

**PORT WASHINGTON**  
**WATER POLLUTION CONTROL DISTRICT**  
**FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITOR'S REPORT**  
**YEAR ENDED DECEMBER 31, 2013**

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
FINANCIAL STATEMENTS**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Commissioners  
Port Washington Water Pollution  
Control District  
Port Washington, New York

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Port Washington Water Pollution Control District (the "District"), a component unit of the Town of North Hempstead, New York, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We 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 as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9; the budgetary comparison information on pages 35 through 40; and the Schedule of Funding Progress for the Retiree Health Plan on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements including the capital projects fund by project are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements including the capital projects fund by project are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements including the capital projects fund by project are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Don Angelo and Associates, CPAs P.C.*

Melville, New York  
April 15, 2014

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2013**

This section of the Port Washington Water Pollution Control District's (the "District") annual financial report presents an overview of the District's financial activities during the year 2013. This information is presented in conjunction with the basic financial statements.

**FINANCIAL HIGHLIGHTS**

- The District's total net position was \$16.1 million at December 31, 2013, a decrease of \$94,000 or .6 percent from the previous year.
- The District's governmental funds reported combined ending fund balances of \$3,634,000, an increase of \$489,000 in comparison with the previous year. The increase is primarily attributable to increases in the fund balances of the general fund of \$452,000 and the capital projects fund of \$135,000 less a decrease in the debt service fund of \$98,000.
- Revenues for the District increased by \$1,003,000 or 17.5 percent in 2013.
- Expenses for the District decreased by \$5,000 or .08 percent in 2013.
- The District sold property located at 315 Main Street, Port Washington, New York, to the Village of Baxter Estates on July 30, 2013. The proceeds of the sale were \$945,000, of which a gain of \$926,851 has been recognized, net of selling costs of \$18,149.
- See the Analysis sections of this MD&A for more details.
- On the Government-Wide and Fund Financial Statements, the District has adopted Governmental Accounting Standards Board ("GASB") Statement 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position, resulting in standardizing the presentation of deferred balances and their effects on a government's net position.

**USING THESE FINANCIAL STATEMENTS**

This annual report consists of three parts: Management's Discussion and Analysis, the basic financial statements and Other Required Supplementary Information. The financial statements also include notes, which explain in more detail some of the information in the financial statements.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2013**

**BASIC FINANCIAL STATEMENTS**

The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a similar perspective to that found in the private sector with its basis on full accrual accounting and certain eliminations.

The first of these government-wide statements is the Statement of Net Position, on page 10. This is the District-wide statement of net position presenting information that includes all of the District's assets and liabilities, with the difference reported as Net Position. Over time, increases or decreases in net position can serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall financial health of the District would extend to other nonfinancial factors such as changes in the District's property tax base and the condition of the District's buildings, equipment and infrastructure.

The second government-wide statement is the Statement of Activities, on page 13, which reports how the District's net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the District's activities on revenues provided by the District's taxpayers.

In the Statement of Activities the District presents a single activity that is governmental activities. The District's sole function is to provide sewer services to the public. There are no proprietary funds.

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole.

Governmental funds are reported in the fund financial statements and include the same functions reported as governmental activities in the government-wide financial statements. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services that it provides. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term. The governmental funds financial statements can be found on pages 11 and 14 of this report.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insights into the long-term impact of short-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Revenues, Expenditures and Changes in the Fund Balances Statement provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives. The reconciliations can be found on pages 12 and 15 of this report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2013**

Budgetary comparisons are included in the basic financial statements for the General Fund, on pages 35 through 40 of this report. The comparisons demonstrate compliance with the District's adopted and adjusted budget.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 34 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**SUMMARY OF NET POSITION**

	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 3,868,737	\$ 3,569,622 *
Capital Assets	<u>34,242,412</u>	<u>35,343,302</u>
Total Assets	38,111,149	38,912,924
Deferred Outflow of Resources	<u>50,509</u>	<u>58,927 *</u>
Total Assets and Deferred Outflow of Resources	<u>38,161,658</u>	<u>38,971,851</u>
Long-Term Liabilities	20,641,551	21,195,675
Other Liabilities	<u>1,393,635</u>	<u>1,555,704</u>
Total Liabilities	<u>22,035,186</u>	<u>22,751,379</u>
Invested in Capital Assets, Net of Related Debt	12,905,855	13,491,911
Restricted	353,320	316,030
Unrestricted	<u>2,867,297</u>	<u>2,412,531</u>
Total Net Position	<u>\$ 16,126,472</u>	<u>\$ 16,220,472</u>

\* Current and Other Assets have been restated in 2012 in order to reflect Deferred Outflow of Resources for presentation and comparative purposes.

**ANALYSIS OF OVERALL FINANCIAL POSITION**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$16.1 million at December 31, 2013. By far the most significant portion (80%) of the District's total assets reflects its investment in capital assets (e.g., land, buildings, sewers lines, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be used to liquidate these liabilities. An additional portion of the District's total assets (20%) represents resources that are partially subject to external restrictions on how they may be used. The District's total net position decreased by \$94,000 or .6% from the prior year.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2013**

The following provides an explanation of assets and liabilities that changed significantly from the previous year:

- Current and other assets- The \$299,000 increase is mainly due to increases in Cash and Prepaid Expenses.
- Capital Assets-The \$1,101,000 decrease is mainly due to construction-in-progress being placed into service in the prior year, resulting in an increase in depreciation.
- Long-term liabilities-The \$554,000 decrease is mostly attributable to the increase in other post employment benefits offset by payment of outstanding debt.
- Other Liabilities-The \$162,000 decrease is mostly attributable to a decrease in accruals.
- Net Position (Restricted and Unrestricted) -The \$94,000 decrease is largely attributable to the increases in Cash and Restricted Cash, offset by a reduction of Long-term liabilities, which was greater than the reduction of Capital Assets.

**SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION**

	<u>2013</u>	<u>2012</u>
Revenues		
Program Revenues		
Departmental Income	\$ <u>1,026,901</u>	\$ <u>1,023,843</u>
Subtotal Program Revenues	1,026,901	1,023,843
General Revenues		
Real Property Taxes	4,702,314	4,605,790
Interest	9,535	15,767
Refund of Prior Years Expenditures	27,114	33,457
Sale of Equipment	-	8,184
Federal Aid-Emergency Disaster Assistance	35,040	40,029
Other Unclassified Revenue	<u>2,650</u>	<u>634</u>
Subtotal General Revenues	<u>4,776,653</u>	<u>4,703,861</u>
Total Revenues	<u>5,803,554</u>	<u>5,727,704</u>
Expenditures		
Salaries and Benefits	3,093,980	3,402,865
Capital Outlay	-	2,839
Operations	1,666,260	1,591,991
Depreciation	1,525,793	1,329,445
Debt Service	<u>447,581</u>	<u>407,266</u>
Total Expenditures	<u>6,733,614</u>	<u>6,734,406</u>
Other Financial Sources (Uses):		
Fiscal Agent Fees	<u>(90,791)</u>	<u>(95,309)</u>
Total Other Financial Sources (Uses)	<u>(90,791)</u>	<u>(95,309)</u>
Special Item:		
Gain from Sale of Real Property	<u>926,851</u>	<u>-</u>
Increase (Decrease) in Net Position	(94,000)	(1,102,011)
Net Position – beginning	<u>16,220,472</u>	<u>17,322,483</u>
Net Position – ending	<u>\$ 16,126,472</u>	<u>\$ 16,220,472</u>

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2013**

**ANALYSIS OF RESULTS OF OPERATIONS**

Total revenues (excluding Gain on Sale of Real Property) increased by \$76,000 or 1.3%. The majority of the positive variance is \$97,000 increase in real property tax revenue.

The decrease in expenditures of \$5,000 was principally due to the decrease in capital outlay and salaries and benefits offset by an increase in depreciation.

**ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS**

The fund balances of the District's governmental funds increased by \$489,000. The majority of the increase is attributable to decreases in the Capital Project Fund expense primarily incurred for the Sludge Building Project. The net increase in the General Fund Balance of \$452,000 or 16.0% is mainly due to a decrease in capital outlay, a decrease in salaries and benefits, offset by an increase in real property tax income and a decrease in refund of prior years expenditures.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The difference in the original adopted budget and the modified budget represents encumbrances carried forward from 2012 and decreases in personal services, capital outlay, offset by increases in legal and other professional fees in the Sewer Administration Department.

