

PORT WASHINGTON  
WATER POLLUTION CONTROL DISTRICT  
FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED DECEMBER 31, 2016

**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, 2016, 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***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 Port Washington Water Pollution Control District, as of December 31, 2016, 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, Schedule of Funding Progress for the Retiree Health Plan, Schedule of District's Proportionate Share of the Net Pension Liability-NYSERS, and Schedule of District's Pension Contributions-NYSERS, on pages 3-9, and 45-47 respectively, 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual and the Schedule of General Fund Expenditures, Encumbrances and Transfers – Budget and Actual, on pages 39-44, 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. Other supplementary information, the combining fund financial statements including the capital projects fund by project on pages 48-49, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, the Schedule of General Fund Expenditures, Encumbrances and Transfers – Budget and Actual, and 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, Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, the Schedule of General Fund Expenditures, Encumbrances and Transfers – Budget and Actual, and 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  
May 23, 2017

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2016**

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 2016. This information is presented in conjunction with the basic financial statements.

**FINANCIAL HIGHLIGHTS**

- The District's total net position was \$15.1 million at December 31, 2016, a decrease of \$785,000 or 4.9 percent from the previous year.
- The District's governmental funds reported combined ending fund balances of \$3,630,000, an increase of \$1,907,000 in comparison with the previous year. The increase is primarily attributable to increases in the fund balances of the general fund of \$34,000 and in the capital projects fund of \$1,876,000.
- Revenues for the District decreased by \$767,000 or 13.6 percent in 2016.
- Expenses for the District increased by \$514,000 or 8.5 percent in 2016.
- The District issued \$600,000 Bond Anticipation Notes in 2015 to finance the engineering cost of the capital project to replace the 60 year old 12-inch and 14-inch siphon line system of which \$300,000 was paid down in 2015, and the remaining \$300,000 was paid down in 2016.
- The District received an interest free loan (short term grid note) in the prior year from the New York State Storm Mitigation Loan Program through the NYS Environmental Facilities Corporation and a 25% grant of total eligible project costs. Funds from the loan and the grant were utilized for the Sandy Hollow Road Siphon Line Rehabilitation. This short term grid note was converted to permanent financing in May 2016 at no interest.
- See the Analysis sections of this MD&A for more details.

**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.

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.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2016**

**BASIC FINANCIAL STATEMENTS**

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.

Budgetary comparisons are included in the basic financial statements for the General Fund, on pages 39 through 44 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 38 of this report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2016**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**SUMMARY OF NET POSITION**

	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 3,905,104	\$ 4,378,295
Capital Assets	<u>32,588,224</u>	<u>34,193,694</u>
Total Assets	36,493,328	38,571,989
Deferred Outflow of Resources	<u>781,987</u>	<u>221,198</u>
Total Assets and Deferred Outflow of Resources	<u>37,275,315</u>	<u>38,793,187</u>
Long-Term Liabilities	20,712,759	19,066,724
Other Liabilities	<u>1,329,909</u>	<u>3,788,296</u>
Total Liabilities	<u>22,042,668</u>	<u>22,855,020</u>
Deferred Inflow of Resources	<u>118,785</u>	<u>39,428</u>
Total Liabilities and Deferred Inflow of Resources	<u>22,161,453</u>	<u>22,894,448</u>
Invested in Capital Assets, Net of Related Debt	10,911,786	11,667,472
Restricted	155,376	158,426
Unrestricted	<u>4,046,700</u>	<u>4,072,841</u>
Total Net Position	\$ <u>15,113,862</u>	\$ <u>15,898,739</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 \$15.1 million at December 31, 2016. By far the most significant portion (72%) 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 (1%) represents resources that are partially subject to external restrictions on how they may be used. The District's total net position decreased by \$785,000 or 4.9% from the prior year.

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

- Current and other assets-The \$473,000 decrease is mainly due to decreases in Accounts Receivable-Other of \$670,000 and Inventory of \$79,000, offset by an increase in Cash of \$269,000.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2016**

- Capital Assets-The \$1,605,000 decrease is mainly due to new machinery and equipment and additions to infrastructure, which is less than depreciation for the year.
- Long-term liabilities-The \$1,646,000 increase is mostly attributable to the conversion of the short term grid note to long term financing, the increases in other post employment benefits and the proportionate share of net pension liability offset by payment of outstanding debt.
- Other liabilities-The \$2,458,000 decrease is mostly attributable to decreases in Notes Payable, Bond Anticipation Notes Payable and Accruals.
- Net Position (Restricted and Unrestricted)-The \$29,000 decrease is largely attributable to the decreases in Cash, Accounts Receivable-Other, and Other liabilities, offset by increases in Long-term liabilities.

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

	<u>2016</u>	<u>2015</u>
Revenues		
Program Revenues		
Departmental Income	\$ <u>977,254</u>	\$ <u>991,199</u>
Subtotal Program Revenues	977,254	991,199
General Revenues		
Real Property Taxes	4,840,363	4,839,697
Interest	10,242	8,374
Refund of Prior Years Expenditures	3,038	4,326
Sale of Equipment	-	10,190
Federal Aid-Emergency Disaster Assistance	-	54,453
Federal Grant Aid	<u>8,534</u>	<u>712,357</u>
Subtotal General Revenues	<u>4,862,177</u>	<u>5,629,397</u>
Total Revenues	<u>5,839,431</u>	<u>6,620,596</u>
Expenditures		
Salaries and Benefits	2,822,068	2,463,422
Operations	1,647,754	1,619,263
Depreciation	1,730,305	1,695,060
Debt Service	<u>346,515</u>	<u>255,143</u>
Total Expenditures	<u>6,546,642</u>	<u>6,032,888</u>
Other Financial Sources (Uses):		
Fiscal Agent Fees	<u>(77,666)</u>	<u>(90,431)</u>
Total Other Financial Sources (Uses)	<u>(77,666)</u>	<u>(90,431)</u>
Increase (Decrease) in Net Position	(784,877)	497,277
Net Position – beginning	<u>15,898,739</u>	<u>15,401,462</u>
Net Position – ending	\$ <u>15,113,862</u>	\$ <u>15,898,739</u>



**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2016**

**ANALYSIS OF RESULTS OF OPERATIONS**

Total revenues decreased by \$781,000 or 11.8% due to decreases in Federal Aid-Emergency Disaster Assistance of \$54,000 and in Federal Grant Aid of \$712,000.

The increase in expenditures of \$514,000 or 8.5% was principally due to increases in Salaries and Benefits, Operations, Depreciation and Debt Service.

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

The fund balances of the District's governmental funds increased by \$1,907,000. The majority of the increase is attributable to an increase in the Capital Projects Fund as a result of the conversion of the short term grid note with NYS Environmental Facilities Corporation to permanent financing and completion of the Sandy Hollow Road Siphon Line Rehabilitation project, plus a decrease in Federal Aid-Emergency Disaster Assistance. The net increase in the General Fund Balance of \$34,000 or 1.1% is mainly due to an increase in Salaries and Benefits; offset by decreases in Federal Aid-Emergency Disaster Assistance, Debt Service and transfers to other funds.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The decrease of \$23,000 in the original adopted budget and the adjusted budget represents net savings resulting from decreases in personal services, capital outlay, office, supplies and expenses, and increases in engineering, auditing and legal in the Sewer Administration Department.

