

PORT WASHINGTON
WATER POLLUTION CONTROL DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2014

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, 2014, 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, 2014, 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
June 30, 2015

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2014**

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 2014. This information is presented in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$15.6 million at December 31, 2014, a decrease of \$529,000 or 3.3 percent from the previous year.
- The District's governmental funds reported combined ending fund balances of \$2,194,000, a decrease of \$1,440,000 in comparison with the previous year. The decrease is primarily attributable to an increase in the fund balance of the general fund of \$76,000 and decreases in the capital projects fund of \$1,423,000 plus a decrease in the debt service fund of \$93,000.
- Revenues for the District increased by \$36,000 or 0.6 percent in 2014.
- Expenses for the District decreased by \$449,000 or 6.7 percent in 2014.
- The District issued \$600,000 Bond Anticipation Notes to finance the engineering cost of the capital project to replace the 60 year old 12-inch and 14-inch siphon line system.
- The District applied for the New York State Storm Mitigation Loan Program through the Environmental Facilities Corporation to finance the construction cost of the above project.
- NYS Environmental Facilities Corporation notified the District at the end of the year that it is eligible for the New York State Storm Mitigation Loan Program that offers 25% grant of total eligible project costs.
- 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, 2014**

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, 2014**

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>2014</u>	<u>2013</u>
Current and Other Assets	\$ 3,503,861	\$ 3,868,737
Capital Assets	<u>34,336,496</u>	<u>34,242,412</u>
Total Assets	37,840,357	38,111,149
Deferred Outflow of Resources	<u>42,091</u>	<u>50,509</u>
Total Assets and Deferred Outflow of Resources	<u>37,882,448</u>	<u>38,161,658</u>
Long-Term Liabilities	19,779,977	20,641,551
Other Liabilities	<u>2,454,237</u>	<u>1,393,635</u>
Total Liabilities	<u>22,234,214</u>	<u>22,035,186</u>
Deferred Inflow of Resources	<u>50,693</u>	<u>-</u>
Total Liabilities and Deferred Inflow of Resources	<u>22,284,907</u>	<u>22,035,186</u>
Invested in Capital Assets, Net of Related Debt	13,805,279	12,905,855
Restricted	633,453	353,320
Unrestricted	<u>1,158,809</u>	<u>2,867,297</u>
Total Net Position	<u>\$ 15,597,541</u>	<u>\$ 16,126,472</u>

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 and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$15.6 million at December 31, 2014. By far the most significant portion (89%) 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 not be used to liquidate these liabilities. An additional portion of the District's total assets (11%) represents resources that are partially subject to external restrictions on how they may be used. The District's total net position decreased by \$529,000 or 3.3% from the prior year.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2014**

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

- Current and other assets-The \$365,000 decrease is mainly due to a decrease in Cash of \$905,000 offset by an increase in Accounts Receivable-Other of \$550,000.
- Capital Assets-The \$94,000 increase is mainly due to new construction-in-progress, and other assets which exceeded depreciation for the year.
- Long-term liabilities-The \$862,000 decrease is mostly attributable to the increase in other post employment benefits offset by payment of outstanding debt.
- Other liabilities-The \$1,061,000 increase is mostly attributable to increases in Accounts Payable, Accruals and Bond Anticipation Notes Payable.
- Net Position (Restricted and Unrestricted)-The \$1,428,000 decrease is largely attributable to the decreases in Cash and Restricted Cash, offset by an increase in Other liabilities, which was greater than the decrease in Long-term liabilities.

SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

	<u>2014</u>	<u>2013</u>
Revenues		
Program Revenues		
Departmental Income	\$ <u>1,041,840</u>	\$ <u>1,026,901</u>
Subtotal Program Revenues	1,041,840	1,026,901
General Revenues		
Real Property Taxes	4,782,303	4,702,314
Interest	10,610	9,535
Refund of Prior Years Expenditures	4,738	27,114
Federal Aid-Emergency Disaster Assistance	-	35,040
Other Unclassified Revenue	<u>36</u>	<u>2,650</u>
Subtotal General Revenues	<u>4,797,687</u>	<u>4,776,653</u>
Total Revenues	<u>5,839,527</u>	<u>5,803,554</u>
Expenditures		
Salaries and Benefits	2,739,151	3,093,980
Capital Outlay	-	-
Operations	1,552,177	1,666,260
Depreciation	1,577,694	1,525,793
Debt Service	<u>415,327</u>	<u>447,581</u>
Total Expenditures	<u>6,284,349</u>	<u>6,733,614</u>
Other Financial Sources (Uses):		
Refunding Bond Issuance Costs	(3,408)	-
Fiscal Agent Fees	<u>(80,701)</u>	<u>(90,791)</u>
Total Other Financial Sources (Uses)	<u>(84,109)</u>	<u>(90,791)</u>
Special Item:		
Gain from Sale of Real Property	<u>-</u>	<u>926,851</u>
Increase (Decrease) in Net Position	(528,931)	(94,000)
Net Position ó beginning	<u>16,126,472</u>	<u>16,220,472</u>
Net Position ó ending	<u>\$ 15,597,541</u>	<u>\$ 16,126,472</u>

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2014**

ANALYSIS OF RESULTS OF OPERATIONS

Total revenues increased by \$36,000 or .6%. The majority of the positive variance is an \$80,000 increase in real property tax revenue.

The decrease in expenditures of \$449,000 or 6.7 % was principally due to the decreases in salaries and benefits, operations and debt service.

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The fund balances of the District's governmental funds decreased by \$1,440,000. The majority of the decrease is attributable to increases in the Capital Project Fund expense primarily incurred for the Sandy Hollow Road Siphon Line Rehabilitation Project. The net increase in the General Fund Balance of \$76,000 or 2.3% is mainly due to a decrease in capital outlay, a decrease in salaries and benefits, offset by increases in real property tax income and departmental income.

