

PORT WASHINGTON GARBAGE DISTRICT

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

YEAR ENDED DECEMBER 31, 2013

PORT WASHINGTON GARBAGE DISTRICT
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Robert A. Johnson, CPA P.C.

CERTIFIED PUBLIC ACCOUNTANTS

75 Prospect Street • Suite 402, Huntington, New York 11743
Ph: 631-923-2571 • Fax: 631-923-2574
rjohnson@robertjohnsoncpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Port Washington Garbage District
Port Washington, New York

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

Management's Responsibility for the Financial Statements

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

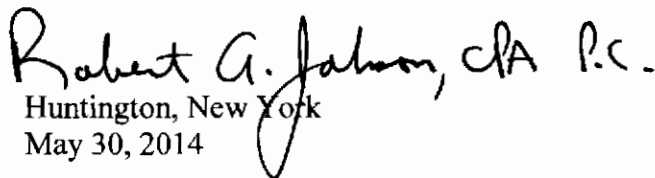
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board. 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 principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. 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 assurance.


Huntington, New York
May 30, 2014

PORT WASHINGTON GARBAGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Port Washington Garbage District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2013. Please review it in conjunction with the District's basic financial statements.

FINANCIAL HIGHLIGHTS

- The District reported net position of \$1,198,200, comprised of \$1,853,424 in total assets offset by \$655,224 in total liabilities (Table 1).
- The District's net position increased by \$198,470, from \$999,730 to \$1,198,200 (Table 2).
- The General Fund reported an excess of Revenues over Expenditures of \$210,502 for the year, increasing Fund Balance from \$972,996 to \$1,183,498.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements tell how these services were financed in the short term as well as that remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most financially significant funds.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position, the difference between assets, what the District owns, and liabilities, what the District owes, as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as the availability of capital projects, and continuing local government support to assess the *overall health* of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the funds – not the District as a whole. Some funds are required to be established by State law. However, the Board of Commissioners establishes funds to help control and manage money for particular purposes (ex. various capital projects funds).

Governmental Funds: The District's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation beside the fund financial statements.

Notes to Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

THE DISTRICT AS A WHOLE

Governmental entities are required by GAAP to report their financial position. The Statement of Net Position presents the value of all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in a government's financial condition.

Table 1 was derived from the current and prior year government-wide Statement of Net Position.

Table 1
 Statement of Net Position
 As of December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current and other assets	\$ 1,828,674	\$ 1,760,908
Capital assets, Net	<u>24,750</u>	<u>24,750</u>
Total Assets	<u>1,853,424</u>	<u>1,785,658</u>

Port Washington Garbage District
 Management's Discussion and Analysis
 December 31, 2013

Liabilities		
Long-term obligations	0	0
Other liabilities	<u>655,224</u>	<u>785,928</u>
Total Liabilities	<u>655,224</u>	<u>785,928</u>
Net Position		
Invested in capital assets	24,750	24,750
Restricted	0	27,215
Unrestricted	<u>1,173,450</u>	<u>947,765</u>
Total Net Position	<u>\$ 1,198,200</u>	<u>\$ 999,730</u>

Table 2 compares the 2013 change in net position to the 2012 change in net position.

Table 2
 Changes in Net Position for 2013
 Compared with 2012 activity

	<u>2013</u>	<u>2012</u>
General Revenues		
Real Property Tax and Related Items	2,160,983	2,177,700
Use of Money and Property	2,366	3,376
Other Revenue	<u>1,681</u>	<u>1,404</u>
Total General Revenue	<u>2,165,030</u>	<u>2,182,480</u>
Expenses		
General Government	9,587	13,398
Refuse & Garbage Services	<u>1,956,973</u>	<u>2,069,667</u>
Total Program Expenses	<u>1,966,560</u>	<u>2,083,065</u>
Change in Net Position	198,470	99,415
Net Position - Beginning of Year	<u>999,730</u>	<u>900,315</u>
Net Position - End of Year	<u>\$ 1,198,200</u>	<u>\$ 999,730</u>

THE DISTRICT'S FUND

The District reported a combined fund balance of \$1,183,498 in its governmental funds (as presented in the balance sheet). This represents an increase of \$210,502 for 2013 (as reported in the Schedule of Revenues, Expenditures, and Changes in Fund Balance).

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The District derives all of its operating revenues, other than interest earned on investments, from real property tax assessments collected by the Town of North Hempstead and forwarded to the District semi-annually.

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

The district considered many factors when setting the 2014 budget and tax rates. The District is very conscious of the economic environment and rising property taxes and has maintained no increase in Property Tax Revenue for 2014. A product of an ongoing examination of how the District does business, the budget emphasizes outcomes or results for the community and allows for longer-term financial planning decisions.

