

**ANNUAL  
REPORT  
2010**



**BOARD OF WATER SUPPLY, MOUNT VERNON, N.Y.**



ANNUAL REPORT  
COVERING OPERATIONS OF THE BOARD OF WATER SUPPLY FOR  
THE YEAR BEGINNING JANUARY 1, 2010  
AND  
ENDING DECEMBER 31, 2010

To the Honorable Mayor Clinton I. Young, Jr.

And the City Council

Of the City of Mount Vernon, New York

Dear Mayor Young:

We respectfully submit, herewith, our Annual Report for the year ending December 31, 2010. During the past year, the Department installed three hundred fifty (350) L.F. of new eight (8) inch and 9 L.F. of new six (6) inch water main, seven (7) new hydrants, and four (4) new valves in the system.

**DETAILS OF IMPROVEMENTS MADE  
TO THE PIPE SYSTEM**

	<b>ADDITIONS</b>				<b>DELETIONS</b>			
	Size	Length	Valves	Hydrants	Size	Length	Valves	Hydrants
<u>Replace Hydrants, Valves, and/or Pipes</u>								
1. Replace Hydrant #146 Franklin Avenue & East Sanford Boulevard	6"			1	6"			1
2. Replace Hydrant #488 East Grand Street & Rich Avenue	6"			1	6"			1
3. Replace Hydrant #347 North Columbus Avenue & Oakland Avenue	6"			1	6"			1
4. Replace Hydrant #187 North MacQuesten Parkway & Bronx Street	6"			1	6"			1
5. Replace Hydrant #571 in front of 70 Vernon Avenue	6"			1	6"			1
6. Install Hydrant #1181 Northeast corner Park Avenue Bridge	6"	9'	2	1				
7. Replace Hydrant #494 William Street & Melrose Avenue	6"			1	6"			1
8. Relocate & Replace Main over Park Avenue Bridge	8"	350'	2		8"	290'	2	

### SERVICE CONNECTIONS

The number of active metered services connected to the distribution system decreased by eighteen (18) during the past year. The number of active unmetered fire line services increased by five (5).

Active Metered Services, December 31, 2010	10,154	
Active Metered Services, December 31, 2009	10,172	
	<u>DECREASE</u>	<u>18</u>
Unmetered Fire Line Services, December 31, 2010	338	
Unmetered Fire Line Services, December 31, 2009	333	
	<u>INCREASE</u>	<u>5</u>
	<u>NET DECREASE</u>	<u>13</u>

### WATER METERS

The City of Mount Vernon's consumer supply is 100% metered with the exception of service to fire sprinkler systems.

The metered services are shown in detail below:

<u>Meter Size (Inches)</u>	<u>Owned by Board of Water Supply</u>	<u>In Service 12/31/10</u>
5/8	7,993	7,897
3/4	1,081	1,048
1	626	602
1 1/2	234	212
2	330	320
3	49	41
4	19	13
6	12	12
8	3	3
10	1	1
12	1	1
20	1	1
24	3	3
<b>TOTAL</b>	<u><u>10,353</u></u>	<u><u>10,154</u></u>

## WATER PURCHASED

During the year ending December 31, 2010, water obtained by gravity from the New York City Catskill-Delaware supply was purchased at a cost of \$922.23 per million gallons for the first 6 months of the year and \$1,149.72 per million gallons for the last 6 months of the year. The City of Mount Vernon purchased 2,904,442,000 gallons from New York City in 2010, compared with a total purchase of 2,824,462,500 gallons for the preceding year.

This is an average increase of 218,848 gallons per day compared with the average daily consumption in 2009 as shown in detail below:

### AMOUNT PURCHASED FROM NEW YORK CITY (incl. Westchester County Water District #1) (in gallons)

Month	2009	2010
January	247,300,000	237,530,000
February	218,510,000	208,620,000
March	237,240,000	227,152,000
April	224,640,000	224,560,000
May	240,402,500	240,960,000
June	235,380,000	252,570,000
July	248,490,000	280,910,000
August	250,740,000	271,100,000
September	236,540,000	250,350,000
October	231,800,000	241,090,000
November	221,810,000	228,890,000
December	231,610,000	240,710,000
<b>TOTAL</b>	<b>2,824,462,500</b>	<b>2,904,442,000</b>

### AVERAGE DAILY CONSUMPTION

YEAR - 2009	7,738,253	Gallons per day
YEAR - 2010	7,957,101	Gallons per day
Increase	218,848	Gallons per day

Highest Daily Consumption  
July 6, 2010      11,050,000 Gallons

Lowest Daily Consumption  
March 13, 2010      5,887,000 Gallons

During 2010, there were twenty-two (22) broken mains in the distribution and transmission system as compared with seventeen (17) in 2009. Our maintenance force repaired the breaks.

