

ALBERTSON WATER DISTRICT
AUDITED FINANCIAL STATEMENTS
Year Ended December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Albertson Water District
Albertson, New York

We have audited the accompanying financial statements of the governmental activities and each major fund of the Albertson Water District ("the District"), a component unit of the Town of North Hempstead, New York as of and for the year ended December 31, 2015 and the related notes to the financial statements, which collectively comprise the Albertson Water District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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ALBRECHT, VIGGIANO, ZURECK & COMPANY, P.C.

245 PARK AVENUE, 39TH FLOOR
NEW YORK, NY 10167
T: 212.792.4075

25 SUFFOLK COURT
HAUPPAUGE, NY 11788-3715
T: 631.434.9500 F: 631.434.9518

www.avz.com
INDEPENDENT MEMBER OF BKR INTERNATIONAL

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Albertson Water District as of December 31, 2015, and the respective changes in financial position for the year then ended, in conformity 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 on pages 3 through 8, the schedule of district's contributions on page 36, the schedule of the district's proportionate share of the net pension liability on page 37, the schedule of funding progress for other postemployment benefits on page 38, the budgetary comparison information on page 39 and the detailed schedules of revenues and expenditures budgetary comparison information on pages 40 through 42 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 by placing the basic financial statements in 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 audit evidence to express an opinion or provide any assurance.



Hauppauge, New York
April 5, 2016

REQUIRED SUPPLEMENTARY INFORMATION

ALBERTSON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

Our discussion and analysis of the financial performance of the Albertson Water District (the "District"), a component unit of the Town of North Hempstead, New York (the "Town") financial performance provides an overview of the District's financial activities for the year ended December 31, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

This annual report consists of two sets of financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities – Government-Wide provide information about the activities of the District as a whole and present a longer-term view of the District's finances. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Governmental Fund Financial Statements

The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Government Funds tell how services were financed in the short term as well as what remains for future spending. Government fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's general fund and capital projects fund. The District's basic services are reported in funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Government fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation following the fund financial statements.

ALBERTSON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2015

CONDENSED FINANCIAL INFORMATION

Our analysis below focuses on the net position and changes in net position as set forth in the following condensed financial statement:

Statement of Net Position:
As of December 31,

	2015	2014
Assets		
Current and other assets	\$ 3,996,658	\$ 4,539,165
Capital assets	8,905,807	7,880,949
Total Assets	12,902,465	12,420,114
Deferred Outflows	144,163	-0-
Liabilities		
Current and other liabilities	4,663,369	4,125,949
Long-term liabilities	4,178,709	4,562,959
Total Liabilities	8,842,078	8,688,908
Net Position		
Net investment in capital assets	3,335,375	3,158,505
Restricted	506,412	390,860
Unrestricted	362,763	181,841
Total Net Position	\$ 4,204,550	\$ 3,731,206

Statement of Activities:
For the years ending December 31,

	2015	2014
Changes in Net Position		
Program Revenues		
Charges for services	\$ 1,579,163	\$ 1,465,643
General Revenues		
Real property taxes	1,684,760	1,684,676
Other general revenues	114,300	22,832
Total Revenues	3,378,223	3,173,151
Expenses – Water supply services	2,920,349	2,856,929
Changes in Net Position	457,874	316,222
Net Position – Beginning of Year, as Restated (see Note H)	3,746,676	3,414,984
Net Position – End of Year	\$ 4,204,550	\$ 3,731,206

ALBERTSON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

FINANCIAL HIGHLIGHTS

Total assets at December 31, 2015 were \$12,902,465, an increase of \$482,351 from the prior year. Total liabilities at December 31, 2015 were \$8,842,078 an increase of \$153,170 from the prior year. Current assets and current liabilities increased due to the issuance of bond anticipation notes. Capital assets increased as a result of additions resulting from capital projects.

District's net position at December 31, 2015 was \$4,204,550, an increase of \$473,344 from the prior year, which includes a restatement of \$15,470 due to a change in accounting principle. Of the District's total net position, \$3,335,375 was invested in capital assets, net of related debt; \$374,492 was restricted for capital projects and repairs and \$494,683 in unrestricted net position.

These financial statements include a liability for other postemployment benefits (OPEB). OPEB cost must now be recognized during the period of the employees' years of service and for benefits already earned by current and former employees, amortized over a period of 30 years. It is not currently required that this liability for OPEB actually be funded, accordingly, unrestricted net assets will continue to be impacted in subsequent years due to the recognition of this liability for OPEB.

Charges for services increased \$113,520 in the current year due to increase in water rents.

General revenues increased \$91,552 due to an increase in interest earnings and other income which includes a lawsuit settlement of \$24,158.

Expenses for water supply services were reasonably consistent with the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

General Fund

Fund balance in the general fund increased by \$287,891 to \$2,125,192 for the year ended December 31, 2015. Of this total, \$664,278 constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of fund balance consists of \$954,502 assigned to employee benefits, debt service and capital projects and \$506,412 restricted for capital costs and repairs. Overall increase in fund balance this year of \$287,891 is due to increased revenues from water rents and service charges in addition lower than anticipated expenditures including the electric power and heating, servicemen salaries and repairs.

Capital Fund

There is an unassigned fund deficit in the capital projects fund of \$2,201,860. The deficit will be eliminated with the issuance of long term bonds in subsequent periods.

