

**SARATOGA COUNTY
WATER AUTHORITY**



2014 ANNUAL REPORT

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Operations and Accomplishments

The Authority is a corporate governmental agency as defined by the Saratoga County Water Authority Act (Act), Title 8-F of Article 5 of the New York State Public Authorities Law. The Authority is charged with providing water services for the public benefit. The Authority is empowered to borrow money and issue notes, bonds or obligations in order to pay the costs of water projects or projects for corporate purposes. Bonds issued by the Authority are not considered debt of the State of New York (the "State") or any municipality thereof. However, the State pledges not to alter or limit the rights of the Authority involving any projects that are being funded through bonds that the Authority had issued. The Authority is empowered to fix rates and collect charges for use of the facilities and services rendered in order to provide revenues for paying the principal and interest of bonds, notes and/or other obligations and for regular operation and maintenance ("O&M") expenses. No public service commission or entity of like character has jurisdiction over the Authority in management and control of operations or in regulation of rates fixed and charges collected.

The Act also states that powers of the Authority are vested in and exercised by a governing board of seven members. The members are appointed by the chairperson of the Board of Supervisors of Saratoga County ("County"). The officers of the Authority (other than the secretary) are required to be members of the Board. In addition to a secretary, officers include a chairperson, vice chairperson, and treasurer. The officers are elected by the Board.

In 2014 our water system served seven customers; The Town of Moreau, the Wilton Water & Sewer Authority, the Town of Ballston, the Clifton Park Water Authority, the Town of Malta, the Village of Stillwater and the Luther Forest Technology Campus. The total water provided to our customers in 2014 was 1,460 million gallons. The daily average water consumption was 4.055 million gallons a day. Our highest single daily flow occurred on September 28th and was recorded at 7.7 million gallons per day. In 2014, municipal water customers were charged \$2.144 per 1,000 gallons of water.

PROJECTS UNDERTAKEN BY THE SARATOGA COUNTY WATER AUTHORITY IN 2014

SPDES OUTFALL PROJECT

This project involves the design and construction of a discharge pipeline for wastewater to a location in the Hudson River as approved by the NYS DEC. The SCWA wishes to complete the design and construction of a pipeline and outfall for proper long term operation of the facility.

Projected Cost - \$1,500,000

DBP Water Treatment Upgrade Project

This project involves upgrades to the water treatment plant for the removal of disinfection byproducts from the source water supply. The project includes new granular activated carbon vessels and is anticipated to be in operation in mid 2015.

Project Cost -\$4.4 Million

SARATOGA COUNTY WATER AUTHORITY
(A COMPONENT UNIT OF SARATOGA COUNTY, NEW YORK)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
DECEMBER 31, 2014 AND 2013

Analysis of the Authority's Financial Position

The Authority's net position decreased by \$3.2 in 2014, to \$22.7 million. The decline in net position is primarily due to 2014 depreciation expense. The Authority's net position decreased by \$3.2 million in 2013, to \$25.8 million.

CONDENSED STATEMENT OF NET POSITION

	2014		2014		2013		2013		2012		2012
	<u>Total</u>		<u>%</u>		<u>Total</u>		<u>%</u>		<u>Total</u>		<u>%</u>
ASSETS											
Current Assets	\$ 2,017,744		2.5		\$ 1,837,705		2.4		\$ 1,899,939		2.4
Restricted Assets	6,219,301		7.8		2,982,756		3.9		3,208,835		4.0
Property, Plant, and Equipment, Net	71,326,177		89.6		72,502,122		93.6		74,795,820		93.5
Other Assets	<u>107,754</u>		<u>.1</u>		<u>107,754</u>		<u>.1</u>		<u>107,754</u>		<u>.1</u>
Total Assets	<u>\$ 79,670,976</u>		<u>100.0</u>		<u>\$ 77,430,337</u>		<u>100.0</u>		<u>\$ 80,012,348</u>		<u>100.0</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION											
Current Liabilities	\$ 1,969,887		2.5		\$ 2,016,103		2.6		\$ 1,893,885		2.4
Long-Term Liabilities	<u>54,292,797</u>		<u>68.2</u>		<u>49,405,543</u>		<u>63.8</u>		<u>48,890,825</u>		<u>61.1</u>
Total Liabilities	<u>56,292,684</u>		<u>70.7</u>		<u>51,421,646</u>		<u>66.4</u>		<u>50,784,710</u>		<u>63.5</u>
Deferred Inflows of Resources	<u>753,527</u>		<u>.9</u>		<u>171,095</u>		<u>.2</u>		<u>178,920</u>		<u>.2</u>
Net Position	<u>22,654,765</u>		<u>28.4</u>		<u>25,837,596</u>		<u>33.4</u>		<u>29,048,718</u>		<u>36.3</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 79,670,976</u>		<u>100.0</u>		<u>\$ 77,430,337</u>		<u>100.0</u>		<u>\$ 80,012,348</u>		<u>100.0</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

