,052		4,552,738
12,694	49,945	43,224	6,600		36,871		330,200
							895,000
<u>2,962,224</u>	<u>10,156,973</u>	<u>8,915,151</u>	<u>16,091,336</u>		<u>609,751</u>	<u>152,716</u>	<u>53,495,850</u>
2,217,899	5,274,000	10,064,060	9,877,000		1,839,667		50,138,890
241,185	948,964	821,265	179,829		387,042		3,925,254
1,499,465	5,336,392	3,462,955	2,853,683		4,628,278		32,606,982
192,960	748,191	593,960	448,179		572,833		4,328,495
							9,030,000
<u>4,151,509</u>	<u>12,307,547</u>	<u>14,942,240</u>	<u>13,358,691</u>		<u>7,427,820</u>		<u>100,029,621</u>
<u>7,113,733</u>	<u>22,464,520</u>	<u>23,857,391</u>	<u>29,450,027</u>		<u>8,037,571</u>	<u>152,716</u>	<u>153,525,471</u>
							60,000
50,034	113,836	102,082	99,495		86,988		849,025
<u>50,034</u>	<u>113,836</u>	<u>102,082</u>	<u>99,495</u>		<u>86,988</u>		<u>909,025</u>
6,976,492	20,013,360	13,399,249	21,157,118		10,346,885		126,691,407
1,163,440	4,039,138	4,712,349	4,683,497				28,848,259
(956,768)	509,939	1,985,969	56,465	412,224	(3,798,746)	11,265	(3,041,988)
<u>\$ 7,183,164</u>	<u>\$ 24,562,437</u>	<u>\$ 20,097,567</u>	<u>\$ 25,897,080</u>	<u>\$ 412,224</u>	<u>\$ 6,548,139</u>	<u>\$ 11,265</u>	<u>\$ 152,497,678</u>

TOWN OF OYSTER BAY
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
Year ended December 31, 2017

	Massapequa Water District	Plainview Water District	Hicksville Water District	Locust Valley Water District
EXPENSES				
Current:				
Home and community services	\$ 5,682,217	\$ 7,360,391	\$ 8,362,323	\$ 2,928,279
Total Expenses	<u>5,682,217</u>	<u>7,360,391</u>	<u>8,362,323</u>	<u>2,928,279</u>
PROGRAM REVENUES				
Charges for services	3,563,144	4,807,232	2,998,608	1,631,970
Capital grants and contributions				
Total Program Revenues	<u>3,563,144</u>	<u>4,807,232</u>	<u>2,998,608</u>	<u>1,631,970</u>
Net Expenses	<u>(2,119,073)</u>	<u>(2,553,159)</u>	<u>(5,363,715)</u>	<u>(1,296,309)</u>
GENERAL REVENUES				
Real property taxes	1,945,334	4,060,609	5,069,992	744,034
Other real property tax items	116,275	190,110	375,346	
Use of money and property - interest and earnings	7,438	29,704	165,158	16,428
Sales of property and compensation for loss	95,833	30,704	94,140	
State aid			19,645	
Miscellaneous local sources	231,876	2,483	572,828	284,405
Total General Revenues	<u>2,396,756</u>	<u>4,313,610</u>	<u>6,297,109</u>	<u>1,044,867</u>
Changes in Net Position	<u>277,683</u>	<u>1,760,451</u>	<u>933,394</u>	<u>(251,442)</u>
Net Position at Beginning of Year	12,157,033	14,501,665	36,313,546	4,087,391
Prior Period Adjustment	<u>(1,993,919)</u>			
Net Position at Beginning of Year, as restated	<u>10,163,114</u>	<u>14,501,665</u>	<u>36,313,546</u>	<u>4,087,391</u>
Net Position at End of Year	<u>\$ 10,440,797</u>	<u>\$ 16,262,116</u>	<u>\$ 37,246,940</u>	<u>\$ 3,835,949</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
\$ 2,462,809	\$ 10,531,087	\$ 7,721,851	\$ 6,924,968	\$ 525,821	\$ 4,871,708	\$ 1,173,495	\$ 58,544,949
2,462,809	10,531,087	7,721,851	6,924,968	525,821	4,871,708	1,173,495	58,544,949
949,293	8,110,481	3,858,827	1,976,617		539,214		28,435,386
			81,247				81,247
949,293	8,110,481	3,858,827	2,057,864		539,214		28,516,633
(1,513,516)	(2,420,606)	(3,863,024)	(4,867,104)	(525,821)	(4,332,494)	(1,173,495)	(30,028,316)
866,974	1,117,806	2,481,986	5,165,149	585,102	3,671,580	1,090,047	26,798,613
39,903	\$ 70,427	59,372	381,733		293,796		1,526,962
24,290	84,642	59,085	51,929		6,302		444,976
4,950	277,016	34,448	21,536				558,627
							19,645
421,957	89,771	464,098	948,603		27,796		3,043,817
1,358,074	1,639,662	3,098,989	6,568,950	585,102	3,999,474	1,090,047	32,392,640
(155,442)	(780,944)	(764,035)	1,701,846	59,281	(333,020)	(83,448)	2,364,324
7,338,606	25,343,381	20,861,602	24,195,234	352,943	6,881,159	94,713	152,127,273
							(1,993,919)
7,338,606	25,343,381	20,861,602	24,195,234	352,943	6,881,159	94,713	150,133,354
\$ 7,183,164	\$ 24,562,437	\$ 20,097,567	\$ 25,897,080	\$ 412,224	\$ 6,548,139	\$ 11,265	\$ 152,497,678