ALBERTSON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

Governmental Funds (continued)

A summary of the changes in fund balances for all funds are as follows:

	12/31/15	12/31/14
General Fund		
Restricted for:		
Capital projects reserve	\$ 432,883	\$ 197,056
Repair reserve	73,529	193,804
Total Restricted	506,412	390,860
Assigned to:		
Capital projects	368,080	352,980
Debt service	259,243	254,112
Employee benefit accrued liability	327,179	251,992
Total Assigned	954,502	859,084
Unassigned	664,278	587,357
Total Fund Balances - General Fund	2,125,192	1,837,301
Capital Projects Fund		
Unassigned	(2,201,860)	(969,804)
Total Fund Balances - General Fund	(2,201,860)	(969,804)
Total Fund Balances - All Funds	\$ (76,668)	\$ 867,497

BUDGETARY HIGHLIGHTS

The District reported budget and actual in the general fund as follows:

	Original Budget	Final Budget	Actual Amounts	Variance
Revenues	\$ 3,190,112	\$ 3,190,112	\$ 3,345,763	\$ 155,651
Expenditures	3,173,112	3,173,112	3,055,151	117,961
Other financing sources (uses)	(17,000)	(17,000)	(2,721)	14,279
	\$ -0-	\$ -0-	\$ 287,891	\$ 287,891

The general fund reported an excess of revenues over expenditures this year of \$287,891, increasing its fund balance from \$1,837,301 to \$2,125,192. Total revenues were more than budgeted by 155,651 due to an increase in departmental revenue, interest earnings, and other income. Total expenditures were less than budgeted by \$117,961 due to less than anticipated costs for electric power and heating, servicemen salaries, and repairs and maintenance on road repairs.

ALBERTSON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

CAPITAL ASSETS AND LONG-TERM DEBT

The District has been financing all capital expenditures from proceeds of general obligation bonds, annual budgetary appropriations, and the capital project reserve. The District purchased machinery and equipment and performed improvements of the District's infrastructure of approximately \$154,745 from annual budgetary appropriations, \$215,920 from the capital reserve, \$107,150 from the repair reserve and \$1,078,187 from bond anticipation notes. Additional information on the District's capital assets can be found in Note D to the financial statements.

In addition to the capital improvements described above, Albertson Water District is committed to the long-term maintenance of the water system and plans significant capital expenditures on a regular basis. The District maintains a long-range capital budget to plan for these expenditures as follows:

2016	\$ 2,441,542
2017	1,010,262
2018	153,000
2019	164,000

At year-end, the District had outstanding \$3,041,795 of general obligation serial bonds. Also outstanding at year end were bond anticipation notes in the amount of \$3,817,000. Additional information on the District's long-term debt can be found in Note E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District derives a substantial portion of its operating revenues from water sales. For water utilities, water revenues are dependent on the amount of rainfall particularly during the summer months. As such, these revenues are unpredictable and very volatile. Water revenues can vary significantly from a rainy year, to a dry year. Water revenues are budgeted on the conservative side, which is in anticipation of a rainy year. However, actual water revenues can still fall far short of estimates. The District also believes that such adverse weather conditions can easily recur consecutively over two years or more running.

Gallons billed and water revenues for the current and past five years are as follows:

	Gallons billed <u>In 000's</u>	Revenue <u>In 000's</u>
2015	642,909	\$ 1,401
2014	611,537	1,318
2013	613,874	1,285
2012	617,263	1,144
2011	608,124	1,128

The increase in metered water revenue for the year ended December 31, 2015 was is attributable of the water rate increase being in effect for the entire year.

In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes the property tax cap levy limit for municipalities. For fiscal years, beginning in 2012 and lasting through at least June 15, 2016, no local government is authorized to increase its property tax levy by more than the property tax levy cap provisions or the rate of inflation (whichever is less); however local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law.

For the 2016 budget, the District did not exceed the property tax levy cap provisions.

ALBERTSON WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2015

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Superintendent at Albertson Water District, P.O. Box 335, Albertson, NY 11507.

BASIC FINANCIAL STATEMENTS

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

ASSETS

Current assets:

Cash	\$ 1,061,341
Cash, restricted	709,932
Accounts receivable	299,845
Prepays	31,248
Due from other governments	<u>1,894,292</u>

Total Current Assets 3,996,658

Non-current assets:

Non-depreciable capital assets	2,951,428
Depreciable capital assets, net of depreciation	<u>5,954,379</u>

Total Non-current Assets 8,905,807

Total Assets 12,902,465

DEFERRED OUTFLOWS OF RESOURCES

Pensions	<u>144,163</u>
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LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	227,620
Accrued interest	23,353
General obligation bonds payable	509,396
Compensated absences	86,000
Bond anticipation note payable	<u>3,817,000</u>

Total Current Liabilities 4,663,369

Noncurrent liabilities:

General obligation bonds payable	2,812,269
Compensated absences	279,344
Other postemployment benefits payable	1,015,521
Net pension liability - proportionate share	<u>71,575</u>

Total Non-current Liabilities 4,178,709

Total Liabilities 8,842,078

NET POSITION

Net investment in capital assets	3,335,375
Restricted	506,412
Unrestricted	<u>362,763</u>

Total Net Position \$ 4,204,550

ALBERTSON WATER DISTRICT
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
Year ended December 31, 2015

Governmental Activities

Expenses - water supply services	\$ 2,920,349
Program revenues - charges for services	<u>1,579,163</u>
	Net Program Expense <u>(1,341,186)</u>
General Revenues	
Real property taxes	1,684,760
Use of money and property	74,863
Sale of property and compensation for loss	6,740
Other	<u>32,697</u>
	Total General Revenues <u>1,799,060</u>
Change in Net Position	457,874
Net Position - Beginning of the Year, as Restated (Note H)	<u>3,746,676</u>
Net Position - End of Year	<u><u>\$ 4,204,550</u></u>

**ALBERTSON WATER DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015**

Assets	General	Capital Projects	Total
Cash	\$ 1,061,341		\$ 1,061,341
Restricted cash	709,932		709,932
Accounts receivable	218,139		218,139
Due from other fund	53,289	\$ 203,520	256,809
Due from the Town of North Hempstead	326,059	1,568,233	1,894,292
Total Assets	\$ 2,368,760	\$ 1,771,753	\$ 4,140,513
Liabilities			
Accounts payable and accrued liabilities	\$ 40,048	\$ 103,324	\$ 143,372
Due to other fund	203,520	53,289	256,809
Bond anticipation note payable		3,817,000	3,817,000
Total Liabilities	243,568	3,973,613	4,217,181
Fund Balances			
Restricted	506,412		506,412
Assigned	954,502		954,502
Unassigned	664,278	(2,201,860)	(1,537,582)
Total Fund Balances (Deficit)	2,125,192	(2,201,860)	(76,668)
Total Liabilities and Fund Balances	\$ 2,368,760	\$ 1,771,753	\$ 4,140,513

