

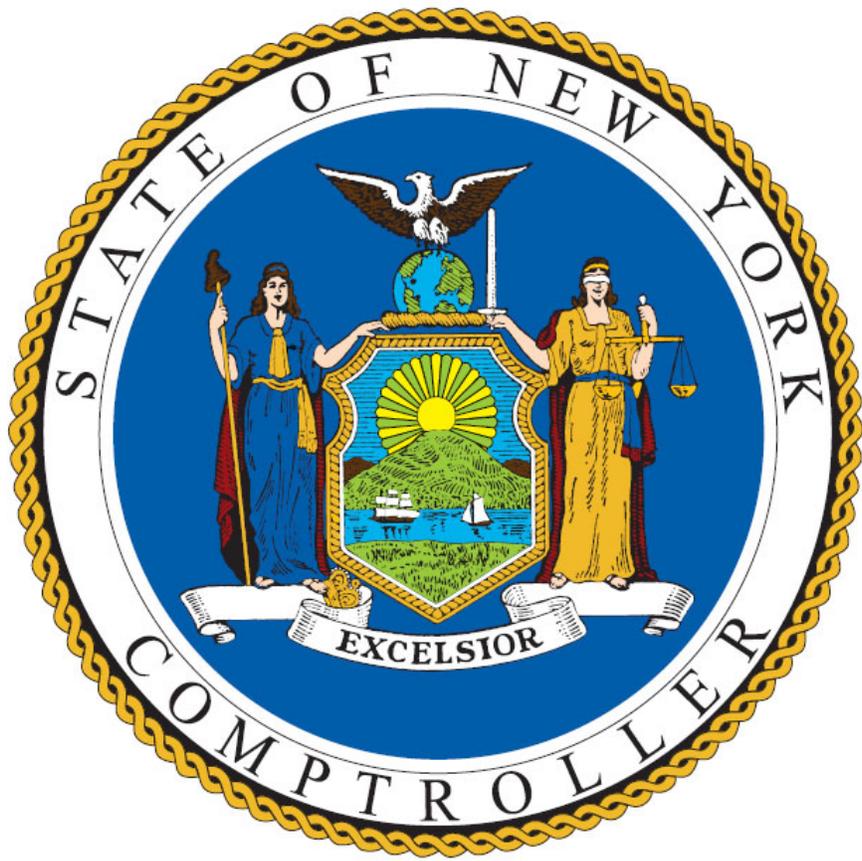
New York State Comptroller THOMAS P. DiNAPOLI



STATE OF NEW YORK

New York Environmental Protection and Spill Compensation Fund

Annual Financial Report and Other Supplementary Information
for Fiscal Year Ended March 31, 2022



**Office of the New York State Comptroller
New York Environmental Protection and Spill Compensation Fund
Annual Report 2021-22**

TABLE OF CONTENTS

| | |
|---|---------------|
| Introduction..... | 1 |
| Basic Financial Statements | |
| Balance Sheet..... | 2 |
| Statement of Revenues, Expenditures and Changes in Fund Balances..... | 3 |
| Notes to the Basic Financial Statements..... | 4 |
| Supplemental Data | |
| Statement of Receipts, Disbursements and Changes in Cash Balances..... | 7 |
| Miscellaneous Data..... | 8 |
| Last Ten Fiscal Years – Charts..... | 10 |

Introduction

The New York Environmental Protection and Spill Compensation Fund (Fund) was established in 1978 by Article 12 of the New York State Navigation Law, and administrative and operational responsibility for the Fund was assigned to the State Comptroller. Article 12 also established strict liability for petroleum contamination in New York State; responsible parties are obligated to pay for cleanup. The Fund pays for the cleanup and removal of petroleum spills when the parties responsible for the spills are unable or unwilling to do so. Cleanup and removal activities are conducted with the technical assistance and oversight of the New York State Department of Environmental Conservation.

As required by Section 196 of the Navigation Law, the Comptroller prepares an annual report to the State Legislature and the Governor, which includes a description of the costs and damages paid by and recovered for the Fund, the monies spent pursuant to Section 186 (including amounts spent for oil spill prevention, training activities conducted and equipment purchased), and the economic and environmental impacts on the State.

The Fund's major sources of revenue are license fees and surcharges imposed on each barrel of petroleum imported into New York State. The license fee on barrels imported for sale in New York is currently 9.5 cents per barrel. The license fee surcharge on those barrels is assessed at a rate of 4.25 cents per barrel and is reserved for the use of a separate fund, the Hazardous Waste Remedial Fund. A separate surcharge fee for barrels that are imported into and then exported out of New York State is assessed at an equivalent rate of 13.75 cents per barrel.

