

# STATE OF NEW YORK

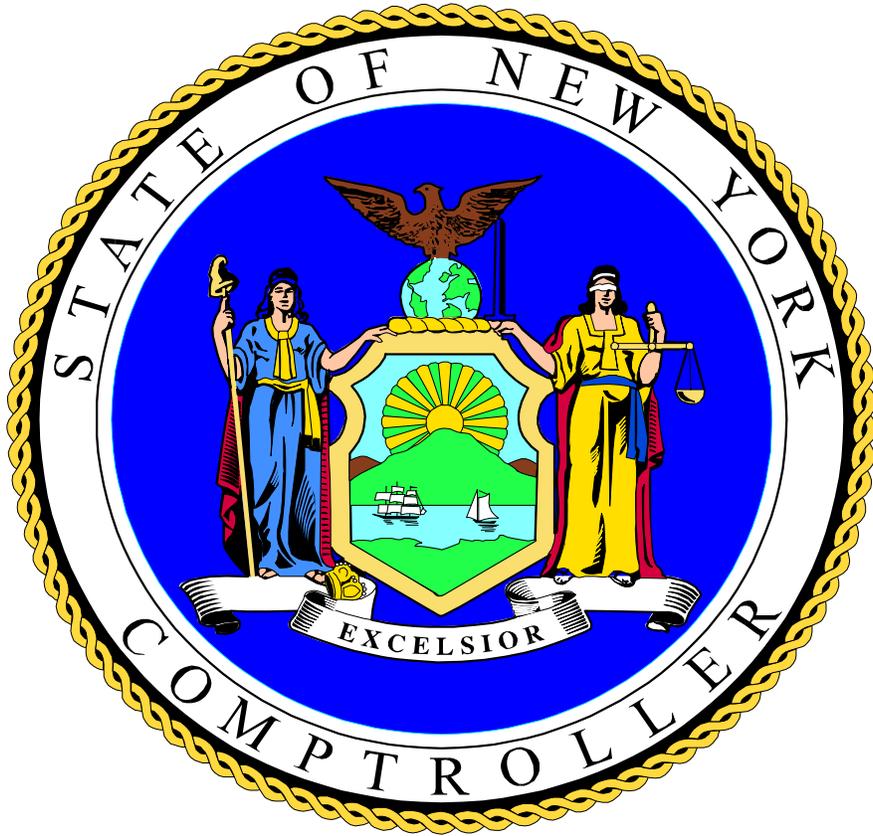
## New York Environmental Protection and Spill Compensation Fund



*Annual Financial Report and  
Other Supplementary Information*

For Fiscal Year Ended March 31, 2016

**Office of the New York State Comptroller  
Thomas P. DiNapoli, Comptroller**



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

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**TABLE OF CONTENTS**

**Basic Financial Statements**

<b>Balance Sheet .....</b>	<b>2</b>
<b>Statement of Revenues, Expenditures and Changes in Fund Balance ....</b>	<b>3</b>
<b>Statement of Revenues and Other Financing Sources (Uses) .....</b>	<b>4</b>
<b>Notes to the Basic Financial Statements.....</b>	<b>5</b>

<b>Miscellaneous Data.....</b>	<b>9</b>
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<b>Multi-Year Charts .....</b>	<b>11</b>
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**Office of the State Comptroller  
New York Environmental Protection and Spill Compensation Fund**

**Balance Sheet**

**March 31, 2016**

(Amounts in thousands)

**ASSETS:**

Cash and investments.....	\$	18,113
Accounts receivable, net of allowance for uncollectibles.....		82,770
<b>Total assets</b> .....	<b>\$</b>	<b>100,883</b>

**LIABILITIES:**

Accounts payable.....	\$	234
Accrued liabilities.....		1,667
Due to other funds.....		1,562
<b>Total liabilities</b> .....		<b>3,463</b>

**DEFERRED INFLOWS OF RESOURCES**

**73,738**

**FUND BALANCE:**

Restricted.....		23,682
<b>Total fund balance</b> .....		<b>23,682</b>

<b>Total liabilities, deferred inflows of resources and fund balance</b> .....	<b>\$</b>	<b>100,883</b>
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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, 2016**

(Amounts in thousands)