The decrease of \$127,000 in the adjusted budget of the Sanitary Sewers Department is primarily due to savings in capital outlay, lighting and power, water, heating, engineering, gas, oil, etc., chemicals, testing & chlorine, offset by increases in conferences, meetings, etc., repairs and maintenance of operating equipment and plant and grounds.

The decrease of \$72,000 in the adjusted budget of the Sewage Treatment and Disposal Department is attributable to positive variances in capital outlay, light and power, heating, gas, oil, etc., and treatment and disposal of sewage and sludge, offset by increases in personal services, conferences, meetings, etc., engineering, chemicals & testing, and repairs and maintenance of plant and grounds.

The \$39,000 decrease in the adjusted budget of the Employee Benefits is due to decreases in state retirement benefits, workers compensation, 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 2016, the District had \$32.6 million invested in land, buildings, equipment, sewer lines and pumping stations. There was a net decrease in capital assets of about \$1,605,000. The District added \$125,000 in new fixed assets. Depreciation recorded for 2016 was \$1,730,000. The District has a capitalization policy of \$5,000 and expenses all items under \$5,000. Some items costing under \$5,000

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2016**

were included in capital assets before the \$5,000 capitalization policy was implemented.

**CAPITAL ASSETS  
NET OF DEPRECIATION**

	<u>2016</u>	<u>2015</u>
Land	\$ 3,838,223	\$ 3,838,223
Buildings	1,692,883	1,769,486
Improvements	1,852,597	1,899,316
Equipment	419,455	534,127
Infrastructure	24,784,334	26,152,542
Construction in Progress	<u>732</u>	<u>-</u>
Total	<u>\$ 32,588,224</u>	<u>\$ 34,193,694</u>

See Note 3 Capital Assets on page 24 for a summary of changes and Note 8 Capital Projects on page 32 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 2015.

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 was completed in June 2015.

This year's expenditures were primarily devoted to the capital outlay in the Sewage Treatment Plant and Sanitary Sewers.

**OUTSTANDING DEBT**

	<u>2016</u>	<u>2015</u>
Serial Bonds	\$ 1,714,200	\$ 2,197,100
Environmental Facilities Corp. State Bonds And Statutory Installment Bond	14,592,200	13,325,000
NYS EFC Grid Note	-	2,121,644
Short Term Borrowing	<u>-</u>	<u>300,000</u>
	<u>\$16,306,400</u>	<u>\$17,943,744</u>

See Note 9 Long Term Debt on pages 33 and 34, and Note 10 Bond Anticipation Notes Payable and Other Short Term Borrowings on page 35, if any, for additional information.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2016**

**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 2017 has increased by \$109,891 or 1.8%. The real estate tax levy has been increased by \$51,779 or 1.1%. The amount of appropriated fund balance for 2017 is \$205,518, an increase of \$70,445 from 2016. The 2017 budget's Operation and Maintenance appropriations increased by 4.3% while Debt Service appropriation decreased by 5.9%.

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 has had some growth but 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.

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 stay virtually the same in fiscal year 2017-2018 compared to fiscal year 2016-2017. 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 increase in net insurance premium for 2017 is 9.7%, in aggregate, for The Empire Plan and 10.2%, 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  
GOVERNMENTAL FUNDS BALANCE SHEET  
AND STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

	General Fund	Other Funds	Total	Adjustments	Statement of Net Position
<b>ASSETS</b>					
Cash	\$ 3,070,225	\$ 501,071	\$ 3,571,296	\$ -	\$ 3,571,296
Accounts Receivable-Other	6,924	109	7,033	149,915	156,948
Interfund Receivables	-	-	-	-	-
Due From Other Governments	76,741	73,174	149,915	(149,915)	-
Prepaid Expenses	169,314	-	169,314	-	169,314
Inventory	7,546	-	7,546	-	7,546
Land	-	-	-	3,838,223	3,838,223
Capital Assets, Net of Depreciation	-	-	-	28,750,001	28,750,001
<b>Total Assets</b>	<b>3,330,750</b>	<b>574,354</b>	<b>3,905,104</b>	<b>32,588,224</b>	<b>36,493,328</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Expense Bond Refunding of 2003	-	-	-	25,255	25,255
Deferred Outflows of Resources - NYSERS pension related	-	-	-	756,732	756,732
<b>Total Assets and Deferred Outflows of Resources</b>	<b>3,330,750</b>	<b>574,354</b>	<b>3,905,104</b>	<b>33,370,211</b>	<b>37,275,315</b>
<b>LIABILITIES</b>					
Accounts Payable/Contracts Payable	-	605	605	-	605
Accruals	274,636	-	274,636	90,989	365,625
Interfund Payables	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Long-Term Balances - Due Within One Year	-	-	-	963,679	963,679
Long-Term Balances - Due After One Year	-	-	-	20,712,759	20,712,759
<b>Total Liabilities</b>	<b>274,636</b>	<b>605</b>	<b>275,241</b>	<b>21,767,427</b>	<b>22,042,668</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Income Bond Refunding of 2014	-	-	-	28,163	28,163
Deferred Inflows of Resources - NYSERS pension related	-	-	-	90,622	90,622
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>274,636</b>	<b>605</b>	<b>275,241</b>	<b>21,886,212</b>	<b>22,161,453</b>
<b>FUND BALANCE/NET POSITION</b>					
Fund Balances:					
Nonspendable-Prepaid Expenses and Inventory	176,860	-	176,860	(176,860)	-
Restricted for:					
Employee Benefits Accrued Liability	155,376	-	155,376	(155,376)	-
Capital	-	573,749	573,749	(573,749)	-
Assigned to Subsequent Year's Expenditures	205,518	-	205,518	(205,518)	-
Unassigned	2,518,360	-	2,518,360	(2,518,360)	-
<b>Total Fund Balances</b>	<b>3,056,114</b>	<b>573,749</b>	<b>3,629,863</b>	<b>(3,629,863)</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of     Resources, and Fund Balances</b>	<b>\$ 3,330,750</b>	<b>\$ 574,354</b>	<b>\$ 3,905,104</b>		
<b>NET POSITION:</b>					
Net investment in capital assets				10,911,786	10,911,786
Restricted for:					
Employee Benefits Accrued Liability				155,376	155,376
Capital				573,749	573,749
Unrestricted				3,472,951	3,472,951
<b>Total Net Position</b>				<b>\$ 15,113,862</b>	<b>\$ 15,113,862</b>