The Comptroller is responsible 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 through the New York State Office of the Attorney General from those entities or individuals responsible for the discharge of petroleum. The Fund also reviews all eligible damage claims, and administers them until they are settled by third parties or paid by the Fund. In addition, the New York State Department of Health certifies to the Fund both the necessity of any emergency relocation of spill victims and the actual expenses to be reimbursed by the Fund for those relocations.

Effective April 1, 2017, the New York Environmental Protection and Spill Remediation Account was created within the State's miscellaneous capital projects fund. All cleanup and related expenditures are paid from this account, which is then reimbursed from license fees collected by the Fund in an amount equal to those expenditures. This account is also administered by the Comptroller.

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

Balance Sheet

March 31, 2022

(Amounts in thousands)

ASSETS:

| | | |
|---|-----------|---------------|
| Cash and investments..... | \$ | 14,804 |
| Accounts receivable, net of allowance for uncollectibles..... | | 84,382 |
| Due from other funds..... | | 4 |
| Total assets..... | \$ | 99,190 |

LIABILITIES:

| | | |
|-------------------------------|----|------------|
| Accounts payable..... | \$ | 429 |
| Accrued liabilities..... | | 534 |
| Total liabilities..... | | 963 |

DEFERRED INFLOWS OF RESOURCES..... **74,964**

FUND BALANCE:

| | | |
|--------------------------------|--|---------------|
| Restricted..... | | 23,263 |
| Total fund balance..... | | 23,263 |

Total liabilities, deferred inflows of resources and fund balance..... **\$ 99,190**

See accompanying notes to the financial statements.

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

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended March 31, 2022

(Amounts in thousands)

| | Oil Spill Account | Hazardous Waste Remedial Account | Environmental Protection and Spill Remediation Capital Account | Total |
|---|-------------------------|-------------------------------------|---|-------------------------|
| REVENUES: | | | | |
| Fees and reimbursements: | | | | |
| License fees..... | \$ 20,871 | \$ - | \$ - | \$ 20,871 |
| Bulk storage fees..... | 2,888 | - | - | 2,888 |
| License fee surcharges..... | 3,694 | 10,034 | - | 13,728 |
| Interest from spillers..... | 111 | - | - | 111 |
| Penalties from spillers..... | 47 | - | - | 47 |
| Reimbursements from spillers, net of refunds..... | 17,340 | - | - | 17,340 |
| Net fees and reimbursements..... | <u>44,951</u> | <u>10,034</u> | <u>-</u> | <u>54,985</u> |
| Short-Term Investment Pool interest..... | 12 | - | - | 12 |
| Site monitoring (DEC)..... | 555 | - | - | 555 |
| Fines, penalties, forfeitures (DEC)..... | 640 | - | - | 640 |
| Total revenues..... | <u>46,158</u> | <u>10,034</u> | <u>-</u> | <u>56,192</u> |
| EXPENDITURES: | | | | |
| Spill costs: | | | | |
| Cleanup costs, net of overpayments..... | - | - | 17,909 | 17,909 |
| Damage claims..... | - | - | 139 | 139 |
| Expert witnesses..... | - | - | - | - |
| Prompt payment interest..... | - | - | 4 | 4 |
| Total spill costs..... | <u>-</u> | <u>-</u> | <u>18,052</u> | <u>18,052</u> |
| Oil spill prevention and training costs..... | <u>223</u> | <u>-</u> | <u>-</u> | <u>223</u> |
| Administrative costs: | | | | |
| Office of the State Comptroller (OSC)..... | 786 | - | - | 786 |
| Department of Health (DOH)..... | 172 | - | - | 172 |
| Department of Environmental Conservation (DEC)..... | 17,174 | - | - | 17,174 |
| Office of the Attorney General (OAG)..... | 2,000 | - | - | 2,000 |
| Total administrative costs..... | <u>20,132</u> | <u>-</u> | <u>-</u> | <u>20,132</u> |
| Total expenditures..... | <u>20,355</u> | <u>-</u> | <u>18,052</u> | <u>38,407</u> |
| Excess of revenues over expenditures..... | <u>25,803</u> | <u>10,034</u> | <u>(18,052)</u> | <u>17,785</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | - | 744 | 17,670 | 18,414 |
| Transfers to other funds | <u>(22,414)</u> | <u>(10,778)</u> | <u>-</u> | <u>(33,192)</u> |
| Other financing sources (uses)..... | <u>(22,414)</u> | <u>(10,034)</u> | <u>17,670</u> | <u>(14,778)</u> |
| Net change in fund balance..... | <u>3,389</u> | <u>-</u> | <u>(382)</u> | <u>3,007</u> |
| Fund balance at April 1, 2021..... | <u>20,282</u> | <u>-</u> | <u>(26)</u> | <u>20,256</u> |
| Fund balance at March 31, 2022..... | <u>\$ 23,671</u> | <u>\$ -</u> | <u>\$ (408)</u> | <u>\$ 23,263</u> |