GENERAL FUND BUDGETARY HIGHLIGHTS

The decrease of \$31,000 in the original adopted budget and the modified budget represents encumbrances carried forward from 2013 and decreases in personal services, capital outlay, legal and other professional services in the Sewer Administration Department.

The increase of \$11,000 in the Sanitary Sewers Department is primarily due to increases in capital outlay, lighting and repairs and maintenance plant and grounds, offset by decreases in personal services, heating, and repairs and maintenance operating equipment.

The decrease of \$80,000 in the Sewage Treatment and Disposal Department is attributable to decreases in capital outlay, heating, chemicals and testing, and treatment and disposal of sewage and sludge, offset by increases in light and power, engineering and repairs and maintenance operating equipment.

The \$81,000 increase in Employee Benefits is due to decreases in state retirement benefits, unallocated insurance and social security and Medicare, offset by an increase in hospital and medical insurance.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

At the end of 2014, the District had \$34.3 million invested in land, buildings, equipment, sewer lines and pumping stations. There was a net increase in capital assets of about \$94,000. The District added \$1,672,000 in new fixed assets. Depreciation recorded for 2014 was \$1,578,000. 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, 2014**

**CAPITAL ASSETS
NET OF DEPRECIATION**

	<u>2014</u>	<u>2013</u>
Land	\$ 3,838,223	\$ 3,838,223
Buildings	1,846,090	192,936
Improvements	1,946,496	1,966,757
Equipment	1,058,470	1,065,700
Infrastructure	24,164,680	25,462,613
Construction in Progress	<u>1,482,537</u>	<u>1,716,183</u>
Total	<u>\$ 34,336,496</u>	<u>\$ 34,242,412</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 April 2014.

On September 10, 2013, the Town Board approved appropriating \$5.7 million for the replacement of 12-inch and 14-inch siphon line system project and the replacement of emergency generators at pump stations G, K & O. Construction of the siphon line project started in July 2014 and is scheduled to be completed in July 2015.

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

OUTSTANDING DEBT

	<u>2014</u>	<u>2013</u>
Serial Bonds	\$ 2,757,860	\$ 3,282,779
Environmental Facilities Corp. Bonds	13,870,000	14,415,000
Short Term Borrowing	<u>600,000</u>	<u>-</u>
	<u>\$ 17,227,860</u>	<u>\$ 17,697,779</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, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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 2015 has increased by \$550,303 or 9.3%. The real estate tax levy has been increased by \$57,393 or 1.2%. The amount of appropriated fund balance for 2015 is \$572,869, an increase of \$488,910 from 2014. The 2015 budget's Operation and Maintenance appropriations decreased by .002% while Debt Service appropriation decreased by 19.2%.

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 2015-2016. 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 has become a self-insured program effective January 1, 2014. The projected insurance premium increase for 2015 is 5.2%, in aggregate, for The Empire Plan and 5.5%, in aggregate, for The Excelsior Plan.

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, 2014**

	General Fund	Other Funds	Total	Adjustments	Statement of Net Position
ASSETS					
Cash	\$ 2,292,629	\$ 5,868	\$ 2,298,497	\$ -	\$ 2,298,497
Accounts Receivable-Other	4,186	-	4,186	617,344	621,530
Interfund Receivables	922,934	2,293	925,227	(925,227)	-
Due From Other Governments	76,665	540,679	617,344	(617,344)	-
Prepaid Expense	182,638	-	182,638	-	182,638
Restricted Cash	154,579	239,883	394,462	-	394,462
Inventory	6,734	-	6,734	-	6,734
Land	-	-	-	3,838,223	3,838,223
Capital Assets, Net of Depreciation	-	-	-	30,498,273	30,498,273
Total Assets	<u>3,640,365</u>	<u>788,723</u>	<u>4,429,088</u>	<u>33,411,269</u>	<u>37,840,357</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Expense Bond Refunding of 2003	-	-	-	42,091	42,091
Total Assets and Deferred Outflows of Resources	<u>3,640,365</u>	<u>788,723</u>	<u>4,429,088</u>	<u>33,453,360</u>	<u>37,882,448</u>
LIABILITIES					
Accounts Payable/Contracts Payable	-	426,152	426,152	-	426,152
Retained Percentages, Contracts Payable	-	-	-	-	-
Accruals	239,637	-	239,637	121,343	360,980
Interfund Payables	383	924,844	925,227	(925,227)	-
Due to Other Governments	44,200	-	44,200	-	44,200
Deferred Revenue	-	-	-	-	-
Bond Anticipation Notes Payable	-	600,000	600,000	-	600,000
Long-Term Balances - Due Within One Year	-	-	-	1,022,905	1,022,905
Long-Term Balances - Due After One Year	-	-	-	19,779,977	19,779,977
Total Liabilities	<u>284,220</u>	<u>1,950,996</u>	<u>2,235,216</u>	<u>19,998,998</u>	<u>22,234,214</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Income Bond Refunding of 2014	-	-	-	50,693	50,693
Total Liabilities and Deferred Inflows of Resources	<u>284,220</u>	<u>1,950,996</u>	<u>2,235,216</u>	<u>20,049,691</u>	<u>22,284,907</u>
FUND BALANCE/NET POSITION					
Fund Balances:					
Nonspendable	189,372	-	189,372	(189,372)	-
Restricted	154,579	478,874	633,453	(633,453)	-
Assigned	572,869	-	572,869	(572,869)	-
Unassigned	2,439,325	(1,641,147)	798,178	(798,178)	-
Total Liabilities and Fund Balances	<u>3,356,145</u>	<u>(1,162,273)</u>	<u>2,193,872</u>	<u>(2,193,872)</u>	<u>-</u>
	<u>\$ 3,640,365</u>	<u>\$ 788,723</u>	<u>\$ 4,429,088</u>		
NET POSITION:					
Net investment in capital assets				13,805,279	13,805,279
Restricted for:					
Employee Benefit Accrued Liability				154,579	154,579
Debt Service				478,874	478,874
Unrestricted				1,158,809	1,158,809
Total Net Position				<u>\$ 15,597,541</u>	<u>\$ 15,597,541</u>