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, 2016**

ASSETS	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Cash	\$ 3,070,225	\$ -	\$ 501,071	\$ 3,571,296
Accounts Receivable-Other	6,924	-	109	7,033
Due From Other Funds	-	-	-	-
Due From Other Governments	76,741	-	73,174	149,915
Prepaid Expenses	169,314	-	-	169,314
Inventory	7,546	-	-	7,546
TOTAL ASSETS	<u>\$ 3,330,750</u>	<u>\$ -</u>	<u>\$ 574,354</u>	<u>\$ 3,905,104</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable/Contracts Payable	\$ -	\$ -	\$ 605	\$ 605
Accruals	274,636	-	-	274,636
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	-	-
Bond and Note Payable	-	-	-	-
TOTAL LIABILITIES	<u>274,636</u>	<u>-</u>	<u>605</u>	<u>275,241</u>
Fund Balances:				
Nonspendable:				
Prepaid Expenses and Inventory	176,860	-	-	176,860
Restricted	155,376	-	-	155,376
Assigned	205,518	-	573,749	779,267
Unassigned	2,518,360	-	-	2,518,360
TOTAL FUND BALANCES	<u>3,056,114</u>	<u>-</u>	<u>573,749</u>	<u>3,629,863</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 3,330,750</u>	<u>\$ -</u>	<u>\$ 574,354</u>	<u>\$ 3,905,104</u>

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, 2016**

Total fund balances - governmental funds	\$	3,629,863
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Amounts reported for governmental activities in the statement  
of net position are different due to the following:

Capital assets used in governmental activities are not current financial resources and therefore are not current financial resources in the governmental funds balance sheet.		32,588,224
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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.		(90,989)
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Deferred outflows of resources represents future amortization of net refunding expense are not reported in governmental funds.		25,255
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Proportionate share of long-term asset and liability, and deferred outflows and inflows associated with participation in the State retirement systems are not current financial resources or obligations and are not reported in the funds:

Deferred outflows of resources - NYSERS pension related	756,732	
Proportionate share of net pension liability - NYSERS	(679,559)	
Deferred inflows of resources - NYSERS pension related	<u>(90,622)</u>	(13,449)

Deferred inflows of resources represents future amortization of net refunding expense are not reported in governmental funds.		(28,163)
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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	\$	963,679	
Due in more than one year		<u>20,033,200</u>	(20,996,879)

Total net position of governmental activities	\$	<u>\$15,113,862</u>
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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, 2016**

	General Fund	Other Funds	Total	Adjustments	Statement of Activities
Expenditures and Expenses: Sewer Services					
Salaries & Benefits	\$ 2,513,152	\$ -	\$ 2,513,152	\$ 308,916	\$ 2,822,068
Capital Outlay	105,629	19,206	124,835	(124,835)	-
Operations	1,647,754	-	1,647,754	1,730,305	3,378,059
Debt Service:					
Principal	-	1,100,754	1,100,754	(1,100,754)	-
Interest and Other Charges	2,543	351,002	353,545	(7,030)	346,515
Total Expenditures/Expense	<u>4,269,078</u>	<u>1,470,962</u>	<u>5,740,040</u>	<u>806,602</u>	<u>6,546,642</u>
Program Revenues:					
Departmental Income	<u>977,254</u>	<u>-</u>	<u>977,254</u>	<u>-</u>	<u>977,254</u>
Net Program Expense					<u>5,569,388</u>
General Revenues:					
Real Property Taxes	4,840,363	-	4,840,363	-	4,840,363
Interest Earnings	7,844	2,398	10,242	-	10,242
Refund of Prior Years Expenditures	2,583	455	3,038	-	3,038
Federal Grant Aid	-	8,534	8,534	-	8,534
Total General Revenues	<u>4,850,790</u>	<u>11,387</u>	<u>4,862,177</u>	<u>-</u>	<u>4,862,177</u>
Other Financing Sources (Uses):					
Operating Transfers	(1,524,858)	1,524,858	-	-	-
Proceeds from Statutory Installment Bonds	-	1,885,113	1,885,113	(1,885,113)	-
Fiscal Agent Fees	-	(77,666)	(77,666)	-	(77,666)
Total Other Financing Sources (Uses)	<u>(1,524,858)</u>	<u>3,332,305</u>	<u>1,807,447</u>	<u>(1,885,113)</u>	<u>(77,666)</u>
Total General Revenues and Other Financing Sources (Uses)	<u>3,325,932</u>	<u>3,343,692</u>	<u>6,669,624</u>	<u>(1,885,113)</u>	<u>4,784,511</u>
Excess of Revenues and Transfers In					
Over Expenditures and Transfers Out	34,108	1,872,730	1,906,838	(1,906,838)	-
Change in Net Position				(784,877)	(784,877)
Fund Balances/Net Position:					
Beginning of the year	<u>3,022,006</u>	<u>(1,298,981)</u>	<u>1,723,025</u>	<u>14,175,714</u>	<u>15,898,739</u>
End of the year	<u>\$ 3,056,114</u>	<u>\$ 573,749</u>	<u>\$ 3,629,863</u>	<u>\$ 11,483,999</u>	<u>\$ 15,113,862</u>

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

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues:				
Real Property Taxes	\$ 4,840,363	\$ -	\$ -	\$ 4,840,363
Departmental Income:				
Sewer Rents	172,196	-	-	172,196
Sewer Service Charges	14,427	-	-	14,427
Sewer Services to Other Governments	790,631	-	-	790,631
Interest Earnings	7,461	-	1,302	8,763
Interest Earnings - Reserves	383	1,096	-	1,479
Refund of Prior Years Expenditures	2,583	-	455	3,038
Federal Grant Aid	-	-	8,534	8,534
Total Revenues	<u>5,828,044</u>	<u>1,096</u>	<u>10,291</u>	<u>5,839,431</u>
Expenditures:				
Sewer Administration	391,311	-	-	391,311
Sanitary Sewers	1,057,348	-	-	1,057,348
Sewage Treatment and Disposal	1,704,075	-	-	1,704,075
Employee Benefits	1,113,801	-	-	1,113,801
Capital Projects	-	-	19,206	19,206
Debt Service:				
Serial Bonds - Principal	-	1,100,754	-	1,100,754
Serial Bonds - Interest	-	351,002	-	351,002
Bond Anticipation Notes - Interest	2,543	-	-	2,543
Fiscal Agent Fees	-	77,666	-	77,666
Total Expenditures	<u>4,269,078</u>	<u>1,529,422</u>	<u>19,206</u>	<u>5,817,706</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,558,966</u>	<u>(1,528,326)</u>	<u>(8,915)</u>	<u>21,725</u>
Other Financing Sources (Uses):				
Operating Transfers	(1,524,858)	1,524,858	-	-
Proceeds from Statutory Installment Bonds	-	-	1,885,113	1,885,113
Total Other Financing Sources (Uses)	<u>(1,524,858)</u>	<u>1,524,858</u>	<u>1,885,113</u>	<u>1,885,113</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>34,108</u>	<u>(3,468)</u>	<u>1,876,198</u>	<u>1,906,838</u>
Fund Balances January 1, 2016	<u>3,022,006</u>	<u>3,468</u>	<u>(1,302,449)</u>	<u>1,723,025</u>
Fund Balances December 31, 2016	<u>\$ 3,056,114</u>	<u>\$ -</u>	<u>\$ 573,749</u>	<u>\$ 3,629,863</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 BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