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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.

	<u>Page</u>
Financial Trends	
These schedules contain information to help the reader understand how the Town's financial performance and well-being have changed over time.	141-148
Revenue Capacity	
These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	149-154
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.	155-158
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.	159-160
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.	162-166

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

Year Ended December 31,	2017	2016 ¹	2015	2014	2013
Primary government					
Governmental activities					
Net position					
Net investment					
in capital assets	\$ 76,098,412	\$ 56,626,377	\$ 41,720,284	\$ 39,210,064	\$ 32,343,595
Restricted	6,651,316	5,814,874	2,849,979	1,808,763	1,201,964
Unrestricted (deficit)	<u>(395,782,519)</u>	<u>(389,373,300)</u>	<u>(351,779,423)</u>	<u>(313,071,481)</u>	<u>(263,390,501)</u>
Total primary government					
net position	<u>\$ (313,032,791)</u>	<u>\$ (326,932,049)</u>	<u>\$ (307,209,160)</u>	<u>\$ (272,052,654)</u>	<u>\$ (229,844,942)</u>

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

Note: ¹ Certain reclassifications were made to conform with the current year presentation.

2012	2011	2010	2009	2008
\$ 26,762,896	\$ 24,260,496	\$ 24,709,247	\$ 29,999,229	\$ 39,411,317
1,276,840	2,026,619	659,882	4,077,987	4,695,733
<u>(231,457,703)</u>	<u>(176,918,159)</u>	<u>(142,604,599)</u>	<u>(101,048,213)</u>	<u>(76,760,000)</u>
<u><u>\$ (203,417,967)</u></u>	<u><u>\$ (150,631,044)</u></u>	<u><u>\$ (117,235,470)</u></u>	<u><u>\$ (66,970,997)</u></u>	<u><u>\$ (32,652,950)</u></u>

