

CARLE PLACE WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2015

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CARLE PLACE WATER DISTRICT  
CARLE PLACE, NEW YORK

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December 31, 2015

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# Pappas & Company

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

*The Board of Commissioners  
Carle Place Water District  
Carle Place, New York*

### **Report on the Financial Statements**

*We have audited the accompanying financial statements of the governmental activities and each major fund of the Carle Place Water District, a component unit of the Town of North Hempstead, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Index.*

### **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 the financial statements that are free from material misstatement, whether due to fraud or error.*

### **Auditor's Responsibility**

*Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.. 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 evaluating the overall presentation of the financial statements.*

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

### **Opinions**

*In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Carle Place Water District, as of*

December 31, 2015 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.

### **Emphasis of Matter**

During the calendar year the District implemented a new accounting standard, Governmental Accounting Boards Statement No. 68-Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No 27 as well as Statement No. 71-Pension Transition for Contributions Made Subsequent to the Measurement Date. Refer to Note 7 to the financial statements for details. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### Required Supplementary Information

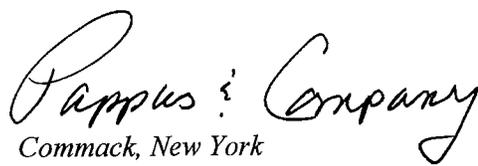
Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the budgetary comparison schedules, schedule of funding progress-post employment benefits plan, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions 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.

#### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the District's basic financial statements. The other supplementary financial information as listed in the Index is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued a report dated March 4, 2016, on our consideration of the Carle Place Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 Carle Place Water District's internal control over financial reporting and compliance.

  
Commack, New York  
March 4, 2016

## CARLE PLACE WATER DISTRICT

### *MANAGEMENT DISCUSSION AND ANALYSIS*

The following is a discussion and analysis of the Carle Place Water District's financial performance, providing an overview of the District's financial activities for the year ended December 31, 2015. The District is a component unit of the Town of North Hempstead. We would encourage readers to consider the information presented in conjunction with the District's financial statements which follow.

#### **FINANCIAL HIGHLIGHTS**

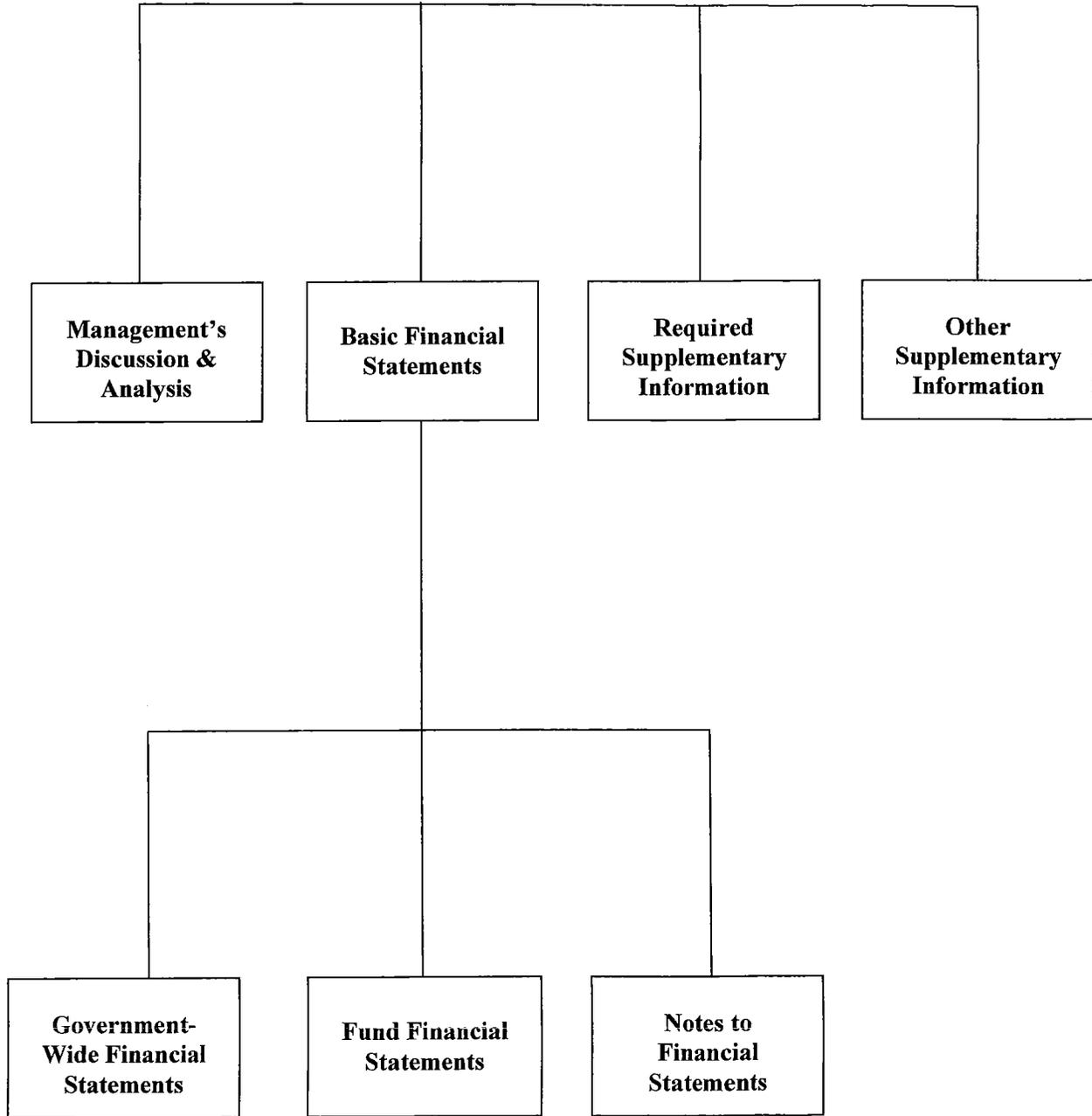
- The net position of the District at December 31, 2015 is \$6,554,751, is an increase over 2014. Revenues increased and expenditures decreased in 2015 as illustrated in Table A4.
- Overall revenues Government-wide were \$2,853,538 which was \$381,756 more than expenses - refer to Statement of Activities. Overall revenues are comprised of charges for services and general revenues.
- The District decreased its outstanding long-term serial bond debt by \$61,960 in Principal payments and additionally as a result of a Town refunding related to a 2006 Bond Series held by the District. The BAN due in April 2015 for \$3,000,000 was renewed in the amount of \$3,483,000. In October 2015, a BAN for \$500,000 was renewed. The two BAN's in the total amount of \$3,983,000 will mature in 2016. Authorized bonds of \$14,830,000 have not been issued to date.
- The gallons of water pumped in 2015 (554,761,000) were less than those pumped in 2014 (563,284,000). Of the gallons pumped, 499,707,000 were billed reflecting a 90% billing rate. Because of the timing of the billing cycles, the billed gallons are not directly correlated with gallons pumped on an annual basis. Unaccounted water loss is due to water main breaks, service leaks, use by street sweepers, fire department use and hydrant maintenance.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *Government-wide financial statements* that provide both short-term and long-term information about the District's **overall** financial status.
- The remaining statements are *fund financial statements* that focus on **individual** parts of the District, reporting the District's operations in more detail than the Government-wide statements.

*Table A-1  
Organization of the District's Financial Report*



Following is a chart that further describes the major features of the Government-Wide Statements and the Fund Financial Statements:

<i>Table A-2</i>		
	Government-Wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire District	The activities of the District.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources, information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable

### ***Government-wide Statements***

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, liabilities and deferrals. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The water services are reported as governmental activities and are funded by user fees.

The two government-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets deferred outflows of resources and liabilities, and deferred inflows of resources – are one way to measure the District's financial health or position.

- Over time, increases or decreases in net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the property tax base, which will affect general revenue, and also consider the condition of buildings and other facilities.

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - Net investment in capital assets;
  - Restrictions for those accounts with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
  - Unrestricted are amounts that do not meet any of the above restrictions. It is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted components of net position.

### ***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Major governmental funds for the Carle Place Water District are the General Fund and the Capital Projects Fund.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### Net Position

The Net Position of the District on December 31, 2015, increased by 6.18% over the prior year.

### Condensed Statement of Net Position

	Governmental Activities		Increase (Decrease)	Percentage Change
	2015	Restated 2014		
Current and Other Assets	\$ 6,295,074	\$ 5,774,480	\$ 520,594	
Capital Assets-Net	6,791,223	6,508,871	282,352	
Total Assets	<u>13,086,297</u>	<u>12,283,351</u>	802,946	
Deferred Outflow of Resources	147,765	104,737	43,028	
Total Assets/Deferred Outflows	<u>13,234,062</u>	<u>12,388,088</u>	845,974	<u>6.83%</u>
Current Liabilities	4,187,284	3,872,560	314,724	
Non-Current Liabilities	2,492,027	2,342,533	149,494	
Total Liabilities	<u>6,679,311</u>	<u>6,215,093</u>	464,218	<u>7.47%</u>
Net Position:				
Net Investment in Capital Assets	3,126,557	3,170,630	(44,073)	
Restricted	4,330,382	3,767,481	562,901	
Unrestricted	(902,188)	(765,116)	(137,072)	
<b>Net Position*</b>	<u>\$ 6,554,751</u>	<u>\$ 6,172,995</u>	<u>\$ 381,756</u>	<u>6.18%</u>

\*As a result of implementation of Governmental Accounting Standard Board Statement No. 68/71, the Net Position for 2014 was restated from \$6,157,775 to \$6,172,995, more fully explained in the notes to the financial statements (Note 1-K).