The decrease of \$408,000 in the Sanitary Sewers Department is primarily due to a decrease in capital outlay.

The decrease of \$83,000 in the Sewage Treatment and Disposal Department is attributable to decreases in personal services, capital outlay, engineering, and treatment and disposal of sewage and sludge chemicals and testing, offset by increases in utilities, chemicals and testing, and repairs and maintenance.

The \$32,000 increase in Employee Benefits is due to increases in state retirement benefits and hospital and medical insurance.

**CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

At the end of 2013, the District had \$34.2 million invested in land, buildings, equipment, sewer lines and pumping stations. There was a net decrease in capital assets of about \$1,101,000. The District added \$444,000 in new fixed assets and sold \$27,000 building and fixtures. Depreciation recorded for 2013 was \$1,544,000. The District has a capitalization policy of \$5,000 and expenses all items under \$5,000. Some items costing under \$5,000 were included in capital assets before the \$5,000 capitalization policy was implemented.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2013**

**CAPITAL ASSETS  
NET OF DEPRECIATION**

	<u>2013</u>	<u>2012</u>
Land	\$ 3,838,223	\$ 3,838,223
Buildings	192,936	201,706
Improvements	1,966,757	2,011,866
Equipment	1,065,700	1,039,680
Infrastructure	25,462,613	26,560,951
Construction in Progress	<u>1,716,183</u>	<u>1,690,876</u>
Total	<u>\$ 34,242,412</u>	<u>\$ 35,343,302</u>

See Note 3 Capital Assets on page 23 for a summary of changes and Note 8 Capital Projects on page 28 for additional information.

The District is not authorized to bond debt directly. The Town of North Hempstead (the "Town") borrows funds for the benefit of the District. Since the District has no bond rating of its own, the Town's credit rating is used. The Town has refunded various bonds, including some bonds of the District in March 2014.

On July 10, 2007, the Town Board approved appropriating \$33.83 million for the Full Scale BNR/UV Treatment Plant Upgrade Project (\$32 million); the Biosolids Incinerator Rehabilitation Project (\$1.14 million) and the Outfall Rehabilitation Project (\$.70 million). The bond principal of the Biosolids Incinerator Rehabilitation Project was prepaid due to abandonment of this portion of the BNR Project. The project has been completed and went on-line in 2012.

This year's expenditures were primarily devoted to the Sludge Building Project.

**OUTSTANDING DEBT**

	<u>2013</u>	<u>2012</u>
Serial Bonds	\$ 3,282,779	\$ 3,741,452
Environmental Facilities Corp. Bonds	14,415,000	14,945,000
Short Term Borrowing	<u>-</u>	<u>-</u>
	<u>\$ 17,697,779</u>	<u>\$ 18,686,452</u>

See Note 9 Long Term Debt on pages 29 and 30, and Note 10 Bond Anticipation Notes Payable and Other Short Term Borrowings on page 31, if any, for additional information.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2013**

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

The District is in the process of applying for a bond anticipation note and a loan from the NYS Environmental Facilities Corporation in connection with the construction of the CT-116 project, the Sandy Hollow Road Siphon Line Rehabilitation totaling \$5 million.

Since the main source of revenue for the District is real property taxes, the financial stability of real estate values and the resulting assessed valuation are very important to the District. Although the District has ample capacity to handle additional wastewater flows, the District's tax base is rather mature and does not foresee a major increase in its taxable valuation.

The District's budget for 2014 has decreased by \$101,976 or 1.7%. The real estate tax levy has been increased by \$79,989 or 1.7%. The amount of appropriated fund balance for 2014 is \$83,959, a decrease of \$201,465 from 2013. The 2014 budget's Operation and Maintenance appropriations decreased by .6% while Debt Service appropriation increased by 2.7%.

The District has incorporated a benefit basis component in its tax rate structure since 2007. The benefit basis calculation measures and charges the benefit received by each household according to the water used and discharged into the collection systems during the dry months, typically the first quarter of the year.

The national economy still continues to have a negative impact on virtually every municipal budget.

The "Tax Levy Limitation Law" which was enacted on June 24, 2011, restricts the amount of property taxes that may be levied by or on behalf of a district in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult.

Increases in the cost of health insurance and contributions to the retirement systems continue to place a burden on the District's finances. New York State Comptroller Thomas DiNapoli has announced that the employer contribution rate for the State's Retirement System will be lower in 2014-2015. Employer contributions to the State Retirement Systems are one of the exemptions to the "Tax Levy Limitation Law." The NYS Health Insurance Program that provides medical coverage for District employees will become a self insured program effective January 1, 2014. The projected insurance premium increase is 2% for 2014.

GASB Statement 45 will continue to place a greater obligation on the District's taxpayers in the upcoming fiscal years as retiree health benefits are now recognized over periods that approximate the employees' years of active service.

**CONTACTING DISTRICT MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact the District's management at 70 Harbor Road, Port Washington, New York 11050.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

	General Fund	Other Funds	Total	Adjustments	Statement of Net Position
<b>ASSETS</b>					
Cash	\$ 3,082,137	\$ 25,868	\$ 3,108,005	\$ -	\$ 3,108,005
Accounts Receivable-Other	1,375	-	1,375	70,271	71,646
Interfund Receivables	24,926	45,913	70,839	(70,839)	-
Due From Other Governments	70,256	15	70,271	(70,271)	-
Prepaid Expense	190,576	-	190,576	-	190,576
Restricted Cash	154,390	335,170	489,560	-	489,560
Inventory	8,950	-	8,950	-	8,950
Land	-	-	-	3,838,223	3,838,223
Capital Assets, Net of Depreciation	-	-	-	30,404,189	30,404,189
Total Assets	<u>3,532,610</u>	<u>406,966</u>	<u>3,939,576</u>	<u>34,171,573</u>	<u>38,111,149</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Expense Bond Refunding of 2003	-	-	-	50,509	50,509
Total Assets and Deferred Outflows of Resources	<u>3,532,610</u>	<u>406,966</u>	<u>3,939,576</u>	<u>34,222,082</u>	<u>38,161,658</u>
<b>LIABILITIES</b>					
Accounts Payable/Contracts Payable	-	21,064	21,064	-	21,064
Retained Percentages, Contracts Payable	-	7,641	7,641	-	7,641
Accruals	206,433	-	206,433	131,346	337,779
Interfund Payables	45,898	24,941	70,839	(70,839)	-
Due to Other Governments	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Long-Term Balances - Due Within One Year	-	-	-	1,027,151	1,027,151
Long-Term Balances - Due After One Year	-	-	-	20,641,551	20,641,551
Total Liabilities	<u>252,331</u>	<u>53,646</u>	<u>305,977</u>	<u>21,729,209</u>	<u>22,035,186</u>
<b>NET POSITION</b>					
Fund Balances:					
Nonspendable	199,526	-	199,526	(199,526)	-
Restricted	154,390	-	154,390	(154,390)	-
Assigned	83,959	381,083	465,042	(465,042)	-
Unassigned	2,842,404	(27,763)	2,814,641	(2,814,641)	-
Total Fund Balances	<u>3,280,279</u>	<u>353,320</u>	<u>3,633,599</u>	<u>(3,633,599)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 3,532,610</u>	<u>\$ 406,966</u>	<u>\$ 3,939,576</u>		
<b>NET POSITION:</b>					
Net investment in capital assets				12,905,855	12,905,855
Restricted for:					
Debt Service				381,083	381,083
Capital				(27,763)	(27,763)
Unrestricted				2,867,297	2,867,297
Total Net Position				<u>\$ 16,126,472</u>	<u>\$ 16,126,472</u>

The notes to the financial statements are an integral part of this statement.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AT DECEMBER 31, 2013**