Sixty (60) "street-side" service leaks were found on house service pipes as compared with seventy (70) the previous year. These leaks were repaired by the department maintenance crew. There were seventy (70) "house-side" leaks, which were investigated by the department and repaired by plumbers hired by property owners.

Nine (9) fire hydrants were struck and damaged during the year by vehicles involved in accidents. It is our practice to hold the person causing the damage to city property responsible for the cost of repair or replacement, so long as he can be identified.

Fifty-six (56) hydrants were repaired to correct deficiencies because of damaged parts; an additional six (6) hydrants needed to be replaced.

Of the twelve (12) consumer complaints of lack of pressure and volume, the majority were attributed to an internal problem. In these cases, the consumer was referred to a plumber.

A total of fifty-four (54) lead service lines were replaced, the majority during the repair of street side leaks. Included in the fifty are two (2) lead service lines replaced after the owner replaced the "house side".

Eighty-one (81) curb boxes were dug and repaired for various reasons, such as making them operational in case of emergency.

Three (3) road boxes were repaired. These were old style boxes that were missing covers. Because current road box covers are larger, we were unable to replace the missing caps. Maintenance workers excavated the boxes and replaced the top section.

The 1,146 fire hydrants were flushed. This yearly program is designed to flush and clean out the sediment that has accumulated in the mains and thus reduces discolored water complaints.

All hydrants were checked for proper drainage to prevent winter freeze ups.

A total of 1191 valves were operated as part of the "Valve Exercising Program". The program is designed to evaluate the valves in the water system and repair those that are defective. This will ensure proper operation in an emergency.

## COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES

Years Ended December 31, 2010 and 2009

	2010	2009
<b>REVENUES:</b>		
Charges for services:		
Metered private service	\$ 6,929,591	\$ 6,328,356
Metered charges unbilled	249,133	(56,928)
Unmetered fire protection	43,622	40,454
Total Charges for Services	7,222,346	6,311,882
Interest income	203,037	209,321
State Aid	10,400	-
Miscellaneous income	20,210	9,901
Total Revenues	7,455,993	6,531,104
<b>EXPENDITURES:</b>		
Current:		
Home and Community Services:		
Water purchased	3,056,011	2,415,955
Operating and maintenance	1,608,843	1,443,014
Administrative and general	1,409,953	1,390,156
Total Expenditures	6,074,807	5,249,125
Net Income	1,381,186	1,281,979
<b>LESS RESERVES AND DESIGNATIONS:</b>		
(Increase) in Reserve for Liability and Casualty Claims	(54,327)	78,303
Decrease (Increase) in Reserve for Prepaid Expenditures	(5,775)	(1,387)
(Increase) Decrease in Reserve for Inventory	(1,778)	(22,385)
(Increase) Decrease in Designations for Additions, Betterments and Replacements	(83,602)	(170,377)
(Increase) Decrease in Designated for Maintenance of Water Supply System	(200,000)	(200,000)
Total Reserves and Designations	(345,482)	(315,846)
Excess Revenues	\$ 1,035,704	\$ 966,133

Security cameras were installed in the Water Department office, and both inside and outside the Water Shop by Central Sonitec Security Group of Mount Vernon, New York for their low bid of \$8,823. The Vulnerability Assessment completed in December 2003 as required by the Public Health Security and Bioterrorism Preparedness and Response Act of 2002, had recommended the installation of security cameras.

Another capital improvement completed in 2010 was the installation of 24 vinyl replacement windows at the Water Shop on North Macquesten Parkway. This contract was awarded to Ross Window Corporation of Mount Vernon, New York for their low bid of \$10,450.00. The new windows have insulated glass with Low E Argon and should result in significant savings during the winter heating season.

## RECOMMENDATIONS

Replacement of (1) 1996 Ford Utility Truck.

Replacement of (1) 1998 Chevrolet Cargo Van.

Replacement of (1) 1994 Chevrolet Dump Truck

Replacement of (1) 2000 Chevrolet Lumina.

A private consultant will be engaged to conduct a "Water Leakage Survey". This survey will cover the 104 miles of water mains and will pinpoint leak locations. Ongoing leak surveillance will allow us to further reduce the "unaccounted for" water. It is especially important now in order to avoid charges for excess per capita usage. New York City's per capita has been steadily dropping as they continue to meter all their services.

The Water Meter Replacement Program will continue to be emphasized, with a concentration on large meters. The three hundred (300) largest accounts represent approximately 35% of the department's revenue. The meters will be checked for accuracy and analyzed for proper sizing and then repaired or replaced.

The "Cross Connection Control Program" will continue to be a priority. This program is designed to protect the public water supply system from contamination by potentially hazardous or aesthetically objectionable materials. Those facilities that could pose a threat will be required to install a backflow prevention device.