Current and Other Assets increased with the Restricted Cash increasing from additional deposits derived from general fund transfers and cellular rents. Capital Assets-Net had an increase resulting from additional capital projects.

Deferred Outflows are related to the NYS Retirement System-ERS, and a refunding of Bonds in 2015.

Current liabilities increased to show additional BANS's of \$483,000 and a reduced liability for accounts payable and retainage payable. Non-current liabilities increased with the additional amount of liability for the Net OPEB obligation and the Net Pension Obligation, reduced by less serial bond debt outstanding at year end resulting from a pay down of debt and a refunding of bonds..

The restricted portion of Net Position increased by transfers to the Reserve for Capital Improvement from the General Fund (\$500,000) as well as cellular rents (\$288,277) transferred. Expenditures charged to this restricted account were for certain projects not related to the BAN's.

- Capital assets valued here are net of accumulated depreciation.

- Liabilities include all debt, long-term compensated absences, postemployment benefits (Net OPEB Obligation) and Net Pension Liability.
- Net Position – (1) “Net investment in Capital Assets”, relates to the investment in capital assets at cost such as land, buildings and improvements, equipment, etc. and subtracting accumulated depreciation and related debt and giving effect to deferrals related to refunding, (2) Restricted - relates to assets with constraints placed on them by external sources or law, and (3) unrestricted reflects the remainder after (1) and (2) above are deducted.

In Table A-4, information for the year 2014 was not restated because all the information necessary was not readily available. The change of accounting principle is shown as an adjustment to beginning Net Position-Refer to Note 1-K as well as Note 7.

### Change in Net Position

Table A-4

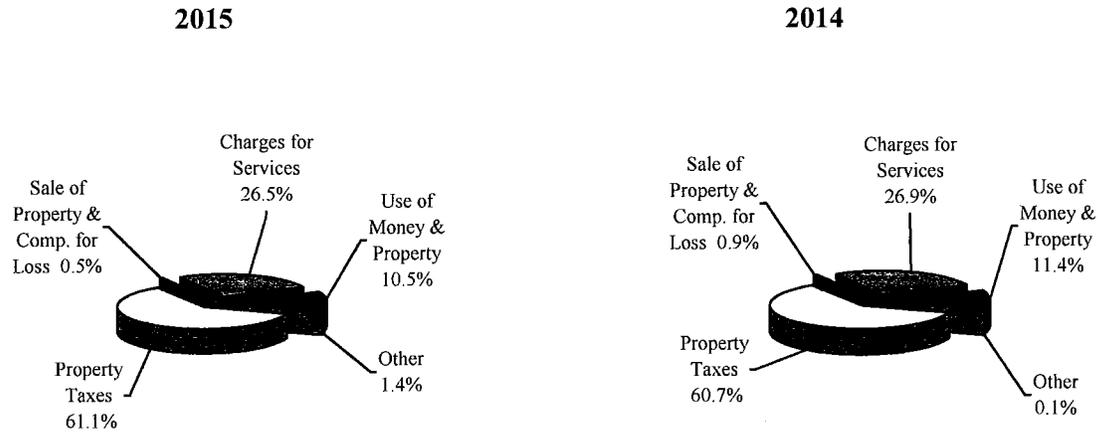
#### Changes in Net Position from Operating Results

	Governmental Activities		Percentage Change
	2015	2014	
<b>Revenues</b>			
<u>Program Revenues:</u>			
Charges for Services	\$ 755,279	\$ 757,379	
<u>General Revenues:</u>			
Real Property Taxes and P.I.L.O.T.	1,742,592	1,710,749	
Sale of Property and Compensation of Loss	15,142	27,069	
Use of Money and Property	300,203	320,101	
Miscellaneous	40,322	3,820	
<u>Donation of Infrastructure-Water Main</u>	-		
<b>Total Revenues</b>	<u>2,853,538</u>	<u>2,819,118</u>	<u>1.22%</u>
<b>Expenses</b>			
General Government Support	34,056	27,723	
<u>Home and Community Services:</u>			
Water Administration	832,884	814,589	
Source of Supply, Power and Pumping	740,943	698,495	
Purification	100,357	106,084	
Transmission/Distribution	710,171	781,433	
Debt Service: Interest/Cost of Refunding	53,371	42,787	
<b>Total Expenses</b>	<u>2,471,782</u>	<u>2,471,111</u>	<u>0.03%</u>
<b>Revenues Over Expenses</b>	<u>\$ 381,756</u>	<u>\$ 348,007</u>	<u>9.70%</u>

**Revenues**

- Property taxes accounted for most of the District’s revenue, contributing about 61.1 percent.
- Charges for services accounted for 26.5 percent
- The remaining 12.4 percent came from use of money and property, sale of property and compensation of loss and miscellaneous sources.

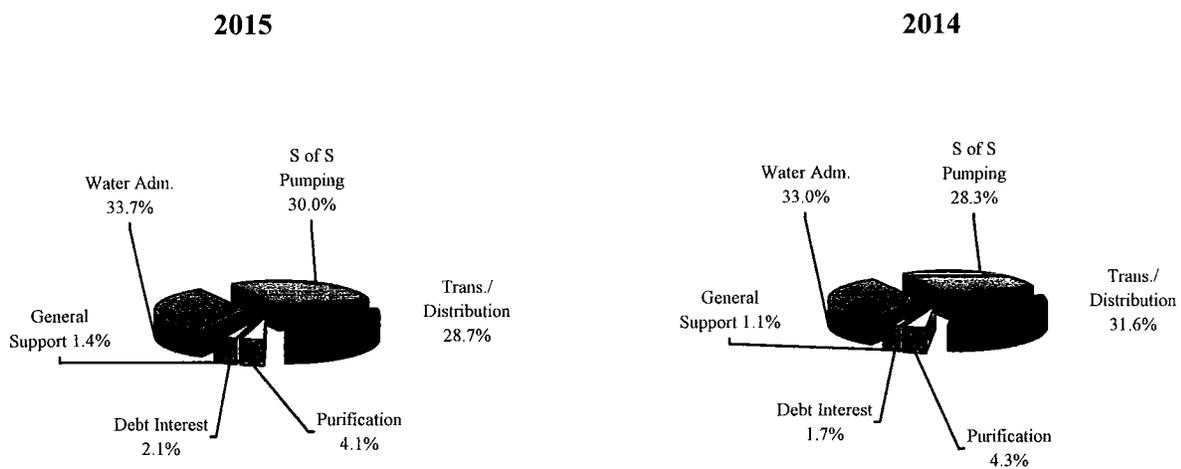
**Table A-5  
Source of Revenues for Governmental Activities Fiscal Year**



**Expenses**

The District’s expenses are predominantly water administration, transmission/distribution and source of supply/pumping.

**Table A-6  
Expenses for Fiscal Year**



**Governmental Activities**

Table A-7 presents the cost of the District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activities). The net cost shows the financial burden for which the District is dependent on the taxpayers of the Town of North Hempstead.

**Table A-7  
Total Cost and Net Cost of Governmental Activities**

	Total Cost		Net Cost	
	2015	2014	2015	2014
General Government	\$ 34,056	\$ 27,723	\$ 34,056	\$ 27,723
Home and Community Services	2,384,355	2,400,601	1,629,076	1,643,222
Debt Service: Interest/Cost of refunding	53,371	42,787	53,371	42,787
	<u>\$ 2,471,782</u>	<u>\$ 2,471,111</u>	<u>\$ 1,716,503</u>	<u>\$ 1,713,732</u>

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

As the District completed the year, its governmental funds reported combined fund balances of \$2,001,749. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on the presentation, governmental funds do not include long-term debt liabilities or capital assets. However, governmental funds will include proceeds from the issuance of debt, current payments for capital assets and current payments for debt. A summary of the changes in fund balance is presented in accordance with GASB 54 classification.

