

# STATE OF NEW YORK

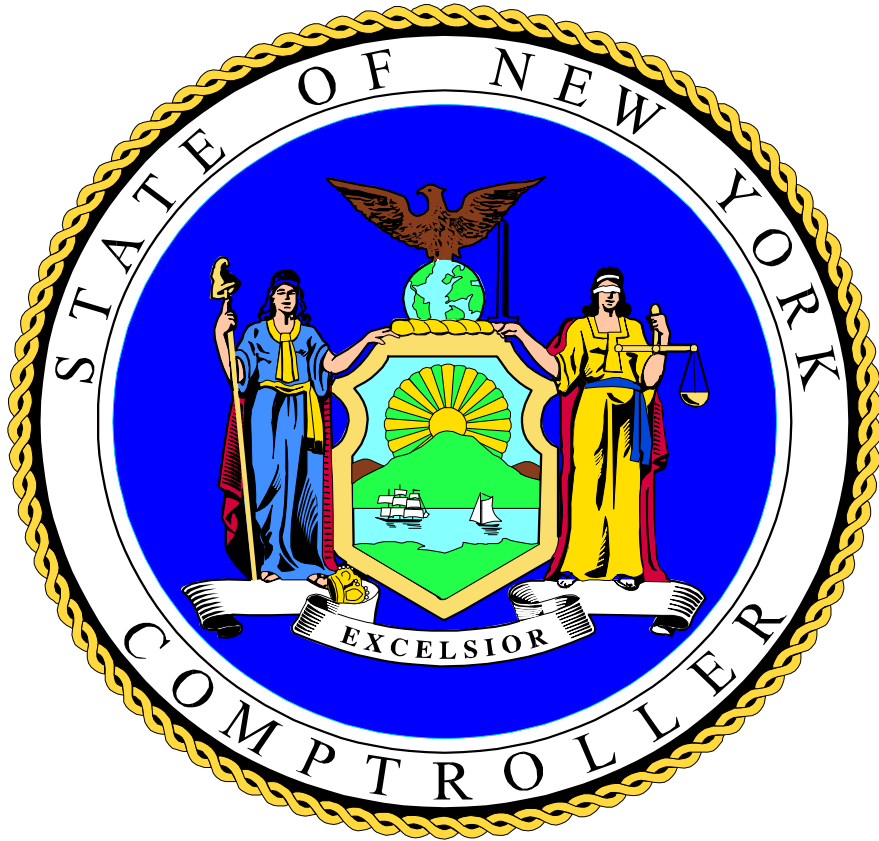
## New York Environmental Protection and Spill Compensation Fund

For Fiscal Year Ended March 31, 2011

### *Annual Financial Report and Other Supplementary Information*

**Thomas P. DiNapoli, State Comptroller**





**Office of the State Comptroller  
New York Environmental Protection and Spill Compensation Fund**

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Office of the State Comptroller  
New York Environmental Protection and Spill Compensation Fund

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Balance Sheet

March 31, 2011

**ASSETS:**

Cash and investments.....	\$	10,084,598
Accounts receivable, net of allowance for uncollectibles.....		84,392,626
Due from other funds.....		-
<b>Total assets</b> .....	<b>\$</b>	<b>94,477,224</b>

**LIABILITIES:**

Accounts payable.....	\$	2,011,492
Accrued liabilities.....		674,000
Due to other funds.....		2,534,953
Deferred revenue.....		72,117,283
<b>Total liabilities</b> .....		<b>77,337,728</b>

**FUND BALANCE:**

Reserved for encumbrances.....		-
Unreserved.....		17,139,496
<b>Total fund balance</b> .....		<b>17,139,496</b>

**Total liabilities and fund balance**..... **\$** **94,477,224**

See accompanying notes to the financial statements.

**Office of the State Comptroller  
New York Environmental Protection and Spill Compensation Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance**

**For the Year Ended March 31, 2011**

**REVENUES:**

Fees and reimbursements:	
License fees.....	\$ 19,857,634
Bulk storage fees.....	2,079,200
License fee surcharges.....	11,152,028
Penalties from spillers.....	3,307,734
Site monitoring.....	254,307
Reimbursements from spillers, net of refunds.....	12,046,494
Net fees and reimbursements.....	<u>48,697,397</u>
STIP interest.....	19,755
Interest from spillers.....	688,511
Fines, penalties, forfeitures (DEC).....	2,526,541
Miscellaneous.....	5,430
<b>Total revenues.....</b>	<u><b>51,937,634</b></u>