See accompanying notes to the financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

March 31, 2022

NOTE 1 - Summary of Significant Accounting Policies

The accompanying financial statements have been prepared primarily from accounts maintained by the State Comptroller 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, which are those not expected to be collected within the next 12 months, are reported as deferred inflows of resources. Expenditures and related liabilities are recorded in the accounting period in which 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 the Fund's immediate needs is pooled in the Short-Term Investment Pool (STIP), which is administered by the State Comptroller.

c. Receivables

Receivables are stated net of estimated allowances for uncollectible amounts. A receivable is considered uncollectible under either of the following circumstances: the debtor acknowledges an inability to repay and such inability is substantiated; or the recovery of the receivable is expected to occur at an indeterminable date or a date sufficiently far into the future so as to make the economic value of the transaction questionable.

d. Deferred Inflows of Resources

Deferred inflows of resources are defined as an acquisition of net assets by the Fund that is applicable to a future reporting period. Deferred inflows of resources decrease net position, similar to liabilities.

e. 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 the 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 New York State 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 Department of Environmental Conservation (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 inflows of resources. 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, 2022 (amounts in thousands):

| | |
|-----------------------------------|-------------------------|
| Accounts receivable..... | \$ 126,675 |
| Allowance for uncollectibles..... | <u>(42,293)</u> |
| Total..... | <u>\$ 84,382</u> |

NOTE 4 – Accrued Liabilities

Accrued liabilities consist of accrued amounts reported for payroll (\$488,000) and fringe benefits (\$46,000).

NOTE 5 – Due To/From Other Funds

All outstanding balances between the Fund and 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 the amounts due from other funds at March 31, 2022 (amounts in thousands):

Due From Other Funds

| | |
|---|--------------------|
| Miscellaneous Special Revenue Fund..... | <u>\$ 4</u> |
| Total..... | <u>\$ 4</u> |

NOTE 6 – Operating Expenditures

Expenditures, which include spill cleanup 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. Oil spill prevention and training costs account for costs incurred by the Department of Environmental Conservation related to efforts to provide oil spill prevention equipment, supplies and training to local government entities. Administrative costs account for those costs incurred on behalf of the Fund by the Department of Health, the Department of Environmental Conservation, the Office of the Attorney General, and the Office of the State Comptroller.

NOTE 7 – Interfund Transfers

Transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes the resources. The following is a summary of transfer amounts at March 31, 2022 (amounts in thousands):

| | |
|---|-------------------------|
| Hazardous Waste Remedial Fund (HWRF)..... | \$ 10,778 |
| DEC Special Revenue Fund..... | <u>4,000</u> |
| Total..... | <u>\$ 14,778</u> |

NOTE 8 – Commitments and Contingencies

The Fund has potential liabilities resulting from pending damage claims. Pursuant to the program, damage claims are submitted by harmed parties impacted by petroleum discharges. The Fund attempts to mitigate potential liabilities by ascertaining the validity and timeliness of the claims, as well as identifying and pursuing petroleum dischargers responsible for the damages associated with valid claims.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, provides guidance for state and local governments in estimating and reporting the potential costs of pollution remediation. While GASB Statement No. 49 does not require the State to search for pollution, it does require the State to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the State is compelled to take action;
- The State is in violation of a pollution-related permit or license;
- The State is named or has evidence that it will be named as a responsible party by a regulator;
- The State is named or has evidence that it will be named to enforce a cleanup; or
- The State commences or legally obligates itself to conduct remediation activities.