	2015	2014	Increase (Decrease)
<b>General Fund:</b>			
<u>Nonspendable:</u>			
Prepaid Expenses	\$ 64,155	\$ 58,988	\$ 5,167
Parts Inventory	97,446	65,733	31,713
<u>Restricted:</u>			
Bonded Debt	284,292	327,255	(42,963)
Repairs	694,541	688,709	5,832
Capital Improvements	3,351,549	2,751,517	600,032
<u>Assigned:</u>			
Open orders and contractual amounts	58,448	65,661	(7,213)
<u>Unassigned</u>	<u>418,031</u>	<u>385,470</u>	<u>32,561</u>
	<u>4,968,462</u>	<u>4,343,333</u>	<u>625,129</u>
<b>Capital Projects Fund - TONH</b>	<u>(2,966,713)</u>	<u>(2,576,302)</u>	<u>(390,411)</u>
<u>Unassigned</u>	<u>(2,966,713)</u>	<u>(2,576,302)</u>	<u>(390,411)</u>
Total Governmental Funds	\$ <u>2,001,749</u>	\$ <u>1,767,031</u>	\$ <u>234,718</u>

**GENERAL (OPERATING) FUND BUDGETARY HIGHLIGHTS**

**A. 2014 Budget**

The adopted budget for the operating fund for the year ended December 31, 2015 was \$2,713,576. This amount was increased by encumbrances carried forward from the prior year in the amount of \$65,661 to arrive at the original budget.

The actual revenues exceed the budgeted amounts by \$150,499. The largest increases are attributable to departmental income (\$46,810) use of money and property (\$47,203), and miscellaneous-specifically premium on BAN's (\$30,780) along with other items not included in the original budget.

With regard to expenditures under budget-(Schedule 2 of the Financial Statements), each category had positive variances:

General Support	\$ 2,444
Water Administration	133,612
Source of Supply, Power and Pumping	113,150
Purification	32,143
Transmission and Distribution	342,486
Employee Benefits	84,794
Debt Service Interest	<u>10,237</u>
Total Positive Variance for Expenditures	\$ <u>718,866</u>

**B. Change in General (Operating) Fund's Unassigned Fund Balance (Budget to Actual)**

The operating fund's unassigned fund balance is a component to total fund balance that is the residual of prior years' excess revenues over expenditures, net of designations to fund subsequent years' budgets. It is this balance that is commonly referred to as "Fund Balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

Opening, Unassigned Fund Balance	\$ 385,470
Revenues Over Budget	150,499
Expenditures and Encumbrances Under Budget	718,866
Transfer to Reserve for Capital Improvements	(500,000)
Revenue Transfers to Reserves:	
Interest to Reserve for Capital Improvements	(5,815)
Cell tower revenue to Reserve for Capital Improvements	(288,277)
Interest to Reserve for Repairs	(1,320)
Sale of Equip/Insurance Recoveries to Reserve for Repairs	(4,512)
Increase in Nonspendable Fund Balance	<u>(36,880)</u>
Closing, Unassigned Fund Balance	\$ <u>418,031</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

By December 2015, the District had invested \$6,791,223 (cost less accumulated depreciation), in a broad range of capital assets, including Land, Outside Improvements, Buildings/Improvements, Tanks, Furniture, Machinery and Equipment, Vehicles and Infrastructure. Total depreciation expense for the year was \$270,707.

Additions to machinery and equipment, infrastructure and construction in progress in the current year amounted to \$553,059 and \$1,868,626 of finished projects were rolled over from Construction in Progress to depreciable assets.

Refer to Note 3 of the Notes to the Basic Financial Statements for more detailed information.

**Table A-8  
Capital Assets (Net of Depreciation)**

	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u>
Land	\$ 236,413	\$ 236,413
Construction in Progress	851,082	2,685,453
Outside Improvements	272,876	296,513
Buildings/Improvements-Tank	2,947,231	834,545
Furniture, Machinery & Equipment	728,360	680,437
Vehicles	105,302	87,758
Infrastructure	<u>1,649,959</u>	<u>1,687,752</u>
<b>Total</b>	<b><u>\$ 6,791,223</u></b>	<b><u>\$ 6,508,871</u></b>

***Long-Term Debt***

At year-end, the District had \$655,222 in serial bonds. The change reflects scheduled principal payments and a refunding. More detailed information is presented in Note 5 to the Basic Financial Statements for Long-Term Debt and in Note 9 for the additional Net OPEB Obligation and Note 7 for the Net Pension Liability-Propportionate share.

	Fiscal Year <u>2015</u>	Fiscal Year <u>2014</u> Restated
Bonds Payable	\$ 655,222	\$ 740,300
Compensated Absences	56,088	54,323
Net Pension Liability	<u>66,921</u>	<u>89,517</u>
<b>Total</b>	<b><u>\$ 778,231</u></b>	<b><u>\$ 884,140</u></b>
Net OPEB Obligation	<u>\$ 1,728,845</u>	<u>\$ 1,501,552</u>

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared, the District was aware of several existing circumstances that could affect its financial health in the future:

- The Carle Place Water District has determined it necessary to improve the infrastructure by extending and eliminating a dead end water main on Atlantic Avenue South, approximately 500 feet through Holle Place and connecting to the 8" water main on Mallard Road. A permissive referendum has been made in the amount of \$200,000 to fund the project, including engineering fees.
- The resolution for the bond was passed by the Town of North Hempstead on January 29, 2013 in the amount of \$14,830,000. The bond issue will be used to construct a new well house at Well Site 1A and 2R, water treatment at Well Sites 1A and 2R and 5, the addition of a generator at Wells 1A and 2R and at Well 5, painting and structural repairs of the water tower, and the installation of a SCADA system. The District has completed the rehabilitation of the water tower. In early 2016 Nassau County Health Department's approval for the engineering plans and specifications for Wells 1A and 2R was received and the project is expected to go out for bid in March/April of 2016.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's, taxpayers, customers and creditors with a general overview of the finances and to demonstrate the District's accountability for the money it receives. If you have questions about the report or need additional financial information, please contact Carle Place Water District, District Clerk, 578 Mineola Avenue, Carle Place, New York 11514, (516) 333-0540.

CARLE PLACE WATER DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015

	Total
<b><u>ASSETS</u></b>	
Current Assets:	
Cash	\$ 566,165
Restricted Cash	3,948,001
Accounts Receivable	288,304
Due From Other Governments-TONH	1,331,003
Inventory of Parts and Supplies	97,446
Prepaid Expenses	64,155
Total Current Assets	6,295,074
Non-Current Assets:	
Capital Assets - Not Being Depreciated	1,087,495
Capital Assets -Being Depreciated, Net of Accumulated Depreciation	5,703,728
Total Non-Current Assets	6,791,223
Total Assets	13,086,297
 <b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred Outflows Related to Pensions	135,042
Deferred Charge on Debt Refunding	12,723
Total Deferred Outflows of Resources	147,765
 <b><u>LIABILITIES</u></b>	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	117,880
Bond Anticipation Notes	3,983,000
Bonds Payable-Portion Due Within One Year	71,406
Collections in Advance	14,998
Total Current Liabilities	4,187,284
Non-Current Liabilities:	
Bonds Payable	640,173
Compensated Absences Payable	56,088
Net OPEB Obligation	1,728,845
Net Pension Obligation	66,921
Total Non-Current Liabilities	2,492,027
Total Liabilities	6,679,311
 <b><u>NET POSITION</u></b>	
Investment in Capital Assets, Net of Related Debt	3,126,557
Restricted For:	
Capital Projects	3,351,549
Bonded Debt	284,292
Repairs	694,541
Unrestricted (Deficit)	(902,188)
Net Position	\$ 6,554,751

See Accompanying Notes to the Basic Financial Statements.

CARLE PLACE WATER DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015

**FUNCTION/PROGRAM**

**Governmental Activities:**

General Government Support		\$ 34,056
Home and Community Service:		
Water Administration	\$ 832,884	
Source of Supply, Power and Pumping	740,943	
Purification	100,357	
Transmission and Distribution	710,171	
Total Home and Community Service	2,384,355	
Interest on Debt Service/Cost of refunding		53,371
Total Governmental Activities		2,471,782

**Program Revenue**

Charges for Service		755,279
Net Cost of Governmental Activities		(1,716,503)

**General Revenues:**

Real Property Taxes		1,727,065
Non-Property Tax Items		15,527
Sale of Property and Compensation for Loss		15,142
Use of Money and Property		300,203
Miscellaneous		40,322
Total General Revenues		2,098,259

Change in Net Position		381,756
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Net Position - Beginning of Year-Restated (Refer to Note I-K)		6,172,995
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Net Position - End of Year		\$ 6,554,751
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See Accompanying Notes to the Basic Financial Statements.

CARLE PLACE WATER DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b><u>ASSETS</u></b>				
Cash	\$ 566,165	\$	\$	\$ 566,165
Restricted Cash	3,948,001			3,948,001
Accounts Receivable	75,259			75,259
Prepaid Expense	64,155			64,155
Due From Other Funds	33,401			33,401
Due From Other Governments-TONH	281,315		1,049,688	1,331,003
Inventory of Parts and Supplies	97,446			97,446
Total Assets	\$ 5,065,742	\$	\$ 1,049,688	\$ 6,115,430
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 64,543		\$	\$ 64,543
Accrued Expenses	17,739			17,739
Due To Other Funds			33,401	33,401
Bond Anticipation Notes			3,983,000	3,983,000
Collections in Advance	14,998		-	14,998
Total Liabilities and Unearned Revenue	97,280		4,016,401	4,113,681
<b><u>FUND BALANCES</u></b>				
Nonspendable	161,601			161,601
<b>Spendable:</b>				
Restricted	4,330,382			4,330,382
Assigned	58,448			58,448
Unassigned	418,031		(2,966,713)	(2,548,682)
Total Fund Balances	4,968,462		(2,966,713)	2,001,749
Total Liabilities, Unearned Revenue and Fund Balances	\$ 5,065,742	\$	\$ 1,049,688	\$ 6,115,430

See Accompanying Notes to the Basic Financial Statements.