In considering the district budget for the year 2014 the Board of Commissioners and management used the following estimates:

- An increase of 1.0% in the amount to be raised by taxes for 2014.
- An increase of 3.0% in the overall budget.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Port Washington Garbage District, P.O. Box 608, Port Washington, NY 11050.

BASIC FINANCIAL STATEMENTS

PORT WASHINGTON GARBAGE DISTRICT
Statement of Net Position
December 31, 2013

Assets

Current Assets

Cash and Cash Equivalents	\$ 1,196,963
Due From Town of North Hempstead	8,235
Due From Other Governments	622,637
Prepaid Expenses	839
Total Current Assets	<u>1,828,674</u>

Capital Assets

Capital Assets, Net of Depreciation	24,750
Capital Assets, Net	<u>24,750</u>

Total Assets	<u>1,853,424</u>
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Liabilities

Current Liabilities

Accounts Payable	163,948
Accrued Expenses	4,032
Bond Anticipation Notes	480,389
Deferred Revenues	6,855
Total Current Liabilities	<u>655,224</u>

Non-current Liabilities

Total Non-current Liabilities	<u>-</u>
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Total Liabilities	<u>655,224</u>
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Net Position

Invested in Capital Assets, net of related debt	24,750
Unrestricted	<u>1,173,450</u>

Total Net Position	<u>\$ 1,198,200</u>
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PORT WASHINGTON GARBAGE DISTRICT
Statement of Activities
For the Year Ended December 31, 2013

	Net (Expenses)/ Revenue and Changes in Net Position <hr/> Governmental Activites <hr/>
Governmental Activities	
General Government	
Employee Benefits	\$ 865
Debt Service-Interest and Other Charges	8,722
Total General Government	<hr/> 9,587
Home and Community Services	
Refuse & Garbage Services	<hr/> 1,956,973
Program Expenses	<hr/> 1,966,560
General Revenue	
Real Property Taxes and Property Tax Items	2,160,983
Use of Money and Property	2,366
Other Revenue	1,681
Total General Revenue	<hr/> 2,165,030
Change in Net Position	198,470
Net Position Beginning of Year	<hr/> 999,730
Net Position End of Year	<hr/> <hr/> \$ 1,198,200

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

PORT WASHINGTON GARBAGE DISTRICT

Balance Sheet
Governmental Funds
December 31, 2013

Assets

Cash and Cash Equivalents	\$	1,196,963
Due From Town of North Hempstead		8,235
Due From Other Governments		622,637
Prepaid Expense		-

Total Assets \$ 1,827,835

Liabilities and Fund Balances

Liabilities

Accounts Payable	\$	163,948
Bond Anticipation Notes		480,389

Total Liabilities 644,337

Fund Balances

Assigned		-
Unassigned		1,183,498

Total Fund Balances 1,183,498

Total Liabilities and Fund Balances \$ 1,827,835

RECONCILIATION TO STATEMENT OF NET POSITION

Total fund balance reported above \$ 1,183,498

Add assets not reported above:

Prepaid Expenses	\$	839	
Capital Assets, Net		24,750	25,589

Less liabilities not reported above:

Accrued Expenses		(4,032)	
Deferred Revenue		(6,855)	(10,887)

Total Net Position \$ 1,198,200

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

PORT WASHINGTON GARBAGE DISTRICT
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds
For the Year Ended December 31, 2013

	<u>General Fund</u>
Revenues	
Real Property Taxes	
Real Property Tax Items	\$ 2,084,286
Use of Money and Property	83,552
Other Revenue	2,366
	7
Total Revenues	2,170,211
Expenditures	
Personal Services	11,280
Contractual	1,944,548
Employee Benefits	865
Debt Service	149,641
	2,106,334
Total Expenditures	2,106,334
Excess (Deficiency) of Revenues over Expenditures	63,877
Other Financing Sources (Uses):	
Premiums on Securities	1,674
BAN Redemption from Appropriations	144,951
	146,625
Net Increase (Decrease)	210,502
Fund Balance January 1,	972,996
Fund Balance December 31,	\$ 1,183,498

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

PORT WASHINGTON GARBAGE DISTRICT
 Reconciliation of the
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2013

Excess of revenues over expenditures as reported in the governmental funds statement	\$	210,502
Revenues reported in the government funds statement not included in the Statement of Activity:		
Increase in Deferred Revenue	\$ (6,855)	(6,855)
Expenses on the Statement of Activity not included in governmental funds statements:		
Depreciation Expense	-	
Decrease in Prepaid Insurance Expenses	(1,145)	
Increase in Accrued BAN Interest	(4,032)	(5,177)
Expenditures reported in the governmental funds statement not included in the Statement of Activity:		-
Change in net position reported on the Statement of Activities	\$	198,470

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

PORT WASHINGTON GARBAGE DISTRICT

Notes to Financial Statements

December 31, 2013

Note 1 – Summary of Significant Accounting Policies

The Port Washington Garbage District (the "District") is governed by its Charter, the local law and other general laws of the State of New York. The Board of Commissioners are the legislative body responsible for overall operations, the Chairman serves as chief executive officer and the Treasurer serves as chief fiscal officer. Major services provided by the District are Refuse & garbage pickup services.