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

Year Ended December 31,	2017	2016	2015	2014	2013
Expenses					
Governmental activities:					
General government support	\$ 32,624,198	\$ 35,572,625	\$ 37,483,953	\$ 38,162,097	\$ 36,575,649
Public safety	27,134,763	28,898,107	29,462,383	28,286,861	29,134,180
Transportation	56,143,668	60,479,881	59,896,037	62,982,460	68,083,600
Economic assistance and opportunity	3,123,788	3,391,651	4,041,854	4,192,597	4,035,988
Culture and recreation	70,089,044	71,781,695	70,411,344	66,674,609	71,386,725
Home and community service	79,258,294	84,826,153	89,199,268	86,904,193	93,926,958
Interest on debt	26,173,679	25,706,555	25,301,881	24,225,844	22,180,971
Total governmental activities expenses	<u>294,547,434</u>	<u>310,656,667</u>	<u>315,796,720</u>	<u>311,428,661</u>	<u>325,324,071</u>
Total primary government expenses	<u>\$ 294,547,434</u>	<u>\$ 310,656,667</u>	<u>\$ 315,796,720</u>	<u>\$ 311,428,661</u>	<u>\$ 325,324,071</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government support	\$ 1,073,664	\$ 1,865,841	\$ 1,286,612	\$ 1,136,556	\$ 1,229,235
Public safety	9,742,053	7,799,239	6,697,956	6,024,901	6,354,468
Transportation	1,413,871	1,921,218	1,899,617	2,922,521	2,029,540
Culture and recreation	6,328,599	5,844,405	6,175,419	6,230,650	6,307,093
Home and community service	1,030,236	768,665	984,528	830,167	794,692
Operating grants and contributions	3,555,183	3,988,225	4,535,703	10,777,160	15,217,357
Capital grants and contributions	437,352	2,815,071	2,465,139	4,522,687	10,328,219
Total governmental activities program revenues	<u>23,580,958</u>	<u>25,002,664</u>	<u>24,044,974</u>	<u>32,444,642</u>	<u>42,260,604</u>
Total primary government program revenues	<u>\$ 23,580,958</u>	<u>\$ 25,002,664</u>	<u>\$ 24,044,974</u>	<u>\$ 32,444,642</u>	<u>\$ 42,260,604</u>
Net (Expense)/Revenue					
Governmental activities	<u>\$ (270,966,476)</u>	<u>\$ (285,654,003)</u>	<u>\$ (291,751,746)</u>	<u>\$ (278,984,019)</u>	<u>\$ (283,063,467)</u>
Total primary government net expense	<u>\$ (270,966,476)</u>	<u>\$ (285,654,003)</u>	<u>\$ (291,751,746)</u>	<u>\$ (278,984,019)</u>	<u>\$ (283,063,467)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Real property taxes	\$ 235,562,854	\$ 210,988,363	\$ 215,667,149	\$ 198,080,058	\$ 182,180,760
Other real property tax items	10,208,772	10,129,678	4,993,937	3,678,417	3,390,556
Non-property tax items	5,705,925	5,680,869	5,308,648	5,112,339	4,863,692
Interest earnings	590,388	236,536	218,014	181,680	246,628
Local government assistance - unrestricted	14,959,916	14,556,122	14,258,755	13,942,484	14,680,867
State aid - unrestricted	14,126,639	13,679,895	12,311,610	10,327,711	11,883,093
Other	6,820,884	10,659,651	3,837,127	8,005,579	10,062,430
Special item					30,025,000
Total primary government government general revenues/other	<u>287,975,378</u>	<u>265,931,114</u>	<u>256,595,240</u>	<u>239,328,268</u>	<u>257,333,026</u>
Total primary government	<u>\$ 287,975,378</u>	<u>\$ 265,931,114</u>	<u>\$ 256,595,240</u>	<u>\$ 239,328,268</u>	<u>\$ 257,333,026</u>
Change in Net Position					
Governmental activities	<u>\$ 17,008,902</u>	<u>\$ (19,722,889)</u>	<u>\$ (35,156,506)</u>	<u>\$ (39,655,751)</u>	<u>\$ (25,730,441)</u>
Total primary government	<u>\$ 17,008,902</u>	<u>\$ (19,722,889)</u>	<u>\$ (35,156,506)</u>	<u>\$ (39,655,751)</u>	<u>\$ (25,730,441)</u>