Net change in fund balances - total governmental funds	\$1,906,838
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Amounts reported for governmental activities in the statement of net position are different due to the following:

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.	124,835
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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.	(1,730,305)
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Governmental funds report debt principal as expenditures. However, in the government-wide statement of net position, these expenditures are considered reductions of liabilities.	1,100,754
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Proceeds from the conversion of a short term NYS EFC grid note to permanent financing is recorded as revenues in the governmental funds, however these proceeds represent an increase in liabilities in the statement of net position.	(1,885,113)
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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 position.	-
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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.	(253,826)
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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.	(702)
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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.	7,030
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(Increases) decreases in the proportionate share of net pension asset/liability reported in the statement activities and changes in net position do not provide for or require use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds:

Change in deferred outflows of resources - NYSERS pension related	569,207	
Change in deferred inflows of resources - NYSERS pension related	(90,622)	
Proportionate share of net pension liability - NYSERS	(532,973)	(54,388)

Total net change in net position of governmental activities	<u><u>(\$784,877)</u></u>
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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, 2016**

**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, amended by GASB Statement 61, 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, 2016**

**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 costs. 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.

**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, 2016**

**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, 2016, 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, 2016**

**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. DEPARTMENTAL INCOME**

Departmental income consists of sewer rental income, sewer service charges and sewer services provided to other governments.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

**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. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the District-wide Statement of Net Position. 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. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the Districts' contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly, is the District contributions to the pension systems (New York State Employees' Retirement System ("NYSERS")) subsequent to the measurement date.

**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 measurable 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. In addition, deferred inflows may also arise when reporting on pensions in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

**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.

**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

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

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.

**13. ORDER OF USE OF FUND BALANCE**

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned balance.

**G. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended December 31, 2015, the District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions (Amendment to GASB Statement No. 27) and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The implementation of the statements requires the District to report as an asset and/or liability its portion of the collective net pension's asset and liability in the NYSERS systems. The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also, included as a deferred outflow is the District contributions to the pension systems subsequent to the measurement date. See Note 16 for the financial statement impact of implementation of the statements.

**H. NEW ACCOUNTING STANDARDS**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable which were effective for the year ended December 31, 2016. The District is currently studying the following Statements and plans on adoption when required, which will be for the December 31, 2017, financial statements:

- GASB Statement 80, *Blending Requirements for Certain Component Units-An Amendment of GASB Statement 14* – amends the blending requirements for the financial statement presentation of component units of all state and local governments.
- GASB Statement 81, *Irrevocable Split-Interest Agreements* – improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.



**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

- GASB Statement 82, *Pension Issues – An Amendment of GASB Statements 67, 68, and 73* – address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The District is currently studying the following Statements and plans on adoption when required, which will be for the December 31, 2018, financial statements:

- GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* -- improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions and also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB Statement 85, *Omnibus 2017*—addresses practice issues that have been identified during implantation and application of certain GASB Statements related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.

The District is currently studying the following Statements and plans on adoption when required, which will be for the December 31, 2019, financial statements:

- GASB Statement 83, *Certain Asset Retirement Obligations*—establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.
- GASB Statement 84, *Fiduciary Activities*—improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported and establishes criteria for identifying fiduciary activities of all state and local governments.

**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, 2016, the District's bank balances totaled \$3,613,103. 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	\$ 3,613,103
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>\$ 3,613,103</u>

The District had no investments as of December 31, 2016.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**3. CAPITAL ASSETS**

A summary of changes in Capital Assets are as follows:

	Balance January 1, 2016	Adjustments and Additions	Adjustments and Deletions	Balance December 31, 2016
Land	\$ 3,838,223	\$ -	\$ -	\$ 3,838,223
Buildings	14,171,657	-	-	14,171,657
Machinery and Equipment	12,479,998	78,195	-	12,558,193
Improvements other than Buildings	4,050,343	-	-	4,050,343
Infrastructure	47,845,144	45,908	-	47,891,052
Construction in Progress	-	732	-	732
	<u>82,385,365</u>	<u>124,835</u>	<u>-</u>	<u>82,510,200</u>
Less: Accumulated Depreciation				
Buildings	12,402,171	76,603	-	12,478,774
Machinery and Equipment	11,945,871	192,867	-	12,138,738
Improvements other than Buildings	2,151,027	46,719	-	2,197,746
Infrastructure	<u>21,692,602</u>	<u>1,414,116</u>	<u>-</u>	<u>23,106,718</u>
	<u>48,191,671</u>	<u>1,730,305</u>	<u>-</u>	<u>49,921,976</u>
	<u>\$ 34,193,694</u>	<u>\$ 1,605,470</u>	<u>\$ -</u>	<u>\$ 32,588,224</u>

Depreciation expense for the year ended December 31, 2016 was \$1,730,305.

**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.

**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

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**4. PENSION PLANS (CONTINUED)**

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:

2016	\$192,523
2015	192,134
2014	251,711

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, 2017.

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.

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS AND  
INFLOWS OF RESOURCES RELATED TO PENSIONS**

The net pension asset/(liability) was measured as of March 31, 2016, for NYSERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSERS Systems in reports provided to the District.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT**  
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**4. PENSION PLANS (CONTINUED)**

At December 31, 2016, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for the Systems.

Actuarial valuation date	April 1, 2015
Net pension asset/(liability)	(\$679,559)
District's portion of the Plan's total net pension asset/(liability)	0.0042339%

For the year ended December 31, 2016, the District recognized pension expense of \$192,523. The District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected experience and actual experience	\$ 3,434	\$ 80,550
Changes of assumptions	181,218	-
Net difference between projected and actual earnings on pension plan investments	403,152	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	19,982	10,072
Employer contributions subsequent to the measurement date	<u>148,946</u>	<u>-</u>
	<u>\$ 756,732</u>	<u>\$ 90,622</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:

2017	\$ 132,795
2018	132,795
2019	132,795
2020	118,779
2021	-
Thereafter	-

**ACTUARIAL ASSUMPTIONS**

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
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**4. PENSION PLANS (CONTINUED)**

Significant actuarial assumptions used in the valuation were as follows:

Measurement date	March 31, 2016
Actuarial valuation date	April 1, 2015
Interest rate	7.0%
Salary scale	3.8%
Decrement tables	April 1, 2005 to March 31, 2010 System's Experience
Inflation rate	2.5%