**REVENUES:**

Fees and reimbursements:	
License fees.....	\$ 22,474
Bulk storage fees.....	1,904
License fee surcharges (OSF).....	2,420
License fee surcharges (HWRF).....	11,998
Penalties from spillers.....	36
Site monitoring.....	327
Reimbursements from spillers, net of refunds.....	2,914
Net fees and reimbursements.....	<u>42,073</u>
STIP interest.....	45
Interest from spillers.....	584
Fines, penalties, forfeitures (DEC).....	2,834
<b>Total revenues.....</b>	<b><u>45,536</u></b>

**EXPENDITURES:**

Spill costs:	
Cleanup costs, net of overpayments.....	10,167
Damage claims.....	189
Expert witnesses.....	38
Prompt payment interest.....	2
<b>Total spill costs.....</b>	<b><u>10,396</u></b>
Oil spill prevention and training costs.....	<u>334</u>
Administrative costs:	
OSC.....	830
DOH.....	282
DEC.....	14,625
OAG.....	2,072
<b>Total administrative costs.....</b>	<b><u>17,809</u></b>
<b>Total expenditures.....</b>	<b><u>28,539</u></b>

<b>Excess of revenues over expenditures.....</b>	<b><u>16,997</u></b>
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**OTHER FINANCING SOURCES (USES):**

Transfers to other funds.....	(16,119)
<b>Other financing sources (uses).....</b>	<b><u>(16,119)</u></b>

<b>Net change in fund balance.....</b>	<b>878</b>
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<b>Fund balance at April 1, 2015 .....</b>	<b><u>22,804</u></b>
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<b>Fund balance at March 31, 2016.....</b>	<b><u>\$ 23,682</u></b>
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**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, 2016**

(Amounts in thousands)

**REVENUES:**

License fee surcharges.....	\$ 11,998
Investment income.....	3
<b>Total receipts.....</b>	<b><u>12,001</u></b>

**OTHER FINANCING SOURCES (USES):**

Transfers from the Spill Compensation Fund.....	832
Transfers to the Hazardous Waste Remedial Fund.....	<u>(12,833)</u>
<b>Other financing sources (uses).....</b>	<b><u>(12,001)</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 BASIC FINANCIAL STATEMENTS

March 31, 2016

### ***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 also established 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 or individuals responsible for the discharge of petroleum. The Fund also reviews, handles until settlement, or pays, all eligible damage claims.

In April 2015, amendments to Article 12 of the Navigation Law resulted in increases to the license fees and surcharges on major oil storage facilities and on petroleum that is transshipped out of State. Authority was created for the DEC to spend Fund money, up to \$2.1 million a year, on oil spill prevention and training efforts. The Fund cap was also raised from \$18 million to \$40 million after which the license fee is no longer imposed.

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, 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 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 when one of the following occurs: the debtor acknowledges an inability to repay and such inability is substantiated; or the recovery of the receivable is at an indeterminable date or a date 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 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, 2016 (amounts in thousands):

Accounts receivable.....	\$	144,243
Allowance for uncollectibles.....		<u>(61,473)</u>
<b>Total .....</b>	<b>\$</b>	<b><u>82,770</u></b>

**NOTE 4 – Accrued Liabilities**

Accrued liabilities consist of accrued amounts reported for payroll (\$1.484 million) and fringe benefits (\$183 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, 2016 (amounts in thousands):

<u><b>Due To Other Funds</b></u>	
General Fund .....	\$ 1,562
<b>Total</b> .....	<b>\$ <u>1,562</u></b>

The \$1.562 million due to the General Fund are payments for fringe benefits and indirect charges.

**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. Oil spill prevention and training costs account for costs incurred by the DEC related to efforts to provide oil spill prevention equipment, supplies and training to local government entities. 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 resources. The following is a summary of transfer amounts at March 31, 2016 (amounts in thousands):

Hazardous Waste Remedial Fund .....	\$ 12,834
ENCON Special Revenue Fund .....	<u>3,285</u>
<b>Total</b> .....	<b>\$ <u>16,119</u></b>

**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

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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.

***NOTE 9 – Subsequent Event***

In May 2016, the Fund received a \$10.75 million cash payment from Exxon Mobil Corporation and ExxonMobil Oil Corporation, individually and as successors-in-interest to Mobil Oil Corporation and Mobil Corporation, for a global settlement of eight pending lawsuits for reimbursement of oil spill cleanup and petroleum contamination removal costs.