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

2012	2011	2010	2009	2008
\$ 32,796,871	\$ 23,979,446	\$ 32,283,214	\$ 30,938,595	\$ 29,280,974
27,821,478	26,314,669	24,145,307	22,853,502	22,823,530
71,035,386	56,829,279	51,102,059	48,780,746	42,706,899
4,039,287	3,952,952	5,214,244	4,671,721	4,079,454
70,617,267	67,279,441	66,858,706	56,125,780	48,896,676
85,793,941	85,314,148	85,680,187	81,279,479	83,861,818
21,318,102	18,275,637	14,948,060	13,940,075	14,877,375
<u>313,422,332</u>	<u>281,945,572</u>	<u>280,231,777</u>	<u>258,589,898</u>	<u>246,526,726</u>
<u>\$ 313,422,332</u>	<u>\$ 281,945,572</u>	<u>\$ 280,231,777</u>	<u>\$ 258,589,898</u>	<u>\$ 246,526,726</u>
\$ 1,003,364	\$ 984,923	\$ 1,038,276	\$ 877,821	\$ 877,878
4,564,537	4,067,938	4,271,347	4,439,212	5,943,056
2,285,793	1,768,986	2,017,458	1,878,588	1,850,408
6,586,215	6,002,337	6,122,679	5,586,432	4,617,488
899,181	581,858	692,256	819,174	2,539,520
18,126,195	8,156,683	7,838,502	8,155,922	4,879,810
5,666,110	10,661,138	3,815,966	1,465,316	3,435,216
<u>39,131,395</u>	<u>32,223,863</u>	<u>25,796,484</u>	<u>23,222,465</u>	<u>24,143,376</u>
<u>\$ 39,131,395</u>	<u>\$ 32,223,863</u>	<u>\$ 25,796,484</u>	<u>\$ 23,222,465</u>	<u>\$ 24,143,376</u>
<u>\$ (274,290,937)</u>	<u>\$ (249,721,709)</u>	<u>\$ (254,435,293)</u>	<u>\$ (235,367,433)</u>	<u>\$ (222,383,350)</u>
<u>\$ (274,290,937)</u>	<u>\$ (249,721,709)</u>	<u>\$ (254,435,293)</u>	<u>\$ (235,367,433)</u>	<u>\$ (222,383,350)</u>
\$ 175,579,664	\$ 175,265,000	\$ 166,258,122	\$ 166,273,638	\$ 154,966,262
3,197,633	3,128,447	2,821,830	2,244,124	2,085,320
4,696,524	4,617,396	4,437,509	4,038,122	3,738,181
147,906	283,646	389,697	831,303	2,319,018
13,733,876	13,144,675	13,331,035	12,465,539	13,903,412
11,184,538	10,201,720	10,762,780	11,800,490	13,655,882
12,963,873	9,685,251	6,169,847	3,396,170	5,034,035
<u>221,504,014</u>	<u>216,326,135</u>	<u>204,170,820</u>	<u>201,049,386</u>	<u>195,702,110</u>
<u>\$ 221,504,014</u>	<u>\$ 216,326,135</u>	<u>\$ 204,170,820</u>	<u>\$ 201,049,386</u>	<u>\$ 195,702,110</u>
<u>\$ (52,786,923)</u>	<u>\$ (33,395,574)</u>	<u>\$ (50,264,473)</u>	<u>\$ (34,318,047)</u>	<u>\$ (26,681,240)</u>
<u>\$ (52,786,923)</u>	<u>\$ (33,395,574)</u>	<u>\$ (50,264,473)</u>	<u>\$ (34,318,047)</u>	<u>\$ (26,681,240)</u>

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

Year Ended December 31,	2017	2016 ¹	2015	2014	2013
General Fund					
Reserved					
Unreserved					
Nonspendable	\$ 2,077,679	\$ 5,629,349	\$ 9,209,971	\$ 11,909,423	\$ 4,678,333
Restricted	32,237				
Unassigned	<u>(24,144,002)</u>	<u>(45,583,563)</u>	<u>(37,054,024)</u>	<u>(29,416,588)</u>	<u>(3,168,285)</u>
Total General Fund	<u>\$ (22,034,086)</u>	<u>\$ (39,954,214)</u>	<u>\$ (27,844,053)</u>	<u>\$ (17,507,165)</u>	<u>\$ 1,510,048</u>
All other governmental funds					
Reserved					
Unreserved, reported in:					
Special Revenue Funds					
Capital Projects Fund					
Debt Service Fund					
Nonspendable	\$ 1,428,965	\$ 1,300,742	\$ 1,259,729	\$ 1,530,435	\$ 1,734,984
Restricted	31,425,489	29,698,404	2,849,979	1,808,763	1,201,964
Assigned	18,064,833	23,998,100	7,023,559	3,729,857	5,633,333
Unassigned	<u>(120,838,068)</u>	<u>(125,878,180)</u>	<u>(109,470,762)</u>	<u>(80,437,628)</u>	<u>(310,460,120)</u>
Total all other governmental funds	<u>\$ (69,918,781)</u>	<u>\$ (70,880,934)</u>	<u>\$ (98,337,495)</u>	<u>\$ (73,368,573)</u>	<u>\$ (301,889,839)</u>

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

Note: ¹ Certain reclassifications were made to conform with the current year presentation.