ASSETS	General Fund	Debt Service Fund	Capital Projects Fund	Agency Fund	Total Governmental Funds
Cash	\$ 3,082,137	\$ -	\$ 25,868	\$ -	\$ 3,108,005
Accounts Receivable-Other	1,375	-	-	-	1,375
Due From Other Funds	24,926	45,913	-	-	70,839
Due From Other Governments	70,256	-	15	-	70,271
Prepaid Expenses	190,576	-	-	-	190,576
Restricted Cash	154,390	335,170	-	-	489,560
Inventory	8,950	-	-	-	8,950
<b>TOTAL ASSETS</b>	<b>\$ 3,532,610</b>	<b>\$ 381,083</b>	<b>\$ 25,883</b>	<b>\$ -</b>	<b>\$ 3,939,576</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable/Contracts Payable	\$ -	\$ -	\$ 21,064	\$ -	\$ 21,064
Retained Percentages, Contracts Payable	-	-	7,641	-	7,641
Accruals	206,433	-	-	-	206,433
Due to Other Funds	45,898	-	24,941	-	70,839
Due to Other Governments	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>252,331</b>	<b>-</b>	<b>53,646</b>	<b>-</b>	<b>305,977</b>
<b>Fund Balances:</b>					
Nonspendable	199,526	-	-	-	199,526
Restricted	154,390	-	-	-	154,390
Assigned	83,959	381,083	-	-	465,042
Unassigned	2,842,404	-	(27,763)	-	2,814,641
<b>TOTAL FUND BALANCES</b>	<b>3,280,279</b>	<b>381,083</b>	<b>(27,763)</b>	<b>-</b>	<b>3,633,599</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 3,532,610</b>	<b>\$ 381,083</b>	<b>\$ 25,883</b>	<b>\$ -</b>	<b>\$ 3,939,576</b>

The notes to the financial statements are an integral part of this statement.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

Total fund balances - governmental funds		\$	3,633,599
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and therefore are not current financial resources in the governmental funds balance sheet.			34,242,412
Interest payable on long-term debt does not require current financial resources. Therefore, the accrual is not reported as a liability in the governmental funds balance sheet.			(131,346)
Deferred outflows of resources represents future amortization of net refunding expense are not reported in governmental funds.			50,509
Long-term liabilities are not due in the current period and therefore, are not reported in the governmental funds balance sheet:			
Due within one year	\$	1,027,151	
Due in more than one year		<u>20,641,551</u>	(21,668,702)
Total net position of governmental activities	\$		<u><u>\$16,126,472</u></u>

The notes to the financial statements are an integral part of this statement.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
STATEMENT OF ACTIVITIES AND  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2013**

	General Fund	Other Funds	Total	Adjustments	Statement of Activities
Expenditures and Expenses: Sewer Services					
Salaries & Benefits	\$ 2,620,953	\$ -	\$ 2,620,953	\$ 473,027	\$ 3,093,980
Capital Outlay	414,554	28,498	443,052	(443,052)	-
Operations	1,666,260	-	1,666,260	1,525,793	3,192,053
Debt Service:					
Principal	-	988,673	988,673	(988,673)	-
Interest and Other Charges	-	449,428	449,428	(1,847)	447,581
Total Expenditures/Expense	<u>4,701,767</u>	<u>1,466,599</u>	<u>6,168,366</u>	<u>565,248</u>	<u>6,733,614</u>
Revenues:					
Real Property Taxes	4,702,314	-	4,702,314	-	4,702,314
Departmental Income	1,026,901	-	1,026,901	-	1,026,901
Interest Earnings	9,109	426	9,535	-	9,535
Refund of Prior Years Expenditures	807	26,307	27,114	-	27,114
Sale of Real Property	945,000	-	945,000	(945,000)	-
Federal Aid-Emergency Disaster Assistance	35,040	-	35,040	-	35,040
Other Unclassified Revenue	2,650	-	2,650	-	2,650
Total Revenues	<u>6,721,821</u>	<u>26,733</u>	<u>6,748,554</u>	<u>(945,000)</u>	<u>5,803,554</u>
Other Financing Sources (Uses):					
Operating Transfers	(1,567,947)	1,567,947	-	-	-
Fiscal Agent Fees	-	(90,791)	(90,791)	-	(90,791)
Total Other Financing Sources (Uses)	<u>(1,567,947)</u>	<u>1,477,156</u>	<u>(90,791)</u>	<u>-</u>	<u>(90,791)</u>
Special Item:					
Gain from Sale of Real Property	-	-	-	926,851	926,851
Total Revenues, Transfers and Special Item	<u>5,153,874</u>	<u>1,503,889</u>	<u>6,657,763</u>	<u>(18,149)</u>	<u>6,639,614</u>
Excess of Revenues, Transfers In and Special					
Item Over Expenditures and Transfers Out	452,107	37,290	489,397	(489,397)	-
Net Change in Fund Balances:				(94,000)	(94,000)
Fund Balances:					
Beginning of the year	2,828,172	316,030	3,144,202	13,076,270	16,220,472
End of the year	<u>\$ 3,280,279</u>	<u>\$ 353,320</u>	<u>\$ 3,633,599</u>	<u>\$ 12,492,873</u>	<u>\$ 16,126,472</u>

The notes to the financial statements are an integral part of this statement.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND NET POSITION  
YEAR ENDED DECEMBER 31, 2013**

	General Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Revenues:</b>				
Real Property Taxes	\$ 4,702,314	\$ -	\$ -	\$ 4,702,314
<b>Departmental Income:</b>				
Sewer Rents	154,278	-	-	154,278
Sewer Service Charges	13,728	-	-	13,728
Sewer Services to Other Governments	858,895	-	-	858,895
Interest Earnings	8,929	-	-	8,929
Interest Earnings - Reserves	180	426	-	606
Refund of Prior Years Expenditures	807	-	26,307	27,114
Sale of Real Property	945,000	-	-	945,000
Federal Aid-Emergency Disaster Assistance	35,040	-	-	35,040
State Aid	-	-	-	-
Other Unclassified Revenue	2,650	-	-	2,650
<b>Total Revenues</b>	<u>6,721,821</u>	<u>426</u>	<u>26,307</u>	<u>6,748,554</u>
<b>Expenditures:</b>				
Sewer Administration	405,189	-	-	405,189
Sanitary Sewers	1,443,894	-	-	1,443,894
Sewage Treatment and Disposal	1,712,890	-	-	1,712,890
Employee Benefits	1,139,794	-	-	1,139,794
Capital Projects	-	-	28,498	28,498
Repair Reserve	-	-	-	-
<b>Debt Service:</b>				
Serial Bonds - Principal	-	988,673	-	988,673
Serial Bonds - Interest	-	449,428	-	449,428
Bond Anticipation Notes - Interest	-	-	-	-
Fiscal Agent Fees	-	90,791	-	90,791
<b>Subtotal of Expenditures</b>	<u>4,701,767</u>	<u>1,528,892</u>	<u>28,498</u>	<u>6,259,157</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>2,020,054</u>	<u>(1,528,466)</u>	<u>(2,191)</u>	<u>489,397</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers	(1,567,947)	1,430,675	137,272	-
<b>Total Other Financing Sources (Uses)</b>	<u>(1,567,947)</u>	<u>1,430,675</u>	<u>137,272</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>452,107</u>	<u>(97,791)</u>	<u>135,081</u>	<u>489,397</u>
<b>Total Net Position January 1, 2013</b>	<u>2,828,172</u>	<u>478,874</u>	<u>(162,844)</u>	<u>3,144,202</u>
<b>Total Net Position December 31, 2013</b>	<u>\$ 3,280,279</u>	<u>\$ 381,083</u>	<u>\$ (27,763)</u>	<u>\$ 3,633,599</u>

The notes to the financial statements are an integral part of this statement.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
YEAR ENDED DECEMBER 31, 2013**

Net change in fund balances - governmental funds	\$489,397
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of some of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the period.	443,052
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(1,525,793)
Reduction of the proceeds to actual gain on sale of capital assets is reported in the government-wide statement of activities and changes in net assets. It is reported as revenue in the government-wide statement of activities net of selling costs.	(18,149)
Governmental funds report debt principal as expenditures. However, in the government-wide statement of activities and changes in net position, these expenditures are considered reductions of liabilities.	988,673
On the statement of activities, the actual and projected long term expenditures for post employment benefits are reported whereas on the governmental funds only the actual expenditures are recorded for post employment benefits.	(473,839)
Change of compensated absence expense is reported as reduction of salary in the statement of activities and changes in net position, but does not provide the use of current resources, and therefore is not reported as a revenue in governmental funds.	812
Accrued interest expense and deferred interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current resources; therefore, accrued interest is not reported as an expenditure in governmental funds.	1,847
Total net change in net position of governmental activities	<u><u>(\$94,000)</u></u>

The notes to the financial statements are an integral part of this statement.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Port Washington Water Pollution Control District's (the District) financial statements are prepared in accordance with generally accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict or contradict. The more significant accounting policies established in GAAP and used by the District are discussed below.