The backup chlorinator at Hillview Station was purchased in 1977. Current technology has made new chlorinating equipment safer and more compact with fewer parts and greater reliability. Due to the unreliability of the older chlorinator, there is a tendency to run the newer chlorinator whenever Hillview Station is on line. Therefore, the two chlorinators are no longer affording us true redundancy. It is recommended that the older chlorinator and related equipment be replaced at a projected cost of \$12,000.



**BOARD OF WATER SUPPLY OF THE  
CITY OF MOUNT VERNON, NEW YORK**

**FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

**WITH INDEPENDENT AUDITORS' REPORT**

BOARD OF WATER SUPPLY OF THE  
CITY OF MOUNT VERNON, NEW YORK

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2010  
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INDEPENDENT AUDITORS' REPORT

To the Board of Water Supply of the  
City of Mount Vernon, New York:

We have audited the accompanying financial statements of the Board of Water Supply ("Water Fund") of the City of Mount Vernon, New York as of and for the year ended December 31, 2010. These financial statements are the responsibility of the Board of Water Supply's management. Our responsibility is to express an opinion 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Water Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the financial statements present only the Water Fund and do not purport to, and do not present fairly the financial position of the City of Mount Vernon, New York as of December 31, 2010 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Water Fund of the City of Mount Vernon, New York as of December 31, 2010 and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BOARD OF WATER SUPPLY OF THE CITY OF MOUNT VERNON, NEW YORK

COMPARATIVE BALANCE SHEET  
DECEMBER 31, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Cash:		
Demand deposits	\$ 105,611	\$ 1,359,333
Certificate of deposit	1,975,603	1,139,523
	<u>2,081,214</u>	<u>2,498,856</u>
Receivables:		
Accounts	12,503	22,754
Water rents	3,331,345	2,953,250
	<u>3,343,848</u>	<u>2,976,004</u>
Prepaid Expenditures	<u>43,587</u>	<u>37,812</u>
Inventories	<u>99,548</u>	<u>97,770</u>
Total Assets	<u>\$ 5,568,197</u>	<u>\$ 5,610,442</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable - Water purchases	\$ 817,871	\$ 1,257,624
Accrued expenditures	377,220	398,182
Due to City of Mount Vernon	76,948	73,531
Total Liabilities	<u>1,272,039</u>	<u>1,729,337</u>
Fund Balance:		
Reserved for liability and casualty claims	1,463,085	1,408,758
Reserved for prepaid expenditures	43,587	37,812
Reserved for inventories	99,548	97,770
Unreserved:		
Designated for additions, betterments and replacements	664,943	581,341
Designated for maintenance of water supply system	989,291	789,291
Undesignated	1,035,704	966,133
Total Fund Balance	<u>4,296,158</u>	<u>3,881,105</u>
Total Liabilities and Fund Balance	<u>\$ 5,568,197</u>	<u>\$ 5,610,442</u>

The accompanying notes are an integral part of the financial statements.

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

The Board of Water Supply of the City of Mount Vernon, New York ("Water Fund") was established in 1911 and became operational in 1922. The Board operates the Water Fund in accordance with the Laws of the City of Mount Vernon, New York, Chapter 127 of the Laws of 1911 of the State of New York, as revised ("The Water Act") and the various other applicable laws of the State of New York. The Board is responsible for the distribution of water to residents and other entities within the City of Mount Vernon, New York and repairs and maintenance to the water distribution system.

The accounting policies of the Water Fund conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Water Fund's more significant accounting policies:

**A. Basis of Presentation**

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances, revenues and expenditures. The Water Fund is a governmental fund.

The accompanying financial statements present only the activities of the Water Fund of the City of Mount Vernon, New York and do not purport to, and do not, present fairly the financial position of the City of Mount Vernon, New York as of December 31, 2010 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**B. Measurement Focus/Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types are presented using the flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheets. Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. The reported unreserved fund balance is a measure of "available spendable resources".

The modified accrual basis of accounting is followed in the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded in the accounting period in which they are "measurable" and "available" to finance current operations. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A ninety day availability period is used for revenue recognition for governmental fund revenues. Revenues susceptible to accrual include charges for services and intergovernmental charges.

Expenditures, under the modified accrual basis, are generally recognized when the related fund liability is incurred.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Prepaid Expenditures** - Prepaid expenditures consist of employee retirement and other costs which have been satisfied prior to the end of the fiscal year, but represent items which are applicable to the subsequent year. Reported amounts are equally offset by a reservation of fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Inventories** - Inventories are valued at cost on a first-in, first-out basis and consist of certain expendable supplies held for consumption. The cost is recorded as inventory at the time individual items are purchased. The Water Fund uses the consumption method to relieve inventory. Reported inventories are equally offset by a reservation of fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of current assets.