**New York Environmental Protection and Spill Compensation Fund  
Miscellaneous Data for the Year Ended March 31, 2016**

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**Summary of Monthly Cash Receipts and Disbursements**

	(Amounts in thousands)		
	<u>Month of March 2016</u>	<u>Year Ended 3/31/2016</u>	<u>Year Ended 3/31/2015</u>
Total Receipts	\$ 3,191	\$ 35,406	\$ 33,380
Total Disbursements	\$ (2,691)	\$ (32,932)	\$ (37,098)
Excess/Deficit	<u>\$ 500</u>	<u>\$ 2,474</u>	<u>\$ (3,718)</u>
Fund Balance 3/01/16	\$ 17,605		
Fund Balance 3/31/16	<u><u>\$ 18,105</u></u>		

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**Annual Reconciliation of Unbilled Spill Cleanup Costs**

	<u>Number</u>	<u>Dollar Amount (in thousands)</u>
Total spill cleanup costs in subsidiary ledger at beginning of the year 04/01/15	1,119	\$ 22,760
Spills opened with an expenditure	267	-
Spill disbursements	-	10,993
Administrative expenses	-	-
Spill expenditures written off	(513)	(30,959)
Interim bills	-	(7,281)
Final bills	(167)	(2,851)
Miscellaneous manual adjustments	92	33,212
Total spill cleanup costs in subsidiary ledger at end of the year 03/31/16	<u><u>798</u></u>	<u><u>\$ 25,874</u></u>

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**Summary of Opened and Closed Spill Projects**

	<u>Year Ended 3/31/16</u>
Spill projects opened	361
Spill projects closed	721

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**New York Environmental Protection and Spill Compensation Fund  
Miscellaneous Data for the Year Ended March 31, 2016**

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**Summary of Annual Spill Costs**

	<u>Vouchers</u>	<u>Dollar Amount</u> <small>(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	2,667	\$ 10,993

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**Annual Summary of Investigative Summary Reports**

ISRs under review at beginning of the year 04/01/15	171
ISRs received from DEC during the year	311
ISRs processed/referrals prepared during the year	(440)
Total ISRs on hand at end of the year 03/31/16	<u>42</u>

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**Annual Oil Spill Receivable Activity**

(Amounts in thousands)

	<u>Year Ended 3/31/16</u>	<u>Year Ended 3/31/2015</u>
Closed - written off	\$ 30,644	\$ 20,874
Billed to spillers	\$ 9,380	\$ 11,441
Cash receipts from spillers - spill cost, net of adjustments	\$ 4,792	\$ 8,201
Cash receipts from spillers - spill interest	\$ 584	\$ 59
Cash receipts from spillers - penalties	\$ 36	\$ 13

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

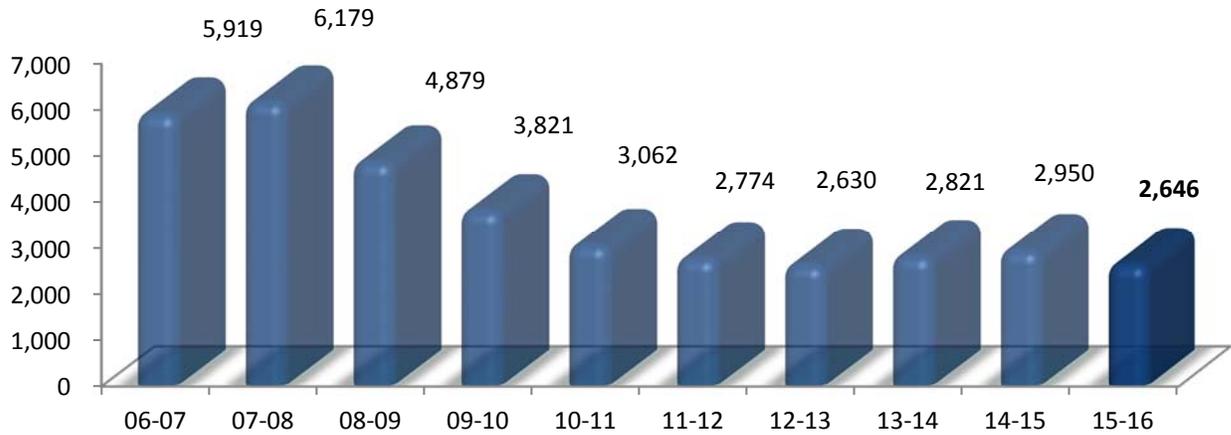
	<u>Number</u>	<u>Dollar Amount</u> <small>(in thousands)</small>
New referrals	196	\$ 4,396
Cost updates for existing referrals	343	\$ 5,737
Cases for which vouchers provided	51	