CARLE PLACE WATER DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2015

Total Governmental Fund Balances \$ 2,001,749

This amount differs from the amount shown in the Statement of Net Position because:

The cost of building and acquiring capital assets (land, land improvements, buildings/improvements, equipment and infrastructure) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheets. However, the Statement of Net Position includes those capital assets and their original costs are expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 9,562,648	
Accumulated Depreciation	<u>(2,771,425)</u>	6,791,223

Receivables for revenues earned, measurable but not available to provide financial resources are included in the government-wide statements as assets and are added.		213,045
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Unamortized premiums on bond refunding		(56,357)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	655,222	
Accrued Interest	35,598	
Compensated Absences Payable	56,088	
Net Pension Liability-Proportionate share	66,921	
Net OPEB Obligation	<u>1,728,845</u>	(2,542,674)

Deferred outflows of resources related to future periods and, therefore, are not reported in the funds:

Deferred Charge on Refunding	12,723	
Deferred Outflows for ERS Pension	<u>135,042</u>	147,765

Total Net Position		\$ <u><u>6,554,751</u></u>
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See Accompanying Notes to the Basic Financial Statements.

CARLE PLACE WATER DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2015

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues:</b>				
Real Property Taxes	\$ 1,727,065	\$ -	\$ -	\$ 1,727,065
Non-Property Tax Items	15,527			15,527
Departmental Income	765,816			765,816
Use of Money and Property	300,203			300,203
Sale of property, Compensation for Loss	15,142			15,142
Miscellaneous	40,322			40,322
Total Revenues	<u>2,864,075</u>	<u>-</u>	<u>-</u>	<u>2,864,075</u>
<b>Expenditures:</b>				
General Support	34,056			34,056
Water Administration	491,059		75,000	566,059
Source of Supply, Power and Pumping	536,617		332,411	869,028
Purification	100,357			100,357
Transmission and Distribution	485,447			485,447
Employee Benefits	469,659			469,659
<b>Debt Service:</b>				
Serial Bonds - Principal	61,960			61,960
Serial Bonds - Interest	27,146			27,146
BAN - Interest	15,645			15,645
Cost of Issuance-Refunding	-	3,478		3,478
Total Expenditures	<u>2,221,946</u>	<u>3,478</u>	<u>407,411</u>	<u>2,632,835</u>
Excess (Deficiency) of Revenues Over Expenditures	642,129	(3,478)	(407,411)	231,240
<b>Other Financing Sources (Uses):</b>				
Bonds Issued on Refunding	-	318,824		318,824
Premium on Bonds	-	40,222		40,222
Bonds Refunded-Cash to Escrow Agent	-	(355,568)		(355,568)
BANS-Principal	(17,000)		17,000	-
Total Other Sources (Uses)	<u>(17,000)</u>	<u>3,478</u>	<u>17,000</u>	<u>3,478</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	625,129		(390,411)	234,718
<b>Fund Balance:</b>				
Fund Balance - Beginning of year	4,343,333		(2,576,302)	1,767,031
Fund Balance - End of year	<u>\$ 4,968,462</u>	<u>\$ -</u>	<u>\$ (2,966,713)</u>	<u>\$ 2,001,749</u>

See Accompanying Notes to the Basic Financial Statements.

CARLE PLACE WATER DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015

Excess (deficiency) of revenue and other financing sources over expenditures \$ 234,718

This amount differs from the change in net assets shown in the Statement of Activities due to the following:

**Long-Term Revenue and Expense Differences**

Certain expenses are included in the governmental funds as they require the use of current resources. In the Statement of Activities, these costs are reported during the period the liabilities are incurred, regardless of when they are due and payable.

Increase in compensated absences payable	\$ (1,765)	
Increase in Net OPEB Obligation	<u>(227,293)</u>	(229,058)

Revenues are recorded in the governmental funds when earned, measurable and available to provide current financial resources. In the Statement of Activities, revenues are recognized when they are earned and measurable, regardless of when they become available. From December 31, 2014 to December 31, 2015 such revenues, charges for services, decreased by (10,537)

Governmental funds report retirement system contributions as expenditures. Increases/decreases in the proportionate share of net pension liability and related deferred outflows do not use current resources and therefore are not reported in the governmental funds-Employee Retirement System 52,901

**Capital Related Differences**

Capital outlays for acquisition of capital assets are recorded in Governmental Funds as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expenses for the current period.

Capital expenditures	553,059	
Depreciation expense	<u>(270,707)</u>	282,352

**Long-Term Debt Transactions Differences**

Payments of bond principal are shown as expenditures in the governmental funds. These payments are shown in the Statement of Net Position as a reduction of the related liabilities, and are not shown as an expense in the Statement of Activities. This is the amount of bond principal payments made during the current year. 61,960

Interest is recorded in the funds as an expenditure in the funds when it is due, and requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest from December 31, 2014 to December 31, 2015 increased by (11,703)

Governmental funds report the issuance costs and similar items when debt is refunded whereas premium on refunding as well as a deferred charge on refunding is amortized for the Statement of Activities:

Issuance costs of refunding paid from proceeds and not requiring current resources	(3,478)	
Amortization of premiums on refundings	5,504	
Amortization of deferred charge on refunding	<u>(903)</u>	1,123

Change in Net Position of Governmental Activities \$ 381,756

See Accompanying Notes to the Basic Financial Statements.

CARLE PLACE WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Carle Place Water District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District’s more significant accounting policies are described below.

**A. FINANCIAL REPORTING ENTITY**

The financial reporting entity is a water district established for the purpose of providing water services and improvements intended to benefit the health and conveniences of the inhabitants of the district.

The water district is a special district organized under New York State Town Law and has a separately elected board. The commissioners of the water district, who are elected to office by the taxpayers, have complete responsibility for the management of the district and the accountability for fiscal matters. All governmental activities and functions of Carle Place Water District are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The Carle Place Water District is a component unit of the Town of North Hempstead, New York. Long-term debt, backed by the full faith and credit of the Town, and other matters result in interdependency with the Town.

**B. BASIS OF PRESENTATION**

1. Government-wide Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District’s governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, program revenues, and other exchange and non-exchange transactions.

The Statement of Activities presents a comparison between operating revenues and expenses for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges to customers for water usage. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements:

The fund statements provide information about the District’s governmental funds. The emphasis of fund financial statements is on governmental funds, each displayed in a separate column.

CARLE PLACE WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

B. BASIS OF PRESENTATION (continued)

The District reports the following major governmental funds:

General Fund – the principal operating fund of the District and includes all operations not required to be recorded in other funds.

Capital Projects Fund - used to account for the financial resources to be used for the acquisition, construction, or major repair of capital assets.

Debt Service Fund – used to account for the 2015 refunding of bonds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The Government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly, receiving or giving equal value in exchange, include real property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities for the current period, except for real property taxes, which are considered to be available if they are collected within sixty days after year-end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and unmatured compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. RESTRICTED RESOURCES

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements. The available resources are also a consideration.

E. REAL PROPERTY TAXES

The Town of North Hempstead collects the real property tax levy on a semi-annual basis. The Water District receives the full amount of its levy from tax collections. The Town of North Hempstead pays the principal and interest on bonded indebtedness and remits the balance of the tax levy to the Water District in February and August of each year.

CARLE PLACE WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

F. CASH AND INVESTMENTS

The District's investment policy is 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 New York State. The monies must be invested in demand deposit accounts, money market accounts or certificates of deposits.

Collateral is required for the District's investments that are not covered by the Federal Deposit Insurance Corporation. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the state and its municipalities.

G. ACCOUNTS RECEIVABLE

The Water District receives the full amount of its Accounts Receivable from Water Rents. Delinquent receivables are sent to the Town of North Hempstead each year to be placed on the property owner's tax roll. The Town remits payment to the District for these delinquencies.

H. DUE TO/DUE FROM

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types. Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

I. INVENTORY OF PARTS AND SUPPLIES

The District maintains an inventory of meters, parts and supplies (stated at cost) related to the maintenance and repair of the water supply system to customers. This inventory is maintained on a separate computer program – Huntington Service's "Inventory System for Work Order Materials" - to track the purchase and use of such parts and supplies.

J. CAPITAL ASSETS

Capital assets are reported at actual cost where available, or estimated historical costs based on appraisals conducted by a third party asset management company. Donated assets are reported at estimated fair market value at the time received. Infrastructure assets are reported for those acquired subsequent to June 30, 1980.