**EXPENDITURES:**

Spill costs:	
Cleanup costs, net of overpayments.....	9,083,249
Damage claims.....	16,800
Prompt payment interest.....	18
Expert witnesses.....	22,596
<b>Total spill costs.....</b>	<u><b>9,122,663</b></u>

Administrative costs:

OSC.....	865,651
DOH.....	274,683
DEC.....	14,669,750
OAG.....	2,056,915
<b>Total administrative costs.....</b>	<u><b>17,866,999</b></u>
<b>Total expenditures.....</b>	<u><b>26,989,662</b></u>

**Excess of revenues over expenditures.....** **24,947,972**

**OTHER FINANCING SOURCES (USES):**

Transfers from other funds.....	-
Transfers to other funds.....	(15,122,957)
<b>Other financing sources (uses).....</b>	<u><b>(15,122,957)</b></u>

**Net change in fund balance.....** **9,825,015**

**Fund balance at April 1, 2010 .....** **7,314,481**

**Fund balance at March 31, 2011.....** **\$ 17,139,496**

See accompanying notes to the financial statements.

Office of the State Comptroller  
New York Environmental Protection and Spill Compensation Fund

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**License Fee Surcharges**

**Statement of Revenues and Other Financing Sources (Uses)**  
*(modified accrual basis)*

**For the Year Ended March 31, 2011**

**REVENUES:**

License fee surcharges.....	11,152,028
Investment income.....	3,292
<b>Total receipts.....</b>	<b><u>11,155,320</u></b>

**OTHER FINANCING SOURCES (USES):**

Transfers from the Spill Compensation Fund.....	831,837
Transfers to the Hazardous Waste Remedial Fund.....	<u>(11,987,157)</u>
<b>Other financing sources (uses).....</b>	<b><u>(11,155,320)</u></b>

<b>Total.....</b>	<b><u><u>\$ -</u></u></b>
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See accompanying notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2011**

***NOTE 1 - Summary of Significant Accounting Policies***

Chapter 845 of the Laws of 1977 created the New York Environmental Protection and Spill Compensation Fund (Fund) and assigned to the State Comptroller administrative and operational responsibility for the Fund and strict liability for petroleum contamination in New York State. The Fund pays for the cleanup and removal of petroleum spills; cleanup and removal activities are conducted with the technical assistance and oversight of the New York State Department of Environmental Conservation (DEC). The Fund's major source of revenue is a license fee charged on each barrel of petroleum imported for sale in New York State. The Fund is accountable for all monies received and expended by the Fund. The Fund reviews and processes all cleanup vouchers submitted for payment, and maintains a detailed file for each cleanup project. Statements of cleanup costs are prepared from an account analysis conducted for each spill project. The Fund seeks reimbursement for cleanup costs from those entities responsible for the discharge of petroleum. The Fund also reviews, handles until settlement, or pays, all eligible damage claims.

The accompanying financial statements have been prepared primarily from accounts maintained by the State Comptroller and in conformity with generally accepted accounting principles (GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America.

***a. Measurement Focus, Basis of Accounting***

The Fund's financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and related receivables are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or within 12 months of the end of the current fiscal period. Receivables, net of uncollectible amounts, not expected to be collected within the next 12 months are offset by deferred revenues. Expenditures and related liabilities are recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next 12 months.

***b. Cash and Investments***

Cash and investments of the Fund are commingled in the State's general checking account. The available cash balance in the general checking account beyond immediate need is pooled for short-term investment purposes (STIP), administered by the State Comptroller.

***c. Receivables***

Receivables are stated net of estimated allowances for uncollectible amounts. A receivable is considered uncollectible when one of the following occurs: the debtor acknowledges his, her, or its inability to repay and such inability is substantiated; or the recovery of the receivable is at an indeterminable date or sufficiently into the future as to question the economic substance of the transaction.

**d. Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – Cash and Investments**

The cash balance administered by the Fund is under the joint custody of the State Comptroller and the Commissioner of Taxation and Finance.

**NOTE 3 – Accounts Receivable**

The Fund’s receivables relate to cleanup costs incurred for cleanup and removal activities overseen by the DEC for various spills throughout the State. The entire portion of the receivable is booked as a current receivable and the calculated long-term portion of the receivable is booked as deferred revenue. Receivables for each cleanup project are calculated by totaling all costs, including DEC personnel time, net of any allowances. The following is a summary of receivable amounts at March 31, 2011 (amounts in thousands):

Accounts receivable.....	\$	190,079
Allowance for uncollectibles..		<u>(105,686)</u>
<b>Total .....</b>	<b>\$</b>	<b><u><u>84,393</u></u></b>

**NOTE 4 – Accrued Liabilities**

Accrued liabilities consist of accrued amounts reported for payroll (\$455 thousand) and fringe benefits (\$219 thousand).