**A. REPORTING ENTITY**

The Port Washington Water Pollution Control District was established in 1915 as a Special Improvement District in accordance with the provision of Article 12 of the Town Law of the State of New York. It is a Commissioner-operated Special District in the Town of North Hempstead, Nassau County (the Town). The Commissioners, of which there are three, are elected by the voters of the District. The District operates its own budget, which is substantially funded through real property tax revenues. The Town collects the tax levy or notes are issued by the Town (and guaranteed by them) on behalf of the District to be paid by the taxpayers of the District. Under Governmental Accounting Standards Board (GASB) Statement 14, the District is a Component Unit of the Town of North Hempstead. These financial statements are included in the financial statements of the Town.

**B. BASIC FINANCIAL STATEMENTS-GOVERNMENT-WIDE STATEMENTS**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type.

In the government-wide Statement of Net Assets, the governmental activities columns: (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – Net investment in capital assets, Restricted for debt service, Restricted for capital, and Unrestricted.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are supported by general tax levies and contracts with users not in the District. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Capital grants, when received, are generally for capital projects.

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

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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

**C. BASIS OF PRESENTATION**

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. These funds are in conformity with the Uniform System of Accounts for Towns prescribed by the Comptroller of the State of New York, pursuant to Article 3, section 36 of General Municipal Law of the State of New York.

**GOVERNMENTAL FUNDS**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

**GENERAL FUND**

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of resources and for the payment of bond principal, interest and related cost. Generally, the Town of North Hempstead administers the resources of this fund on behalf of and at the direction of the District.

**CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for financial resources to be used for acquisition of construction of major capital facilities. Resources provided by bonded debt are administered by the Town on behalf of and at the direction of the District.

**AGENCY FUND**

Agency Funds are used to account for assets held in trust or as agent for individuals, private organizations, or other governmental units.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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

**1.Accrual:**

Both governmental activities in the government-wide financial statements and the fiduciary fund statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2.Modified Accrual**

Governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when measurable and available (within the next 60 days) as net current assets. If expenditures are the primary factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures are recognized when the related fund liability is incurred. Exceptions to this rule are prepaid expenses and inventory type items which are recognized at the time of expenditure, compensated absences, amounts due the New York Retirement System, and principal and interest on long-term debt which are recognized as expenditures when due.

**E. BUDGETS AND BUDGETARY ACCOUNTING**

The District prepares its budget, then takes appropriate input and approval measures to comply with legal statutes.

The prior year encumbrances are included in the columns "Adjusted Budget." During the year, the Commissioners approve the transfer of the line item appropriations within the budget.

Unrestricted resources are used first when expenses are incurred. If it is determined appropriate, the Commissioners will approve a resolution to repay the expense with restricted resources.

**F. FINANCIAL STATEMENT AMOUNTS**

**1.CASH**

The District's funds are governed by state statutes and the District's own written investment policy. At December 31, 2013, the deposits of the District were covered by federal depository insurance or secured by collateral held by a third party agent in the District's name.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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

**2.CAPITAL ASSETS**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-25 years
Water and sewer system	20-25 years
Machinery and equipment	5-10 years
Improvements	10-25 years
Other infrastructure	10-25 years

Infrastructure assets include sewer lines. These assets are the largest asset class of the District. See Note 3 Capital Assets, Summary Changes in Capital Assets on page 23 of this report.

**3.EXPENDITURES**

Expenditures are recognized when the related fund liability is incurred.

**4.PROPERTY TAX REVENUE RECOGNITION**

Revenues from real property taxes are recognized when assessed and due from taxpayers. They become an enforceable lien on January 1. They are paid semiannually on January 1 and July 1 each year. Real property taxes are collected by the Town of North Hempstead and disbursed to the District except for amounts paid for debt service by the Town on behalf of the District.

**5.GRANTS, ENTITLEMENTS AND SHARED REVENUES**

The District was the recipient of federal aid from the Federal Emergency Management Agency due to damages sustained from Super Storm Sandy in the amount of \$35,040.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**6.COMPENSATED ABSENCES**

The District accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for the governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

**7.INTERFUND ACTIVITY**

Interfund activity is reported as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**8.DEFERRED OUTFLOWS**

Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to future periods. Discounts related to the issuance of long-term debt and any loss on the early retirement of refunded debt are amortized on a straight-line basis over the life of the later issue, and are presented net of accumulated amortization, in the District-wide financial statements as deferred outflows of resources. Bond issuance costs are not amortized. In the fund financial statements, bond issuance costs are recognized during the current period as expenditures.

**9.DEFERRED INFLOWS**

Deferred inflows of resources are defined as an acquisition of net position by the government that is applicable to future periods. Deferred inflows are reported when potential revenues do not meet both the measureable and available criteria for recognition in the current period. Deferred inflows also arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the deferred inflow is removed and revenues are recorded.

**10.ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriation, is employed as a control in preventing over expenditure of established appropriations.

Encumbrances and commitments of the various capital projects are summarized in Note 8 Capital Projects on page 28 and in the Required Supplementary Schedule of General Fund Revenues, Expenditures, Changes in Fund Balances, Encumbrances and Transfers-Budget and Actual on pages 35-40.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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

**11.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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, postemployment benefits, potential contingent liabilities and useful lives of long-lived assets.

**12.FUND BALANCE-RESERVES AND DESIGNATIONS**

Portions of fund balance are reserved or designated to either satisfy legal restrictions or to plan for future expenditures. Any capital gains or interest earned on reserve fund resources becomes part of the respective reserve fund. While a separate bank account is not necessary for each reserve fund, a separate identity for each reserve fund must be maintained. Currently, New York State uses the terminology "reserves" and districts are only allowed to use such reserves authorized by law. The following is a description of reserves utilized by the District and classified as restricted or nonspendable for reporting purposes.

Reserve for Inventory

Reserve for Inventory is used to restrict that portion of the fund balance, which is not available for appropriation. The reserve is accounted for in the general fund as nonspendable.

Prepaid Expenses

Prepaid Expenses are used to restrict that portion of the fund balance, which is not available for appropriation. Prepaid Expenses are accounted for in the general fund as nonspendable.

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of compensated absences upon an employee's separation from the District. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund as spendable-restricted.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2013**

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

**G. NEW ACCOUNTING STANDARDS**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable including the following which were effective for the year ended December 31, 2013. The District is currently studying the following Statements and plans on adoption when required, which will be for the December 31, 2014 financial statements:

- GASB Statement 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, improves financial reporting by State and local governmental pension plans.
- GASB Statement 69, *Government Combinations and Disposals of Government Operations* – establishes accounting and financial reporting standards related to government combinations and disposals of government operations.
- GASB Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The District is currently studying the following Statements and plans on adoption when required, which will be for the December 31, 2015 financial statements:

- GASB Statement 68, *Accounting and Reporting for Pension Plans* – addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts.
- GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* - requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

**2.CASH AND INVESTMENTS**

As required by New York State Local Finance Law, District deposits are secured at 102 percent by collateral valued at market less amounts insured by the Federal Deposit Insurance Corporation.

At December 31, 2013 the District's bank balances totaled \$3,640,787. In addition, there was \$100 of petty cash. The bank balances can be categorized as follows:

		<u>Bank Balances</u>
Category 1	Deposits covered by federal deposit insurance or collateralized with securities held by the District or by its agent in the District's name	\$ 3,640,787
Category 2	Collateralized with securities held by the pledging institution, its trust department or agency but not in the District's name	-
Category 3	Uncollateralized	-
		<u>\$ 3,640,787</u>

The District had no investments as of December 31, 2013.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**3. CAPITAL ASSETS**

A summary of changes in Capital Assets are as follows:

	Balance January 1, 2013	Adjustments and Additions	Adjustments and Deletions	Balance December 31, 2013
Land	\$ 3,838,223	\$ -	\$ -	\$ 3,838,223
Buildings	12,496,716	-	20,900	12,475,816
Machinery and Equipment	11,953,473	218,150	6,450	12,165,173
Improvements other than Buildings	4,024,858	-	-	4,024,858
Infrastructure	44,741,481	199,595	-	44,941,076
Construction in Progress	<u>1,690,877</u>	<u>26,307</u>	<u>1,001</u>	<u>1,716,183</u>
	<u>78,745,628</u>	<u>444,052</u>	<u>28,351</u>	<u>79,161,329</u>
Less: Accumulated Depreciation				
Buildings	12,295,010	8,770	20,900	12,282,880
Machinery and Equipment	10,913,793	192,130	6,450	11,099,473
Improvements other than Buildings	2,012,992	45,109	-	2,058,101
Infrastructure	<u>18,180,530</u>	<u>1,297,933</u>	<u>-</u>	<u>19,478,463</u>
	<u>43,402,325</u>	<u>1,543,942</u>	<u>27,350</u>	<u>44,918,917</u>
	<u>\$ 35,343,303</u>	<u>\$(1,099,890)</u>	<u>\$ 1,001</u>	<u>\$ 34,242,412</u>

Depreciation expense for the year ended December 31, 2013 was \$1,543,942.