Construction in progress represents costs accumulated for projects that were not completed at year end. No depreciation is calculated on land or construction-in-progress.

The District's capitalization threshold which indicates the dollar value above which asset acquisitions are added to the capital assets account in the Government-wide statements is \$1,000 and this would include both equipment and non equipment items.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Assets are depreciated using the straight-line method.

CARLE PLACE WATER DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

Depreciation methods and estimated useful lives of capital assets reported in the Government-wide statements are as follows:

	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building, tanks and improvements	Straight line	20-50 years
Furniture, machinery and equipment, (including vehicles)	Straight line	5-25 years
Infrastructure	Straight line	25 years

K. ADOPTION OF NEW ACCOUNTING STANDARD/PRINCIPLE

In June 2012, the Governmental Accounting Standards Board released GASB Statement No. 68-*Accounting for Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014. "This Statement is to improve accounting and financial reporting by state and local governments for pensions". It also "establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures". For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service." In addition there are recognition and disclosure requirements for the employers. Governmental Accounting Standards Board Statement No. 71-*Pension Transition for Contributions made Subsequent to the Measurement Date-An amendment of GASB Statement No. 68*, was issued to address transition provisions of Statement No. 68 and is to be applied simultaneously with Statement No. 68. These statements have been adopted and implemented by the District for this calendar year.

As a result of the implementation of the new standards, the opening Net Position was restated for the adjustment required and provided from the ERS system-net addition of \$15,220.

L. VESTED EMPLOYEE BENEFITS

Vested vacation leave is recorded as a liability for compensated absences at year end based on the employees' rates of pay in effect at year end. Full time permanent employees are permitted to accumulate up to five unused vacation days per year. The maximum permitted to be accumulated is thirty days. This will be payable as salary either during the three years of employment prior to retirement, at retirement or separation, or upon death to the employee's beneficiary or estate.

District employees participate in the New York State Employee's Retirement System. In addition to providing pension benefits, the District provides health insurance coverage for retired employees and surviving spouses, including Medicare reimbursement. By resolution, 100% of premiums for medical and dental/vision benefits for retirees will be paid provided they have had at least five years of service at the time of retirement and were employed or elected prior to October 19, 2010. If employed or elected after October 19, 2010, the District will pay 85% of the medical and dental/vision benefits for active employees and eligible dependents of an active employee who died while in active service

CARLE PLACE WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

provided they have 10 years of service. The District will pay a computed amount of the dental/vision premium for retirees employed after October 19, 2010, who retire with fifteen years of service at the time of retirement.

Substantially all of the District's employees become eligible for health benefits if they reach normal retirement age while working for the District. These benefits are provided pursuant to the New York State Health Insurance Plan and dental/vision coverage. Premiums are recorded as an expenditure in the General Fund in the year paid. Refer to Note 9 for information on Government Accounting Standards Board Statement No. 45.

M. FUND BALANCE REPORTING

The Water District has adopted GASB 54. The intention of the GASB statement is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

N. BUDGETARY POLICY

The Water District submits a tentative budget for the year beginning the following January 1<sup>st</sup> to the Town of North Hempstead in September of each year. The tentative budget includes the proposed expenditures and the proposed means of financing these expenditures for the General Fund.

At a public hearing, the governing board of the Town adopts the budget and the appropriate tax levy necessary to fund the District for the following year. During the year, the Board of Commissioners approved budget transfers between codes.

O. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including, compensated absences, other postemployment benefits, potential contingent liabilities and useful lives of long-lived assets.

P. SUBSEQUENT EVENTS

Events and transactions are evaluated through the date of the financial report, which is the date the financial statements were available for issuance, for possible disclosure and recognition in the financial statements.

**NOTE 2 – CASH AND CUSTODIAL RISK**

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial risks, the Governmental Accounting

CARLE PLACE WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

Standards Board Statement #40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- (A) Uncollateralized
- (B) Collateralized with securities held by the pledging financial institution's in the District's name, or
- (C) Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

None of the District's aggregate bank balances, not covered by depository insurance, were exposed to custodial risk as described above at year end. Capital One continues to collateralize with securities in the traditional manner.

Restricted Cash noted on the Balance Sheet and Statement of Net Position relates to the Repair Reserve (\$693,221) and the Capital Improvements Reserve (\$3,254,780).

**NOTE 3 – CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclass.</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<b>Capital Assets That Are Not Depreciated:</b>				
Land	\$ 236,413	\$	\$	\$ 236,413
Construction-in-Progress	2,685,453	34,255	(1,868,626)	851,082
Total Nondepreciable Historical Cost	<u>\$ 2,921,866</u>	<u>\$ 34,255</u>	<u>\$ (1,868,626)</u>	<u>\$ 1,087,495</u>
<b>Capital Assets That Are Depreciated:</b>				
Outside Improvements	\$ 508,106	\$	\$	\$ 508,106
Buildings/Improvements and Tank	1,329,418	2,171,088		3,500,506
Furniture, Machinery and Equipment	1,510,453	120,443	(8,222)	1,622,674
Vehicles	322,996	36,623	(3,200)	356,419
Infrastructure	2,428,172	59,276		2,487,448
Total Depreciable Historical Cost	<u>6,099,145</u>	<u>2,387,430</u>	<u>(11,422)</u>	<u>8,475,153</u>
<b>Less:</b>				
<b>Accumulated Depreciation:</b>				
Outside Improvements	211,593	23,637		235,230
Buildings/Improvements and Tank	494,873	58,402		553,275
Furniture, Machinery and Equipment	830,016	72,520	(8,222)	894,314
Vehicles	235,238	19,079	(3,200)	251,117
Infrastructure	740,420	97,069		837,489
Total Accumulated Depreciation	<u>2,512,140</u>	<u>270,707</u>	<u>(11,422)</u>	<u>2,771,425</u>
Total Depreciable Historical Cost, Net	<u>\$ 3,587,005</u>	<u>\$ 2,116,723</u>	<u>\$ -</u>	<u>\$ 5,703,728</u>
Grand Total	<u>\$ 6,508,871</u>	<u>\$ 2,150,978</u>	<u>\$ (1,868,626)</u>	<u>\$ 6,791,223</u>

CARLE PLACE WATER DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

Depreciation:	
Water Administration	\$ 43,814
Source and Supply	115,659
Transmission and Distribution	111,234
Total	\$ 270,707

**NOTE 4 – SHORT-TERM DEBT**

Transactions in short-term debt are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN's	4/8/2015	0.35-0.50%	\$ 3,000,000	\$	\$ 3,000,000	\$
	10/2/2015	0.50%	500,000		500,000	
	4/6/2016	0.85%		3,483,000		3,483,000
	10/2/2016	2.00%		500,000		500,000
			\$ 3,500,000	\$ 3,983,000	\$ 3,500,000	\$ 3,983,000

Interest paid and adjusted for accruals on short-term debt was \$29,642.

Bond anticipation notes are short-term debt issued by the Town of North Hempstead on behalf of the District to finance capital projects during construction and until long-term serial bonds are issued. New York State law requires that bond anticipation notes issued for capital purposes be redeemed or converted to long-term obligations within five years after the original issue date. Liabilities for bond anticipation notes are accounted for in the Capital Projects Fund.

**NOTE 5 – LONG-TERM DEBT**

The District borrows money in order to acquire land or equipment or construct buildings, improvements and infrastructure. This enables the cost of these capital improvements to be borne by present and future taxpayers who receive the benefit of these capital assets. These long-term liabilities, which are full faith and credit debt of the Town of North Hempstead, are recorded as a liability for bonds payable in the Government-wide Statement of Net Position.

CARLE PLACE WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued/ Increase	Amortized/ Refunding	Ending Balance	Amounts Due Within One Year
Government Activities:					
Bonds Payable:					
Serial Bonds	\$ 740,300	\$ 318,824	\$ 403,902	\$ 655,222	\$ 64,911
Premium on Refunding-2014	21,639		2,838	18,801	2,838
Premium on Refunding-2015		40,222	2,666	37,556	3,657
Total Bonds	<u>761,939</u>	<u>359,046</u>	<u>409,406</u>	<u>711,579</u>	<u>71,406</u>
Other Liabilities:					
Compensated Absences	54,323	1,765		56,088	-
Net Pension Liability -ERS		66,921		66,921	-
Net OPEB Obligation	<u>1,501,552</u>	<u>227,293</u>		<u>1,728,845</u>	-
	<u>1,555,875</u>	<u>295,979</u>	-	<u>1,851,854</u>	-
<b>Total Long-Term Liabilities</b>	<u><b>\$ 2,317,814</b></u>	<u><b>\$ 655,025</b></u>	<u><b>\$ 409,406</b></u>	<u><b>\$ 2,563,433</b></u>	<u><b>\$ 71,406</b></u>

**Advance Refunding-Current Year:**

The Town of North Hempstead refunded a portion of the 2006 Series A Serial bonds that were considered part of the Carle Place Water District. The Refunded Bonds will continue to be general obligations of the Town; however, with the funds put in Escrow, it is not anticipated that any other source of payment will be required. Bonds in the amount of \$318,824 were issued with varying interest rates, maturing in 2026 to refund \$341,942 of 2006 Series A bonds also maturing in 2026. "The Refunding Plan will permit the Town to realize, as a result of the issuance of the Refunding Bonds, cumulative dollar and present value debt service savings." It is calculated that the Net PV cash flow savings will be \$42,405.