	2014		2014		2013		2013		2012		2012
	<u>Total</u>		<u>%</u>		<u>Total</u>		<u>%</u>		<u>Total</u>		<u>%</u>
Operating Revenue	\$ 3,830,274		99.0		\$ 3,477,371		99.1		\$ 3,139,975		98.3
Non-Operating Revenue	<u>39,510</u>		<u>1.0</u>		<u>31,980</u>		<u>.9</u>		<u>54,225</u>		<u>1.7</u>
Total Revenues	<u>3,869,784</u>		<u>100.0</u>		<u>3,509,351</u>		<u>100.0</u>		<u>3,194,200</u>		<u>100.0</u>
Depreciation	2,569,204		66.4		2,574,979		73.4		2,564,248		80.3
Other Operating Expense	1,926,934		49.8		1,900,135		54.2		3,031,264		94.9
Non-Operating Expense	<u>2,556,477</u>		<u>66.1</u>		<u>2,245,359</u>		<u>63.9</u>		<u>2,197,576</u>		<u>68.8</u>
Total Expenses	<u>7,052,615</u>		<u>182.3</u>		<u>6,720,473</u>		<u>191.5</u>		<u>7,793,088</u>		<u>244.0</u>
Change in Net Position	<u>\$ (3,182,831)</u>		<u>(82.3)</u>		<u>\$ (3,211,122)</u>		<u>(91.5)</u>		<u>\$ (4,598,888)</u>		<u>(144.0)</u>

SARATOGA COUNTY WATER AUTHORITY
(A COMPONENT UNIT OF SARATOGA COUNTY, NEW YORK)
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues		
User Fees	\$ 3,826,039	\$ 3,408,811
Miscellaneous	4,235	68,560
	<u>3,830,274</u>	<u>3,477,371</u>
Operating Expenses		
Salaries and Wages	509,953	479,955
Employee Benefits	208,982	229,895
Chemicals	213,071	186,740
Contracted Management and Professional Services	236,440	214,250
Depreciation	2,569,204	2,574,979
Insurance	71,765	75,861
Legal	101,979	102,489
Other Supplies and Materials	85,281	87,595
Utilities	363,283	345,066
Water System Maintenance	21,518	63,777
Water Treatment and Distribution	114,662	114,507
	<u>4,496,138</u>	<u>4,475,114</u>
 Operating Loss	 <u>(665,864)</u>	 <u>(997,743)</u>
Nonoperating Revenues (Expenses)		
Interest Income	11,287	31,980
Interest Expense	(2,258,938)	(2,196,856)
Unrealized Gain (Loss) on Investments	258,223	(48,503)
Bond Issuance Costs	(297,539)	-
Total Nonoperating Expenses	<u>(2,516,967)</u>	<u>(2,213,379)</u>
 Change in Net Position	 (3,182,831)	 (3,211,122)
 Net Position, Beginning of Year	 <u>25,837,596</u>	 <u>29,048,718</u>
 Net Position, End of Year	 <u>\$ 22,654,765</u>	 <u>\$ 25,837,596</u>

Real Property Transactions

The Saratoga County Water Authority did not dispose of any real property in 2014.