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

Total Governmental Fund Balances (Deficit)	\$ (76,668)
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Capital assets - non depreciable	\$ 2,951,428	
Capital assets - depreciable	14,682,869	
Accumulated depreciation	(8,728,490)	8,905,807

Prepaid items included in the Statement of Net Position	31,248
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Deferred outflows are not considered a current available resource and is therefore not reported in the funds.	144,163
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Premiums on debt issuance are included in the Statement of Net Position	(279,870)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Accounts payable and accrued expenses	(84,248)	
General obligation bonds payable	(3,041,795)	
Accrued interest payable	(23,353)	
Compensated absences payable	(365,344)	
Other postemployment benefits payable	(1,015,521)	
Net pension liability - proportionate share	(71,575)	(4,601,836)

Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds.	81,706
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Net Position of Governmental Activities	\$ 4,204,550
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ALBERTSON WATER DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
 Year ended December 31, 2015

	General	Capital Projects	Total
Revenues			
Real property taxes	\$ 1,684,760		\$ 1,684,760
Departmental income	1,567,271		1,567,271
Use of money and property	54,295		54,295
Sale of property and compensation for loss	6,740		6,740
Miscellaneous local sources	32,697		32,697
Total Revenues	3,345,763	\$ -0-	3,345,763
Expenditures			
Administration	860,695		860,695
Source of supply, power and pumping	857,769		857,769
Purification	83,805		83,805
Transmission and distribution	169,393		169,393
Employee benefits	475,828		475,828
Debt service	607,661		607,661
Capital outlay		1,249,056	1,249,056
Total Expenditures	3,055,151	1,249,056	4,304,207
Other Financing Sources (Uses) of Funds			
Proceeds of refunding bonds	882,647		882,647
Payments to refunded bond escrow agent	(975,954)		(975,954)
Premiums on obligations	107,586		107,586
Transfers in		17,000	17,000
Transfers out	(17,000)		(17,000)
Total Other Financing Sources (Uses)	(2,721)	17,000	14,279
Net Change in Fund Balance	287,891	(1,232,056)	(944,165)
Fund Balances - Beginning of Year	1,837,301	(969,804)	867,497
Fund Balances (Deficit) - End of Year	\$ 2,125,192	\$ (2,201,860)	\$ (76,668)

See notes to financial statements.

ALBERTSON WATER DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2015

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

Net Changes in Fund Balances \$ (944,165)

Amounts reported in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as

Capital Outlay	1,556,002
Depreciation expense	(399,329)
Loss on disposition	(131,815)

The issuance of long-term debt provides current financial resources, while the repayment of bond principal consumes the current financial resources in the governmental funds.

Proceeds of refunding bonds	(882,647)
Payments to refunded bond escrow agent	936,805
Payment of bond principal	468,365
Premiums on obligations	(107,586)
Amortization of premiums on obligations	20,568

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 the governmental funds: (5,823)

Deferred outflows of resources 144,163

Some revenues and expenses reported in the Statement of Activities are not reported as revenues or expenditures in the governmental funds.

Compensated absences	(9,702)
Other postemployment benefits payable	(78,513)
Net pension liability - proportionate share	(87,045)
Accounts payable and accrued expenses	(45,051)
Accrued interest payable	11,755
Unbilled water revenue	11,892

Change in Net Position of Governmental Activities \$ 457,874

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. Summary of Significant Accounting Policies

The Albertson Water District (the "District") is governed by Town Law and other general laws of the State of New York. The Board of Commissioners is the legislative body responsible for overall operations. The Board of Commissioners consists of three members, all of whom are elected by the residents of the District for terms of three years. The primary function of the District is to provide water service to district residents.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The District's more significant accounting policies are described below.

1. Financial Reporting

The Town of North Hempstead, New York is financially accountable as a result of fiscal dependency by the District. Long-term debt of the District, which is backed by the full faith and credit of the Town, and other fiscal matters results in fiscal interdependency with the Town. Accordingly, the Albertson Water District has been determined to be a component unit of the Town.

2. Basis of Presentation

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

Government-wide Financial Statements

The government-wide financial statements reports information on the District as a whole.

In the government-wide Statement of Net Position, the District's governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts—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 District's function (home and community service – water supply services), which is otherwise supported by general revenues (real property taxes, use of money and property, sale of property and compensation for loss, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues to produce the net costs of each. Program revenues include (a) charges for services and (b) operating and capital grants and contributions that are directly associated with the function. The net cost is normally covered by general revenues. This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. Summary of Significant Accounting Policies (continued)

2. Basis of Presentation (continued)

Funds Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are presented by type in the fund financial statements. The District considers all funds to be major funds.

Governmental Funds - Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. Government funds are further classified as major funds.

The District reports the following major governmental funds:

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

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

3. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured where as 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 Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus and are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources and liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Interfund transactions have been eliminated from the government-wide financial statements.

In the funds statements, the governmental activities use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues subject to accrual are state and federal aid. 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.

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. Summary of Significant Accounting Policies (continued)

3. Measurement Focus/Basis of Accounting (continued)

Expenditures are recorded when incurred except that:

- a. Expenditures for prepaid expenses are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

4. Property Taxes and Delinquent Water Bills

Property taxes and delinquent water bills are collected by the Town of North Hempstead Receiver of Taxes ("Receiver") on behalf of the District. The Receiver collects all real property taxes for the Town, Nassau County, Town Special Districts and School Districts. Town and County taxes are levied on January 1, and are due in two installments payable by February 10 and August 10. The Town remits 100% of the amount of real property tax levied and the delinquent water bills to the District. Responsibility for collection of unpaid taxes is assumed by Nassau County.

5. Customer Receivables

Receivables include amounts due from customers. Receivables are recorded and revenues are recognized when earned. Revenues from unbilled water usage at year end are recognized in the government-wide financial statements. These amounts are guaranteed by the Town of North Hempstead.