**NOTE 5 – Due To/From Other Funds**

All outstanding balances between other New York State governmental funds at the end of the fiscal year are referred to as “due to/from other funds.” The following is a summary of due to other funds amounts at March 31, 2011 (amounts in thousands):

**Due To Other Funds**

General .....	\$	<u>2,535</u>
<b>Total .....</b>	<b>\$</b>	<b><u>2,535</u></b>

**NOTE 6 – Operating Expenditures**

Expenditures, which include spill and administrative costs, damage claim payments, prompt payment interest, fees for lien filings, and expert witness fees, are recorded when the related liability is incurred. Administrative costs account for those costs incurred by the Department of Health, the Department of Environmental Conservation, the Office of the Attorney General, and the Office of the State Comptroller on behalf of the Fund.

**NOTE 7 – Interfund Transfers**

Transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes the resource. The following is a summary of transfer amounts at March 31, 2011 (amounts in thousands):

Hazardous Waste Remedial Fund ....	\$	11,987
ENCON Special Revenue Fund .....		<u>3,136</u>
<b>Total .....</b>	<b>\$</b>	<b><u>15,123</u></b>

**New York Environmental Protection and Spill Compensation Fund  
Monthly and Annual Report for the Period Ended March 31, 2011**

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**Summary of Monthly Cash Receipts and Disbursements**

	<u>March 2011</u>	<u>Fiscal Year 2010-2011</u>	<u>Fiscal Year 2009-2010</u>
Total Receipts	\$ 2,756,529	\$ 39,557,349	\$ 41,620,262
Total Disbursements	(6,696,159)	(34,314,258)	(33,548,775)
Excess/Deficit	<u>(3,939,630)</u>	<u>5,243,091</u>	<u>8,071,487</u>
Fund Balance 03/01/11	14,021,950		
Fund Balance 03/31/11	<u>\$ 10,082,320</u>		

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**Annual Reconciliation of Unbilled Spill Cleanup Costs**

	<u>Number</u>	<u>Dollar Amount</u>
Total spill cleanup costs in subsidiary ledger at beginning period 04/01/10	882	\$ 18,963,177
Spills opened or reopened	567	
Total expenditures on all spills for period		9,765,050
Administrative expenses		32,026
Spills closed	(325)	(6,122,881)
Interim bills	(200)	(5,872,660)
Final bills	(127)	(1,501,050)
Miscellaneous manual adjustments		4,261,477
Total spill cleanup costs in subsidiary ledger at end of period 03/31/11	<u>797</u>	<u>\$ 19,525,139</u>

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**Summary of Annual Spill Costs**

	<u>Vouchers</u>	<u>Dollar Amount</u>
Number of vouchers, and actual cash disbursed for cleanup (net of adjustments), damage claims, prompt payment interest and lien and legal services during period	3,066	\$ 12,941,588

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**New York Environmental Protection and Spill Compensation Fund  
Monthly and Annual Report for the Period Ended March 31, 2011**

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**Annual Summary of Investigative Summary Reports**

ISRs under review at beginning of period 04/01/10	57
ISRs received from DEC during period	323
ISRs processed/referrals prepared during period	(348)
Totals ISRs on hand at end of period 03/31/11	<u><u>32</u></u>

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**Annual Oil Spill Receivable Activity**

	<u>Fiscal Year 2010-2011</u>	<u>Fiscal Year 2009-2010</u>
Closed - written off	\$ 6,122,881	\$ 13,085,822
Billed to spillers	\$ 7,373,710	\$ 14,778,690
Cash receipts from spillers - spill cost, net of adjustments	\$ 10,801,651	\$ 14,415,223
Cash receipts from spillers - spill interest	\$ 688,511	\$ 1,616,252
Cash receipts from spillers - penalties	\$ 3,307,734	\$ 435,869

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**Summary of Annual Referrals to the Office of the Attorney General**