The annuitant mortality rates are based on April 1, 2010 – March 31, 2015, system's experience with adjustments for mortality improvements based on MP-2014. The actuarial assumptions used in the April 1, 2015, valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	March 31, 2016
Asset type:	
Absolute return strategies	6.75%
Bonds and mortgages	4.00%
Cash	2.25%
Domestic equity	7.30%
Inflation-indexed bonds	4.00%
International equity	8.55%
Opportunistic portfolio	8.60%
Private equity	11.00%
Real assets	8.65%
Real estate	8.25%
	<u>100.00%</u>

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**4. PENSION PLANS (CONTINUED)**

**DISCOUNT RATE**

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY TO THE DISCOUNT RATE ASSUMPTION**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.0%) or 1-percentagepoint higher (8.0%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
Employer's proportionate share of the net pension asset/(liability)	(\$ 1,532,357)	(\$ 679,559)	\$ 41,018

**PENSION PLAN FIDUCIARY NET POSITION**

The components of the current-year net pension asset/(liability) of the employers as of the valuation date, were as follows:

Valuation date	April 1, 2015
Employers' total pension asset/(liability)	\$ 172,303,544
Plan net position	<u>(156,253,265)</u>
Employers' net pension asset/(liability)	<u>\$ 16,050,279</u>
Ratio of plan net position to the employers' total pension asset/(liability)	90.7%

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**4. PENSION PLANS (CONTINUED)**

**PAYABLES TO THE PENSION PLAN**

Employer contributions are paid annually based on the Systems' fiscal year which ends March 31<sup>st</sup>. Accrued retirement contributions as of December 31, 2016, represent the projected employer contribution for the period of April 1, 2016, through December 31, 2016, based on paid NYSERS wages multiplied by the employer's contribution rate, by tier.

**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 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 eleven retirees and family members receiving postemployment benefits. The cost to the District in 2016 was \$207,962.

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)	166,091
Actuarial adjustment to annual required contribution	<u>(230,939)</u>
Annual OPEB cost (expense)	\$ 461,788
Contributions made	<u>(207,962)</u>
Increase in net OPEB obligation	\$ 253,826
Net OPEB obligation- beginning of year	<u>4,152,277</u>
Net OPEB obligation- end of year	<u>\$ 4,406,103</u>

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the preceding fiscal years are as follows:

<u>Fiscal Year Ended</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	\$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
2015	465,676	216,756	46.55%	248,920
2016	461,788	207,962	45.03%	253,826

As of December 31, 2016, 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 \$1,153,735 and the ratio of unfunded actuarial liability to the covered payroll was 5.83. 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.



**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

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.

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- 2016 health insurance premiums 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, 2016, is twenty-one 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 \$283,615. 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 \$284,317 at December 31, 2016. In the fund financial statements, when compensated absences are due the amounts are recorded as salary.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT**  
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**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.

**8. CAPITAL PROJECTS**

**CONSTRUCTION COMMITMENTS**

The District had the following two active and one approved but not started projects in 2016:

**SCHEDULE OF ACCUMULATED EXPENDITURES**

Accumulated expenditures for the active projects at December 31, 2016, are as follows:

	<u>Total</u>	<u>Sludge Building Fund</u>	<u>Sandy Hollow Road Siphon Line Rehabilitation</u>	<u>Collective Systems Improvements</u>
Authorization	<u>\$ 7,535,603</u>	<u>\$ 1,835,603</u>	<u>\$ 5,700,000</u>	<u>\$ 500,000</u>
Project expenditures to December 31, 2015	\$ 4,574,017	\$ 1,722,145	\$ 2,851,872	\$ -
Current year expenditures	<u>19,206</u>	<u>-</u>	<u>18,474</u>	<u>732</u>
Project expenditures to December 31, 2016	<u>4,593,223</u>	<u>1,722,145</u>	<u>2,870,346</u>	<u>732</u>
Commitments and Encumbrances	<u>499,268</u>	<u>-</u>	<u>-</u>	<u>499,268</u>
	<u>\$ 5,092,491</u>	<u>\$ 1,722,145</u>	<u>\$ 2,870,346</u>	<u>\$ 500,000</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.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**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.

Collective Systems Improvements represents overall improvements to the District's sanitary sewers and sewage pump stations.

**9. LONG TERM DEBT**

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

Outstanding serial bonds payable at December 31, 2016, 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	2017	6.02%	\$ 134,000	\$ 4,288
Morewood Refunding	2010	2022	2.0-2.75%	153,738	12,968
Series B Refunding	2014	2019	4.696%	283,820	26,891
Series A Refunding	2015	2026	2.125-5.0%	<u>1,142,688</u>	<u>228,343</u>
				<u>\$ 1,714,246</u>	<u>\$ 272,490</u>
<b>State Bonds and Statutory Installment Bond – EFC</b>					
#CI96	1999	2018	4.464%	\$ 205,000	4,847
BNR	2008	2038	4.27%	520,000	131,409
NYSEFC 2010C	2010	2039	.286-4.603%	12,045,000	3,330,240
#CT-116	2016	2045	0.0%	<u>1,822,213</u>	<u>-</u>
				<u>\$14,592,213</u>	<u>\$ 3,466,496</u>

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

Interest paid	\$ 351,002
Less: interest accrued in prior year	(103,590)
Plus: interest accrued in current year	<u>99,407</u>
Interest expense	<u>\$ 346,819</u>

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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

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

	Total	Serial Bonds	State Bonds and Statutory Installment Bond-EFC	Compensated Absences	Other Postemployment Benefits	Proportionate Share of Net Pension Liability - NYSERS
Balance at January 1, 2016	\$20,104,578	\$ 2,197,100	\$13,325,000	\$ 283,615	\$ 4,152,277	\$ 146,586
Additions	2,672,614	-	1,885,113	702	253,826	532,973
Redemptions	<u>1,100,754</u>	<u>482,854</u>	<u>617,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2016	<u>\$21,676,438</u>	<u>\$ 1,714,246</u>	<u>\$14,592,213</u>	<u>\$ 284,317</u>	<u>\$ 4,406,103</u>	<u>\$ 679,559</u>

The annual requirement to amortize all debt outstanding as of December 31, 2016, including interest payments net of interest subsidies on State EFC bonds, was:

Year Ending December 31,	Total	TNH Serial Bonds Principal	TNH Serial Bonds Interest	EFC State Bonds and Statutory Installment Bond Principal	EFC State Bonds and Statutory Installment Bond Interest
2017	\$ 1,285,884	\$ 340,779	\$ 67,257	\$ 622,900	\$ 254,948
2018	1,145,125	216,316	53,200	627,900	247,709
2019	1,040,104	225,500	43,669	531,013	239,922
2020	936,818	132,794	32,920	537,900	233,204
2021	934,126	138,513	26,780	542,900	225,933
2022-2026	4,540,618	660,344	48,664	2,829,500	1,002,110
2027-2031	3,808,740	-	-	3,064,500	744,240
2032-2036	3,759,537	-	-	3,329,500	430,037
2037-2041	2,342,893	-	-	2,254,500	88,393
2042-2045	<u>251,600</u>	<u>-</u>	<u>-</u>	<u>251,600</u>	<u>-</u>
	<u>\$ 20,045,445</u>	<u>\$ 1,714,246</u>	<u>\$ 272,490</u>	<u>\$14,592,213</u>	<u>\$ 3,466,496</u>

During 2015 the District received an interest free loan from the New York State Storm Mitigation Loan Program through the NYS Environmental Facilities Corporation. This short term grid note was converted to permanent financing in May 2016. Funds from the loan were utilized for the Sandy Hollow Road Siphon Line Rehabilitation.