**4. PENSION PLANS**

**PLAN DESCRIPTION**

The District participates in the New York State and Local Employees' Retirement System and Public Employees' Group Life Plan (here in called Systems). These are cost-sharing multiple-employer retirement systems. Obligations of employers and Employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). These Systems offer a wide range of retirement benefits as well as death and disability benefits. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) is the sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the N.Y. State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**4.PENSION PLANS (CONTINUED)**

**EMPLOYEE GROUPS COVERED**

Nearly all of the District's employees are eligible for membership in the systems. All employees employed in a full-time position who commenced employment after June 30, 1976 are mandatory members. Employees who joined the Employees' Retirement System after July 27, 1976, contribute 3% of their salary for the first 10 years of their employment, employees who joined on or after January 1, 2010 contribute 3% of their salary for the entire length of service, and employees who joined on or after April 1, 2012 contribute 3%-6% of their salary, depending on their annual wages, for the entire length of service. For employees who joined the System before July 28, 1976, no contributions are required.

**PAYMENTS AND FUNDING STATUS**

Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension fund.

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

2013	\$264,438
2012	244,056
2011	233,074

The District's contributions were equal to 100 percent of the contributions required for the year. The contribution to the Systems is for the Systems' year ended March 31, 2014.

The Systems bills all participating employers by November each year. Billings are based on salaries paid during the Systems' fiscal year which ends on March 31 of the previous calendar year and in accordance with funding requirements determined by the Systems' actuary. The Systems offers a discount if paid by December 15, which the District takes advantage. The full payment is required by February 1.

There are no balances due under any amortization plan.

**5.OTHER POSTEMPLOYMENT BENEFITS**

Pursuant to a collective bargaining agreement with Local 808, International Brotherhood of Teamsters and Chauffeurs, union members are entitled to postemployment benefits. Non-union employees are also entitled to the same benefits. Postemployment benefits include medical insurance for the retirees and their families; it does not include dental or optical coverage. For employees hired on or before

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2013**

**5. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

December 31, 1993, the District pays 100% of their medical insurance coverage. All employees hired after December 31, 1993, are entitled to the same postemployment benefits but are required to contribute towards the medical insurance premiums. Costs associated with postemployment benefits are charged to the General Fund as incurred.

There were twelve retirees and family members receiving postemployment benefits. The cost to the District in 2013 was \$149,884.

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

Annual required contribution	\$ 623,722
Interest on net OPEB obligation (zero in transition year)	-
Annual OPEB cost (expense)	<u>\$ 623,722</u>
Contributions made	<u>(149,884)</u>
Increase in net OPEB obligation	\$ 473,839
Net OPEB obligation- beginning of year	<u>3,164,939</u>
 Net OPEB- end of year	 <u>\$3,638,778</u>

The above amounts are based on a valuation at December 31, 2013 and as such will not include interest during the year 2013.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the preceding fiscal years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Annual OPEB Cost</u>	<u>OPEB Contribution</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation</u>
2007		N/A- Transition Date is 12/31/08			
2008	\$691,576	\$691,576	\$115,289	16.67%	\$576,287
2009	677,578	677,578	112,885	16.66%	564,693
2010	723,988	723,988	102,781	14.20%	621,207
2011	857,477	857,477	118,709	13.80%	738,768
2012	785,813	785,813	121,829	15.50%	663,984
2013	623,722	623,722	149,884	24.03%	473,839

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**5. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

As of December 31, 2013, the actuarial accrued liability for benefits was \$7,041,812, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,483,797 and the ratio of unfunded actuarial liability to the covered payroll was 4.75. The plan is being funded on a pay-as-you-go basis.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

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

The following simplifying assumptions were made:

Retirement age for active employees- Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

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

Mortality- Life expectancies were based on mortality tables from the National Center for Health Statistics. The RP2000 Mortality Table for Males and Females Projected 10 years were used.

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

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**5. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

Healthcare cost trend rate- The expected rate of increase in healthcare insurance premiums was based on projections from the Department of Health Human Services Office of the Actuary. A rate of 8.0 percent initially, reduced to an ultimate rate of 4.7 percent after ten years, was used.

Health insurance premiums- 2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll growth rate- The expected long-term payroll growth rate was assumed to equal 2.5%.

Based on the historical and expected returns of the District's short-term investment portfolio, a discount rate of 4.3 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage projected payroll on an open basis. The remaining amortization period at December 31, 2013, is twenty-four years.

**6. COMPENSATED ABSENCES**

Compensated absences generally are accrued vacation, sick leave, and the fringe benefits associated with such compensation. Under the terms of the District's collective bargaining agreement and policies, District employees earn vacation which may either be taken or accumulated with certain restrictions. Employees may accumulate 20 days of vacation regardless of date of hire. Accumulated sick leave is subject to a maximum of 165 days with percentage restrictions for certain employees hired after August 31, 1994.

Under GASB 34, compensated absences are expensed currently in the government-wide financial statements. The total compensated absences liability at the beginning of the year was \$332,957. The increases were due to the regular leave accumulations. The decreases were for leave time taken and a reduction of leave for amounts that must be applied toward service credit in the state retirement system. No amount is expected to be paid within the next year. The portion of the expense that is included as long term obligations due in more than one year is \$332,145 at December 31, 2013. In the fund financial statements, when compensated absences are due the amounts are recorded as salary.

**7. RISK RETENTION**

The District is a member of the Public Employer Risk Management Association, Inc. (PERMA); a non-profit, tax-exempt group workers' compensation plan established solely for the benefit of municipal entities in New York State. Memberships are generally available to any town, village, city, county, or district corporation. The PERMA provides its members with Claims Administration Services.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**7. RISK RETENTION (CONTINUED)**

The District retains the services of an independent risk management consultant, RMI Consulting Inc., to evaluate its insurance program, including cost, coverage, and service.

**8. CAPITAL PROJECTS**

**CONSTRUCTION COMMITMENTS**

The District had the following four active projects in 2013:

**SCHEDULE OF ACCUMULATED EXPENDITURES**

Accumulated expenditures for the active projects at December 31, 2013 are as follows:

	<u>Total</u>	<u>BNR Project</u>	<u>Pump Station "C"</u>	<u>Sludge Building Fund</u>	<u>Sandy Hollow Road Siphon Line Rehabilitation</u>
Authorization	<u>\$37,766,603</u>	<u>\$32,000,000</u>	<u>\$ 4,430,000</u>	<u>\$ 1,835,603</u>	<u>\$ 5,500,000</u>
Project expenditures to December 31, 2012	28,919,511	26,417,564	811,070	1,658,934	31,943
Current year expenditures	<u>28,498</u>	<u>715</u>	<u>2,477</u>	<u>11,258</u>	<u>14,048</u>
Project expenditures to December 31, 2013	<u>28,948,009</u>	<u>26,418,279</u>	<u>813,547</u>	<u>1,670,192</u>	<u>45,991</u>
Commitments and Encumbrances	<u>5,072,335</u>	<u>-</u>	<u>-</u>	<u>72,335</u>	<u>5,000,000</u>
	<u>\$34,020,344</u>	<u>\$26,418,279</u>	<u>\$ 813,547</u>	<u>\$ 1,742,527</u>	<u>\$ 5,045,991</u>

In December 2009 the incinerator suffered an explosion due to an accident, rendering the incinerator inoperable. The District conducted a cost benefit study which found no savings in continued incineration of sludge as opposed to hauling of sludge. In addition, the NYS EPA new emissions standards may require additional cost if the incinerator were to be rebuilt. The District has adopted a resolution on November 2, 2010, to transfer unused insurance proceeds received for the damaged biosolids incinerator to the Capital Projects fund in the amount of \$1,336,603. On June 12, 2012, the Board of Commissioners adopted a resolution to transfer \$499,000 from the General Fund to the Sludge Building Fund. The proceeds were used for the design and construction of the new sludge processing building.