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

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

ASSETS	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Cash	\$ 2,292,629	\$ -	\$ 5,868	\$ 2,298,497
Accounts Receivable-Other	4,186	-	-	4,186
Due From Other Funds	922,934	2,293	-	925,227
Due From Other Governments	76,665	45,913	494,766	617,344
Prepaid Expenses	182,638	-	-	182,638
Restricted Cash	154,579	239,883	-	394,462
Inventory	6,734	-	-	6,734
TOTAL ASSETS	\$ 3,640,365	\$ 288,089	\$ 500,634	\$ 4,429,088
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable/Contracts Payable	\$ -	\$ -	\$ 426,152	\$ 426,152
Retained Percentages, Contracts Payable	-	-	-	-
Accruals	239,637	-	-	239,637
Due to Other Funds	383	-	924,844	925,227
Due to Other Governments	44,200	-	-	44,200
Deferred Revenue	-	-	-	-
Bond Anticipation Notes Payable	-	-	600,000	600,000
TOTAL LIABILITIES	284,220	-	1,950,996	2,235,216
 Fund Balances:				
Nonspendable	189,372	-	-	189,372
Restricted	154,579	478,874	-	633,453
Assigned	572,869	-	-	572,869
Unassigned	2,439,325	(190,785)	(1,450,362)	798,178
TOTAL FUND BALANCES	3,356,145	288,089	(1,450,362)	2,193,872
TOTAL LIABILITIES & FUND BALANCES	\$ 3,640,365	\$ 288,089	\$ 500,634	\$ 4,429,088

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, 2014**

Total fund balances - governmental funds		\$	2,193,872
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.			34,336,496
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.			(121,343)
Deferred outflows of resources represents future amortization of net refunding expense are not reported in governmental funds.			42,091
Deferred inflows of resources represents future amortization of net refunding expense are not reported in governmental funds.			(50,693)
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	\$	1,022,905	
Due in more than one year		<u>19,779,977</u>	(20,802,882)
Total net position of governmental activities			\$ <u><u>\$15,597,541</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
DECEMBER 31, 2014**

	General Fund	Other Funds	Total	Adjustments	Statement of Activities
Expenditures and Expenses: Sewer Services					
Salaries & Benefits	\$ 2,535,052	\$ -	\$ 2,535,052	\$ 204,099	\$ 2,739,151
Capital Outlay	209,583	1,462,193	1,671,776	(1,671,776)	-
Operations	1,552,177	-	1,552,177	1,577,694	3,129,871
Debt Service:					
Principal	-	1,025,485	1,025,485	(1,025,485)	-
Interest and Other Charges	-	414,063	414,063	1,264	415,327
Total Expenditures/Expense	<u>4,296,812</u>	<u>2,901,741</u>	<u>7,198,553</u>	<u>(914,204)</u>	<u>6,284,349</u>
Revenues:					
Real Property Taxes	4,782,303	-	4,782,303	-	4,782,303
Departmental Income	1,041,840	-	1,041,840	-	1,041,840
Interest Earnings	8,317	2,293	10,610	-	10,610
Refund of Prior Years Expenditures	4,738	-	4,738	-	4,738
Other Unclassified Revenue	36	-	36	-	36
Total Revenues	<u>5,837,234</u>	<u>2,293</u>	<u>5,839,527</u>	<u>-</u>	<u>5,839,527</u>
Other Financing Sources (Uses):					
Operating Transfers	(1,464,556)	1,464,556	-	-	-
Proceeds from Refunding Bonds	-	544,320	544,320	(544,320)	-
Payment to Escrow Agent	-	(544,320)	(544,320)	544,320	-
Refunding Bond Issuance Costs	-	-	-	(3,408)	(3,408)
Fiscal Agent Fees	-	(80,701)	(80,701)	-	(80,701)
Total Other Financing Sources (Uses)	<u>(1,464,556)</u>	<u>1,383,855</u>	<u>(80,701)</u>	<u>(3,408)</u>	<u>(84,109)</u>
	<u>4,372,678</u>	<u>1,386,148</u>	<u>5,758,826</u>	<u>(3,408)</u>	<u>5,755,418</u>
Excess of Revenues and Transfers In Over Expenditures and Transfers Out					
	75,866	(1,515,593)	(1,439,727)	1,439,727	-
Net Change in Fund Balances:					
				(528,931)	(528,931)
Fund Balances:					
Beginning 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>
End of the year	<u>\$ 3,356,145</u>	<u>\$ (1,162,273)</u>	<u>\$ 2,193,872</u>	<u>\$ 13,403,669</u>	<u>\$ 15,597,541</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
DECEMBER 31, 2014**