6. Interfund Receivables, Payables and Transfers

Interfund receivable and payable balances for the District represent primarily the payment of financing sources and uses that will be reimbursed subsequent to year end. Interfund transfer balances represent the funding of capital expenditures through general fund appropriations.

7. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in the government-wide financial statements.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. The first item is related to the pension reported in the government-wide Statement of Net Position. This represents the effect of the net change in the District's proportionate share of the collective net pension liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. This amount also includes the District contributions to the pensions systems subsequent to the measurement date. See Note F.

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. Summary of Significant Accounting Policies (continued)

8. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

9. Capital Assets

In the government-wide financial statements, capital assets, including infrastructure assets (water mains), with an original cost of \$500 or more and estimated useful life in excess of one year, are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Prior to the year 2002, infrastructure assets consisting of water mains were capitalized at estimated historical cost. Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20 - 40 years
Wells, water tanks and structures	40 years
Water mains	40 years
Machinery and equipment	10 - 20 years
Office furniture and equipment	5 years
Vehicle	8 years

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

10. Long-Term Debt

In the government-wide statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. General obligation bonds payable are reported net of the applicable bond premium or discount. The long-term debt consists of general obligation bonds payable, compensated absences, and other postemployment benefit liabilities.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financial resources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. The liability for compensated absences, general obligation bonds payable, and other postemployment benefits payable are liquidated through future budget appropriations in the general fund.

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. Summary of Significant Accounting Policies (continued)

11. Compensated Absences

District employees earn vacation and sick leave in varying amounts. In the event of separation from service (except termination for cause), an employee is entitled to payment for accumulated unused vacation and sick leave subject to certain maximum limitations. The liability for these compensated absences is recorded as long-term debt in the governmental-wide statements. 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.

12. Other Postemployment Benefits

In addition to providing pension benefits, the District, per its contracts with employees, will pay the full premium costs for the medical insurance coverage (currently provided by Empire Plan Plus Enhancements of the New York State Government Employees Health Insurance Program) for an employee of the District at retirement, provided the employee has been employed with the District for at least ten consecutive years of employment prior to the date of retirement.

The District recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the governmental funds in the year paid. The liability for these other postemployment benefits payable is recorded as long-term debt in the government-wide statements.

13. Insurance

The District purchases insurance against liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability not covered by insurance has been incurred and the amount of loss can be reasonably estimated.

14. Net Position and Fund Equity Classifications

In Government-wide 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 and reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those 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 do not meet the definition of "restricted" or "net investment in capital assets."

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. Summary of Significant Accounting Policies (continued)

14. Net Position and Fund Equity Classifications (continued)

Fund Financial Statements

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources; they are nonspendable, restricted, committed, assigned, or unassigned.

Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form, not available within a year, or legally or contractually required to be maintained intact.

Restricted fund balance includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority. The Board Commissioners is not empowered to establish local law; accordingly the District will not have committed fund balances.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's assigned fund balance for expenditures in subsequent year, employee benefit accrued liability, and debt service. The Board of Commissioners has the authority to assign amounts to be used for specific purposes. Assigned fund balances including all remaining amounts (except negative balances) that are not reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. It is also used to report negative fund balances in other governmental funds.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the Board of Commissioners will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged. It is the intention of the Board of Commissioners that the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the committed fund balance to the extent that there is a commitment, to assigned fund balance to the extent that there is an assignment, and then to the unassigned fund balance.

The District's fund balance policy, adopted by the Board of Commissioners recommends that the District maintain a minimum unassigned fund balance of 10% of the general fund operating budget.

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A. Summary of Significant Accounting Policies (continued)

15. Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

16. New Pronouncements

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

B. Stewardship, Compliance and Accountability

Budgetary Data

The District's budget policies are as follows:

The District prepares an annual budget for the general fund, which is approved by the Board of Commissioners. The budget is then submitted to the Town of North Hempstead for inclusion in the Town Budget and a public hearing is held thereon. Any revisions to the annual budget are adopted by resolution by the Board of Commissioners.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purpose, is employed in the governmental funds. Encumbrances are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

The budget is adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances, if any, carried forward from the prior year.

In June 2011, New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities. For fiscal years, beginning in 2012 and lasting through at least June 15, 2016, no local government is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however local governments can exceed the tax levy limit by a 60% vote of the governing body and annually adopting a local law.

For the 2015 budget, the District has limited the increase in the real property tax levy to 2%.

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

B. Stewardship, Compliance and Accountability (continued)

Fund Balance

The following table provides the detail regarding fund balance categories and classifications for the governmental funds which show components of restricted and assigned fund balance. The unassigned fund balance is also presented.

	General Fund	Capital Projects Funds	Total
Restricted for:			
Capital projects reserve	\$ 432,883		\$ 432,883
Repair reserve	73,529		73,529
Total Restricted	506,412	-0-	506,412
Assigned to:			
Capital projects	368,080		368,080
Debt service	259,243		259,243
Employee benefit accrued liability	327,179		327,179
Total Assigned	954,502	-0-	954,502
Unassigned	664,278	\$ (2,201,860)	(1,537,582)
Total Fund Balances	\$ 2,125,192	\$ (2,201,860)	\$ (76,668)

Capital projects reserves

In accordance with New York State General Municipal Law §6-c, the District has established a "type" capital reserve to finance the cost of improvements to the water distribution system. Expenditures from this reserve require the approval of the Board of Commissioners. The reserve may be funded with budgetary appropriations or revenues not required by law to be paid into any other fund or account.

A summary of activity in the capital reserve fund for 2015 is as follows:

Fund Balance – beginning	\$ 197,056
Interest earned on reserve cash	927
Transfers in	234,900
Fund Balance – ending	\$ 432,883

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

B. Stewardship, Compliance and Accountability (continued)

Fund Balance (continued)

Repair Reserve

In accordance with New York State General Municipal Law §6-d, the District has established a repair reserve to finance the cost of emergency repairs to the water distribution system. Expenditures from this reserve require the approval of the Board of Commissioners. The reserve may be funded with budgetary appropriations or revenues not required by law to be paid into any other fund or account. This reserve was established in the amount of \$40,000 and is accounted for in the general fund. A summary of activity in the repair reserve for 2015 is as follows:

Fund Balance – beginning	\$ 193,804
Interest earned on reserve cash	225
Expenditures	<u>(120,500)</u>
Fund Balance – ending	<u>\$ 73,529</u>

C. Cash and Investments

Cash consists of funds deposited in demand accounts, and time deposit accounts.