² Components of fund balance reclassified in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

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

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

Year Ended December 31,	2017	2016	2015	2014	2013
Revenues					
Real property taxes	\$ 235,562,854	\$ 210,988,363	\$ 215,667,149	\$ 198,080,058	\$ 182,180,760
Other real property tax items	10,208,772	10,129,678	4,993,937	3,678,417	3,390,556
Non-property tax items	5,705,925	5,680,869	5,308,648	5,112,339	4,863,692
Departmental income	27,166,574	24,191,587	22,938,738	22,978,529	23,120,124
Intergovernmental charges	15,008,883	14,579,184	14,402,785	13,973,877	14,718,216
Use of money and property	1,282,267	1,063,225	852,443	777,031	824,353
License and permits	292,778	317,165	233,344	296,652	205,178
Fines and forfeitures	443,751	583,553	640,896	1,027,489	666,753
Sale of property and compensation for loss	517,549	736,829	933,986	468,532	905,960
Miscellaneous and local sources	2,476,099	10,059,186	3,092,399	7,774,106	9,770,228
Interfund revenues	29,955,070	30,090,695	29,596,471	29,949,479	28,423,597
State aid	15,112,964	16,077,219	14,775,547	17,497,657	14,987,030
Federal aid	2,948,531	4,418,132	4,179,376	7,744,354	22,354,741
Total revenues	346,682,017	328,915,685	317,615,719	309,358,520	306,411,188
Expenditures					
Current:					
General government support	38,604,808	40,670,837	38,037,078	39,420,479	37,984,142
Public safety	18,589,267	20,707,244	21,009,794	20,595,032	19,778,269
Transportation	22,919,060	24,515,940	24,686,666	26,210,566	31,523,700
Economic assistance and opportunity	2,166,355	2,531,011	2,916,303	3,366,498	2,812,692
Culture and recreation	32,521,859	34,741,523	33,427,561	32,963,253	32,362,259
Home and community service	61,645,325	73,109,702	65,812,654	69,396,713	66,628,449
Employee benefits	61,121,561	59,065,008	55,838,958	54,412,698	53,452,014
Capital outlay	9,954,834	15,949,008	35,133,901	57,144,686	84,324,592
Debt Service:					
Principal	55,551,737	53,633,058	50,506,321	38,231,954	30,680,747
Interest	27,179,457	23,345,634	25,552,293	23,805,275	21,958,366
Bond issuance costs				355,604	
Advanced refunding escrow				3,622,850	
Total expenditures	330,254,263	348,268,965	352,921,529	369,525,608	381,505,230
Excess (deficiency) of revenues over (under) expenditures	16,427,754	(19,353,280)	(35,305,810)	(60,167,088)	(75,094,042)
Other financing sources (uses)					
Transfers in	86,640,884	84,814,895	77,120,806	75,101,560	55,504,247
Transfers out	(86,640,884)	(84,814,895)	(77,120,806)	(75,101,560)	(55,504,247)
Issuance of debt		34,350,000		264,175,000	107,056,379
Premiums on obligations				8,649,587	1,507,973
Refunding bond issued				66,224,563	
Payment to refunded bond escrow agent				(70,152,185)	
Capital lease		349,680			
Total other financing sources (uses)	-0-	34,699,680	-0-	268,896,965	108,564,352
Special item					30,025,000
Net change in fund balances	\$ 16,427,754	\$ 15,346,400	\$ (35,305,810)	\$ 208,729,877	\$ 63,495,310
Debt service as a percentage of noncapital expenditures	26.11%	23.14%	24.23%	20.84%	17.57%