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues:				
Real Property Taxes	\$ 4,782,303	\$ -	\$ -	\$ 4,782,303
Departmental Income:				
Sewer Rents	162,024	-	-	162,024
Sewer Service Charges	21,619	-	-	21,619
Sewer Services to Other Governments	858,197	-	-	858,197
Interest Earnings	8,128	-	-	8,128
Interest Earnings - Reserves	189	2,293	-	2,482
Refund of Prior Years Expenditures	4,738	-	-	4,738
Other Unclassified Revenue	36	-	-	36
Total Revenues	<u>5,837,234</u>	<u>2,293</u>	<u>-</u>	<u>5,839,527</u>
Expenditures:				
Sewer Administration	354,472	-	-	354,472
Sanitary Sewers	1,128,553	-	-	1,128,553
Sewage Treatment and Disposal	1,679,436	-	-	1,679,436
Employee Benefits	1,134,351	-	-	1,134,351
Capital Projects	-	-	1,462,193	1,462,193
Debt Service:				
Serial Bonds - Principal	-	1,025,485	-	1,025,485
Serial Bonds - Interest	-	414,063	-	414,063
Fiscal Agent Fees	-	80,701	-	80,701
Subtotal of Expenditures	<u>4,296,812</u>	<u>1,520,249</u>	<u>1,462,193</u>	<u>7,279,254</u>
 (Under) Expenditures	 <u>1,540,422</u>	 <u>(1,517,956)</u>	 <u>(1,462,193)</u>	 <u>(1,439,727)</u>
Other Financing Sources (Uses):				
Operating Transfers	(1,464,556)	1,424,962	39,594	-
Serial Bonds Issued	-	-	-	-
Proceeds from Refunding Bonds	-	544,320	-	544,320
Payment to Escrow Agent	-	(544,320)	-	(544,320)
Total Other Financing Sources (Uses)	<u>(1,464,556)</u>	<u>1,424,962</u>	<u>39,594</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>75,866</u>	<u>(92,994)</u>	<u>(1,422,599)</u>	<u>(1,439,727)</u>
 Fund Balances January 1, 2014	 <u>3,280,279</u>	 <u>381,083</u>	 <u>(27,763)</u>	 <u>3,633,599</u>
 Fund Balances December 31, 2014	 <u>\$ 3,356,145</u>	 <u>\$ 288,089</u>	 <u>\$ (1,450,362)</u>	 <u>\$ 2,193,872</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
DECEMBER 31, 2014**

Net change in fund balances - governmental funds (\$1,439,727)

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. 1,671,776

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. (1,577,694)

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. 1,025,485

Proceeds from the issuance of advanced refunding bonds are recorded as revenues in the
governmental funds, however these proceeds represent an increase in liabilities in the
statement of net assets. (544,320)

Payment to the escrow agent for refunded bonds is an expenditure in the governmental funds,
but the payment reduced long-term liabilities in the statement of net assets. 540,912

On the statement of activities, the actual and projected long term expenditures for post employment
for post employment benefits. (264,579)

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. 60,480

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. (1,264)

Total net change in net position of governmental activities (\$528,931)

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, 2014**

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 ó 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, 2014**

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, 2014**

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, 2014, 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, 2014**

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. 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.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. 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.

7. 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.

8. 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.

9. 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, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. 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.

11. 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, 2014**

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, 2014. 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* 6 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.

The District is currently studying the following Statements and plans on adoption when required, which will be for the December 31, 2016 financial statements:

- GASB Statement 72, *Fair Value Measurement and Application* 6 provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements.

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, 2014 the District's bank balances totaled \$2,710,903. 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	\$ 2,710,903
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>\$ 2,710,903</u>

The District had no investments as of December 31, 2014.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

3. CAPITAL ASSETS

A summary of changes in Capital Assets are as follows:

	Balance January 1, 2014	Adjustments and Additions	Adjustments and Deletions	Balance December 31, 2014
Land	\$ 3,838,223	\$ -	\$ -	\$ 3,838,223
Buildings	12,475,816	1,695,841	-	14,171,657
Machinery and Equipment	12,165,173	184,098	-	12,349,271
Improvements other than Buildings	4,024,858	25,485	-	4,050,343
Infrastructure	44,941,076	-	-	44,941,076
Construction in Progress	<u>1,716,183</u>	<u>1,462,194</u>	<u>(1,695,840)</u>	<u>1,482,537</u>
	<u>79,161,329</u>	<u>3,367,618</u>	<u>(1,695,840)</u>	<u>80,833,107</u>
Less: Accumulated Depreciation				
Buildings	12,282,880	42,687	-	12,325,567
Machinery and Equipment	11,099,473	191,328	-	11,290,801
Improvements other than Buildings	2,058,101	45,746	-	2,103,847
Infrastructure	<u>19,478,463</u>	<u>1,297,933</u>	-	<u>20,776,396</u>
	<u>44,918,917</u>	<u>1,577,694</u>	-	<u>46,496,611</u>
	<u>\$ 34,242,412</u>	<u>\$ 1,789,924</u>	<u>\$ (1,695,840)</u>	<u>\$ 34,336,496</u>

Depreciation expense for the year ended December 31, 2014 was \$1,577,694.

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, 2014**

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:

2014	\$251,711
2013	264,438
2012	244,056

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, 2015.

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 of. 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, 2014**

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 thirteen retirees and family members receiving postemployment benefits. The cost to the District in 2014 was \$205,229.

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	\$ 526,636
Interest on net OPEB obligation (zero in transition year)	145,551
Actuarial adjustment to annual required contribution	<u>(202,379)</u>
Annual OPEB cost (expense)	\$ 469,808
Contributions made	<u>(205,229)</u>
Increase in net OPEB obligation	\$ 264,579
Net OPEB obligation- beginning of year	<u>3,638,778</u>
Net OPEB- end of year	<u>\$3,903,357</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the preceding fiscal years are as follows:

Fiscal Year Ended	Annual OPEB Cost	OPEB Contribution	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
2007		N/A- Transition Date is 12/31/08		
2008	\$691,576	\$115,289	16.67%	\$576,287
2009	677,578	112,885	16.66%	564,693
2010	723,988	102,781	14.20%	621,207
2011	857,477	118,709	13.80%	738,768
2012	785,813	121,829	15.50%	663,984
2013	623,722	149,884	24.03%	473,839
2014	469,808	205,229	43.68%	264,579

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

5. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

As of December 31, 2014, the actuarial accrued liability for benefits was \$6,722,704, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$988,500 and the ratio of unfunded actuarial liability to the covered payroll was 6.80. 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- Rates were based on the experience of the New York State and Local Retirement System.