The net proceeds of \$355,568 (representing an amount including receipt of premium in the amount of \$40,222 and payment of \$3,478 in underwriting fees and other issuance costs) were used to purchase government obligations to be held in an Escrow fund.

The reacquisition price (amount put in Escrow) \$355,568 exceeded the net carrying amount of the old debt-\$341,942 by \$13,626 and is an economic loss on refunding. The premium received of \$40,222 is amortized over the life of the new debt as shown on the long-term debt schedule. Costs of issuance, \$3,478 are expensed and the economic loss on refunding is shown as a Deferred Outflow of Resources and amortized in accordance with GASB 65.

As of December 31, 2015, \$341,942 of 2006 Series A Serial Bonds is considered defeased.

**Advance Refunding-Prior Year:**

During 2014, the Town of North Hempstead refunded Series B Debt. Serial bonds which were considered a liability of Carle Place Water District were part of this refunding. As stated in the Agreement, under the Refunding Plan, the Refunded Bonds will continue to be general obligations of the Town. "However, inasmuch as the Government Obligations held in the Escrow Fund will be sufficient to meet all required

CARLE PLACE WATER DISTRICT  
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payment of principal, interest and redemption premium requirements when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be required.'

As of December 31, 2014, \$368,920 of the Series B 2004, was considered defeased.

**Details of serial bonds payable at December 31, 2015, all of which related to capital improvements acquisitions, are summarized as follows:**

	Date of Issue	Year of Maturity	Interest Rate	Outstanding December 31, 2015
Unfunded Amount	2006	2026	4.375%	\$ 27,073
	2014-Refunding	2022	5.00%-3.00%	309,325
	2015-Refunding	2026	Varies 2.125%-5.00%	318,824
				<u>\$ 655,222</u>

Future payments for the bond issues will be as follows:

Year Ending December 31	Principal	Interest	Total Principal and Interest
2016	\$ 64,911	\$ 25,967	\$ 90,878
2017	66,524	22,966	89,490
2018	68,695	19,738	88,433
2019	71,882	16,687	88,569
2020	77,077	13,057	90,134
2021-2025	268,584	24,668	293,252
2026	37,549	422	37,971
	<u>\$ 655,222</u>	<u>\$ 123,505</u>	<u>\$ 778,727</u>

Interest paid and adjusted for accruals on long-term debt was \$20,431.

**NOTE 6 – INTERFUND BALANCES**

	Due To	Due From
General Fund	\$ 33,401	\$ -
Capital Fund	<u>-</u>	<u>33,401</u>
Total Governmental Activities	<u>\$ 33,401</u>	<u>\$ 33,401</u>

Interfund activity is eliminated in the Government-wide financial statements.

CARLE PLACE WATER DISTRICT  
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**NOTE 7 – RETIREMENT SYSTEM**

The Carle Place Water District participates in the New York State and Local Employees' Retirement System (ERS) which is referred to as the "System". This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2014 he was elected for a new term commencing on January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The employer also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244 or accessed on the Comptroller's website at [www.osc.state.ny.us/pension/cafr.htm](http://www.osc.state.ny.us/pension/cafr.htm).

**Contributions**

There are six tiers of membership. The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employer' contributions based on salaries paid during the Systems fiscal year ending March 31. Employer contributions for the current year and the two preceding years were equal to 100 percent of the contributions required and were as follows:

	<u>ERS</u>
2015	\$ 104,737
2014	128,145
2013	120,336

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

At December 31, 2015, the District reported a liability of \$66,921 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

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At March 31, 2015 the District's proportion was 0.0019809 percent. For the year ended December 31, 2015, the District recognized pension expense of \$62,125 and reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>
Differences between expected and actual experience	\$ 2,142
Net difference between projected and actual investment earnings on Pension Plan investments	11,624
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,250
*Contributions subsequent to the measurement date of March 31, 2015	115,026

\*The amount of contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year.

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense for the Plan Year as follows:

Year ended March 31:	
2016	\$ 5,004
2017	\$ 5,004
2018	\$ 5,004
2019	\$ 5,004

**Actuarial Assumptions**

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

Actuarial cost method	Entry Age normal
Investment rate of return	7.5%
Salary scale-ERS	4.9%
Decrement tables	Developed from the Plan's 2010 experience study of the period April 1, 2005 through March 31, 2010
Inflation rate	2.7%
Mortality Improvement	Society of Actuaries Scale MP-2014
Cost of Living Adjustment	1.4% annually

CARLE PLACE WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment 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 the target asset allocation percentage and by adding expected inflation.

Best estimates or arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below.

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-term Expected real rate of return</u>
Domestic Equity	38 %	7.30 %
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	8.60
Real Assets	3	8.65
Bonds & Mortgages	18	4.00
Cash	2	2.25
Inflation-Indexed Bonds	2	4.00
	<u>100 %</u>	

**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 assumptions, the System's 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 percent, 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 percent) or 1-percentage point higher (8.5 percent) than the current rate:

	<u>6.5%</u>	<u>Current 7.5%</u>	<u>8.5%</u>
District's proportionate share of the net pension liability	\$ 446,054	\$ 66,921	(\$ 253,162)

CARLE PLACE WATER DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Deferred Outflows of Resources and Deferred Inflows of Resources**

- *Difference in Expected and Actual Experience –*

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five year closed period for ERS. Remaining years (after the first year of amortization) is shown as a deferred outflow of resources and is part of the amount to be amortized in future Plan years as shown above.

- *Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments –*

The difference between the System’s expected rate of return of 7.5% and actual investment earnings on pension plan investments is amortized over a five-year closed period. Remaining years (after the first year of amortization) is shown as a deferred outflow of resources and is part of the amount to be amortized in future Plan years as shown above.

- *Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions –*

The change in employer proportionate share is the amount of difference between the employer’s proportionate share of net pension liability in the prior year compared to the current year. This difference is amortized over a five-year closed period for ERS. Remaining years (after the first year of amortization) is shown as a deferred inflow of resources and is part of the amount to be amortized in future Plan years as shown above.

**Pension Plan Fiduciary Net Position**

The components of the current year net pension liability of the employers as of March 31, 2015, were as follows:

(Dollars in Thousands)

Employers’ total pension liability	\$	164,591,504
Plan Net Position		<u>(161,213,259)</u>
Employers’ total pension liability	\$	<u>3,378,245</u>
System fiduciary net position as a percentage of total pension liability		97.9%

**NOTE 8 – LICENSE AGREEMENTS:**

The Water District (Licensor) has entered into a number of license agreements for the use of certain space on the Licensor’s Water Tower. Most of the agreements with cell communication providers are for an extended period and renewable. The rates are set for an annual period and remitted by the licensees on a monthly basis. The amount collected for cell tower receipts is transferred to the Reserve for Capital Improvements.

CARLE PLACE WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS:**

The Carle Place Water District provides post employment health insurance coverage to retired employees in accordance with the adopted policy.

Carle Place Water District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made.

The Carle Place Water District obtained an actuarial valuation report as of January 1, 2014 which indicates that the Unfunded Actuarial Liability for postemployment benefits is \$2,794,080. This figure remains for the current year's update. The Net OPEB obligation at December 31, 2015 is \$1,728,845.

**Plan Description**

The actuarial calculation was based on eligibility and benefits as adopted by the Board of Commissioners of the Carle Place Water District and may be amended by such Board. The premium for the medical and dental/vision coverage will be paid in full by the District for both the employee and spouse (and eligible dependents) for the lifetime of the employee, except for individuals hired subsequent to October 19, 2010 when the plan changed and adopted the provision that the District will pay 85% of the medical and dental/vision premiums, assuming the eligibility requirements have been met.

The District reimburses retirees, spouses and surviving spouses for their Medicare Part B premium.

**Funding Policy**

The Plan has been on a pay-as-you-go basis. Presently, there is no legal authority to fund OPEB.