Personal Property Transactions

Below is a list of all personal property disposals of the Saratoga County Water Authority with a value in excess of \$5,000 during the 2014 fiscal year:

- None

\$45,000,000

Saratoga County Water Authority
Water System Revenue Bonds, Series 2008
Underlying Rating AA

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/01/2009	-	-	2,047,817.19	2,047,817.19
09/01/2010	445,000.00	3.000%	2,149,312.50	2,594,312.50
09/01/2011	455,000.00	3.000%	2,135,962.50	2,590,962.50
09/01/2012	470,000.00	3.000%	2,122,312.50	2,592,312.50
09/01/2013	485,000.00	4.000%	2,108,212.50	2,593,212.50
09/01/2014	505,000.00	4.000%	2,088,812.50	2,593,812.50
09/01/2015	525,000.00	5.000%	2,068,612.50	2,593,612.50
09/01/2016	550,000.00	5.000%	2,042,362.50	2,592,362.50
09/01/2017	580,000.00	5.000%	2,014,862.50	2,594,862.50
09/01/2018	605,000.00	5.000%	1,985,862.50	2,590,862.50
09/01/2019	635,000.00	5.000%	1,955,612.50	2,590,612.50
09/01/2020	670,000.00	5.000%	1,923,862.50	2,593,862.50
09/01/2021	700,000.00	5.000%	1,890,362.50	2,590,362.50
09/01/2022	735,000.00	4.125%	1,855,362.50	2,590,362.50
09/01/2023	770,000.00	4.125%	1,825,043.76	2,595,043.76
09/01/2024	800,000.00	4.250%	1,793,281.26	2,593,281.26
09/01/2025	835,000.00	4.250%	1,759,281.26	2,594,281.26
09/01/2026	870,000.00	4.375%	1,723,793.76	2,593,793.76
09/01/2027	905,000.00	4.375%	1,685,731.26	2,590,731.26
09/01/2028	945,000.00	4.500%	1,646,137.50	2,591,137.50
09/01/2029	990,000.00	5.000%	1,603,612.50	2,593,612.50
09/01/2030	1,040,000.00	5.000%	1,554,112.50	2,594,112.50
09/01/2031	1,090,000.00	5.000%	1,502,112.50	2,592,112.50
09/01/2032	1,145,000.00	5.000%	1,447,612.50	2,592,612.50
09/01/2033	1,200,000.00	5.000%	1,390,362.50	2,590,362.50
09/01/2034	1,260,000.00	5.000%	1,330,362.50	2,590,362.50
09/01/2035	1,325,000.00	5.000%	1,267,362.50	2,592,362.50
09/01/2036	1,390,000.00	5.000%	1,201,112.50	2,591,112.50
09/01/2037	1,460,000.00	5.000%	1,131,612.50	2,591,612.50
09/01/2038	1,535,000.00	5.000%	1,058,612.50	2,593,612.50
09/01/2039	1,610,000.00	4.750%	981,862.50	2,591,862.50
09/01/2040	1,685,000.00	4.750%	905,387.50	2,590,387.50
09/01/2041	1,770,000.00	4.750%	825,350.00	2,595,350.00
09/01/2042	1,850,000.00	4.750%	741,275.00	2,591,275.00
09/01/2043	1,940,000.00	4.750%	653,400.00	2,593,400.00
09/01/2044	2,030,000.00	5.000%	561,250.00	2,591,250.00
09/01/2045	2,135,000.00	5.000%	459,750.00	2,594,750.00
09/01/2046	2,240,000.00	5.000%	353,000.00	2,593,000.00
09/01/2047	2,350,000.00	5.000%	241,000.00	2,591,000.00
09/01/2048	2,470,000.00	5.000%	123,500.00	2,593,500.00
Total	\$45,000,000.00		\$58,155,248.49	\$103,155,248.49

Yield Statistics

Bond Year Dollars	\$1,194,275.00
Average Life	26.539 Years
Average Coupon	4.8695023%
Net Interest Cost (NIC)	4.8764077%
True Interest Cost (TIC)	4.8620829%
Bond Yield for Arbitrage Purposes	4.8045490%
All Inclusive Cost (AIC)	4.9432815%

IRS Form 8038

Net Interest Cost	4.8738532%
Weighted Average Maturity	26.293 Years

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BOND DEBT SERVICE
Saratoga County Water Authority
Series 2014 A&B