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 2009 United States Life Tables, extended to age 110. Separate mortality was used for males and females.

Turnover- Rates were based on the experience of the New York State and Local Retirement System.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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 9.0 percent initially, reduced to an ultimate rate of 5.0 percent in year nine, was used.

Health insurance premiums- 2014 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the District's short-term investment portfolio, a discount rate of 4.0 percent was used. In addition, the projected unit actuarial cost method was used to value the actuarial accrued liability and normal cost. The unfunded actuarial accrued liability is being amortized by the level dollar amortization method. The remaining amortization period at December 31, 2014, is twenty-three 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 \$271,665. 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 \$271,665 at December 31, 2014. 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.

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

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014**

8. CAPITAL PROJECTS

CONSTRUCTION COMMITMENTS

The District had the following two active projects in 2014:

SCHEDULE OF ACCUMULATED EXPENDITURES

Accumulated expenditures for the active projects at December 31, 2014, are as follows:

	<u>Total</u>	<u>Sludge Building Fund</u>	<u>Sandy Hollow Road Siphon Line Rehabilitation</u>
Authorization	<u>\$ 7,535,603</u>	<u>\$ 1,835,603</u>	<u>\$ 5,700,000</u>
Project expenditures to December 31, 2013	1,716,183	1,670,192	45,991
Current year expenditures	<u>1,462,193</u>	<u>51,953</u>	<u>1,410,240</u>
Project expenditures to December 31, 2014	<u>3,178,376</u>	<u>1,722,145</u>	<u>1,456,231</u>
Commitments and Encumbrances	<u>1,620,000</u>	<u>-</u>	<u>1,620,000</u>
	<u>\$ 4,798,376</u>	<u>\$ 1,722,145</u>	<u>\$ 3,076,231</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 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.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

9. LONG TERM DEBT

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

Outstanding serial bonds payable at December 31, 2014, 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>
Town of North Hempstead					
CA-'84	1992	2016	6.02%	\$ 283,000	\$ 18,080
CA-'84	1992	2017	6.02%	408,000	38,912
CTR. 93, 94, 95	2006	2026	4.375 & 4.50%	1,415,811	410,341
Morewood Refunding	2010	2022	2.0-2.75%	197,826	23,850
Series B Refunding	2014	2019	4.696%	<u>453,223</u>	<u>66,167</u>
				<u>\$ 2,757,860</u>	<u>\$ 557,350</u>
State Bonds – EFC					
#CI96	1999	2018	4.464%	\$ 400,000	15,050
BNR	2008	2038	4.27%	560,000	154,467
NYSEFC 2010C	2010	2039	.286-4.603%	<u>12,910,000</u>	<u>3,825,049</u>
				<u>\$13,870,000</u>	<u>\$ 3,994,566</u>

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

Interest paid	\$ 422,545
Less: interest accrued in prior year	(139,764)
Plus: interest accrued in current year	<u>129,760</u>
Interest expense	<u>\$ 412,451</u>

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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, 2014	\$21,668,702	\$ 3,282,779	\$14,415,000	\$ 332,145	\$ 3,638,778
Additions	264,579	-	-	-	264,579
Redemptions	<u>1,130,399</u>	<u>524,919</u>	<u>545,000</u>	<u>60,480</u>	-
Balance at December 31, 2014	<u>\$20,802,882</u>	<u>\$ 2,757,860</u>	<u>\$13,870,000</u>	<u>\$ 271,665</u>	<u>\$ 3,903,357</u>

The annual requirement to amortize all debt outstanding as of December 31, 2014, including interest payments net of interest subsidies on State EFC bonds, was:

<u>Year Ending December 31,</u>	<u>Total</u>	<u>TNH Serial Bonds Principal</u>	<u>TNH Serial Bonds Interest</u>	<u>EFC State Bonds Principal</u>	<u>EFC State Bonds Interest</u>
2015	\$ 1,413,151	\$ 477,905	\$ 123,555	\$ 545,000	\$ 266,691
2016	1,395,875	482,854	96,643	555,000	261,378
2017	1,237,834	348,963	73,923	560,000	254,948
2018	1,096,681	224,331	59,641	565,000	247,709
2019	993,817	233,515	50,380	470,000	239,922
2020-2024	4,365,081	702,155	140,100	2,435,000	1,087,826
2025-2029	3,810,673	288,137	13,109	2,655,000	854,427
2030-2034	3,461,923	-	-	2,900,000	561,923
2035-2039	<u>3,404,742</u>	-	-	<u>3,185,000</u>	<u>219,742</u>
	<u>\$21,179,777</u>	<u>\$ 2,757,860</u>	<u>\$ 557,351</u>	<u>\$13,870,000</u>	<u>\$ 3,994,566</u>

DEFEASANCE OF DEBT

In April 2014, the Town of North Hempstead, issued refunding bonds of \$539,869 with an average interest rate of 4.70% to partially advance refund 2003 serial bonds in the amount of \$584,303 with a rate of 3.82%. Net proceeds of \$539,869 were deposited into an irrevocable trust with an escrow agent to provide debt service payments or call the old bonds. The issuance costs of \$3,408 were included in the transaction. As a result of the advanced refunding, the District reduced its total debt service requirements by \$63,510 which resulted in an immaterial economic gain (difference between the present value of the debt service on the old and new debt). Certain costs associated with the refunding have been deferred in the government-wide financial statements.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014**

10. BOND ANTICIPATION NOTES PAYABLE AND OTHER SHORT TERM BORROWINGS

Bond Anticipation Notes payable and Other Short-Term Borrowings at December 31, 2014, consisted of the following:

Bond Anticipation Notes and Short-Term Borrowings, January 1, 2014	\$ -
Addition	600,000
BANs retired with Serial Bonds issued	<u>-</u>
Bond Anticipation Notes and Short-Term Borrowings, December 31, 2014	\$ <u>600,000</u>

11. INTERFUND RECEIVABLES AND PAYABLES

Interfund Receivables and Payables at December 31, 2014, were as follows:

	Due to		Due from		Total
	General Fund	Capital Projects	Debt Service	Agency	
General Fund	\$ -	\$ 922,934	\$ -	\$ -	\$ 922,934
Capital Projects	-	-	-	-	-
Debt Service	383	1,910	-	-	2,293
Agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u>383</u>	\$ <u>924,844</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>925,227</u>

12. 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 Mellon 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, 2014, the market value of the plan assets totaled \$727,017.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014**

13. 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 2014. 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:

2015	\$ <u>1,238</u>
	\$ <u>1,238</u>

14. 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	\$ 182,638
Inventory	<u>6,734</u>
	<u>\$ 189,372</u>

Spendable

Restricted

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

General Fund:	
Employee Benefits Accrued Liability	\$ 154,579
Debt Service Fund:	
Designated for future debt reduction	<u>478,874</u>
	<u>\$ 633,453</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, 2014**

14. 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 yearø expenditures	<u>\$ 572,869</u>
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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	\$ 2,439,325
Debt Service Fund:	(190,785)
Capital Projects Fund:	<u>(1,450,362)</u>
	<u>\$ 798,178</u>

The following is a summary of total fund balance as of December 31, 2014:

Nonspendable:	\$ 189,372
Spendable:	
Restricted	633,453
Committed	-
Assigned	572,869
Unassigned	<u>798,178</u>
Total	<u>\$ 2,193,872</u>

15. 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, 2014**

16. SUBSEQUENT EVENTS

The District has evaluated subsequent events through June 30, 2015, 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 June 30, 2015, 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
DECEMBER 31, 2014**

	GENERAL FUND			Debt Service Fund	Capital Projects Fund	Total	Actual 2013
	Adjusted Budget	Actual	Favorable [Unfavorable]				
Revenues:							
Real Property Taxes	\$ 4,782,303	\$ 4,782,303	\$ -	\$ -	\$ -	\$ 4,782,303	\$ 4,702,314
Departmental Income:							
Sewer Rents	161,000	162,024	1,024	-	-	162,024	154,278
Sewer Service Charges	21,620	21,619	(1)	-	-	21,619	13,728
Sewer Services to Other Governments	858,000	858,197	197	-	-	858,197	858,895
Interest Earnings	8,200	8,128	(72)	-	-	8,128	8,929
Interest Earnings - Reserves	200	189	(11)	2,293	-	2,482	606
Refund of Prior Years Expenditures	5,000	4,738	(262)	-	-	4,738	27,114
Other Unclassified Revenue	100	36	(64)	-	-	36	2,650
Total Revenues	5,836,423	5,837,234	811	2,293	-	5,839,527	6,748,554
Expenditures:							
Sewer Administration	354,475	354,472	3	-	-	354,472	405,189
Sanitary Sewers	1,143,597	1,128,553	15,044	-	-	1,128,553	1,443,894
Sewage Treatment and Disposal	1,703,869	1,679,436	24,433	-	-	1,679,436	1,712,890
Employee Benefits	1,134,372	1,134,351	21	-	-	1,134,351	1,139,794
Capital Projects	-	-	-	-	1,462,193	1,462,193	28,498
Debt Service:							
Serial Bonds - Principal	-	-	-	1,025,485	-	1,025,485	988,673
Serial Bonds - Interest	-	-	-	414,063	-	414,063	449,428
Fiscal Agent Fees	-	-	-	80,701	-	80,701	90,791
Debt Issuance Costs - Refunding	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	4,336,313	4,296,812	39,501	1,520,249	1,462,193	7,279,254	6,259,157
Excess of Revenues Over (Under) Expenditures	1,500,110	1,540,422	40,312	(1,517,956)	(1,462,193)	(1,439,727)	489,397

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, 2014**

	GENERAL FUND			Debt Service Fund	Capital Projects Fund	Total	Actual 2013
	Adjusted Budget	Actual	Favorable [Unfavorable]				
Excess (Deficiency) of Revenues Over Expenditures	<u>1,500,110</u>	<u>1,540,422</u>	<u>40,312</u>	<u>(1,517,956)</u>	<u>(1,462,193)</u>	<u>(1,439,727)</u>	<u>489,397</u>
Other Financing Sources (Uses):							
Operating Transfers	(1,465,101)	(1,464,556)	545	1,424,962	39,594	-	-
Premium on Refunding Bonds	-	-	-	-	-	-	-
Payment of Escrow to Refunding Agent	-	-	-	-	-	-	-
Proceeds from Refunding Bonds	-	-	-	544,320	-	544,320	-
Premium on Sale of Bonds	-	-	-	-	-	-	-
Payment to Escrow Agent	-	-	-	(544,320)	-	(544,320)	-
Refunding Bond Issuance Costs	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,465,101)</u>	<u>(1,464,556)</u>	<u>545</u>	<u>1,424,962</u>	<u>39,594</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>35,009</u>	<u>75,866</u>	<u>\$ 40,857</u>	<u>(92,994)</u>	<u>(1,422,599)</u>	<u>(1,439,727)</u>	<u>489,397</u>
Appropriated Fund Balance	(59,608)						
Encumbrances	24,599						
Fund Balances January 1, 2014	<u>-</u>	<u>3,280,279</u>		<u>381,083</u>	<u>(27,763)</u>	<u>3,633,599</u>	<u>3,144,202</u>
Fund Balances December 31, 2014	<u>\$ -</u>	<u>\$ 3,356,145</u>		<u>\$ 288,089</u>	<u>\$ (1,450,362)</u>	<u>\$ 2,193,872</u>	<u>\$ 3,633,599</u>