**DEFEASANCE OF DEBT**

In April 2015, the Town of North Hempstead, issued refunding bonds of \$1,142,688 with an average interest rate of 3.82% to partially advance refund three 2006 serial bonds in the amount of \$1,225,544 with rates of 4.375% & 4.50%. Net proceeds of \$1,252,771 were deposited into an irrevocable trust with an escrow agent to provide debt service payments or call the old bonds. The issuance costs of \$12,465 were included in the transaction. As a result of the advanced refunding, the District reduced its total debt service requirements by \$154,539 which resulted in an economic gain (difference between the present value of the debt service on the old and new debt) of \$151,981. 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  
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**10. BOND ANTICIPATION NOTES PAYABLE AND OTHER SHORT TERM BORROWINGS**

Bond Anticipation Notes payable and Other Short-Term Borrowings at December 31, 2016, consisted of the following:

Bond Anticipation Notes and Short-Term Borrowings, January 1, 2016	\$ 2,421,644
NYS EFC Grid Note converted to Statutory Installment Bond	(2,121,644)
Retired Bond Anticipation Notes	<u>(300,000)</u>
Bond Anticipation Notes and Short-Term Borrowings, December 31, 2016	\$ <u>          -</u>

The balance of the Bond Anticipation Notes was paid by unused capital projects proceeds.

**11. INTERFUND RECEIVABLES AND PAYABLES**

Interfund Receivables and Payables at December 31, 2016, were as follows:

	Due to		Due from		
	General Fund	Capital Projects	Debt Service	Agency	Total
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</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, 2016, the market value of the plan assets totaled \$830,310.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
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**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 \$396 during 2016. It expired as of December 31, 2013, and was rented on a month to month basis. The District entered into a new 36 month lease for the photocopy machine as of January 1, 2016.

Future minimum payments are as follows:

2017	\$	1,238
2018		<u>1,238</u>
	\$	<u><u>2,476</u></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	\$ 169,314
Inventory	<u>7,546</u>
	<u><u>\$ 176,860</u></u>

**Spendable**

Restricted

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

General Fund:

Employee Benefits Accrued Liability	\$ 155,376
Capital Projects Fund:	<u>573,749</u>
	<u><u>\$ 729,125</u></u>

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**14. FUND BALANCE REPORTING (CONTINUED)**

Committed

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

Assigned

Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. 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 \$ 205,518

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 \$ 2,518,360

Debt Service Fund:

-  
\$ 2,518,360

The following is a summary of total fund balance as of December 31, 2016:

Nonspendable:	\$ 176,860
Spendable:	
Restricted	729,125
Committed	-
Assigned	205,518
Unassigned	<u>2,518,360</u>
Total	<u>\$ 3,629,863</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, 2016**

**16. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through May 23, 2017, 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 May 23, 2017, 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, 2016**

	GENERAL FUND				Debt Service Fund	Capital Projects Fund	Total	Actual 2015
	Adopted Budget	Adjusted Budget	Actual	Favorable [Unfavorable]				
Revenues:								
Real Property Taxes	\$ 4,840,363	\$ 4,840,363	\$ 4,840,363	\$ -	\$ -	\$ -	\$ 4,840,363	\$ 4,839,697
Departmental Income:								
Sewer Rents	168,333	172,196	172,196	-	-	-	172,196	169,365
Sewer Service Charges	15,000	14,427	14,427	-	-	-	14,427	19,811
Sewer Services to Other Governments	815,000	790,632	790,631	(1)	-	-	790,631	802,023
Interest Earnings	5,000	7,460	7,461	1	-	1,302	8,763	4,562
Interest Earnings - Reserves	-	384	383	(1)	1,096	-	1,479	3,812
Federal Aid-Emergency Disaster Assistance	-	-	-	-	-	-	-	54,453
Refund of Prior Years Expenditures	500	2,583	2,583	-	-	455	3,038	4,326
Sale of Equipment	-	-	-	-	-	-	-	10,190
Federal Grant Aid	-	-	-	-	-	8,534	8,534	712,357
<b>Total Revenues</b>	<b>5,844,196</b>	<b>5,828,045</b>	<b>5,828,044</b>	<b>(1)</b>	<b>1,096</b>	<b>10,291</b>	<b>5,839,431</b>	<b>6,620,632</b>
Expenditures:								
Sewer Administration	414,600	391,317	391,311	6	-	-	391,311	362,915
Sanitary Sewers	1,189,500	1,062,654	1,057,348	5,306	-	-	1,057,348	1,043,963
Sewage Treatment and Disposal	1,780,600	1,708,627	1,704,075	4,552	-	-	1,704,075	1,712,850
Employee Benefits	1,152,500	1,113,806	1,113,801	5	-	-	1,113,801	1,095,724
Capital Projects	-	-	-	-	-	19,206	19,206	1,395,641
Debt Service:								
Serial Bonds - Principal	-	-	-	-	1,100,754	-	1,100,754	1,022,904
Serial Bonds - Interest	-	-	-	-	351,002	-	351,002	376,852
Bond Anticipation Notes - Principal	-	-	-	-	-	-	-	300,000
Bond Anticipation Notes - Interest	2,543	2,543	2,543	-	-	-	2,543	2,629
Fiscal Agent Fees	-	-	-	-	77,666	-	77,666	90,431
<b>Total Expenditures</b>	<b>4,539,743</b>	<b>4,278,947</b>	<b>4,269,078</b>	<b>9,869</b>	<b>1,529,422</b>	<b>19,206</b>	<b>5,817,706</b>	<b>7,403,909</b>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,304,453</u>	<u>1,549,098</u>	<u>1,558,966</u>	<u>9,868</u>	<u>(1,528,326)</u>	<u>(8,915)</u>	<u>21,725</u>	<u>(783,277)</u>