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

2012	2011	2010	2009	2008
\$ 175,579,664	\$ 175,265,001	\$ 166,258,122	\$ 166,273,638	\$ 154,966,262
3,197,633	3,128,447	2,821,830	2,244,124	2,085,320
4,696,524	4,617,396	4,437,509	4,038,122	3,738,181
22,079,123	20,406,328	20,966,195	21,915,754	23,640,211
13,942,518	13,176,813	13,365,710	12,884,581	14,266,470
603,056	735,241	894,246	1,208,674	2,706,212
174,475	149,865	119,629	119,429	211,967
746,224	454,077	513,879	527,531	293,488
1,606,331	333,447	396,953	419,791	867,677
1,803,732	5,105,926	3,530,852	3,253,042	4,093,979
29,876,012	29,160,183	26,942,095	24,410,321	21,594,481
13,608,089	13,732,037	14,549,881	16,686,465	15,854,956
21,139,005	12,200,790	7,362,931	4,735,263	6,115,952
289,052,386	278,465,551	262,159,832	258,716,735	250,435,156
39,712,264	34,125,789	36,650,794	35,459,470	33,993,375
20,167,997	19,295,277	18,433,319	17,459,466	17,158,885
36,926,372	25,912,405	24,496,655	24,814,537	21,431,751
3,184,421	3,200,016	4,121,859	3,828,861	3,359,651
35,638,463	35,039,970	33,278,647	31,438,530	27,106,969
68,441,125	67,054,880	69,766,398	67,781,406	74,303,619
51,210,979	46,923,714	42,116,903	41,419,904	37,671,690
78,651,835	114,031,571	123,578,275	101,778,497	86,452,980
31,355,462	25,975,875	20,526,759	22,756,967	21,881,062
20,754,691	16,402,710	13,086,920	14,445,618	16,287,762
	233,966		273,907	
	2,731,641		1,790,652	
386,043,609	390,927,814	386,056,529	363,247,815	339,647,744
(96,991,223)	(112,462,263)	(123,896,697)	(104,531,080)	(89,212,588)
52,917,281	42,553,991	42,092,659	40,597,795	33,556,976
(52,917,281)	(42,553,991)	(42,092,659)	(40,597,795)	(33,556,976)
7,500,000	61,575,000	125,449,000		18,224,433
7,494,970	8,915,009	3,875,082	5,591,215	1,283,489
	32,514,467		39,074,300	
	(32,542,707)		(40,331,000)	
14,994,970	70,461,769	129,324,082	4,334,515	19,507,922
\$ (81,996,253)	\$ (42,000,494)	\$ 5,427,385	\$ (100,196,565)	\$ (69,704,666)
16.94%	16.37%	12.83%	14.78%	15.17%

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
2017	\$ 97,247,808	\$ 3,191,037	\$ 3,697,345	\$ 36,691,677	\$ 140,827,867
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

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
5.08	0.24%	\$ 58,678,277,917	0.24%
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%

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

Town Direct Rates

Years Ended December 31,	Full Valuation	State Equalization Rate	Total Net Assessed Value	Tax Levy For Town ¹	Total Town Direct Tax Rate ^{1,2}
2017	\$ 58,678,277,917	0.24%	\$ 140,827,867	\$ 298,248,457	5.08
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

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

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

² Per \$1,000 of full valuation.

Overlapping Rates

County Tax Levy For Town	Total County Direct Rate ²	School Levy	Total School Direct Rate ²	Total Direct & Overlapping Rates
\$ 287,751,116	4.90	\$ 1,048,569,504	17.87	27.85
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

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

2017

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation
1	Keyspan Gas East	Public Utility - Public Franchise	\$ 1,907,502	1.35%
2	Verizon	Public Utility - Public Franchise	1,179,183	0.84%
3	Sunrise Mall Associates & Hudson Resources	Shopping Mall	1,037,366	0.74%
4	Jericho Quads Associates	Office Buildings	768,577	0.55%
5	Broadway Mall (CGA Broadway Partners LLC)	Shopping Mall	747,300	0.53%
6	Long Island Power Authority	Public Utility - Public Franchise	712,713	0.51%
7	One-Two Jericho Plaza Owner LLC	Office Buildings	622,208	0.44%
8	Northrop Grumman Corp. & Related Companies	Office Buildings	415,065	0.29%
9	TreeCo. Centers Limited Partnership	Office Buildings	401,930	0.29%
10	Norwich Gate Company LLC	Apartments - Garden	368,149	0.26%
Total			<u>\$ 8,159,993</u> (a)	<u>5.80%</u>

(a) Represents 5.80% of the total taxable assessed valuation of the Town for 2017.