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

Statement of Receipts, Disbursements and Changes in Cash Balances

For the Year Ended March 31, 2022

(Amounts in thousands)

| | Oil Spill Account | Hazardous Waste Remedial Account | Environmental Protection and Spill Remediation Capital Account | Total |
|---|-------------------------|-------------------------------------|---|-------------------------|
| RECEIPTS: | | | | |
| Fees and reimbursements: | | | | |
| License fees..... | \$ 20,871 | \$ - | \$ - | \$ 20,871 |
| Bulk storage fees..... | 2,885 | - | - | 2,885 |
| License fee surcharges..... | 3,694 | 10,034 | - | 13,728 |
| Interest from spillers..... | 111 | - | - | 111 |
| Penalties from spillers..... | 47 | - | - | 47 |
| Reimbursements from spillers, net of refunds..... | 17,177 | - | - | 17,177 |
| Net fees and reimbursements..... | <u>44,785</u> | <u>10,034</u> | <u>-</u> | <u>54,819</u> |
| Short-Term Investment Pool interest..... | 11 | - | - | 11 |
| Site monitoring (DEC)..... | 555 | - | - | 555 |
| Fines, penalties, forfeitures (DEC)..... | 640 | - | - | 640 |
| Total receipts..... | <u>45,991</u> | <u>10,034</u> | <u>-</u> | <u>56,025</u> |
| DISBURSEMENTS: | | | | |
| Spill costs: | | | | |
| Cleanup costs, net of overpayments..... | - | - | 17,527 | 17,527 |
| Damage claims..... | - | - | 139 | 139 |
| Expert witnesses..... | - | - | - | - |
| Prompt payment interest..... | - | - | 4 | 4 |
| Total spill costs..... | <u>-</u> | <u>-</u> | <u>17,670</u> | <u>17,670</u> |
| Oil spill prevention and training costs..... | <u>246</u> | <u>-</u> | <u>-</u> | <u>246</u> |
| Administrative costs: | | | | |
| Office of the State Comptroller (OSC)..... | 783 | - | - | 783 |
| Department of Health (DOH)..... | 171 | - | - | 171 |
| Department of Environmental Conservation (DEC)..... | 17,138 | - | - | 17,138 |
| Office of the Attorney General (OAG)..... | 1,976 | - | - | 1,976 |
| Total administrative costs..... | <u>20,068</u> | <u>-</u> | <u>-</u> | <u>20,068</u> |
| Total disbursements..... | <u>20,314</u> | <u>-</u> | <u>17,670</u> | <u>37,984</u> |
| Excess of receipts over disbursements..... | <u>25,677</u> | <u>10,034</u> | <u>(17,670)</u> | <u>18,041</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds..... | - | 744 | 17,670 | 18,414 |
| Transfers to other funds..... | <u>(22,414)</u> | <u>(10,778)</u> | <u>-</u> | <u>(33,192)</u> |
| Other financing sources (uses)..... | <u>(22,414)</u> | <u>(10,034)</u> | <u>17,670</u> | <u>(14,778)</u> |
| Net change in cash balance..... | <u>3,263</u> | <u>-</u> | <u>-</u> | <u>3,263</u> |
| Cash balance at April 1, 2021..... | <u>11,538</u> | <u>-</u> | <u>-</u> | <u>11,538</u> |
| Cash balance at March 31, 2022..... | <u>\$ 14,801</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 14,801</u> |

**New York Environmental Protection and Spill Compensation Fund
Miscellaneous Data for the Year Ended March 31, 2022**

Summary of Monthly Cash Receipts and Disbursements

(Amounts in thousands)

| | <u>Year Ended March 31, 2022</u> | <u>Year Ended March 31, 2021</u> |
|--------------------------------|--------------------------------------|--------------------------------------|
| Total Receipts | \$ 45,991 | \$ 28,555 |
| Total Disbursements | \$ (42,728) | \$ (43,573) |
| Excess/Deficit | <u>\$ 3,263</u> | <u>\$ (15,018)</u> |
| Fund Balance at April 1, 2021 | \$ 11,538 | |
| Fund Balance at March 31, 2022 | <u><u>\$ 14,801</u></u> | |

Annual Reconciliation of Unbilled Spill Cleanup Costs

(Amounts in thousands)

| | <u>Year Ended March 31, 2022</u> |
|---|--------------------------------------|
| Total spill cleanup costs in subsidiary ledger at beginning of the year | \$ 59,282 |
| Spill disbursements | 17,666 |
| Administrative expenses | - |
| Spill expenditures written off | (1,098) |
| Interim bills | (7,040) |
| Final bills | (8,737) |
| Miscellaneous manual adjustments | (13) |
| Total spill cleanup costs in subsidiary ledger at end of the year | <u><u>\$ 60,060</u></u> |