See independent auditor's report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES
AND TRANSFERS - BUDGET AND ACTUAL
DECEMBER 31, 2014**

	2014				2013	
	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances	Unencumbered Balance	Expenditures & Encumbrances
Sewer Administration						
Personal Services	\$ 220,000	\$ 216,246	\$ 216,246	\$ -	\$ -	\$ 233,535
Commissioners Fees	21,000	18,560	18,560	-	-	19,120
	<u>241,000</u>	<u>234,806</u>	<u>234,806</u>	<u>-</u>	<u>-</u>	<u>252,655</u>
Capital Outlay	10,000	7,852	7,851	-	1	-
Contractual Expenditures:						
Stationery & Printing	450	666	666	-	-	467
Postage	1,150	1,042	1,042	-	-	699
Books, Publications, etc.	100	-	-	-	-	70
Office, Supplies and Expenses	3,500	4,544	4,544	-	-	7,090
Telephone & Communications	3,000	3,612	3,612	-	-	3,877
Light and Power	1,500	1,558	1,558	-	-	1,519
Water	350	-	-	-	-	1
Equipment - Rental	500	-	-	-	-	-
Assessment Rolls	4,500	4,500	4,500	-	-	4,500
Legal Notices	1,000	544	544	-	-	631
Conferences, Meetings, etc.	1,500	1,420	1,420	-	-	457
Election Expense	2,000	1,679	1,679	-	-	1,724
Engineering	2,000	4,988	4,987	-	1	1,858
Auditing	34,000	30,967	30,967	-	-	30,251
Custodial	2,000	697	696	-	1	1,501
Legal	57,000	42,280	42,280	-	-	67,411
Other Professional Services	17,000	9,997	9,997	-	-	25,733
Gas, Oil, etc.	850	955	955	-	-	981
Repairs & Maintenance:						
Alarm Systems	700	1,023	1,023	-	-	683
Operating Equipment	950	460	460	-	-	664
Other	600	885	885	-	-	2,576
	<u>134,650</u>	<u>111,817</u>	<u>111,815</u>	<u>-</u>	<u>2</u>	<u>152,693</u>
	<u>385,650</u>	<u>354,475</u>	<u>354,472</u>	<u>-</u>	<u>3</u>	<u>405,348</u>

See independent auditor's report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES
AND TRANSFERS - BUDGET AND ACTUAL (CONTINUED)
DECEMBER 31, 2014**

Sanitary Sewers	2014				2013	
	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances	Unencumbered Balance	Expenditures & Encumbrances
Personal Services	590,000	516,011	516,009	-	2	570,150
Capital Outlay	120,000	201,387	194,212	4,474	2,701	403,282
Contractual Expenditures:						
Telephone & Communications	9,100	7,182	7,182	-	-	8,671
Light and Power	160,000	172,539	172,539	-	-	158,200
Water	7,500	5,833	5,833	-	-	5,656
Heating	30,000	20,469	20,469	-	-	25,012
Equipment Rental	1,000	1,000	-	-	1,000	144
Conferences, Meetings, etc.	4,400	6,553	6,553	-	-	6,346
Engineering	20,000	15,120	15,112	-	8	67,919
Custodial	4,000	4,000	3,121	-	879	3,670
Medical	1,500	2,333	2,333	-	-	902
Uniforms and Laundry	5,500	5,870	5,870	-	-	4,949
Gas, Oil, etc.	20,000	20,000	19,643	-	357	19,965
Chemicals, Testing & Chlorine	16,000	11,659	11,659	-	-	14,932
Tools, Parts & Supplies:						
Plant & Grounds	-	-	-	-	-	-
Trunk Lines & Laterals	-	-	-	-	-	-
Repairs & Maintenance:						
Alarm Systems	8,700	8,700	8,696	-	4	6,745
Operating Equipment	50,000	24,000	23,562	-	(4,742)	53,166
Plant & Grounds	85,000	120,941	115,760	5,180	5,181	127,224
Trunk Lines & Laterals	-	-	-	-	-	-
	<u>422,700</u>	<u>426,199</u>	<u>418,332</u>	<u>5,180</u>	<u>2,687</u>	<u>503,501</u>
	<u>1,132,700</u>	<u>1,143,597</u>	<u>1,128,553</u>	<u>9,654</u>	<u>5,390</u>	<u>1,476,933</u>

See independent auditor's report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES
AND TRANSFERS - BUDGET AND ACTUAL (CONTINUED)
DECEMBER 31, 2014**

	2014				2013	
	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances	Unencumbered Balance	Expenditures & Encumbrances
Sewage Treatment and Disposal						
Personal Services	650,000	651,086	651,075	-	-	660,991
Capital Outlay	45,000	17,855	7,520	10,335	-	11,272
Contractual Expenditures:						
Telephone & Communications	3,750	4,115	4,115	-	-	3,727
Light and Power	325,000	345,623	345,622	-	1	333,934
Water	15,500	16,022	15,522	-	500	13,458
Heating	22,000	15,345	15,345	-	-	16,754
Equipment Rental	1,500	1,500	-	-	1,500	672
Conferences, Meetings, etc.	5,800	7,343	6,378	-	965	5,224
Engineering	55,000	63,503	63,502	-	1	74,118
Custodial	3,000	2,819	2,047	-	772	2,545
Legal	-	1,462	1,462	-	-	-
Medical	1,500	1,500	120	-	1,380	745
Uniforms & Laundry	3,000	1,569	1,568	-	1	2,253
Gas, Oil, etc.	5,000	2,630	2,629	-	1	4,399
Chemicals & Testing:						
Analysis	40,000	40,908	39,908	-	1,000	27,139
Chemicals & Chlorine	95,000	64,355	64,352	-	3	89,464
Tools, Parts and Supplies:						
Plant and Grounds	-	-	-	-	-	-
Repairs & Maintenance						
Alarm System	1,800	1,800	903	-	897	263
Operating Equipment	20,000	3,019	1,018	-	2,001	10,598
Plant & Grounds	80,000	84,056	79,446	4,610	-	91,878
Treatment and Disposal of						
Sewage & Sludge	400,000	368,000	367,545	-	455	353,696
Permit Fees	11,000	9,359	9,359	-	-	9,935
	<u>1,088,850</u>	<u>1,034,928</u>	<u>1,020,841</u>	<u>4,610</u>	<u>9,477</u>	<u>1,040,802</u>
	<u>1,783,850</u>	<u>1,703,869</u>	<u>1,679,436</u>	<u>14,945</u>	<u>9,477</u>	<u>1,713,065</u>