The District's investment policies are governed by state statutes. In addition, the District has its own written investment policy. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The District is authorized to use demand accounts, money market accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and time deposits accounts at 100% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. The District's collateral agreements are based on the District's available balance.

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 exist when, in the event of the failure of the counterparty, a government will not be unable to recover the value of its investments or collateral securities that are in possession of an outside party.

Deposits are required 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 District's name.

At December 31, 2015, the District's bank balances consisted of deposits totaling \$1,817,102. Of the total bank balance, \$269,573 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$1,927,342 was covered by collateral with securities held by the District's agent, a third-party financial institution, in the District's name.

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

C. Cash and Investments (continued)

As of December 31, 2015, the District did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

Certain cash balances of the District are classified as restricted because their use is restricted by contractual agreements and regulations. These balances include the capital projects reserve cash and repair reserve cash.

D. Capital Assets

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

	Balance 1/1/15	Additions	Deletions	Balance 12/31/15
Capital assets not being depreciated				
Land	\$ 23,088			\$ 23,088
Construction in progress	1,992,186	\$ 1,455,195	\$ 519,041	2,928,340
Total capital assets not being depreciated	<u>2,015,274</u>	<u>1,455,195</u>	<u>519,041</u>	<u>2,951,428</u>
Depreciable capital assets				
Building and improvements	3,436,521	292,491	171,379	3,557,633
Wells, water tanks and structures	366,310			366,310
Water mains	5,984,860	226,550		6,211,410
Machinery and equipment	4,175,273		67,842	4,107,431
Office, furniture and equipment	60,075			60,075
Vehicles	326,203	100,807	47,000	380,010
Total depreciable capital assets	<u>14,349,242</u>	<u>619,848</u>	<u>286,221</u>	<u>14,682,869</u>
Accumulated Depreciation				
Building and improvements	1,142,460	116,134	44,036	1,214,558
Wells, water tanks and structures	366,330			366,330
Water mains	3,649,549	139,873		3,789,422
Machinery and equipment	3,044,267	120,367	63,370	3,101,264
Office, furniture and equipment	45,420	2,535		47,955
Vehicles	235,541	20,420	47,000	208,961
Total accumulated depreciation	<u>\$ 8,483,567</u>	<u>\$ 399,329</u>	<u>\$ 154,406</u>	<u>8,728,490</u>
Total net depreciable capital assets				<u>5,954,379</u>
Total capital assets				<u>\$ 8,905,807</u>

Depreciation expense totaled \$399,329 and was charged to water supply services.

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of capital assets has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At December 31, 2015, the District has not recorded any such impairment losses.

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

E. Indebtedness

Short Term Debt

Bond Anticipation Note (BAN) – Bond anticipation note (BANs) are used as a temporary means of financing capital expenditures in the capital projects fund. State law requires that BANs issued for capital purposes be converted to a long-term obligations within five years after the original issue date. The note 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. The liability for the BAN is accounted for in the capital projects fund. BANs are expected to be paid from the proceeds of future bond issues after renewal of these notes. These BANs have an interest rate of .50 -.75% and are due in April 2016 and October 2016.

The note activity is summarized as follows:

	Balance 1/1/15	Increases	Reductions	Balance 12/31/15
Bond Anticipation Note	\$ 3,084,000	\$ 750,000	\$ 17,000	\$ 3,817,000

Long Term Debt

General Obligation Bonds - The District periodically borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the Town of North Hempstead, bear interest rates ranging from 2.00% to 6.4%, and maturity dates ranging from 2016 - 2027.

Current Refunding of Bonds

On April 16, 2015, the District issued \$767,976 in Refunding (Serial) Bonds with an average interest rate of 4.1% (issued as Series A) to current refund \$726,250 of 2006 Series A Bonds with an average rate of 4.4% through the year 2026 and \$89,789 2007 Series B Bonds with an average rate of 4.3% through the year 2027.

The net proceeds of \$855,188 (the par amount of the bonds plus the reoffering premium of \$95,663 less underwriting fees, and other issuance costs of \$8,451) were used to buy U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the Series A 2006 and the 2007 Series B bonds are considered to be defeased and the liability for those bonds removed from the Statement of Net Position.

The reacquisition price was equal to the net carrying amount of the old debt.

The District current refunding refunded the 2006 and 2007 Serial Bonds to reduce its total debt service payments over the next 12 years by \$173,537 to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of \$156,864.

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

E. Indebtedness (continued)

Long Term Debt (continued)

On October 13, 2015, the District also issued \$114,671 in Refunding (Serial) Bonds with an average interest rate of 4.3% (issued as Series C) to current refund, \$158,077 of 2005 Serial Bonds with an average rate of 4.3% through the year 2018.

The net proceeds of \$120,766 (the par amount of the bonds plus the reoffering premium of \$11,923 less underwriting fees, and other issuance costs of \$5,828) were used to buy U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the Series C 2005 bonds are considered to be defeased and the liability for those bonds removed from the Statement of Net Position.

The reacquisition price was equal to the net carrying amount of the old debt.

The District current refunding refunded the 2005 Serial Bonds to reduce its total debt service payments over the next 3 years by \$6,918 to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) \$8,617, respectively.

Compensated absences – Represents the value of the earned and unused portion of the liability for compensated absences.

Postemployment benefits - Represents the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows. Recognition of the liability accumulated from prior years is being phased in over 30 years commencing with the 2008 liability.

Net Pension Liability – Proportionate Share – Represents the District's proportionate share of the NYS ERS net pension liability.