Summary of Unbilled Spill Projects

| | <u>Year Ended March 31, 2022</u> |
|---|--------------------------------------|
| Total unbilled spill projects in subsidiary ledger at beginning of the year | 1,513 |
| Spill projects with an unbilled expenditure | 1,219 |
| Spill projects billed, written off or manually adjusted | (1,183) |
| Total unbilled spill projects in subsidiary ledger at end of the year | <u><u>1,549</u></u> |

**New York Environmental Protection and Spill Compensation Fund
Miscellaneous Data for the Year Ended March 31, 2022**

Summary of Opened and Closed Spill Projects

| | Year Ended March 31, 2022 |
|-----------------------|--------------------------------------|
| Spill projects opened | 450 |
| Spill projects closed | 320 |

Summary of Annual Spill Costs

| | Vouchers | Dollar <small>(Amount in thousands)</small> |
|--|-----------------|---|
| Number of vouchers, and actual cash disbursed for cleanup (net of adjustments), damage claims, prompt payment interest and lien and legal services during the year | 3,041 | \$ 17,670 |

Annual Oil Spill Receivable Activity

(Amounts in thousands)

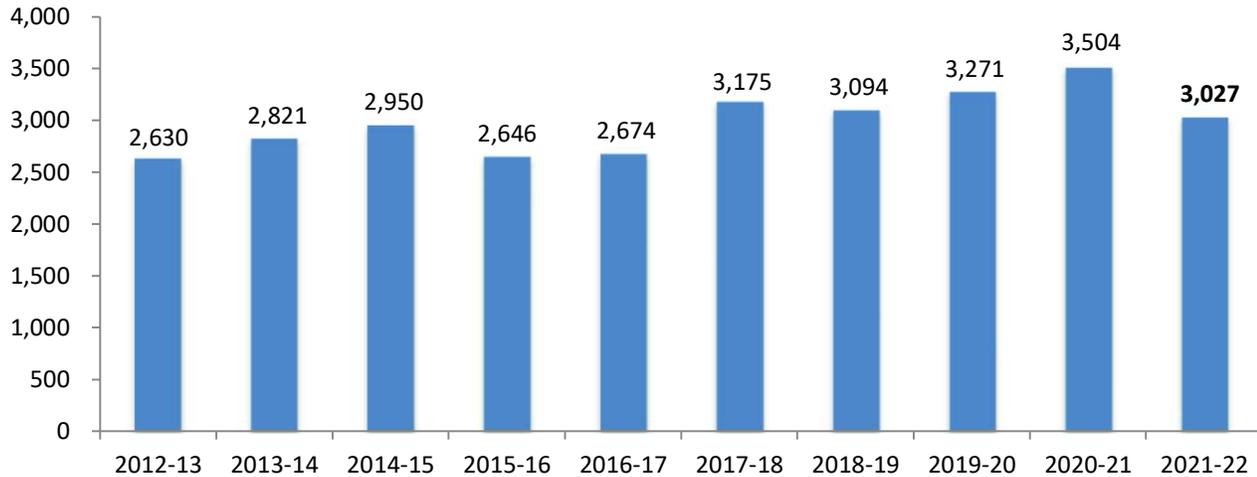
| | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|--|--------------------------------------|--------------------------------------|
| Closed - written off | \$ 6,637 | \$ 848 |
| Billed to spillers | \$ 15,777 | \$ 13,132 |
| Cash receipts from spillers - spill cost, net of adjustments | \$ 17,177 | \$ 4,863 |
| Cash receipts from spillers - spill interest | \$ 111 | \$ 147 |
| Cash receipts from spillers - penalties | \$ 47 | \$ 53 |