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2014			47,388.89	47,388.89	
12/31/2014					47,388.89
06/01/2015			106,625.00	106,625.00	
12/01/2015			106,625.00	106,625.00	
12/31/2015					213,250.00
06/01/2016	70,000	2.000%	106,625.00	176,625.00	
12/01/2016			105,925.00	105,925.00	
12/31/2016					282,550.00
06/01/2017	75,000	** %	105,925.00	180,925.00	
12/01/2017			104,875.00	104,875.00	
12/31/2017					285,800.00
06/01/2018	75,000	5.000%	104,875.00	179,875.00	
12/01/2018			103,000.00	103,000.00	
12/31/2018					282,875.00
06/01/2019	80,000	5.000%	103,000.00	183,000.00	
12/01/2019			101,000.00	101,000.00	
12/31/2019					284,000.00
06/01/2020	85,000	5.000%	101,000.00	186,000.00	
12/01/2020			98,875.00	98,875.00	
12/31/2020					284,875.00
06/01/2021	90,000	5.000%	98,875.00	188,875.00	
12/01/2021			96,625.00	96,625.00	
12/31/2021					285,500.00
06/01/2022	90,000	5.000%	96,625.00	186,625.00	
12/01/2022			94,375.00	94,375.00	
12/31/2022					281,000.00
06/01/2023	95,000	5.000%	94,375.00	189,375.00	
12/01/2023			92,000.00	92,000.00	
12/31/2023					281,375.00
06/01/2024	100,000	5.000%	92,000.00	192,000.00	
12/01/2024			89,500.00	89,500.00	
12/31/2024					281,500.00
06/01/2025	105,000	5.000%	89,500.00	194,500.00	
12/01/2025			86,875.00	86,875.00	
12/31/2025					281,375.00
06/01/2026	110,000	5.000%	86,875.00	196,875.00	
12/01/2026			84,125.00	84,125.00	
12/31/2026					281,000.00
06/01/2027	120,000	5.000%	84,125.00	204,125.00	
12/01/2027			81,125.00	81,125.00	
12/31/2027					285,250.00
06/01/2028	125,000	5.000%	81,125.00	206,125.00	
12/01/2028			78,000.00	78,000.00	
12/31/2028					284,125.00
06/01/2029	130,000	5.000%	78,000.00	208,000.00	
12/01/2029			74,750.00	74,750.00	
12/31/2029					282,750.00
06/01/2030	135,000	5.000%	74,750.00	209,750.00	
12/01/2030			71,375.00	71,375.00	
12/31/2030					281,125.00
06/01/2031	145,000	5.000%	71,375.00	216,375.00	
12/01/2031			67,750.00	67,750.00	
12/31/2031					284,125.00
06/01/2032	150,000	5.000%	67,750.00	217,750.00	
12/01/2032			64,000.00	64,000.00	
12/31/2032					281,750.00
06/01/2033	160,000	5.000%	64,000.00	224,000.00	
12/01/2033			60,000.00	60,000.00	
12/31/2033					284,000.00
06/01/2034	170,000	5.000%	60,000.00	230,000.00	
12/01/2034			55,750.00	55,750.00	
12/31/2034					285,750.00
06/01/2035	175,000	5.000%	55,750.00	230,750.00	
12/01/2035			51,375.00	51,375.00	
12/31/2035					282,125.00
06/01/2036	185,000	5.000%	51,375.00	236,375.00	
12/01/2036			46,750.00	46,750.00	
12/31/2036					283,125.00
06/01/2037	195,000	5.000%	46,750.00	241,750.00	
12/01/2037			41,875.00	41,875.00	
12/31/2037					283,625.00
06/01/2038	205,000	5.000%	41,875.00	246,875.00	
12/01/2038			36,750.00	36,750.00	
12/31/2038					283,625.00
06/01/2039	215,000	5.000%	36,750.00	251,750.00	
12/01/2039			31,375.00	31,375.00	
12/31/2039					283,125.00
06/01/2040	225,000	5.000%	31,375.00	256,375.00	
12/01/2040			25,750.00	25,750.00	
12/31/2040					282,125.00
06/01/2041	240,000	5.000%	25,750.00	265,750.00	
12/01/2041			19,750.00	19,750.00	
12/31/2041					285,500.00
06/01/2042	250,000	5.000%	19,750.00	269,750.00	
12/01/2042			13,500.00	13,500.00	
12/31/2042					283,250.00
06/01/2043	265,000	5.000%	13,500.00	278,500.00	

BOND DEBT SERVICE
Saratoga County Water Authority
Series 2014 A&B

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2043			6,875.00	6,875.00	
12/31/2043					285,375.00
06/01/2044	275,000	5.000%	6,875.00	281,875.00	
12/31/2044					281,875.00
	4,340,000		4,135,113.89	8,475,113.89	8,475,113.89

Assessment of the Effectiveness of the SCWA's Internal Controls

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. However, based on recognition that the cost of the system should not exceed the benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

Internal control over financial reporting includes maintaining records that, in reasonable detail, accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures of company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

SCWA's system of internal accounting controls is evaluated on an ongoing basis by SCWA's internal financial and executive staff. Independent external accountants and auditors also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

The SCWA has established an Audit Committee in accordance with the Public Authorities Accountability Act. This committee meets with management and periodically with the independent external auditors to ensure these groups are fulfilling their obligations and to discuss auditing, controls, and financial reporting matters.