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

	Balance			Non-current Liabilities Due		
	1/1/15	Increases	Reductions	Balance 12/31/15	Within One Year	Long-Term
Bonds Payable						
General obligation bonds	\$ 3,564,318	\$ 882,647	\$ 1,405,170	\$ 3,041,795	\$ 476,882	\$ 2,564,913
Plus premiums on issuance	192,852	107,586	20,568	279,870	32,514	247,356
Total Bonds Payable	3,757,170	990,233	1,425,738	3,321,665	509,396	2,812,269
Compensated absences	355,642	9,702		365,344	86,000	279,344
Other postemployment benefits	937,008	221,459	142,946	1,015,521		1,015,521
Net Pension Liability - Proportionate Share	95,742		24,167	71,575		71,575
Total long term debt	\$ 5,145,562	\$ 1,221,394	\$ 1,592,851	\$ 4,774,105	\$ 595,396	\$ 4,178,709

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

E. Indebtedness (continued)

Long Term Debt (continued)

Principal and interest payments to maturity of general obligation serial bonds as of December 31, 2015 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Principal and Interest</u>
Years Ending December 31, 2016	\$ 476,882	\$ 111,428	\$ 588,310
2017	484,340	93,218	577,558
2018	332,494	75,845	408,339
2019	250,676	62,589	313,265
2020	230,669	50,801	281,470
2021 - 2025	1,166,512	105,083	1,271,595
2026 - 2027	100,222	1,400	101,622
Totals	<u>\$ 3,041,795</u>	<u>\$ 500,364</u>	<u>\$ 3,542,159</u>

F. Retirement System

Plan Description

The District participates in the New York State and Local Employees' Retirement System (the System), which is a cost-sharing multiple-employer defined benefit pension plan, and the Public Employees' Group Life Insurance Plan. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as a sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the NYSERS and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be found on the website of the Office of the New York State Comptroller or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

Funding Policy

Plan members who joined the system before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3% of their salary for NYSERS members throughout active membership. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, depending upon their salary, throughout active membership. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

F. Retirement System (continued)

Funding Policy (continued)

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>Total Contribution</u>
2015	\$ 124,993
2014	\$ 148,283
2013	\$ 153,104

The District's contributions to the System were equal to 100 percent of the contributions required for each year.

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

At December 31, 2015, the District reported the following liability for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2015 for ERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. Below is the District's proportionate share of the net pension liability of the System and its related employer allocation percentage.

	<u>ERS</u>
Actuarial valuation date	March 31, 2015
Net pension liability	\$ 71,575
District's portion of the System's total net pension liability	0.0021187%

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

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

F. Retirement System (continued)

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

For the year ended December 31, 2015, the District's recognized pension expense of \$73,700 in the statement of activities. At December 31, 2015, the District's reported deferred outflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>
	ERS
Differences between expected and actual experience	\$ 2,291
Changes of assumptions	-0-
Net difference between projected and actual earnings on pension plan investments	12,432
Changes in proportion and differences between the District's contributions and proportionate share of contributions	35,695
District's contribution subsequent to the measurement date	<u>93,745</u>
Total	<u><u>\$ 144,163</u></u>

The District's contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>
Plan Year Ended March 31, 2016	\$ 12,604
2017	12,604
2018	12,604
2019	<u>12,604</u>
	<u><u>\$ 50,416</u></u>

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

F. Retirement System (continued)

Actuarial Assumptions

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

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

Annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

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 returns net of investment expense 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 each 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, 2015 are summarized below:

	ERS	
	Target Allocation	Long-term Expected Rate of Return
Measurement date		March 31, 2015
Asset type		
Equity:		
Domestic equity	38.0%	7.30%
International equity	13.0%	8.55%
Alternatives:		
Private equity	10.0%	11.00%
Real estate	8.0%	8.25%
Other	9.0%	6.75-8.65%
Bonds and mortgages	18.0%	4.00%
Cash	2.0%	2.25%
Inflation indexed bonds	2.0%	4.00%
	100.0%	

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

F. Retirement System (continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability	\$ 477,081	\$ 71,575	\$ (270,772)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows:

	(Dollars in Thousands)
Valuation date	April 1, 2014
Employers' total pension liability	\$ 164,591,504
Plan Net Position	161,213,259
Employers' net pension liability	\$ (3,378,245)
Ratio of plan net position to the Employers' total pension liability	97.95%

G. Other Postemployment Benefits (Obligations for Health Insurance)

In the government-wide financial statements, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The District recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provide information useful in assessing potential demands on the District's future cash flows. Recognition of the liability accumulated from prior years is being phased in over 30 years, commencing with the 2008 liability.

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

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

Plan Description

The District, as a single-employer defined OPEB Plan, per its contracts with employees, will pay the full premium costs for the medical insurance coverage (currently provided by Empire Plan Plus Enhancements of the New York State Government Employees Health Insurance Program) for an employee of the District at retirement, provided the employee has been employed with the District for at least five consecutive years of continuous employment prior to the date of retirement. These contracts will be renegotiated at various times in the future. Upon death of an active employee with five years of service, the District will pay seventy-five percent of the cost to continue coverage for the surviving spouse (until re-married) and dependents of the employee.

The number of participants as of December 31, 2014, the effective date of the OPEB valuation, follows.

Active employees	8
Retired employees	7
Spouses of retired employees	<u>4</u>
Total	<u>19</u>

Funding Policy

The District currently pays for postemployment health care benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

For the year ended December 31, 2015, the District's annual other postemployment benefits (OPEB) cost (expenses) is calculated based on the *annual required contribution of the employer (ARC)*. The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's other postemployment benefits liability:

Annual required contribution (ARC)	\$ 233,195
Interest on Net OPEB Obligation	23,425
Adjustments to ARC	<u>(35,161)</u>
OPEB Cost	221,459
Age adjusted contributions made	<u>(142,946)</u>
Increase in net OPEB obligation	78,513
Net OPEB obligation – beginning of year	<u>937,008</u>
Net OPEB obligation – end of year	<u>\$ 1,015,521</u>

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

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

Annual OPEB Cost and Net OPEB Obligation (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2015 and the preceding two years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Age Adjusted Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/15	\$ 221,459	\$ 142,946	64.55%	\$ 1,015,521
12/31/14	215,717	131,870	61.13%	937,008
12/31/13	223,256	107,752	48.26%	853,161

Funded Status and Funding Progress

As of December 31, 2015, the actuarial accrued liability for benefits was \$4,240,471, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$797,030, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 532.03%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Methods and Assumptions

The projection of future benefit payments includes the occurrence of events far into the future; examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results progress. Presented as required supplementary information following the notes to the financial statements, the plan presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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

Methods and Assumptions (continued)

Marital status – Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality – Life expectancies were based on mortality tables from the RP2000 Mortality Table for Males and Females Projected 10 years.