The BNR/UV Treatment Plant Upgrade and the Outfall Rehabilitation projects are reported as one project in the financial statements - the "BNR Project." The BNR Project was substantially completed in 2010 and became fully on-line in 2012. Due to the explosion at the Biosolids Incinerator, this portion of the BNR Project has been cancelled.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**8. CAPITAL PROJECTS (CONTINUED)**

The District and the Town of North Hempstead have adopted a bond resolution on September 10, 2013, in the amount of \$5,700,000 for the relocation of the 12 inch and 14 inch siphon line system and the replacement of emergency generators at Pump stations G, K and O.

**9. LONG TERM DEBT**

All of the District's debt relates to governmental activities.

Outstanding serial bonds payable at December 31, 2013, consisted of the following:

<u>Issue Number or Name</u>	<u>Year of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Interest Payable in Future Periods</u>
<b>Town of North Hempstead</b>					
CA-'84	1992	2016	6.02%	\$ 427,000	\$ 40,800
CA-'84	1992	2017	6.02%	547,000	69,472
Morewood	1999	2019	3.82%	584,302	91,040
CTR. 93, 94, 95	2006	2026	4.375 & 4.50%	1,505,671	475,094
Morewood Refunding	2010	2022	2.0-2.75%	<u>218,806</u>	<u>30,318</u>
				<u>\$ 3,282,779</u>	<u>\$ 706,724</u>
<b>State Bonds – EFC</b>					
#CI96	1999	2018	4.464%	\$ 495,000	21,665
BNR	2008	2038	4.27%	580,000	166,637
NYSEFC 2010C	2010	2039	.286-4.603%	<u>13,340,000</u>	<u>4,077,378</u>
				<u>\$14,415,000</u>	<u>\$ 4,265,680</u>

Interest on long-term debt for the year was comprised of:

Interest paid	\$ 449,428
Less: interest accrued in prior year	(141,611)
Plus: interest accrued in current year	<u>139,764</u>
Interest expense	<u>\$ 447,581</u>

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**9.LONG TERM DEBT (CONTINUED)**

The following is summary of long term liabilities of the District for the year:

	<u>Total</u>	<u>Serial Bonds</u>	<u>State Bonds-EFC</u>	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance at January 1, 2013	\$22,184,348	\$ 3,741,452	\$14,945,000	\$ 332,957	\$3,164,939
Additions	473,839	-	-	-	473,839
Redemptions	<u>989,485</u>	<u>458,673</u>	<u>530,000</u>	<u>812</u>	<u>-</u>
Balance at December 31, 2013	<u>\$21,668,702</u>	<u>\$ 3,282,779</u>	<u>\$14,415,000</u>	<u>\$ 332,145</u>	<u>\$3,638,778</u>

The annual requirement to amortize all debt outstanding as of December 31, 2013, including interest payments net of interest subsidies on State EFC bonds, was:

Year Ending December 31,	<u>Total</u>	TNH	TNH	EFC	EFC
		<u>Serial Bonds Principal</u>	<u>Serial Bonds Interest</u>	<u>State Bonds Principal</u>	<u>State Bonds Interest</u>
2014	\$ 1,448,069	\$ 482,151	\$ 149,804	\$ 545,000	\$ 271,114
2015	1,421,489	487,070	122,728	545,000	266,691
2016	1,404,399	491,741	96,280	555,000	261,378
2017	1,246,311	357,294	74,069	560,000	254,948
2018	1,105,175	232,107	60,359	565,000	247,709
2019-2023	4,515,544	809,278	174,372	2,405,000	1,126,894
2024-2028	3,963,318	423,138	29,112	2,605,000	906,068
2029-2033	3,474,868	-	-	2,850,000	624,868
2034-2038	3,436,280	-	-	3,145,000	291,280
2039	<u>654,730</u>	<u>-</u>	<u>-</u>	<u>640,000</u>	<u>14,730</u>
	<u>\$22,670,183</u>	<u>\$ 3,282,779</u>	<u>\$ 706,724</u>	<u>\$14,415,000</u>	<u>\$ 4,265,680</u>

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2013**

**10. BOND ANTICIPATION NOTES PAYABLE AND OTHER SHORT TERM BORROWINGS**

Bond Anticipation Notes payable and Other Short-Term Borrowings at December 31, 2013, consisted of the following:

Bond Anticipation Notes and Short-Term Borrowings, January 1, 2013	\$ -
Addition	-
BANs retired with Serial Bonds issued	<u>-</u>
Bond Anticipation Notes and Short-Term Borrowings, December 31, 2013	\$ <u>-</u>

**12. INTERFUND RECEIVABLES AND PAYABLES**

Interfund Receivables and Payables at December 31, 2013, were as follows:

Due to	General Fund	Capital Projects	Due from Debt Service	Agency	Total
General Fund	\$ -	\$ 24,926	\$ -	\$ -	\$ 24,926
Capital Projects	-	-	-	-	-
Debt Service	45,898	-	-	-	45,898
Agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u>45,898</u>	\$ <u>24,926</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>70,824</u>

**13. DEFERRED COMPENSATION PLAN**

In October 1997, the Governmental Accounting Standards Board issued Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Service Code (IRC) Section 457 Deferred Compensation Plans." This statement established accounting and financial reporting standards for IRC section 457 deferred compensation plans.

On October 1, 1997, the New York State Deferred Compensation Board (Board) created a Trust and Custody agreement naming Bank of New York the Trustee and Custodian of the Plan. Consequently, statement No. 32 became effective for the New York State Deferred Compensation Plan, in which the District participates. Since neither the Board nor the District are trustees of the plan, the plan does not meet the criteria for inclusion in the District's financial statements.

As of December 31, 2013, the market value of the plan assets totaled \$651,583.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2013**

**14.LEASE COMMITMENTS**

The District holds non-cancelable operating leases for the rental and maintenance of a photocopy machine and a postage meter. The operating lease expense for the postage meter was \$381 during 2013. It expired as of December 31, 2013, and will be rented on a month to month basis. The District entered into a new 36 month lease for the photocopy machine as of January 1, 2013.

Future minimum payments are as follows:

2014	\$	1,238
2015		<u>1,238</u>
	\$	<u><u>2,476</u></u>

**15.FUND BALANCE REPORTING**

GASB 54 provides for two major types of fund balance, which are nonspendable and spendable. Non spendable 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. The District has inventories that are considered nonspendable. GASB 54 has provided a hierarchy of spendable fund balances based on spending constraints that impact the District.

**Nonspendable**

General Fund:	
Prepaid Expenses	\$ 190,576
Inventory	<u>8,950</u>
	\$ <u><u>199,526</u></u>

**Spendable**

**Restricted**

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

General Fund:	
Employee Benefits Accrued Liability	\$ <u><u>154,390</u></u>

**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.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2013**

**15.FUND BALANCE REPORTING (CONTINUED)**

Assigned

Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. Intent is expressed by the Board of Commissioners or an official or body to which the Board delegates authority.

General Fund:		
Designated for subsequent year's expenditures		\$ 83,959
Debt Service Fund:		
Designated for future debt reduction		<u>381,083</u>
		<u>\$ 465,042</u>

Unassigned

This includes all other general fund net assets that do not meet the definition of the above four classifications. It may be offset by negative fund balances in other funds.

General Fund:		
Sludge hauling	\$ 2,842,404	
Capital Projects Fund:	<u>(27,763)</u>	
	<u>\$ 2,814,642</u>	

The following is a summary of total fund balance as of December 31, 2013:

Nonspendable:	\$ 199,526
Spendable:	
Restricted	154,390
Committed	-
Assigned	465,042
Unassigned	<u>2,814,641</u>
Total	<u>\$3,633,599</u>

**16.CONTINGENCIES**

The District is occasionally a recipient of a number of federal and state grants. These grants are administered by various agencies. These grants are subject to various compliance and financial audits by the respective agencies administering the grants, which could result in certain disallowances. The Board believes that they have substantially complied with the rules and regulations as specified under the various grant agreements as well as rules and regulations of the respective agency for each grant.