2008

Rank	Taxpayer	Nature of Business	Assessed Valuation	Percent of Total Assessed Valuation
1	CLK-HP Various Properties	Office Buildings	\$ 2,694,483	1.34%
2	Long Island Lighting Company	Public Utility	2,083,513	1.04%
3	Keyspan Energy	Public Utility - Public Franchise	1,586,291	0.79%
4	Verizon	Public Utility - Public Franchise	1,441,791	0.72%
5	Sunrise Mall Assoc. & Hudson Resources	Shopping Mall	1,423,846	0.71%
6	Broadway Mall (CGA Broadway Partners LLC)	Shopping Mall	1,373,187	0.68%
7	Jericho Quads	Office Buildings	1,244,561	0.62%
8	Long Island Power Authority	Public Utility - Public Franchise	1,184,012	0.59%
9	Mass One LLC	Shopping Center	576,109	0.29%
10	Northrop Grumman Corp. & Related Companies	Engineering & Advanced Development	517,936	0.26%
Total			<u>\$ 14,125,729</u> (b)	<u>7.04%</u>

(b) Represents 7.04% of the total taxable assessed valuation of the Town for 2008.

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 ¹	Amount Collected ²	Percent Collected
2017	\$ 298,248,457	\$ 298,248,457	100.00%
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%

Source: Receiver of Taxes - General Tax Levy.

¹ 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.

² During year of levy.

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

Year Ended	<u>Governmental Activities</u> General Obligation Bonds	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
2017	\$ 535,073,473	\$ 535,073,473	0.50%	1,798
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

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

Notes:

As of December 31, 2017, the Town had \$139,823,688 in short-term bond anticipation notes, which are not presented in this schedule.

As of December 31, 2017, the Town had \$15,000,000 in short-term revenue 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.

¹ 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 ¹	Per Capita ²
2017	\$ 535,073,473	\$ 2,591,546	\$ 532,481,927	0.91%	1,790
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

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

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

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

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, 2017

<u>Jurisdiction</u>	<u>Net Long-Term Debt</u>	<u>Percentage Applicable to the Town of Oyster Bay</u>	<u>Town of Oyster Bay Share of Debt ¹</u>
Direct:			
Town of Oyster Bay	\$ 535,073,473	100.00%	\$ 535,073,473
Total Direct Debt	<u>535,073,473</u>		<u>535,073,473</u>
Overlapping:			
Nassau County	4,079,847,756	26.16%	1,067,288,173
School Districts	20,501,538	100.00%	20,501,538
Fire Districts	3,745,000	100.00%	3,745,000
Water Districts	52,111,382	100.00%	52,111,382
Sewer District	2,023,346	100.00%	2,023,346
Incorporated Villages	<u>38,792,568</u>	100.00%	<u>38,792,568</u>
Total Overlapping Debt	<u>4,197,021,590</u>		<u>1,184,462,007</u>
Total Direct and Overlapping Debt	<u>\$ 4,732,095,063</u>		<u>\$ 1,719,535,480</u>

Source: Town of Oyster Bay Official Statement.

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

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

TOWN OF OYSTER BAY
DEBT LIMIT MARGIN INFORMATION
December 31, 2017

Years Ended December 31,	Assessed Valuation	State Equalization Rate	Full Valuation
2017	\$ 140,827,867	0.24%	\$ 58,678,277,917
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
Total Five Year Full Valuation			<u>\$ 283,534,521,111</u>
Five Year Average Full Valuation of Taxable Real Property			<u>56,706,904,222</u>
Debt Limit - 7% of Five Year Average Full Valuation			<u>3,969,483,296</u>
Inclusions:			
Outstanding Bonds			578,430,000
Bond Anticipation Notes (including Long-term BANs)			<u>177,980,000</u>
Total Inclusions			<u>756,410,000</u>
Exclusions:			
Water Bonds			52,111,382
Water Bond Anticipation Notes			<u>38,156,312</u>
Total Exclusions			<u>90,267,694</u>
Total Net Indebtedness Subject to the Debt Limit			<u>666,142,306</u>
Net Debt Contracting Margin			<u>3,303,340,990</u>
Percent of Debt Limit Exhausted			16.78%

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
2017	\$ 3,969,483,296	\$ 756,410,000	\$ 90,267,694	\$ 666,142,306	\$ 3,303,340,990	83.22%
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%

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

TOWN OF OYSTER BAY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Years Ended December 31,	Population ¹	Personal Income ² (in millions)	Per Capita Income ^{2,7}	Median Age ^{3,7}	Unem- ployment Rate ^{2,4,9}	Year-Round Households Estimate ^{4,7}	Average Household Size Estimate ^{4,7}	Population Density Per Square Mile ^{4,6,7,8}	Public School Enrollment ⁵
2017	297,537	\$107,959	\$ 51,093	43.8	3.90%	99,217	2.96	2,596	44,257
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