**Compensated Absences** - The Water Fund provides for the payment of accumulated vacation and sick leave upon an employee's separation from service. The liability for such accumulated leave is reflected in the City of Mount Vernon, New York's government-wide and proprietary fund financial statements to which the Water Fund contributes its respective share. The liability for compensated absences includes salary related payments, where applicable.

**Fund Balance - Reserves and Designations** - Portions of fund balance are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for liability and casualty claims, prepaid expenditures and inventories represent portions of fund balance which are required to be segregated in accordance with State law or generally accepted accounting principles. Designations of unreserved fund balance in governmental funds indicate the utilization of these resources in the ensuing year or tentative plans for future use.

**D. Comparative Data**

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Water Fund's financial position and operations.

**E. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles 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. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**F. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is February 15, 2011.

**Note 2 - Detailed Notes on Governmental Fund (Continued)**

**Post-Employment Health Care Benefits**

In addition to providing pension benefits, the Water Fund provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Water Fund may vary according to length of service. Substantially all of the Water Fund's employees may become eligible for those benefits if they reach normal retirement age while working for the Water Fund. The cost of retiree health care benefits is recognized as an expenditure as claims are paid in the Water Fund's financial statements. During the year, \$151,919 was paid on behalf of 14 retirees and this amount has been recorded as an expenditure.

The Water Fund's other post employment benefit obligation ("OPEB"), calculated in accordance with GASB Statement No. 45, including the unfunded actuarial accrued liability, the annual required contribution and the net OPEB obligation at the end of the year is reflected within the amounts reported in the City of Mount Vernon, New York's government-wide financial statements.

**B. Fund Equity**

**Fund Balance - Reserved**

The Reserve for Liability and Casualty Claims represents amounts established in accordance with applicable sections of the General Municipal Law of the State of New York to provide for the payment of self-insured general liability and casualty claims.

The Reserve for Prepaid Expenditures has been provided to account for retirement payments made in advance. The reserve indicates that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The Reserve for Inventories has been established to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and will be utilized in the normal course of operations.

**Unreserved - Designations**

Designated for Additions, Betterments and Replacements - This designation, established by the City Council of the City of Mount Vernon, New York, is used to segregate a portion of fund balance to be utilized for additions, betterments or replacements of property and equipment. The legislation permits the Water Fund to set aside \$250,000 per year to a maximum accumulation of \$1,000,000.

Designated for Maintenance of Water Supply System - This designation, established by the City Council of the City of Mount Vernon, New York, is used to segregate a portion of fund balance to be utilized for work to be performed on the water supply system. The legislation permits the Water Fund to set aside \$200,000 per year to a maximum accumulation of \$1,000,000.

BOARD OF WATER SUPPLY OF THE CITY OF MOUNT VERNON, NEW YORK

SUPPLEMENTARY INFORMATION - COMPARATIVE SCHEDULE OF EXPENDITURES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
<b>WATER PURCHASES</b>		
New York City	\$ 20,637	\$ 13,231
Westchester County	3,033,615	2,399,744
Other	1,759	2,980
<b>Total Water Purchases</b>	<b>3,056,011</b>	<b>2,415,955</b>
<b>OPERATING AND MAINTENANCE</b>		
Sources of supply plant - Operation of sources of supply plant	46,986	43,137
Water treatment:		
Operation and maintenance of water treatment building	79,138	72,430
Water treatment supplies and expenditures	31,397	29,909
Transmission and distribution:		
Maintenance of services	460,789	405,002
Removing and resetting meters	3,084	3,570
Maintenance of mains and accessories	125,786	106,705
Maintenance of meters	173,339	83,002
Maintenance of hydrants and accessories	75,314	106,460
Customers' accounting and collecting:		
Billing, accounting and collecting	350,333	339,377
Meter reading	262,677	253,422
<b>Total Operating and Maintenance</b>	<b>1,608,843</b>	<b>1,443,014</b>
<b>ADMINISTRATIVE AND GENERAL</b>		
Salaries	365,454	350,045
General office supplies and expenditures	1,093	1,228
Office furniture and equipment	9,113	-
Professional fees	23,750	23,199
Employee benefits:		
Workers' compensation	58,013	51,201
State retirement	142,099	111,163
Federal social security coverage	126,417	118,688
State health insurance	486,241	459,872
Contribution to City dental and vision plan	15,127	14,732
Contribution to welfare fund	5,200	5,200
Transportation expenditures	29,098	25,144
Miscellaneous general expenditures	20,250	152,395
Operation and maintenance of general property:		
Office, stores, shops and garage	115,201	69,055
Miscellaneous property and equipment	12,897	8,234
<b>Total Administrative and General</b>	<b>1,409,953</b>	<b>1,390,156</b>
<b>Total Expenditures</b>	<b>\$ 6,074,807</b>	<b>\$ 5,249,125</b>