The District is a defendant in a number of claims which the District does not believe, either individually or in the aggregate will have a material effect on the financial condition of the District. Except for deductibles, the District is insured against any possible loss.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**17. GAIN ON SALE OF REAL PROPERTY**

The District had entered into a sales agreement effective July 30, 2013, with the Village of Baxter Estates for the property located at 315 Main Street, Port Washington, New York. The proceeds of the sale were \$945,000, of which a gain of \$926,851 has been recognized, net of selling costs of \$18,149.

**18. SUBSEQUENT EVENTS**

The District is in the process of applying for the following debt in connection with the construction of the CT-116 project, the Sandy Hollow Road Siphon Line Rehabilitation: (a) bond anticipation note in the amount of \$600,000 for the engineering contract, and (b) a loan from the NYS Environmental Facilities Corporation in the amount of \$4.4 million for the construction project.

The Town of North Hempstead has refunded various bonds, including some bonds of the District in March 2014.

The District has evaluated subsequent events through April 15, 2014, which is the date these financial statements were available to be issued. No other events have occurred subsequent to the statement of financial position date through April 15, 2014, that would require adjustment or disclosure in the financial statements.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2013**

GENERAL FUND

	Adjusted Budget	Actual	Favorable [Unfavorable]	Debt Service Fund	Capital Projects Fund	Total	Actual 2012
Revenues:							
Real Property Taxes	\$ 4,702,314	\$ 4,702,314	\$ -	\$ -	\$ -	\$ 4,702,314	\$ 4,605,790
Departmental Income:							
Sewer Rents	154,278	154,278	-	-	-	154,278	160,245
Sewer Service Charges	13,728	13,728	-	-	-	13,728	11,838
Sewer Services to Other Governments	858,895	858,895	-	-	-	858,895	851,760
Interest Earnings	8,929	8,929	-	-	-	8,929	14,680
Interest Earnings - Reserves	179	180	1	426	-	606	1,087
Federal Aid-Emergency Disaster Assistance	35,040	35,040	-	-	-	35,040	40,029
Refund of Prior Years Expenditures	7,793	807	(6,986)	-	26,307	27,114	33,457
Sale of Equipment	-	-	-	-	-	-	8,184
Sale of Real Property	515,662	945,000	429,338	-	-	945,000	-
Other Unclassified Revenue	733	2,650	1,917	-	-	2,650	634
<b>Total Revenues</b>	<b>6,297,551</b>	<b>6,721,821</b>	<b>424,270</b>	<b>426</b>	<b>26,307</b>	<b>6,748,554</b>	<b>5,727,704</b>
Expenditures:							
Sewer Administration	405,383	405,189	194	-	-	405,189	411,994
Sanitary Sewers	1,476,941	1,443,894	33,047	-	-	1,443,894	1,852,102
Sewage Treatment and Disposal	1,713,070	1,712,890	180	-	-	1,712,890	1,795,941
Employee Benefits	1,139,809	1,139,794	15	-	-	1,139,794	1,107,490
Capital Projects	-	-	-	-	28,498	28,498	2,224,674
Debt Service:							
Serial Bonds - Principal	-	-	-	988,673	-	988,673	1,121,589
Serial Bonds - Interest	-	-	-	449,428	-	449,428	480,393
Bond Anticipation Notes - Principal	-	-	-	-	-	-	-
Bond Anticipation Notes - Interest	-	-	-	-	-	-	-
Fiscal Agent Fees	-	-	-	90,791	-	90,791	95,309
<b>Subtotal of Expenditures</b>	<b>4,735,203</b>	<b>4,701,767</b>	<b>33,436</b>	<b>1,528,892</b>	<b>28,498</b>	<b>6,259,157</b>	<b>9,089,492</b>
Excess of Revenues Over (Under) Expenditures	1,562,348	2,020,054	457,706	(1,528,466)	(2,191)	489,397	(3,361,788)

See independent auditor's report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2013**

GENERAL FUND

	Adjusted Budget	Actual	Favorable [Unfavorable]	Debt Service Fund	Capital Projects Fund	Total	Actual 2012
Excess (Deficiency) of Revenues Over Expenditures	1,562,348	2,020,054	457,706	(1,528,466)	(2,191)	489,397	(3,361,788)
Other Financing Sources (Uses):							
Operating Transfers	(1,567,948)	(1,567,947)	1	1,430,675	137,272	-	-
Serial Bonds Issued	-	-	-	-	-	-	-
Proceeds from Refunding Bonds	-	-	-	-	-	-	-
Premium on Sale of Bonds	-	-	-	-	-	-	-
Payment to Escrow Agent	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(1,567,948)	(1,567,947)	1	1,430,675	137,272	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(5,600)	452,107	\$ 457,707	(97,791)	135,081	489,397	(3,361,788)
Appropriated Fund Balance Encumbrances	285,424 33,373						
Fund Balances January 1, 2013	5,600	2,828,172		478,874	(162,844)	3,144,202	6,505,990
Fund Balances December 31, 2013	\$ -	\$ 3,280,279		\$ 381,083	\$ (27,763)	\$ 3,633,599	\$ 3,144,202

See independent auditor's report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES  
AND TRANSFERS - BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2013**

Sewer Administration	2013				2012	
	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances	Unencumbered Balance	Expenditures & Encumbrances
Personal Services	\$ 272,000	\$ 233,535	\$ 233,535	\$ -	\$ -	\$ 268,173
Commissioners Fees	21,000	19,120	19,120	-	-	18,400
	<u>293,000</u>	<u>252,655</u>	<u>252,655</u>	-	-	<u>286,573</u>
Capital Outlay	5,000	-	-	-	-	11,819
Contractual Expenditures:						
Stationery & Printing	500	467	467	-	-	147
Postage	1,000	700	699	-	1	1,056
Books, Publications, etc.	100	70	70	-	-	197
Office, Supplies and Expenses	4,000	7,090	6,931	-	-	2,664
Telephone & Communications	2,450	3,878	3,877	-	159	2,398
Light and Power	1,500	1,520	1,519	-	1	1,343
Water	350	2	1	-	1	125
Equipment - Rental	750	-	-	-	-	708
Assessment Rolls	4,500	4,500	4,500	-	-	4,500
Legal Notices	350	632	631	-	1	535
Conferences, Meetings, etc.	2,000	460	457	-	3	691
Election Expense	1,500	1,724	1,724	-	-	1,840
Engineering	2,000	1,860	1,858	-	2	1,500
Auditing	34,000	30,255	30,251	-	4	32,458
Custodial	2,000	1,502	1,501	-	1	2,228
Legal	55,500	67,420	67,411	-	9	46,935
Other Professional Services	17,000	25,741	25,733	-	8	15,920
Gas, Oil, etc.	900	981	981	-	-	639
Repairs & Maintenance:						
Alarm Systems	700	685	683	-	2	682
Operating Equipment	1,000	665	664	-	1	854
Other	500	2,576	2,576	-	-	1,774
	<u>132,600</u>	<u>152,728</u>	<u>152,534</u>	<u>159</u>	<u>35</u>	<u>119,194</u>
	<u>430,600</u>	<u>405,383</u>	<u>405,189</u>	<u>159</u>	<u>35</u>	<u>417,586</u>

See independent auditor's report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES  
AND TRANSFERS - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2013**

	2013				2012	
Sanitary Sewers	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances	Unencumbered Balance	Expenditures & Encumbrances
Personal Services	612,480	570,152	570,150	-	2	576,796
Capital Outlay	199,000	403,282	403,282	-	-	837,962
Contractual Expenditures:						
Telephone & Communications	12,750	8,671	8,671	-	-	11,131
Light and Power	160,000	158,200	158,200	-	-	145,770
Water	8,500	5,657	5,656	-	1	9,889
Heating	28,000	25,012	25,012	-	-	25,014
Equipment Rental	1,000	144	144	-	-	7,064
Conferences, Meetings, etc.	5,500	6,346	6,346	-	-	6,566
Engineering	10,000	67,919	67,919	-	-	18,227
Custodial	4,000	3,670	3,670	-	-	3,115
Medical	1,500	903	902	-	1	1,793
Uniforms and Laundry	5,500	4,949	4,709	240	-	4,652
Gas, Oil, etc.	20,000	19,966	19,965	-	1	28,245
Chemicals, Testing & Chlorine	16,000	14,932	14,932	-	-	16,120
Tools, Parts & Supplies:						
Plant & Grounds	-	-	-	-	-	-
Trunk Lines & Laterals	-	-	-	-	-	-
Repairs & Maintenance:						
Alarm Systems	9,800	6,745	6,745	-	-	18,007
Operating Equipment	50,000	53,166	20,969	32,197	-	40,135
Plant & Grounds	54,000	127,227	126,622	602	3	101,741
Trunk Lines & Laterals	20,000	-	-	-	-	-
	<u>406,550</u>	<u>503,507</u>	<u>470,462</u>	<u>33,039</u>	<u>6</u>	<u>437,469</u>
	<u>1,218,030</u>	<u>1,476,941</u>	<u>1,443,894</u>	<u>33,039</u>	<u>8</u>	<u>1,852,227</u>