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, 2016**

	GENERAL FUND				Debt Service Fund	Capital Projects Fund	Total	Actual 2015
	Adopted Budget	Adjusted Budget	Actual	Favorable [Unfavorable]				
Excess (Deficiency) of Revenues Over Expenditures	<u>1,304,453</u>	<u>1,549,098</u>	<u>1,558,966</u>	<u>9,868</u>	<u>(1,528,326)</u>	<u>(8,915)</u>	<u>21,725</u>	<u>(783,277)</u>
Other Financing Sources (Uses):								
Operating Transfers	(1,439,526)	(1,524,858)	(1,524,858)	-	1,524,858	-	-	-
Proceeds from Statutory Installment Bonds	-	-	-	-	-	1,885,113	1,885,113	-
Premium on Refunding Bonds	-	-	-	-	-	-	-	144,159
Proceeds from Refunding Bonds	-	-	-	-	-	-	-	1,142,688
BAN's Redeemed by Appropriation	-	-	-	-	-	-	-	300,000
Payment to Escrow Agent	-	-	-	-	-	-	-	(1,274,381)
Total Other Financing Sources (Uses)	<u>(1,439,526)</u>	<u>(1,524,858)</u>	<u>(1,524,858)</u>	<u>-</u>	<u>1,524,858</u>	<u>1,885,113</u>	<u>1,885,113</u>	<u>312,466</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(135,073)</u>	<u>24,240</u>	<u>34,108</u>	<u>\$ 9,868</u>	<u>(3,468)</u>	<u>1,876,198</u>	<u>1,906,838</u>	<u>(470,811)</u>
Appropriated Fund Balance	135,073	(34,080)						
Encumbrances	-	9,840						
Fund Balances January 1, 2016	<u>-</u>	<u>-</u>	<u>3,022,006</u>		<u>3,468</u>	<u>(1,302,449)</u>	<u>1,723,025</u>	<u>2,193,872</u>
Fund Balances December 31, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,056,114</u>		<u>\$ -</u>	<u>\$ 573,749</u>	<u>\$ 3,629,863</u>	<u>\$ 1,723,061</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, 2016**

	2016					2015
Sewer Administration	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances	Unencumbered Balance	Expenditures & Encumbrances
Personal Services	\$ 220,200	\$ 213,520	\$ 213,518	\$ -	\$ 2	\$ 192,492
Commissioners Fees	21,000	22,900	22,900	-	-	18,640
	<u>241,200</u>	<u>236,420</u>	<u>236,418</u>	<u>-</u>	<u>2</u>	<u>211,132</u>
Capital Outlay	54,000	23,760	23,759	-	1	22,840
Contractual Expenditures:						
Stationery & Printing	500	672	672	-	-	-
Postage	1,000	844	843	-	1	827
Books, Publications, etc.	100	-	-	-	-	28
Office, Supplies and Expenses	4,700	2,640	2,640	-	-	4,050
Telephone & Communications	3,600	3,885	3,885	-	-	3,501
Light and Power	1,600	1,281	1,281	-	-	1,466
Water	-	-	-	-	-	350
Equipment - Rental	-	-	-	-	-	-
Assessment Rolls	4,500	4,500	4,500	-	-	4,500
Legal Notices	1,000	147	147	-	-	320
Conferences, Meetings, etc.	1,000	891	891	-	-	1,133
Election Expense	2,000	3,004	3,004	-	-	1,848
Engineering	3,000	6,317	6,316	-	1	5,816
Auditing	34,000	35,930	35,930	-	-	37,665
Custodial	2,000	368	368	-	-	498
Legal	46,000	56,807	56,807	-	-	53,176
Other Professional Services	11,000	10,920	10,920	-	-	11,942
Gas, Oil, etc.	900	555	555	-	-	529
Repairs & Maintenance:						
Alarm Systems	950	824	823	-	1	683
Operating Equipment	950	-	-	-	-	-
Plant & Grounds	600	1,552	1,552	-	-	611
	<u>119,400</u>	<u>131,137</u>	<u>131,134</u>	<u>-</u>	<u>3</u>	<u>128,943</u>
	<u>414,600</u>	<u>391,317</u>	<u>391,311</u>	<u>-</u>	<u>6</u>	<u>362,915</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, 2016**

	2016					2015
	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances	Unencumbered Balance	Expenditures & Encumbrances
Sanitary Sewers						
Personal Services	605,000	608,305	608,303	-	2	532,077
Capital Outlay	130,000	51,735	47,959	3,775	1	82,654
Contractual Expenditures:						
Telephone & Communications	9,100	8,128	8,127	-	1	7,169
Light and Power	175,000	144,395	144,395	-	-	157,700
Water	7,000	5,539	5,538	-	1	4,478
Heating	29,000	19,912	19,911	-	1	20,476
Equipment Rental	1,000	-	-	-	-	-
Conferences, Meetings, etc.	6,800	10,317	10,317	-	-	7,074
Engineering	20,000	15,379	15,379	-	-	14,362
Custodial	4,500	2,448	2,447	-	1	2,970
Medical	1,600	541	541	-	-	1,383
Uniforms and Laundry	5,500	3,359	2,836	522	1	5,150
Gas, Oil, etc.	21,000	9,994	9,993	-	1	13,598
Chemicals, Testing & Chlorine	13,000	9,841	9,841	-	-	9,531
Tools, Parts & Supplies:						
Plant & Grounds	-	-	-	-	-	-
Trunk Lines & Laterals	-	-	-	-	-	-
Repairs & Maintenance:						
Alarm Systems	11,000	11,110	11,109	-	1	6,749
Operating Equipment	30,000	33,797	33,797	-	-	29,344
Plant & Grounds	120,000	127,854	126,855	1,000	(1)	149,248
Trunk Lines & Laterals	-	-	-	-	-	-
	454,500	402,614	401,086	1,522	6	429,232
	1,189,500	1,062,654	1,057,348	5,297	9	1,043,963

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, 2016**

	2016				2015	
	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances	Unencumbered Balance	Expenditures & Encumbrances
Sewage Treatment and Disposal						
Personal Services	550,800	556,148	556,147	-	1	601,759
Capital Outlay	80,000	37,886	33,911	3,975	-	51,125
Contractual Expenditures:						
Telephone & Communications	4,000	4,333	4,333	-	-	4,389
Light and Power	345,000	296,937	296,935	-	2	299,957
Water	18,500	17,156	17,155	-	1	19,431
Heating	20,000	10,972	10,972	-	-	13,192
Equipment Rental	1,500	-	-	-	-	-
Conferences, Meetings, etc.	6,500	8,089	8,089	-	-	6,591
Engineering	70,000	85,603	85,603	-	-	63,541
Custodial	3,000	1,879	1,879	-	-	1,747
Legal	-	-	-	-	-	-
Medical	1,500	913	913	-	-	73
Uniforms & Laundry	3,000	2,378	1,880	497	1	1,380
Gas, Oil, etc.	4,000	1,137	1,136	-	1	1,609
Chemicals & Testing:						
Analysis	42,000	49,711	49,711	-	-	42,032
Chemicals & Chlorine	96,000	96,998	96,997	-	1	84,572
Tools, Parts and Supplies:						
Plant and Grounds	-	-	-	-	-	-
Repairs & Maintenance						
Alarm System	1,800	904	903	-	1	1,423
Operating Equipment	20,000	658	658	-	-	7,118
Plant & Grounds	99,000	175,421	175,349	71	1	130,267
Treatment and Disposal of						
Sewage & Sludge	403,000	351,232	351,232	-	-	373,064
Permit Fees	11,000	10,272	10,272	-	-	9,580
	<u>1,149,800</u>	<u>1,114,593</u>	<u>1,114,017</u>	<u>568</u>	<u>8</u>	<u>1,059,966</u>
	<u>1,780,600</u>	<u>1,708,627</u>	<u>1,704,075</u>	<u>4,543</u>	<u>9</u>	<u>1,712,850</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, 2016