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan:

CARLE PLACE WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

	For the Year Ended <u>December 31, 2015</u>
Annual Required Contribution	\$ 290,494
Interest on Net OPEB obligation	60,062
Adjustment to ARC	<u>(83,512)</u>
Annual OPEB Cost (expense)	267,044
Contributions made	<u>(39,751)</u>
Increase in Net OPEB obligation	227,293
Net OPEB obligation-beginning of year	<u>1,501,552</u>
Net OPEB obligation-end of year	<u>\$ 1,728,845</u>
Annual OPEB cost	\$ 267,044 14.9%
Percentage of annual OPEB cost contributed	
<b>Funded Status:</b>	
Actuarial Accrued Liability (AAL)	\$ 2,794,080
Actuarial value of assets	0
Unfunded Actuarial Accrued Liability	\$ 2,794,080
Funded ratio (Assets as a percentage of AAL)	0
Annual covered payroll	\$ 702,500
UAAL as a percentage of covered payroll	397.7%

The District's annual OPEB cost, the percentage of annual OPEB cost contributions to the plan and the Net OPEB obligation for 2015 and the preceding two years follows:

Year	Annual Required Contribution	Annual OPEB Cost	OPEB Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	256,611	239,606	56,701	23.7%	1,271,795
2014	290,494	270,632	40,875	15.1%	1,501,552
2015	290,494	267,044	39,751	14.9%	1,728,845

CARLE PLACE WATER DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Funded Status and Funding Progress**

As of the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$2,794,080 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,794,080. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$702,500 and UAAL as a percentage of covered payroll was 397.7%.

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continued revisions as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress will provide multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions**

The January 2014 actuarial valuation prepared by an outside actuarial firm used the mortality rates based on “rates in accordance with the 2009 United States Life Tables, extended to age 110”. Separate mortality is used for males and females. The projection of premiums reflects the portion of premium currently being paid by the District. The projected unit credit actuarial cost method was used and actuarial assumptions included a 4% investment return. The UAAL uses level dollar amortization over 30 years, over an open period. Projection of benefits is based on the plan and includes the types of benefits provided at the time of each valuation. Changes in the assumptions will produce changes in the liabilities and costs.

Health Trend Rates indicated in the 2014 valuation and effective for the 2015 update:

	<u>Medical Premiums</u>	<u>Medicare Part B</u>	<u>Dental/vision</u>
Initial inflation rate	9.0%	7.0%	5.0%
Subsequent inflation rate	8.5% down to 5%	6.5% down to 5%	4.5% down to 4%
Valuation year inflation reaches 5.0%	2024	2020	-
Valuation year inflation reaches 4.0%	-	-	2020

The Medicare Part B premium, which is paid by the District as part of the postemployment health insurance benefits, varies by year and also varies depending on income. The Actuary determined an index factor based on an assumed distribution of income, and have applied that factor to the applicable Medicare Part B basic premium to determine the initial Medicare Part B premium for the purpose of this analysis. Subsequent premiums equal the initial Part B premium trended to the appropriate period.

CARLE PLACE WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 10 – FUND BALANCE REPORTING:**

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and inventories.

In addition to the nonspendable fund balance GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints that impact the District.

**Restricted:**

Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

**Committed:**

Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The District has no funds classified as Committed.

**Assigned:**

Fund balances that contain self-imposed constraints of the government to be used for a particular purpose.

**Unassigned:**

Fund balance of the general fund that is not constrained for any particular purpose.

**Assigned Fund Balance Policy:**

Management utilizes encumbrance based accounting for the General Fund. As of December 31, 2015, there was a cumulative amount of \$58,447 in encumbrances which is part of the General Fund's Assigned Fund Balance. The encumbrances were for office electrical work (\$7,600), an office ceiling and carpentry (\$13,200), lighting at garage (\$1,657) items for the wells (\$26,869), and several items related to transmission and distribution (\$9,121).

**SPENDING POLICY**

- The Board of Commissioners is the highest level of authority needed to “commit” funds.
- The Superintendent is the highest level of authority to “assign” funds for intended use.
- When an expense or outlay is incurred for purposes for which both restricted and unrestricted resources are available, the Board will consider and decide accordingly based upon intended use, whether depletion of unrestricted resources will result and any associated legal requirements surrounding the expense or outlay.
- When an expense or outlay is incurred for purposes for committed or assigned or unassigned resources and resources are available, the committed will be used first, the assigned will be used next and the unassigned will be used last.

CARLE PLACE WATER DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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The District has classified its fund balances with the following hierarchy:

Nonspendable:

The District has inventories totaling \$97,446 and prepaid expenses of \$64,155 that are classified as nonspendable.

Spendable:

The District has classified the spendable fund balances as Restricted, Assigned and Unassigned and considered each to have been spent when expenditures are incurred. The District has no funds classified as Committed.

**NOTE 11 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**ENCUMBRANCES:**

All encumbrances are classified as restricted or assigned fund balance. At December 31, 2015, The District encumbered the following amounts:

Assigned: Unappropriated Fund Balance-General Fund:

Water Administration	\$ 22,457
Source of Supply	26,869
Transmission and Distribution	<u>9,121</u>
	\$ <u>58,447</u>

**LITIGATION:**

It is reported by the lawyers for the District that there is no pending or threatened litigation. The case involving a former employee, and mentioned in a prior report, was dismissed in November of 2015.

CARLE PLACE WATER DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
<u>REAL PROPERTY TAXES:</u>				
Real Property Taxes	\$ 1,727,065	\$ 1,727,065	\$ 1,727,065	\$ -
<u>NON-PROPERTY TAX ITEMS:</u>				
P.I.L.O.T	14,505	14,505	15,527	1,022
<u>DEPARTMENTAL INCOME:</u>				
Metered Water Sales	650,000	658,000	685,136	27,136
Unmetered Water Sales	44,000	44,000	47,504	3,504
Water Service Charges	10,006	10,006	26,158	16,152
Interest and Penalties on Water Rents	10,000	7,000	7,018	18
Total Departmental Income	714,006	719,006	765,816	46,810
<u>USE OF MONEY AND PROPERTY:</u>				
Interest Earnings	8,000	3,000	11,926	8,926
Rental Charges	-	250,000	288,277	38,277
Total Use of Money and Property	8,000	253,000	300,203	47,203
<u>SALE OF PROPERTY AND COMPENSATION</u>				
<u>FOR LOSS:</u>				
Sale of Equipment	-	-	3,500	3,500
Other Compensation for Loss	-	-	1,012	1,012
Insurance Recoveries	-	-	10,630	10,630
Total Sale of Property and Compensation for Loss	-	-	15,142	15,142
<u>MISCELLANEOUS:</u>				
Premium on Obligations-BAN's	-	-	30,780	30,780
Reimbursement of Medicare	-	-	1,501	1,501
Refund of Prior Years Expenditures	-	-	5,217	5,217
Unclassified Revenues	250,000	-	2,824	2,824
Total Miscellaneous	250,000	-	40,322	40,322
Total Revenues	\$ 2,713,576	\$ 2,713,576	\$ 2,864,075	\$ 150,499
Add: Prior Year's Encumbrances	65,661	65,661		
Appropriated Reserves	42,963	237,023		
Appropriated Fund Balance	-	-		
	\$ 2,822,200	\$ 3,016,260		

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

See paragraph on supplementary schedules included in the Auditor's Report.

CARLE PLACE WATER DISTRICT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2015

<b>EXPENDITURES</b>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Outstanding Encumbrance</u>	<u>Variance Favorable</u>
<b>GENERAL GOVERNMENT SUPPORT</b>					
Unallocated Insurance	\$ 16,000	\$ 18,000	\$ 17,012	\$ -	\$ 988
Fiscal Agent Fees	14,500	18,500	17,044	-	1,456
Total General Government Support	<u>30,500</u>	<u>36,500</u>	<u>34,056</u>	<u>-</u>	<u>2,444</u>
<b>HOME AND COMMUNITY SERVICE</b>					
<u>Administration:</u>					
Personal Services	263,517	263,517	261,244	-	2,273
Commissioners' Fees	20,000	20,000	17,840	-	2,160
Office Equipment	30,000	23,500	-	-	23,500
Operating Equipment	81,111	81,111	36,660	-	44,451
Stationery and Printing	3,000	3,000	2,626	-	374
Postage	9,000	9,000	6,300	-	2,700
Books and Publications	1,500	1,500	589	-	911
Office Supplies and Expenses	4,000	4,500	4,446	-	54
Telephone and Communications	20,000	20,000	15,336	-	4,664
Light and Power	5,000	5,000	3,805	-	1,195
Heat	13,000	13,000	7,922	-	5,078
Surety Bonds	1,300	1,300	1,300	-	-
Insurance - Fire and Liability	45,000	45,000	44,644	-	356
Equipment Rental	500	500	392	-	108
Legal Notices	1,500	1,500	500	-	1,000
Conferences, Meetings and Classes	12,000	12,000	10,884	-	1,116
Public Information and Education	15,000	15,000	12,441	-	2,559
Election Expense	2,000	2,000	845	-	1,155
Architectural and Engineering	10,000	10,000	-	-	10,000
Auditing	17,600	17,600	17,600	-	-
Legal	25,000	25,000	7,508	-	17,492
Other Professional Services	28,800	28,800	25,200	-	3,600
Uniforms and Laundry	4,000	4,000	1,732	-	2,268
Tools, Parts and Supplies - Plant and Grounds	4,000	4,000	131	-	3,869
<u>Repairs and Maintenance:</u>					
Office Equipment	5,500	5,500	5,386	-	114
Operating Equipment	-	2,000	1,633	-	367
Plants and Grounds	30,800	28,800	4,095	22,457	2,248
Total Administration	<u>653,128</u>	<u>647,128</u>	<u>491,059</u>	<u>22,457</u>	<u>133,612</u>
<u>Source of Supply, Power and Pumping:</u>					
Personal Services	272,869	272,869	216,634	-	56,235
Light and Power	175,000	175,000	156,588	-	18,412
Architectural and Engineering	50,000	5,000	-	-	5,000
<u>Tools, Parts &amp; Supplies:</u>					
Plants and Grounds	2,000	2,000	1,611	-	389
Capital Improvement Reserve	-	121,626	121,626	-	-
<u>Repairs and Maintenance:</u>					
Operating Equipment	131,142	80,142	24,504	26,870	28,768
Plant and Grounds	20,000	20,000	15,654	-	4,346
Total Source of Supply, Power and Pumping	<u>651,011</u>	<u>676,637</u>	<u>536,617</u>	<u>26,870</u>	<u>113,150</u>

See paragraph on supplementary schedules included in the Auditor's Report.