See independent auditor's report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES  
AND TRANSFERS - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2013**

Sewage Treatment and Disposal	2013				2012	
	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances	Unencumbered Balance	Expenditures & Encumbrances
Personal Services	670,200	660,991	660,991	-	-	710,066
Capital Outlay	7,500	11,272	11,272	-	-	54,032
Contractual Expenditures:						
Telephone & Communications	4,000	3,727	3,727	-	-	5,264
Light and Power	265,000	333,934	333,934	-	-	278,892
Water	20,000	13,458	13,458	-	-	17,558
Heating	30,000	16,754	16,754	-	-	12,870
Equipment Rental	3,750	672	672	-	-	17,375
Conferences, Meetings, etc.	3,500	5,224	5,224	-	-	2,434
Engineering	58,000	74,119	74,118	-	1	91,470
Custodial	4,050	2,545	2,545	-	-	1,860
Medical	1,000	745	745	-	-	-
Uniforms & Laundry	3,000	2,253	2,078	175	-	1,358
Gas, Oil, etc.	5,000	4,399	4,399	-	-	17,555
Chemicals & Testing:						
Analysis	42,000	27,139	27,139	-	-	36,509
Chemicals & Chlorine	51,500	89,465	89,464	-	1	77,621
Tools, Parts and Supplies:						
Plant and Grounds	-	-	-	-	-	-
Repairs & Maintenance						
Alarm System	2,000	264	263	-	1	1,623
Operating Equipment	20,000	10,599	10,598	-	1	1,024
Plant & Grounds	66,000	91,879	91,878	-	1	82,430
Treatment and Disposal of						
Sewage & Sludge	420,000	353,696	353,696	-	-	373,849
Permit Fees	10,500	9,935	9,935	-	-	12,151
	1,009,300	1,040,807	1,040,627	175	5	1,031,843
	1,687,000	1,713,070	1,712,890	175	5	1,795,941

See independent auditor's report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES  
AND TRANSFERS - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED DECEMBER 31, 2013**

	2013				2012	
	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances	Unencumbered Balance	Expenditures & Encumbrances
<b>Employee Benefits</b>						
State Retirement	297,000	264,438	264,438	-	-	244,056
Social Security and Medicare	116,500	109,109	109,109	-	-	116,050
Workers' Compensation	52,000	48,275	48,275	-	-	46,183
Unemployment Insurance	-	6,075	6,075	-	-	7,695
Hospital and Medical Insurance	575,000	537,539	537,538	-	1	525,796
Metro Commuter Transportation Tax	3,650	2,650	2,637	-	13	3,609
Unallocated Insurance	165,000	171,723	171,722	-	1	164,101
Judgments and Claims	-	-	-	-	-	-
	<u>1,209,150</u>	<u>1,139,809</u>	<u>1,139,794</u>	<u>-</u>	<u>15</u>	<u>1,107,490</u>
<b>Transfers</b>						
Debt Service Fund	1,358,958	1,369,892	1,369,892	-	-	1,360,561
Capital Projects Fund	100,000	198,056	198,055	-	1	18,935
	<u>1,458,958</u>	<u>1,567,948</u>	<u>1,567,947</u>	<u>-</u>	<u>1</u>	<u>1,379,496</u>
	<u>\$ 6,003,738</u>	<u>\$ 6,303,151</u>	<u>\$ 6,269,714</u>	<u>\$ 33,373</u>	<u>\$ 64</u>	<u>\$ 6,552,740</u>

See independent auditor's report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
 YEAR ENDED DECEMBER 31, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)--- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a
						Percentage of Covered Payroll ((b-a)/c)
12/31/07						
	N/A - Transition Date is 12/31/08					
12/31/08	\$ -	\$ 8,206,745	\$ 8,206,745	0.0%	\$ 2,204,447	372.3%
12/31/09	\$ -	\$ 8,176,229	\$ 8,176,229	0.0%	\$ 2,620,953	312.0%
12/31/10	\$ -	\$ 8,728,815	\$ 8,728,815	0.0%	\$ 1,454,728	600.0%
12/31/11	\$ -	\$ 9,930,602	\$ 9,930,602	0.0%	\$ 1,567,486	633.5%
12/31/12	\$ -	\$ 9,502,925	\$ 9,502,925	0.0%	\$ 1,573,436	604.0%
12/31/13	\$ -	\$ 7,041,812	\$ 7,041,812	0.0%	\$ 1,483,797	474.6%

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
 SCHEDULE OF BALANCE SHEETS  
 CAPITAL PROJECTS FUND - BY PROJECT  
 DECEMBER 31, 2013**

	BNR Project	Pump Station "C" Force Main Rehabilitation CT97	Sludge Building Fund CT112	Sandy Hollow Road Siphon Line Rehabilitation CT116	Total
	2013	2013	2013	2013	2012
<b>ASSETS</b>					
Cash	\$ 25,868	\$ -	\$ -	\$ -	\$ 40,868
Due from Other Funds	-	-	-	-	122,913
Due from Town of North Hempstead	15	-	-	15	45,799
Due from NYSDEC	-	-	-	-	-
State, Federal Aid Receivable	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 25,883</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,883</b>	<b>\$ 209,580</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Accounts Payable/Contracts Payable	\$ -	\$ -	\$ -	\$ 21,064	\$ -
Retained Percentages, Contracts Payable	-	-	7,641	-	33,947
Reserve for Interest on Temp Invest	15	-	-	15	-
Due to Other Funds	-	-	-	24,926	338,477
<b>TOTAL LIABILITIES</b>	<b>15</b>	<b>-</b>	<b>7,641</b>	<b>53,646</b>	<b>372,424</b>
Fund Balances:					
Assigned Unappropriated Fund Balance Unreserved	25,868	-	(7,641)	(45,990)	(1,494,838)
<b>FUND BALANCE</b>	<b>25,868</b>	<b>-</b>	<b>(7,641)</b>	<b>(27,763)</b>	<b>(162,844)</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ 25,883</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,883</b>	<b>\$ 209,580</b>

See independent auditor's report

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES CAPITAL PROJECTS FUND - BY PROJECT  
YEAR ENDED DECEMBER 31, 2013**

	BNR Project	Pump Station "C" Force Main Rehabilitation CT97	Sludge Building Fund CT112	Sandy Hollow Road Siphon Line Rehabilitation CT116	Total
	2013	2013	2013	2013	2012
Revenues:					
Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance Recovery	-	-	-	-	-
Federal & State Grant Aid	-	-	-	-	-
Refund of Prior Year Expenses	-	26,307	-	26,307	-
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 26,307</b>	<b>\$ -</b>	<b>\$ 26,307</b>	<b>\$ -</b>
Expenditures:					
Contractual	715	2,477	11,258	14,048	2,224,674
<b>Total Expenditures</b>	<b>715</b>	<b>2,477</b>	<b>11,258</b>	<b>14,048</b>	<b>2,224,674</b>
Excess of Revenues Over (Under) Expenditures	(715)	(2,477)	15,049	(14,048)	(2,224,674)
Other Financial Sources (Uses):					
Transfers from General Fund	-	2,477	195,578	-	18,935
Serial Bonds Issued	-	-	-	-	-
Intrafund Transfers	(122,198)	-	122,198	-	-
Transfers to Debt Service Fund	(60,783)	-	-	(60,783)	-
<b>Total Other Financial Sources (Uses):</b>	<b>(182,981)</b>	<b>2,477</b>	<b>317,776</b>	<b>137,272</b>	<b>18,935</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(183,696)	-	332,825	(14,048)	(2,205,739)
Fund Balances, January 1, 2013	209,564	-	(340,466)	(31,942)	2,042,895
<b>Fund Balances, December 31, 2013</b>	<b>\$ 25,868</b>	<b>\$ -</b>	<b>\$ (7,641)</b>	<b>\$ (45,990)</b>	<b>\$ (162,844)</b>

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