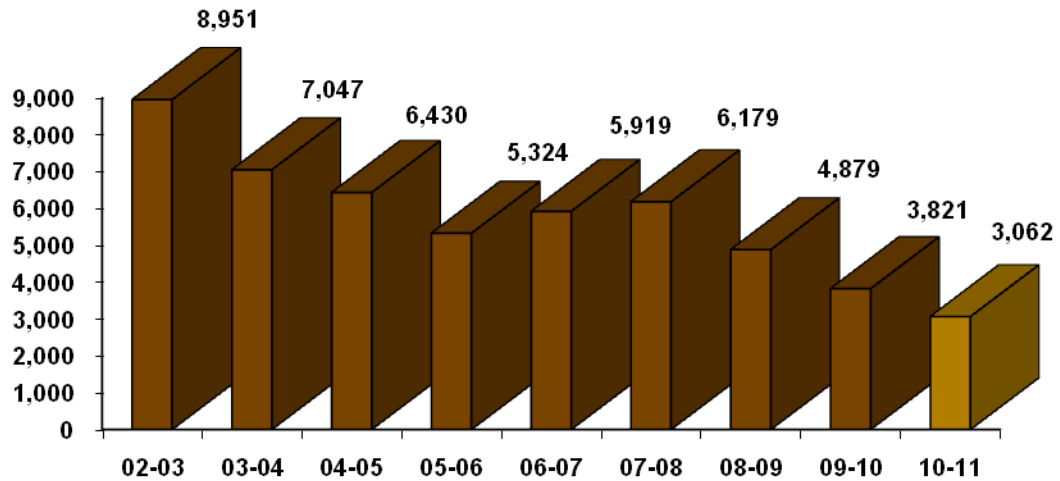
	<u>Number</u>	<u>Dollar Amount</u>
Cost statements prepared	148	\$ 2,619,276
Project cost updates prepared	179	\$ 4,754,434
Cases for which vouchers provided	76	

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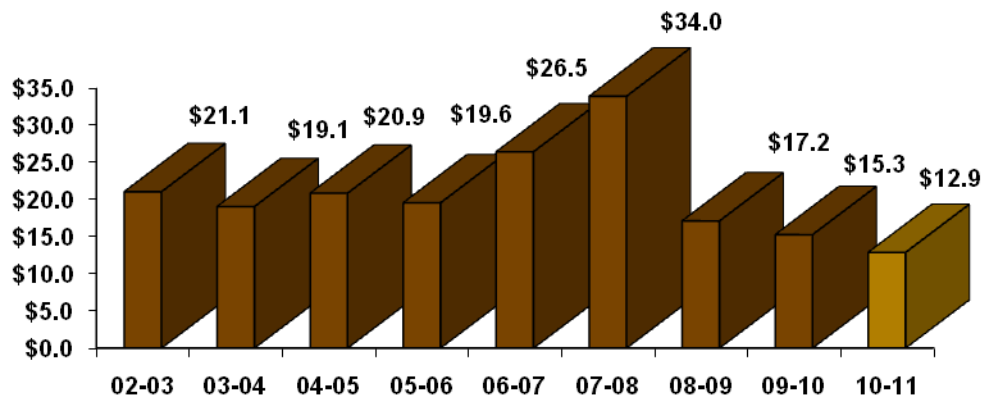
**New York Environmental Protection and Spill Compensation Fund  
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**New York Environmental Protection and Spill Compensation Fund  
Total Number of Cleanup Vouchers Processed**



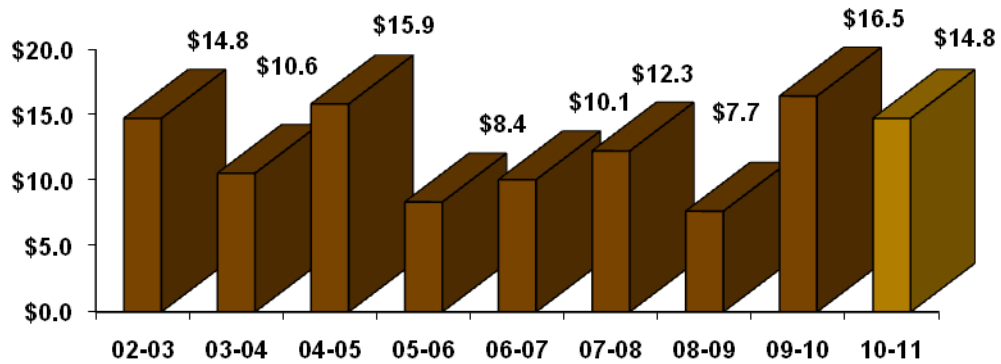
**New York Environmental Protection and Spill Compensation Fund  
Total Dollar Value-Cleanup Vouchers Processed  
Amounts In Millions**



**New York Environmental Protection and Spill Compensation Fund  
Monthly and Annual Report for the Period Ended March 31, 2011**

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**New York Environmental Protection and Spill Compensation Fund  
Total Dollar Value-Collected From Spillers  
Amounts In Millions**



**New York Environmental Protection and Spill Compensation Fund  
License Fees Collected  
Amounts In Millions**