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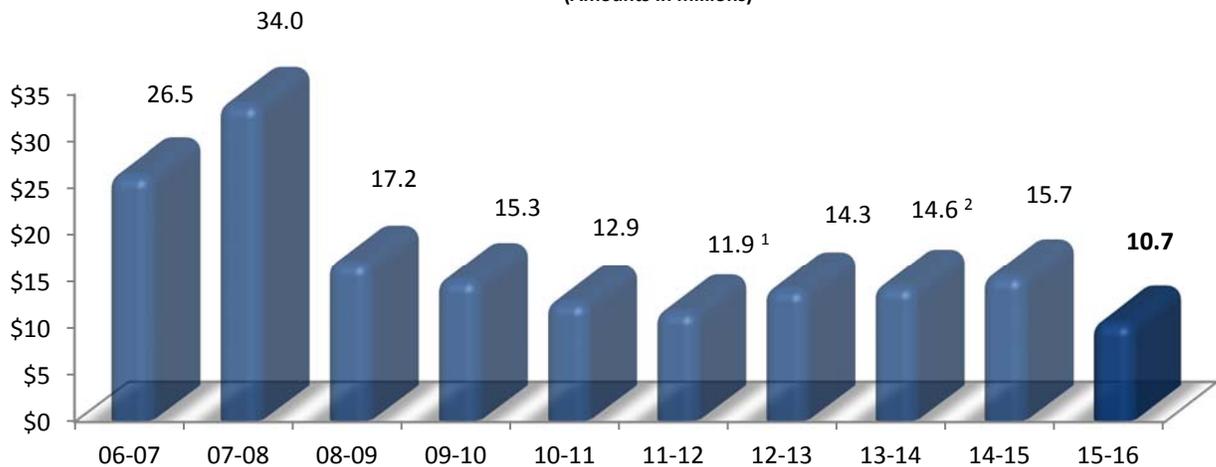
## New York Environmental Protection and Spill Compensation Fund Multi-Year Charts for the Years Ended March 31<sup>st</sup>

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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)**



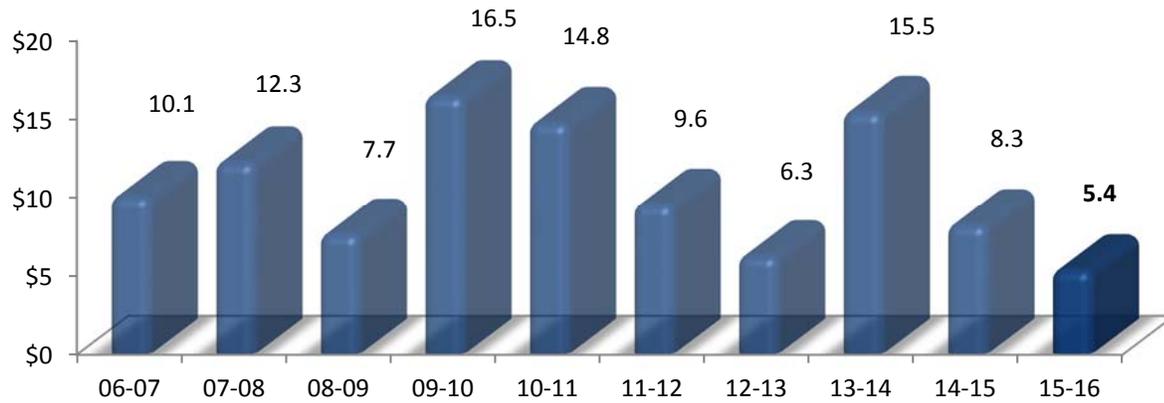
<sup>1</sup>This amount does not reflect the reimbursement of costs associated with Tropical Storms Irene and Lee.

<sup>2</sup>This amount does not reflect the reimbursement of costs associated with Superstorm Sandy.

## New York Environmental Protection and Spill Compensation Fund Multi-Year Charts for the Years Ended March 31<sup>st</sup>

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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)