Turnover – Non-group specific age-based turnover data from GASB Statement 45 was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate –The expected rate of increase in healthcare premiums was based on a report produced by the Department of Health and Human Services Office of the Actuary. A rate of 9% for health and pharmacy, 4% for dental and 3% for vision was used initially and was reduced to a rate of 5% for health and pharmacy and 3% for dental and vision after four years.

Health insurance premiums – 2014 health insurance premiums for retirees were used as the base with healthcare costs increases assumed for calculation of the present value of total benefits to be paid.

Payroll growth rate – The expected long-term payroll growth rate was assumed at 3%.

Based on the historical and expected returns of the District's short-term investment portfolio, a discount rate of 2.5% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 was twenty-two years.

H. Cumulative Effect of Change in Accounting Principle

For the year ended December 31, 2015, the District implemented GASB Statements No. 68 and 71. The implementation of Statements No. 68 and 71 resulted in the reporting of a deferred outflow of resources and a liability related to the District's participation in the New York State Employees' Retirement System. The District's net position has been restated as follows:

Net position at January 1, 2015, as originally reported	\$ 3,731,206
Cumulative effect of a change in accounting principle:	
Net pension liability	(95,742)
Deferred outflow of resources for contributions subsequent to the measurement date of March 31, 2014	<u>111,212</u>
Net position at January 1, 2015, as restated	<u>\$ 3,746,676</u>

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

I. Commitments and Contingencies

The District is subject to litigation in the ordinary conduct of its affairs. To the extent the outcome of such litigation has been determined to result in probable loss to the District; such loss has been accrued in the accompanying financial statements.

The District is committed to the long-term maintenance of the water system and plans capital improvements on a regular basis. The District is currently committed on contracts or is planning additional improvements amounting to approximately \$599,000 within the next one to two years.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determine at this time, although the District expects such amounts, if any, to be immaterial.

J. New Pronouncements

The Governmental Accounting Standards Board ("GASB") has issued Statement No. 72 "*Fair Value Measurement and Application*". This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of the new statement become effective for the District for the year ended December 31, 2016.

GASB has issued Statement No. 73 "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The requirements of the new statement become effective for the District for the year ended December 31, 2016.

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

ALBERTSON WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

J. New Pronouncements (continued)

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

GASB has issued Statement No. 76 "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of the new statement become effective for the District for the year ended December 31, 2016.

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

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

GASB has issued Statement No. 79 "*Certain External Investment Pools and Pool Participants*". This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of the new statement become effective for the District for the year ended December 31, 2016.

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

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

ALBERTSON WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
 For the Year Ended December 31, 2015

	NYSERS										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
Contractually required contribution	\$ 124,993	\$ 148,283	\$ 153,104	\$ 140,082	\$ 114,792	\$ 74,087	\$ 55,393	\$ 58,153	\$ 60,901	\$ 63,355	
Contributions in relation to the contractually required contribution	124,993	148,283	153,104	140,082	114,792	74,087	55,393	58,153	60,901	63,355	
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
District's covered-employee payroll	\$ 663,105	\$ 704,836	\$ 697,988	\$ 693,624	\$ 740,793	\$ 692,225	\$ 712,230	\$ 687,831	\$ 632,398	\$ 599,326	
Contributions as a percentage of covered-employee payroll	18.85%	21.04%	21.94%	20.20%	15.50%	10.70%	7.78%	8.45%	9.63%	10.57%	

ALBERTSON WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Year Ended December 31, 2015

NYSERS	2015	2014
District's proportion of the net pension liability	0.0021187%	0.0021187%
District's proportionate share of the net collective pension liability	\$ 71,575	\$ 95,742
District's covered-employee payroll	\$ 663,105	\$ 704,836
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	10.79%	13.58%
Plan net position as a percentage of the total pension liability coming from plan	97.95%	97.20%

ALBERTSON WATER DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
December 31, 2015

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Covered Payroll</u>
12/31/2008	\$ -0-	\$ 4,603,132	\$ 4,603,132	0.00%	\$ 699,375	658.18%
12/31/2010	\$ -0-	\$ 4,747,951	\$ 4,747,951	0.00%	\$ 791,699	599.72%
12/31/2012	\$ -0-	\$ 3,954,860	\$ 3,954,860	0.00%	\$ 778,143	508.24%
12/31/2014	\$ -0-	\$ 4,240,471	\$ 4,240,471	0.00%	\$ 797,030	532.03%

ALBERTSON WATER DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year ended December 31, 2015