Management believes that its policies and procedures provide guidance and reasonable assurance that SCWA's operations are conducted according to management's intentions and to a high standard of business ethics.

The following are observations and suggestions made by the independent external auditors (Cusack & Company, P.C.) during their most recent audit of the SCWA's internal controls and policies:

There were no significant findings on the part of the auditors with regard to the internal controls and policies of the Saratoga County Water Authority.

SCWA Board Committees

Governance Committee – 3 Members

John Lawler
Kevin King
James Smith

Audit Committee – 3 Members

Thomas Cumm
Anita Daly
Arthur Johnson

Finance Committee – 3 Members

Kevin King
Arthur Johnson
John Lawler

Personnel Committee – 3 Members

Thomas Cumm
James Smith
Patrick Ziegler

Smart Growth Committee – 3 Members

Anita Daly
Arthur Johnson
Patrick Ziegler

**Saratoga County Water Authority Performance Measurement Report
Fiscal Year 2014**

Performance Measures	FY2014 Actual Jan. 1, 2014 - Dec. 31, 2014
<p align="center">FINANCIAL</p> <p>a. Annual budget</p> <p>b. Amount of service fee payment</p> <p>c. Quality of SCWA bond rating</p> <p>d. Procurement practice review</p> <p>e. Expansion of customer base</p>	<p>a. Approved Budget: \$4,749,623 Budgeted Revenues: \$3,720,118 Budgeted Deficiency: (\$1,029,505) Actual Revenues: \$3,830,274 Actual Expenses: \$4,481,364 Net Income/Net Loss: (\$651,090)</p> <p>b. \$900,000</p> <p>c. AA Stable</p> <p>d. Reviewed and Adopted on 08/21/14.</p> <p>e. The authority did not acquire any new customers in 2014.</p>
<p align="center">WATER QUALITY</p> <p>a. Annual Drinking Water Report</p> <p>b. Compliance with Regulatory Agencies.</p>	<p>Annual Water Quality Report has been prepared and is available for viewing at www.saratogacountywaterauthority.com</p>
<p align="center">AUDIT</p> <p>a. Continuing self-audit</p> <p>b. Any applicable review or audit</p>	<p>a. 2014 PARIS Reports authorized, approved and submitted by March 31, 2015.</p> <p>b. Independent Audit for 2014 concluded March 2015.</p>
<p align="center">SAFETY</p> <p>a. Review of accident reports</p>	<p>a. One accident report filed for 2014. Task Hazard Analysis system utilized at Facility. Review of Safety Procedures are conducted weekly.</p>
<p align="center">OPERATIONS & MAINTENANCE</p> <p>a. Annual inspections</p> <p>b. Number of water main breaks</p>	<p>a. NYS DEC Bulk Chemical Storage Tank Inspection done in 2014. Facility Fire Extinguisher Inspections July 2014. Standby generators inspected and maintained in 2014. NYS DOH Sanitary Survey conducted 2014.</p> <p>b. There were no water main breaks in 2014.</p>

SARATOGA COUNTY WATER AUTHORITY

LIST OF REAL PROPERTY

260 Butler Road Water Treatment Plant

Description: Membrane filtration plant on 21.86 acres, located at 260 Butler Road in the Town of Moreau (tax map #62.00-1-12.2).

Potter Road Pump Station

Description: Water pumping station on leased land owned by Brookfield Power Corp.

Luther Forest Water Tank

Description: 5 Million Gallon Water tank and electrical building that houses equipment necessary to maintain the operation of the tank. Tank is located on land owned by the Luther Forest Technology Campus Economic Development Corporation.

Easements

The Saratoga County Water Authority owns a large number of easements for the placement of water main, pressure-reducing vaults, meter pits, ingress/egress to pump stations, and other water supply and distribution equipment.