Annual Summary of Referrals to the Office of the Attorney General

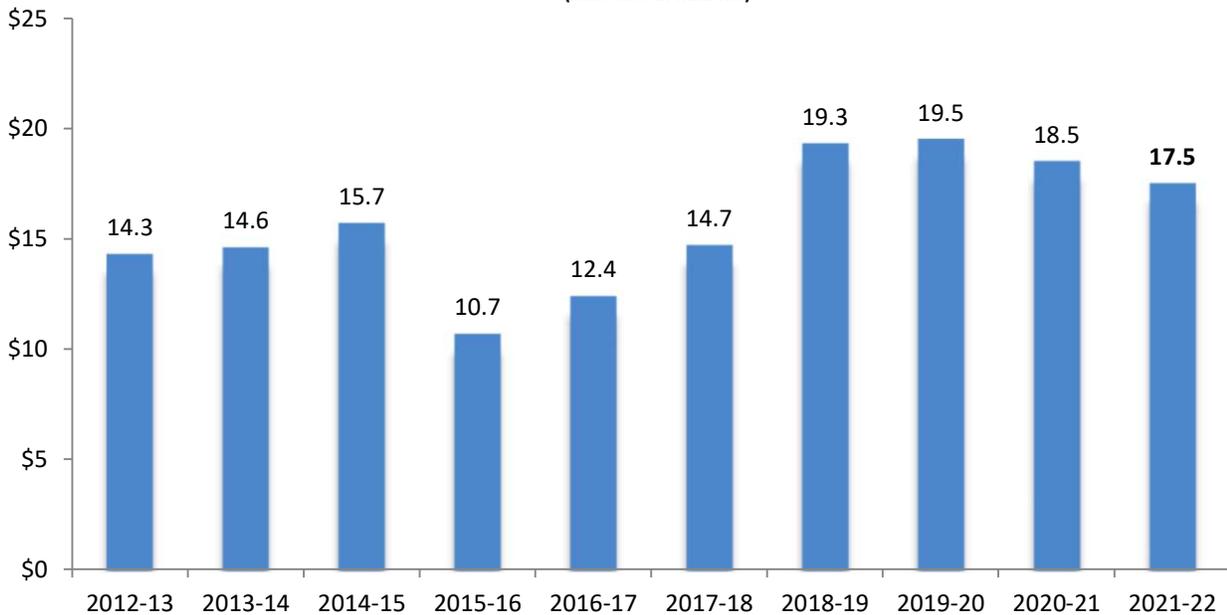
| | Number | Dollar <small>(Amount in thousands)</small> |
|--|---------------|---|
| New referrals | 311 | \$ 11,360 |
| Cost updates for existing referrals | 397 | \$ 4,417 |
| Cases for which vouchers were provided | 52 | |

**New York Environmental Protection and Spill Compensation Fund
Last Ten Fiscal Years Ended March 31st**

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



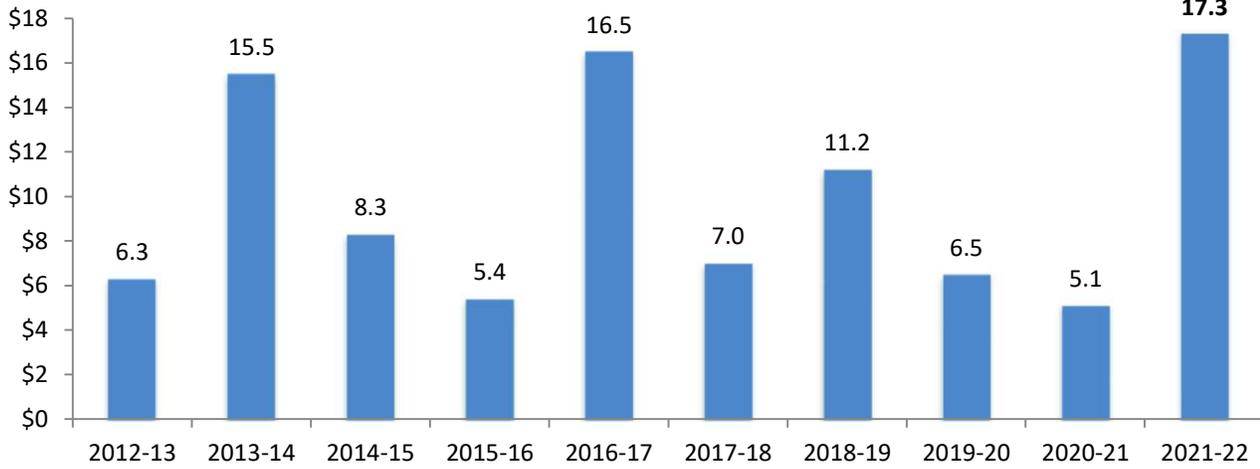
**New York Environmental Protection and Spill Compensation Fund
Total Dollar Value of Cleanup Vouchers Processed
(Amounts in millions)**



Note : The amount shown for Fiscal Year 2013-14 does not reflect the federal reimbursement of costs associated with Superstorm Sandy.

**New York Environmental Protection and Spill Compensation Fund
Last Ten Fiscal Years Ended March 31st**

**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)**