CARLE PLACE WATER DISTRICT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Outstanding Encumbrance	Variance Favorable
<b>EXPENDITURES - continued</b>					
<u>Purification:</u>					
Water Analysis and Treatment	\$ 130,000	\$ 125,000	\$ 93,420	\$ -	\$ 31,580
<u>Repairs and Maintenance:</u>					
Operating Equipment	2,500	7,500	6,937	-	563
Total Purification	132,500	132,500	100,357	-	32,143
<u>Transmission and Distribution:</u>					
Personal Services	285,870	270,370	229,794	-	40,576
Operating Equipment	-	1,500	1,095	-	405
Meters	23,750	64,750	50,911	-	13,839
Gas, Oil, Etc.	16,500	16,500	10,175	-	6,325
<u>Tools, Parts and Supplies:</u>					
Plants and Grounds	-	7,000	6,925	-	75
Operating Equipment	-	1,000	696	-	304
Trunk Lines and Laterals	15,000	5,500	-	-	5,500
Capital Improvements Reserve	250,000	322,434	72,434	-	250,000
<u>Repairs and Maintenance:</u>					
Operating Equipment	15,000	15,000	10,264	2,525	2,211
Plants and Grounds	-	-	-	-	-
Mains, Valves and Hydrants	30,000	85,000	56,987	6,596	21,417
Road Repairs	30,000	44,500	42,796	-	1,704
Road Resurfacing Materials	2,500	3,500	3,370	-	130
Total Transmission and Distribution	668,620	837,054	485,447	9,121	342,486
Total Home and Community Services	2,105,259	2,293,319	1,613,480	58,448	621,391
<b>EMPLOYEE BENEFITS:</b>					
New York State Retirement	130,000	126,000	112,454	-	13,546
Social Security/Medicare	62,903	62,903	55,365	-	7,538
Workers' Compensation Insurance	26,300	26,300	19,884	-	6,416
Life Insurance	11,150	11,050	9,356	-	1,694
Disability Insurance	13,100	13,200	13,129	-	71
Medical Insurance	315,000	315,000	259,471	-	55,529
Total Employee Benefits	558,453	554,453	469,659	-	84,794
<b>DEBT SERVICE:</b>					
Serial Bond - Principal	61,960	61,960	61,960	-	-
Serial Bond - Interest	30,883	34,883	27,146	-	7,737
BAN-Principal	17,000	17,000	17,000	-	-
BAN - Interest	18,145	18,145	15,645	-	2,500
Total Debt Service	127,988	131,988	121,751	-	10,237
TOTAL EXPENDITURES	\$ 2,822,200	\$ 3,016,260	\$ 2,238,946	\$ 58,448	\$ 718,866

See paragraph on supplementary schedules included in the Auditor's Report.

CARLE PLACE WATER DISTRICT  
 SCHEDULE OF FUNDING PROGRESS-POSTEMPLOYMENT BENEFITS PLAN  
 DECEMBER 31, 2015

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a % of Payroll
1/1/2008	\$ 2,563,400	\$ 0	\$ 2,563,400	0.00%	\$ 620,167	413%
1/1/2009	\$ 2,715,600	\$ 0	\$ 2,715,600	0.00%	\$ 665,885	408%
1/1/2010	\$ 2,826,000	\$ 0	\$ 2,826,000	0.00%	\$ 678,000	417%
1/1/2011	\$ 3,017,000	\$ 0	\$ 3,017,000	0.00%	\$ 680,000	444%
1/1/2012	\$ 2,560,630	\$ 0	\$ 2,560,630	0.00%	\$ 722,900	354%
1/1/2013	\$ 2,560,630	\$ 0	\$ 2,560,630	0.00%	\$ 750,000	341%
1/1/2014	\$ 2,794,080	\$ 0	\$ 2,794,080	0.00%	\$ 685,000	408%
1/1/2015	\$ 2,794,080	\$ 0	\$ 2,794,080	0.00%	\$ 702,500	398%

See paragraph on supplementary schedules included in Auditor's Report.

CARLE PLACE WATER DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 AND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY:

Proportionate % of the net pension liability		0.0019809%
Proportionate share of the net pension liability	\$	66,921
Covered payroll	\$	672,852
Proportionate share of the net pension liability as a percentage of its covered payroll		9.9%
Plan fiduciary net position as a percentage of the total pension liability		97.9%

Amounts presented above were determined as of March 31, 2015.  
 Additional years will be presented as they become available for a full 10-year trend

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS:

Contractually required contribution	\$	104,737	
Contribution in relation to the contractually required contribution		104,737	
Contribution deficiency (excess)	\$	<table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">-</td> </tr> </table>	-
-			
Covered Payroll	\$	702,648	
Contributions as a percentage of covered payroll		14.9%	

Additional years will be presented as they become available for a full 10-year trend

See paragraph on required supplementary schedules in auditor's report

CARLE PLACE WATER DISTRICT  
 SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS  
 DECEMBER 31, 2015

Capital Assets, Net		\$ 6,791,223
Less:		
Short-Term Portion of Bonds Payable	\$ 64,911	
Long-Term Portion of Bond Payable	<u>590,311</u>	(655,222)
BAN's	3,983,000	
Less: Unspent Ban Proceeds	<u>(1,016,287)</u>	(2,966,713)
Unamortized Portion of Refunding Premiums-\$56,357 net of Deferred Charge on Refunding (\$13,626)		<u>(42,731)</u>
Net Investment in Capital Assets		\$ <u><u>3,126,557</u></u>

See paragraph on supplementary schedules included in Auditor's Report.

CARLE PLACE WATER DISTRICT  
 SCHEDULE OF FUND BALANCES  
 GENERAL FUND (CLASSIFIED FOR GASB 54)  
 YEAR ENDED DECEMBER 31, 2015

	<u>Unassigned</u>	<u>Assigned</u>	<u>Restricted</u>		<u>Non-Spendable</u>			
	Fund Balance	Reserved for Encumbrances	Reserved for Capital Improvements	Reserved for Bonded Debt	Reserved for Repairs	Inventory of Parts and Supplies	Prepaid Expenses	TOTAL
Balance - January 1, 2015	\$ 385,470	\$ 65,661	\$ 2,751,517	\$ 327,255	\$ 688,709	\$ 65,733	\$ 58,988	\$ 4,343,333
Adjusted Revenues - 2015	2,565,163	-	294,092	-	4,820	-	-	2,864,075
Transferred to Reserves	(501,012)	-	500,000	-	1,012	-	-	-
Increase in Inventory	(31,713)	-	-	-	-	31,713	-	-
Increase in Prepaid Expenses	(5,167)	-	-	-	-	-	5,167	-
Encumbrances at Year End 2014	65,661	(65,661)	-	-	-	-	-	-
Encumbrances at Year End 2015	(58,448)	58,448	-	-	-	-	-	-
Adjusted Expenditures - 2015	(2,001,923)	-	(194,060)	(42,963)	-	-	-	(2,238,946)
Transfer from Capital Projects Fund-TONH	-	-	-	-	-	-	-	-
Balance - December 31, 2015	\$ 418,031	\$ 58,448	\$ 3,351,549	\$ 284,292	\$ 694,541	\$ 97,446	\$ 64,155	\$ 4,968,462

See paragraph on supplementary schedules included in the Auditor's Report



# Pappas & Company

CERTIFIED PUBLIC ACCOUNTANTS

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***Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards***

*The Board of Commissioners  
Carle Place Water District  
Carle Place, New York*

*We have audited, in accordance with the 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 governmental activities and each major fund of the Carle Place Water District, a component unit of the Town of North Hempstead, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 4, 2016.*

### ***Internal Control over Financial Reporting***

*In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.*

*A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.*

*Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.*

### ***Compliance and Other Matters***

*As part of obtaining reasonable assurance about whether the Carle Place Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.*

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of the audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pappas & Company*

Commack, New York  
March 4, 2016

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