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Revenues				
Real property taxes	\$ 1,684,760	\$ 1,684,760	\$ 1,684,760	\$ -0-
Departmental income	1,498,000	1,498,000	1,567,271	69,271
Use of money and property	7,352	7,352	54,295	46,943
Sale of property and compensation for loss	-0-	-0-	6,740	6,740
Miscellaneous local sources	-0-	-0-	32,697	32,697
Total Revenues	<u>3,190,112</u>	<u>3,190,112</u>	<u>3,345,763</u>	<u>155,651</u>
Expenditures				
Administration	817,996	863,996	860,695	3,301
Source of supply, power and pumping	890,455	890,455	857,769	32,686
Purification	70,000	84,000	83,805	195
Transmission and distribution	242,244	242,244	169,393	72,851
Employee benefits	534,000	476,000	475,828	172
Debt service	618,417	616,417	607,661	8,756
Total Expenditures	<u>3,173,112</u>	<u>3,173,112</u>	<u>3,055,151</u>	<u>117,961</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,000	17,000	290,612	273,612
Other Financing Sources (Uses)				
Proceeds of refunding bonds	-0-	-0-	882,647	882,647
Payments to refunded bond escrow agent	-0-	-0-	(975,954)	(975,954)
Premiums on obligations	-0-	-0-	107,586	107,586
Transfers out	(17,000)	(17,000)	(17,000)	-0-
Total Other Financing Sources (Uses)	<u>(17,000)</u>	<u>(17,000)</u>	<u>(2,721)</u>	<u>14,279</u>
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	287,891	<u>\$ 287,891</u>
Fund Balance at Beginning of Year			<u>1,837,301</u>	
Fund Balance at End of Year			<u>\$ 2,125,192</u>	

ALBERTSON WATER DISTRICT
GENERAL FUND
DETAILED SCHEDULE OF REVENUES
BUDGET AND ACTUAL
Year ended December 31, 2015

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Real Property Taxes	<u>\$ 1,684,760</u>	<u>\$ 1,684,760</u>	<u>\$ 1,684,760</u>	<u>\$ -0-</u>
Departmental Income				
Metered water sales	1,360,000	1,360,000	1,400,604	40,604
Unmetered water sales	100,000	100,000	99,767	(233)
Water rent penalties	12,000	12,000	19,186	7,186
Water service charges	<u>26,000</u>	<u>26,000</u>	<u>47,714</u>	<u>21,714</u>
Total Departmental Income	1,498,000	1,498,000	1,567,271	69,271
Use of Money and Property				
Interest earnings	<u>7,352</u>	<u>7,352</u>	<u>54,295</u>	<u>46,943</u>
Total Use of Money and Property	7,352	7,352	54,295	46,943
Sale of Property and Compensation for Loss				
Insurance recoveries	<u>-0-</u>	<u>-0-</u>	<u>6,740</u>	<u>6,740</u>
Total Sale of Property and Compensation for Loss	-0-	-0-	6,740	6,740
Miscellaneous Local sources				
Other income	<u>-0-</u>	<u>-0-</u>	<u>32,697</u>	<u>32,697</u>
Total Miscellaneous Local Sources	-0-	-0-	32,697	32,697
Total Revenues	<u>\$ 3,190,112</u>	<u>\$ 3,190,112</u>	<u>\$ 3,345,763</u>	<u>\$ 155,651</u>

ALBERTSON WATER DISTRICT
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
Year ended December 31, 2015

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
EXPENDITURES				
Administration				
Administration salaries	\$ 328,875	\$ 332,275	\$ 332,218	\$ 57
Conferences, meetings, etc.	20,000	10,000	9,646	354
Commissioners fees	22,500	20,300	20,240	60
Office expense	66,000	64,700	64,667	33
Telephone and communications	20,000	15,000	14,921	79
Legal notices	2,000	3,000	2,977	23
Education and training	2,000	2,000	1,060	940
Election	2,000	2,000	1,800	200
Engineering	50,000	56,000	55,993	7
Auditing and accounting fees	45,000	39,200	39,162	38
Legal fees	50,000	64,000	63,718	282
Consultants	5,000	300	300	-0-
Uniform and laundry	4,000	4,000	3,277	723
Operating equipment	50,000	97,000	96,807	193
Treasurer and commissioners bond	2,000	-0-	-0-	-0-
Tools, parts and supplies	5,000	9,100	9,048	52
Vehicle maintenance and supplies	12,000	15,400	15,365	35
Administrative fees - bonds	16,621	16,621	16,621	-0-
Insurance	85,000	81,000	80,962	38
Bond issuance costs	-0-	14,300	14,279	21
Miscellaneous	8,000	3,800	3,728	72
Gasoline and oil	22,000	14,000	13,906	94
Total Administration	817,996	863,996	860,695	3,301
Source of Supply, Power and Pumping				
Plant salaries	295,455	319,455	319,211	244
Light and power	365,000	341,000	320,181	20,819
Heating	30,000	30,000	20,185	9,815
Repairs and maintenance				
-Operating equipment	75,000	41,000	40,116	884
-Plant and grounds	15,000	19,200	19,200	-0-
-Major repairs	75,000	109,000	108,580	420
Water purchases	35,000	30,800	30,296	504
Total Source of supply, power and pumping	890,455	890,455	857,769	32,686
Purification				
Water treatment	70,000	84,000	83,805	195
Total Purification	70,000	84,000	83,805	195

ALBERTSON WATER DISTRICT
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
 Year ended December 31, 2015

	Budget Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Transmission and Distribution				
Servicemen salaries	85,244	69,844	47,688	22,156
New meters and accessories	10,000	10,000	1,880	8,120
Repairs and maintenance				
-Meter services	22,000	37,400	37,360	40
-Mains, valves and hydrants	75,000	75,000	72,572	2,428
Road repairs	50,000	50,000	9,893	40,107
Total Transmission and Distribution	<u>242,244</u>	<u>242,244</u>	<u>169,393</u>	<u>72,851</u>
Employee Benefits				
State retirement	166,000	125,000	124,993	7
Social security	51,000	51,000	50,959	41
Workers' compensation	32,000	32,000	31,892	108
Health insurance	265,000	268,000	267,984	16
Employee benefits	20,000	-0-	-0-	-0-
Total Employee Benefits	<u>534,000</u>	<u>476,000</u>	<u>475,828</u>	<u>172</u>
Debt service				
Serial bond principal	466,292	468,392	468,365	27
Serial bond interest	133,622	130,822	124,794	6,028
Bond anticipation note interest	18,503	17,203	14,502	2,701
Total Debt Service	<u>618,417</u>	<u>616,417</u>	<u>607,661</u>	<u>8,756</u>
Total Expenditures	<u>\$ 3,173,112</u>	<u>\$ 3,173,112</u>	<u>\$ 3,055,151</u>	<u>\$ 117,961</u>