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

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

A. Reporting Entity

The financial reporting entity is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended. The financial reporting entity consists of (a) the primary government which is the District, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The scope of activities included within the accompanying financial statements are transactions which comprise District operations and are governed by, or significantly influenced by, the Board of Commissioners. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no component units or other entities included in the District's reporting entity.

The Town of North Hempstead, New York raises taxes for District purposes; and all indebtedness is issued and supported by the full faith and credit of the Town of North Hempstead. Accordingly, the Port Washington Garbage District has been determined to be a component unit of the Town of North Hempstead, New York.

B. Basis of Presentation

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

Government-Wide Financial Statements

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

In the government-wide Statement of Net Position, the District's governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of the District's function (home and community service – refuse & garbage services), which are otherwise supported by general revenues (real property taxes, use of money and property, sale of property and compensation for loss, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants to produce the net cost of each program. Program revenues include (a) charges for services and (b) operating and capital grants and contributions that are directly associated with the function. The net cost is normally covered by general revenues. The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Fund Financial Statements

The fund financial statements are similar to the financial statements presented in the previous model. The new emphasis is on major fund financial statements. The District considers all funds to be major funds.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues and expenditures or expenses as appropriate. The various funds are summarized in the financial statements. The following funds are used by the District.

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

The District reports the following as major funds governmental funds:

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

C. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

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

Expenditures are recorded when a liability is incurred except that:

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are recognized as expenditures when payment is due.

D. Equity Classifications

Government-Wide Financial Statements

In government-wide financial statements equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements

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

Nonspendable - Consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted - Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed - Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Commissioners is the decision-making authority that can by Board Approval prior to the end of the fiscal year, commit fund balance.

Assigned - Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The Board of Commissioners are authorized to assign fund balance.

Unassigned - Represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the District spends funds in the following order; restricted, committed, assigned, unassigned.

E. Revenue/Property Taxes

Property taxes are levied and collected by the Town of North Hempstead on behalf of the District. The Town remits 100% of the amount of real property tax levied to the District.

F. Investments

Investments are stated at cost, which approximates market.

G. Inventory and Prepaid Items

Inventory type items are recorded as expenditures when purchased.

Payments to vendors for costs such as insurance and retirement that apply to future accounting periods are recorded as prepaid assets in the government-wide financial statements.

H. Capital Assets

Capital outlays are recorded as expenditures in the General Fund and as assets in the government-wide financial statements. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the estimated useful life of the asset.

All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow resource (expense/expenditure) until then. The District did not have any items qualifying for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District did not have any items qualifying for reporting in this category.

J. Insurance

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

K. Use of Estimates

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

L. Adoption of New Accounting Pronouncements

The District has adopted all of the current statements of the Government Accounting Standards Board (GASB) that are applicable.

Note 2 – Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

An operating budget is adopted each year for the general fund. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. No later than September 30, the budget officer submits a tentative budget to the Town of North Hempstead for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds as approved by the Board of Commissioners.
2. All modifications of the budget must be approved by the governing board. (However, the Board of Commissioners are authorized to transfer between budget codes).
3. Budgets are adopted on a basis consistent with GAAP.

Budgeted amounts reported in the financial statements are as originally adopted.

B. Encumbrances

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

Note 3 – Detailed Notes

A. Cash and Investments

The District’s funds are required to be deposited and invested under the terms of a depository contract pursuant to the District’s Investment Policy and General Municipal Law. The depository bank deposits for safekeeping and trust with the District’s third party agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Under the Investment Policy, the District at its own discretion, invests funds in time deposits and certificates of deposit provided by the depository bank.

The entire bank balance throughout the year was covered by federal depository insurance or by collateral by the District’s agent in the District’s name. The deposits were deemed collateralized under New York State Law during the year.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 – Deposits insured or collateralized with securities held by the District or by its agent in the District’s name.

Category 2 – Deposits collateralized with securities by the pledging financial institutions trust department or agent in the District’s name.

Category 3 – Deposits not collateralized or insured.

Based on these three levels of risk, all of the District’s cash deposits are classified as Category 1 or 2.

B. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance 1/1/13	Additions	Deletions	Balance 12/31/13
Land	24,750	0	0	24,750
Accumulated Depreciation	0	0	0	0
Capital Asset, Net	<u>24,750</u>	<u>0</u>	<u>0</u>	<u>24,750</u>

C. Short Term Debt

Bond anticipation notes (BAN) are a temporary means of financing.

BAN activity for the year is summarized as follows:

	<u>Balance at</u> <u>1/1/2013</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance at</u> <u>12/31/2013</u>
Bonds Anticipation Notes	\$ 625,340	-0-	\$ 144,951	\$ 480,389

Interest expense on short-term debt for the year ended December 31, 2013 was \$ 4,690.

D. Lease Obligations

The District has entered into a series of 6 month leases of storage space with Public Storage. The current rental rate is \$246 per month.

E. Contingent Liabilities

The District (along with other commissioner operated garbage districts and the Town of North Hempstead) is a defendant in a number of lawsuits brought by several local utilities which challenges *ad valorem* taxes levied on such utilities. One such case has resulted in a judgment which was paid by the District (\$893,013) by using the proceeds from the sale of bond anticipation notes (\$895,716). There are other cases pending. The Town of North Hempstead has a judgment against Nassau County, requiring it to pay the judgment under what is colloquially referred to as the "County Guarantee", which is found in County Administrative Code Section 6-26.00. The Court of Appeals denied the County's motion for leave to appeal the order granting summary judgment to the Town. An action by Keyspan has resulted in an additional judgment of approximately \$2.5 million. Steps have been taken to obtain a similar judgment in this case. The remaining cases are in various stages of litigation. It has been the Town's position that all of the cases are covered by the County Guarantee requiring an eventual payment or reimbursement of any judgments by the County. Any further liability in these cases would be allocated between the Town and the commissioner operated districts.

F. New Pronouncements

The GASB has issued Statement No. 67, *"Financial Reporting for Pension Plans - An Amendment of GASB No. 25"*. This statement replaces the requirements of GASB Statement No. 25, *"Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contributions Plans"*, to improve financial reporting by state and local government pension plans. The requirements of this statement become effective for the District for the year ended December 31, 2014.

The GASB has issued Statement No. 68, *"Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27"*. This statement replaces the

Port Washington Garbage District
Notes to Financial Statement
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requirement of Statement No. 27, *"Accounting for Pensions by State and Local Government Employers"*, to improve accounting and financial reporting by state and local governments for pensions. The requirements of this statement become effective for the District for the year ended December 31, 2015.

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

G. Subsequent Events

The District has evaluated subsequent events through the date of this report, which is the date financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PORT WASHINGTON GARBAGE DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Governmental Funds
For the Year Ended December 31, 2013

	Adopted Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Real Property Taxes	\$ 2,084,286	\$ 2,084,286	\$ 2,084,286	\$ -
Real Property Tax Items	-	-	83,552	83,552
Use of Money and Property	-	-	2,366	2,366
Other Revenue	-	-	7	7
Total Revenues	<u>2,084,286</u>	<u>2,084,286</u>	<u>2,170,211</u>	<u>85,925</u>
Expenditures				
Personal Services				
Commissioners Salaries	12,000	12,000	11,280	720
Contractual				
Office Supplies & Expenses	2,000	2,000	234	1,766
Bonds - Commissioners	600	600	755	(155)
Insurance	4,000	4,000	2,871	1,129
Rent	3,000	3,000	1,586	1,414
Legal Notices	1,200	1,200	173	1,027
Election Expenses	4,000	4,000	1,806	2,194
Auditing	3,250	3,250	3,250	-
Legal	15,000	15,000	24,233	(9,233)
Garbage Collection	1,915,008	1,915,008	1,905,082	9,926
Miscellaneous	1,802	1,802	1,682	120
Fiscal Agent Fees	-	-	2,876	(2,876)
Employee Benefits				
Social Security	-	-	865	(865)
Debt Service				
Bond Anticipation Note - Principal	144,951	144,951	144,951	-
Bond Anticipation Note - Interest	4,690	4,690	4,690	-
Total Expenditures	<u>2,111,501</u>	<u>2,111,501</u>	<u>2,106,334</u>	<u>5,167</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(27,215)</u>	<u>(27,215)</u>	<u>63,877</u>	<u>91,092</u>
Other Financing Sources (Uses):				
Premiums on Securities	-	-	1,674	1,674
BAN Redemption from Appropriations	-	-	144,951	144,951
Allocation of Fund Balance	27,215	27,215	-	(27,215)
Net Increase (Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>210,502</u>	<u>\$ 210,502</u>
Fund Balance January 1,			<u>972,996</u>	
Fund Balance December 31,			<u>\$ 1,183,498</u>	

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