See independent auditor's report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES
AND TRANSFERS - BUDGET AND ACTUAL (CONTINUED)
DECEMBER 31, 2014**

	2014				2013	
	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances	Unencumbered Balance	Expenditures & Encumbrances
Employee Benefits						
State Retirement	300,000	251,711	251,711	-	-	264,438
Social Security and Medicare	116,500	104,637	104,636	-	1	109,109
Workers' Compensation	50,000	48,469	48,469	-	-	48,275
Unemployment Insurance	-	1,245	1,245	-	-	6,075
Hospital and Medical Insurance	545,000	552,800	552,782	-	18	537,538
Metro Commuter Transportation Tax	3,500	1,190	1,189	-	1	2,637
Unallocated Insurance	200,000	174,320	174,319	-	1	171,722
	<u>1,215,000</u>	<u>1,134,372</u>	<u>1,134,351</u>	<u>-</u>	<u>21</u>	<u>1,139,794</u>
Transfers						
Debt Service Fund	1,384,562	1,405,101	1,404,962	-	139	1,369,892
Capital Projects Fund	-	60,000	59,594	-	406	198,055
	<u>1,384,562</u>	<u>1,465,101</u>	<u>1,464,556</u>	<u>-</u>	<u>545</u>	<u>1,567,947</u>
	<u>\$ 5,901,762</u>	<u>\$ 5,801,414</u>	<u>\$ 5,761,368</u>	<u>\$ 24,599</u>	<u>\$ 15,436</u>	<u>\$ 6,303,087</u>

See independent auditor's report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
DECEMBER 31, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	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%	\$ 2,535,052	322.5%
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%
12/31/14	\$ -	\$ 6,722,704	\$ 6,722,704	0.0%	\$ 988,500	680.1%

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT
SCHEDULE OF BALANCE SHEETS
CAPITAL PROJECTS FUND - BY PROJECT
DECEMBER 31, 2014**

ASSETS	BNR	Sludge	Sandy Hollow	Total	
	Project	Building Fund CT112	Line Rehabilitation CT116	2014	2013
Cash	\$ 5,868	\$ -	\$ -	\$ 5,868	\$ 25,868
Due from Other Funds	-	-	-	-	-
Due from Town of North Hempstead	-	-	494,766	494,766	15
Due from NYSDEC	-	-	-	-	-
State, Federal Aid Receivable	-	-	-	-	-
TOTAL ASSETS	\$ 5,868	\$ -	\$ 494,766	\$ 500,634	\$ 25,883
LIABILITIES AND FUND EQUITY					
Accounts Payable/Contracts Payable	\$ -	\$ -	\$ 426,152	\$ 426,152	\$ 21,064
Retained Percentages, Contracts Payable	-	-	-	-	7,641
Reserve for Interest on Temp Invest	-	-	1,910	1,910	15
Due to Other Funds	-	-	922,934	922,934	24,926
Bond Anticipation Notes Payable	-	-	600,000	600,000	-
TOTAL LIABILITIES	-	-	1,950,996	1,950,996	53,646
Fund Balances:					
Assigned Unappropriated Fund Balance	-	-	-	-	(27,763)
Unassigned	5,868	-	(1,456,230)	(1,450,362)	-
FUND BALANCE	5,868	-	(1,456,230)	(1,450,362)	(27,763)
TOTAL LIABILITIES & FUND BALANCE	\$ 5,868	\$ -	\$ 494,766	\$ 500,634	\$ 25,883

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
DECEMBER 31, 2014**

	BNR Project	Sludge Building Fund CT112	Sandy Hollow Road Siphon Line Rehabilitation CT116	Total 2014	2013
Revenues:					
Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance Recovery	-	-	-	-	-
Federal & State Grant Aid	-	-	-	-	-
Refund of Prior Year Expenses	-	-	-	-	26,307
Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ 26,307
Expenditures:					
Contractual	-	51,953	1,410,240	1,462,193	28,498
Total Expenditures	-	51,953	1,410,240	1,462,193	28,498
Excess of Revenues Over (Under) Expenditures	-	(51,953)	(1,410,240)	(1,462,193)	(2,191)
Other Financial Sources (Uses):					
Transfers from General Fund	-	59,594	-	59,594	198,055
Transfers to Debt Service Fund	(20,000)	-	-	(20,000)	(60,783)
Total Other Financial Sources (Uses):	(20,000)	59,594	-	39,594	137,272
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(20,000)	7,641	(1,410,240)	(1,422,599)	135,081
Fund Balances, January 1, 2014	25,868	(7,641)	(45,990)	(27,763)	(162,844)
Fund Balances, December 31, 2014	\$ 5,868	\$ -	\$ (1,456,230)	\$ (1,450,362)	\$ (27,763)

See independent auditor's report.