	2016					2015
	Adopted Budget	Adjusted Budget	Expenditures	Encumbrances	Unencumbered Balance	Expenditures & Encumbrances
Employee Benefits						
State Retirement	200,000	192,523	192,523	-	-	192,134
Social Security and Medicare	106,000	102,453	102,453	-	-	98,685
Workers' Compensation	55,000	50,573	50,573	-	-	48,045
Unemployment Insurance	-	-	-	-	-	-
Hospital and Medical Insurance	585,000	598,429	598,429	-	-	583,451
Metro Commuter Transportation Tax	1,500	1,518	1,517	-	1	1,122
Unallocated Insurance	205,000	168,310	168,306	-	4	172,287
	<u>1,152,500</u>	<u>1,113,806</u>	<u>1,113,801</u>	<u>-</u>	<u>5</u>	<u>1,095,724</u>
Bond Anticipation Notes						
Principal	-	-	-	-	-	300,000
Interest	2,543	2,543	2,543	-	-	2,629
	<u>2,543</u>	<u>2,543</u>	<u>2,543</u>	<u>-</u>	<u>-</u>	<u>302,629</u>
Transfers						
Debt Service Fund	1,439,526	1,524,858	1,524,858	-	-	1,183,833
Capital Projects Fund	-	-	-	-	-	537,060
	<u>1,439,526</u>	<u>1,524,858</u>	<u>1,524,858</u>	<u>-</u>	<u>-</u>	<u>1,720,893</u>
	<u>\$ 5,979,269</u>	<u>\$ 5,803,805</u>	<u>\$ 5,793,936</u>	<u>\$ 9,840</u>	<u>\$ 29</u>	<u>\$ 6,238,974</u>

PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
DECEMBER 31, 2016

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%	\$ 2,159,561	378.6%
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%
12/31/15	\$ -	\$ 6,722,704	\$ 6,722,704	0.0%	\$ 1,094,414	614.3%
12/31/16	\$ -	\$ 6,722,704	\$ 6,722,704	0.0%	\$ 1,153,735	582.7%

See independent auditor's report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET POSITION LIABILITY-NYSERS**  
**LAST TEN FISCAL YEARS\***  
**DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>	<u>**2008</u>	<u>**2007</u>
District's proportionate share of the net pension liability	0.4233900%	0.0043391%	0.0043391%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability	\$ 679,559	\$ 146,586	\$ 196,079	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered payroll	\$1,344,597	\$1,227,586	\$1,431,870	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability as a percentage of covered payroll	50.54%	11.94%	13.69%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	90.70%	97.90%	97.20%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\*The amounts presented for each fiscal year were determined as of March 31.

Not available= N/A

**\*\*Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See independent auditor's report.



PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSERS  
LAST TEN FISCAL YEARS\*  
DECEMBER 31, 2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 148,946	\$ 174,308	\$ 245,611	\$ 264,438	\$ 244,056	\$ 233,074	\$ 162,502	\$ 104,298	\$ 107,736	\$ 118,036
Contributions in relation to the contractually required contribution	148,946	174,308	245,611	264,438	244,056	233,074	162,502	104,298	107,736	118,036
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,344,597	\$ 1,227,586	\$ 1,431,870	\$ 1,483,797	\$ 1,573,436	\$ 1,567,486	\$ 1,454,728	\$ 1,399,413	\$ 1,308,484	\$ 1,307,418
Contributions as a percentage of covered-employee payroll	11.08%	14.20%	17.15%	17.82%	15.51%	14.87%	11.17%	7.45%	8.23%	9.03%

\*The amounts presented for each fiscal year were determined as of March 31.

See independent auditor's report.

**PORT WASHINGTON WATER POLLUTION CONTROL DISTRICT**  
**SCHEDULE OF BALANCE SHEETS**  
**CAPITAL PROJECTS FUND - BY PROJECT**  
**DECEMBER 31, 2016**

	Sandy Hollow Road Siphon CT116	Collective Systems Improvement	Total	
			2016	2015
<b>ASSETS</b>				
Cash	\$ -	\$ 501,071	\$ 501,071	\$ 500,000
Accounts Receivable-Other	-	109	109	5
Due from Town of North Hempstead	41,343	-	41,343	365,450
Due from NYSEFC	31,831	-	31,831	-
Federal Grant Aid Receivable	-	-	-	427,000
<b>TOTAL ASSETS</b>	<u>\$ 73,174</u>	<u>\$ 501,180</u>	<u>\$ 574,354</u>	<u>\$ 1,292,455</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts Payable/Contracts Payable	\$ -	\$ 605	\$ 605	\$ 1,935
Reserve for Interest on Temp Invest	-	-	-	3,697
Due to Other Funds	-	-	-	167,628
Bond Anticipation Notes Payable	-	-	-	2,421,644
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>605</u>	<u>605</u>	<u>2,594,904</u>
Fund Balances:				
Restricted	-	-	-	-
Assigned Unappropriated Fund Balance	73,174	500,575	573,749	-
Unassigned	-	-	-	(1,302,449)
<b>TOTAL FUND BALANCES</b>	<u>73,174</u>	<u>500,575</u>	<u>573,749</u>	<u>(1,302,449)</u>

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, 2016**

	Sandy Hollow Road Siphon Line Rehabilitation CT116	Collective Systems Improvement	Total	
			2016	2015
Revenues:				
Interest Earnings	\$ -	\$ 1,302	\$ 1,302	\$ 5
Insurance Recovery	-	-	-	-
Federal Grant Aid	8,534	-	8,534	712,357
Refund of Prior Year Expenses	455	-	455	-
Total Revenues	\$ 8,989	\$ 1,302	\$ 10,291	\$ 712,362
Expenditures:				
Contractual	18,474	732	19,206	1,395,641
Total Expenditures	18,474	732	19,206	1,395,641
Excess (Deficiency) of Revenues Over Expenditures	(9,485)	570	(8,915)	(683,279)
Other Financial Sources (Uses):				
Transfers from General Fund	-	-	-	537,060
Proceeds from Statutory Installment Bonds	1,885,113	-	1,885,113	-
BAN's Redeemed by Appropriation	-	-	-	300,000
Transfers to Debt Service Fund	-	-	-	(5,868)
Total Other Financial Sources (Uses):	1,885,113	-	1,885,113	831,192
Expenditures and Other Uses	1,875,628	570	1,876,198	147,913
Fund Balances, January 1, 2016	(1,802,454)	500,005	(1,302,449)	(1,302,449)
Fund Balances, December 31, 2016	\$ 73,174	\$ 500,575	\$ 573,749	\$ (1,154,536)

See independent auditor's report.