Sources:

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

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

2017

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

2008

Rank	Name	Type of Business	Number of Employees
1	Cablevision Systems	Entertainment/Telecommunications	A
2	Keyspan Corp.	Utility Distribution	A
3	Nassau County AHRC	Rehabilitation & Training Services	A
4	Northrop-Grumman Systems Corp.	Engineering & Technology	A
5	Pall/Pall Int'l. Corporation	Surgical Applicances & Supplies	A
6	St. Francis Hospital	General Medical & Surgical Hospital	A
7	Aeroflex Inc.	Search & Navigation Equipment	B
8	JBL Incorporated	Audio & Video Equipment	B
9	North Shore University Hospital at Plainview	General Medical & Surgical Hospital	B
10	NY College of Osteo. Medicine	Medical School	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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government support	228	224	248	258	256	253	274	257	298	276
Public safety	114	109	123	126	118	116	125	119	124	133
Transportation	113	120	142	151	152	160	176	164	174	203
Economic assistance and opportunity	10	11	13	14	11	11	11	12	12	11
Culture and recreation	254	268	289	293	280	287	303	277	269	248
Home and community services	279	301	333	343	350	344	361	356	376	358
Total	<u>998</u>	<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>

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,	2017	2016	2015	2014	2013
Function					
General Government Support					
Public Safety					
Building					
Residential building permits issued	5,057	5,140	4,745	4,739	4,838
Commercial building permits issued	1,013	1,161	715	866	1,062
Public Safety					
Animals received	708	803	788	805	783
Animals adopted	364	382	363	258	354
Animals redeemed	105	149	127	130	127
Town Clerk					
Permits issued ¹	6,975	31,891	9,275	27,446	6,050
Fire					
Number of fire protection districts	7	7	7	7	7
Number of calls answered	8,473	8,565	8,321	7,503	8,926
Transportation					
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)	3	2	3	7	11
Number of trees planted			781	794	1,566
Number of trees removed	697	720	616	801	2,808
Economic Assistance and Opportunity					
Culture and Recreation					
Beach permits issued	47,553	45,439	48,247	47,512	45,262
Registration for adult programs	979	880	714	766	709
Registration for summer programs	1,721	1,631	1,627	1,685	1,975
Home and Community Services					
Sanitation					
Refuse collected (tons/day)	560	580	567	588	1,259
Recyclables collected (tons/day) ²	176	196	180	208	195

Source: Various departments of the Town of Oyster Bay.

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

² Single stream collections began October 23, 2017.

2012	2011	2010	2009	2008
3,935	4,018	3,783	1,756	2,579
795	921	293	52	230
826	804	747	847	1,056
233	327	200	276	282
172	127	116	143	155
29,592	8,272	29,384	6,882	26,802
7	7	7	7	7
7,822	18,240	17,498	19,232	19,171
275	305	305	305	302
2	2	2	2	2
14	18	4	10	18
1,080	419	1,996	293	1,964
2,695	3,396	1,558	3,135	2,410
48,316	50,974	55,987	49,947	45,777
238	400	339	142	217
2,150	2,300	2,650	2,500	2,200
1,293	633	565	650	666
178	190	208	208	124

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

Year Ended December 31,	2017	2016	2015	2014	2013
Function					
General Government Support					
Municipal buildings	3	3	3	3	3
Central vehicle maintenance					
Vehicles maintained	700	700	700	700	700
Transportation					
Highways and streets					
Streets (miles)	781	781	781	781	781
Streetlights	20,989	20,990	20,927	20,927	23,000
Parking fields	56	54	54	54	54
Culture and Recreation					
Parks acreage	600	600	600	600	600
Beaches	9	9	9	9	9
Marinas	3	3	3	3	3
Boat basin slips	554	554	554	554	554
Swimming pools	5	5	5	5	5
Golf courses	1	1	1	1	1
Tennis courts	28	28	28	28	28
Community centers	11	11	11	11	11
Home and Community Service					
Sanitation					
Collection trucks	81	64	64	64	64

Source: Various departments of the Town of Oyster Bay.

2012	2011	2010	2009	2008
3	3	3	3	3
700	700	687	729	729
781	781	781	780	780
25,000	25,000	25,000	20,703	20,652
54	54	54	54	54
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	11	10	10
50	50	50	50	50

