

**SARATOGA COUNTY  
WATER AUTHORITY**



**2015 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 2015 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 Global Foundries. The total water provided to our customers in 2015 was 2,121 million gallons. The daily average water consumption was 5.81 million gallons a day. Our highest monthly daily flow occurred in May and was recorded at 7.94 million gallons per day. In 2015, municipal water customers were charged \$2.176 per 1,000 gallons of water.

## **PROJECTS UNDERTAKEN BY THE SARATOGA COUNTY WATER AUTHORITY IN 2015**

### **SPDES Outfall Project**

This project includes the design and construction of a pipeline for the discharge of treated wastewater from the water filtration process to a location in the Hudson River as approved by the NYS DEC. The SCWA is completing the project to improve water quality and facility reliability. Construction is anticipated to be finished by late Summer 2016.

Projected Cost - \$1,500,000

### **DBP Water Treatment Upgrade Project**

This project was completed in June 2015 and included the construction of a new granular activated carbon treatment system for the removal of disinfection byproducts from the source water supply. The project was completed successfully and testing for disinfection by-products shows that the treatment system is operating well.

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, 2015 AND 2014**

**Analysis of the Authority's Financial Position**

The Authority's net position decreased by \$557,000 in 2015, to \$22.1 million. The Authority's net position decreased by \$3.2 million in 2014, to \$22.7 million.

**CONDENSED STATEMENT OF NET POSITION**

	<u>2015</u>		<u>2015</u>		<u>2014</u>		<u>2014</u>		<u>2013</u>		<u>2013</u>
	<u>Total</u>		<u>%</u>		<u>Total</u>		<u>%</u>		<u>Total</u>		<u>%</u>
<b>ASSETS</b>											
Current Assets	\$ 4,653,429		5.8	\$	2,017,744		2.5	\$	1,837,705		2.4
Restricted Assets	3,824,607		4.8		6,219,301		7.8		2,982,756		3.9
Property, Plant, and Equipment, Net	71,137,010		89.2		71,326,177		89.6		72,502,122		93.6
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>79,722,800</u>		<u>99.9</u>		<u>79,670,976</u>		<u>100.0</u>		<u>77,430,377</u>		<u>100.0</u>
Deferred Outflows of Resources	<u>65,351</u>		<u>.1</u>		<u>94,109</u>		<u>-</u>		<u>-</u>		<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 79,788,151</u>		<u>100.0</u>	\$	<u>79,765,085</u>		<u>100.0</u>	\$	<u>77,430,337</u>		<u>100.0</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>											
Current Liabilities	\$ 1,769,821		2.2	\$	1,969,887		2.5	\$	2,016,103		2.6
Long-Term Liabilities	<u>55,187,764</u>		<u>69.2</u>		<u>54,369,018</u>		<u>68.2</u>		<u>49,405,543</u>		<u>63.8</u>
Total Liabilities	<u>56,957,585</u>		<u>71.4</u>		<u>56,338,905</u>		<u>70.7</u>		<u>51,421,646</u>		<u>66.4</u>
Deferred Inflows of Resources	<u>714,993</u>		<u>.9</u>		<u>753,527</u>		<u>.9</u>		<u>171,095</u>		<u>.2</u>
Net Position	<u>22,115,573</u>		<u>27.7</u>		<u>22,672,653</u>		<u>28.4</u>		<u>25,837,596</u>		<u>33.4</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 79,788,151</u>		<u>100.0</u>	\$	<u>79,765,085</u>		<u>100.0</u>	\$	<u>77,430,337</u>		<u>100.0</u>

**CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**

	<u>2015</u>		<u>2015</u>		<u>2014</u>		<u>2014</u>		<u>2013</u>		<u>2013</u>
	<u>Total</u>		<u>%</u>		<u>Total</u>		<u>%</u>		<u>Total</u>		<u>%</u>
Operating Revenue	\$ 6,108,317		99.9	\$	3,830,274		99.0	\$	3,477,371		99.1
Non-Operating Revenue	<u>6,723</u>		<u>.1</u>		<u>39,510</u>		<u>1.0</u>		<u>31,980</u>		<u>.9</u>
Total Revenues	<u>6,115,040</u>		<u>100.0</u>		<u>3,869,784</u>		<u>100.0</u>		<u>3,509,351</u>		<u>100.0</u>
Depreciation	2,626,645		43.0		2,569,204		66.4		2,574,979		73.4
Other Operating Expense	1,602,507		26.2		1,909,046		49.8		1,900,135		54.2
Non-Operating Expense	<u>2,442,968</u>		<u>39.9</u>		<u>2,556,477</u>		<u>66.1</u>		<u>2,245,359</u>		<u>63.9</u>
Total Expenses	<u>6,672,120</u>		<u>109.1</u>		<u>7,034,727</u>		<u>182.3</u>		<u>6,720,473</u>		<u>191.5</u>
Change in Net Position	<u>\$ (557,080)</u>		<u>(9.1)</u>	\$	<u>(3,164,943)</u>		<u>(82.3)</u>	\$	<u>(3,211,122)</u>		<u>(91.5)</u>

## **Real Property Transactions**

The Saratoga County Water Authority had one real property transaction in 2015 in consideration of \$1. Saratoga County transferred 5.096 acres of property to the Saratoga County Water Authority and a conveyance of 5.096 acres of property was transferred from the Saratoga County Water Authority to Saratoga County. This conveyance was expressly authorized by Legislation of the State of New York.

## **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

## **Remaining Debt of the Authority**

The Authority currently has two municipal Bond issuances outstanding:

Series 2008 Bonds - \$45 million original issuance. \$42,185,000 remains in Principal Payments. Total Interest Payments to Date are \$14,721,042.

Series 2014 Bonds - \$4.34 million original issuance. No principal payments are due until 2016. Total Interest Payments to Date are \$260,639.

Saratoga County IDA Loan - \$1 million loan. \$525,000 in grant funding. No principal payments are due on this loan until 2020.

## **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.

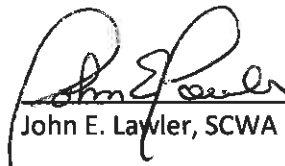
The following are observations and suggestions made by the independent external auditors (Cusack & Company, P.C.) during their most recent audit of the SCWA's internal controls and policies:

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.

## **Certification of Audited Financial Reports**

### **Fiscal Year 2015**

I, John E. Lawler, Chairman of the Board of Directors, hereby certify that the Saratoga County Water Authority's Financial Report for the fiscal year 2015, as prepared and presented by Cusack and Company LLC, is accurate, correct, and does not contain any untrue statement of material fact, to the best of my knowledge.

A handwritten signature in black ink, appearing to read "John E. Lawler", is written over a horizontal line.

John E. Lawler, SCWA Chairman



## Governance Information

### Board Committees and Committee Members

**Governance Committee**

Members: John E. Lawler  
Kevin T. King  
James S. Smith

**Audit Committee:**

Members: Thomas K. Cumm  
Anita Daly  
Arthur Johnson

**Personnel Committee**

Members: Thomas K. Cumm  
Patrick S. Ziegler  
James S. Smith

**Finance Committee:**

Members: John E. Lawler  
Kevin King  
Arthur Johnson

### Board Meetings and Attendance

<b>Meeting Date</b>	<b>Attendance</b>	
	<b>Present</b>	<b>Absent</b>
January 22, 2015	Chairman John E. Lawler, Anita Daly, Kevin King, Art Johnson, Tom Cumm, Jim Smith	Pat Ziegler
February 27, 2015	Vice Chairman Anita Daly, Art Johnson, Tom Cumm, Kevin King, Jim Smith	Chairman John Lawler, Pat Ziegler
March 26, 2015	Chairman John Lawler, Anita Daly, Kevin King, Tom Cumm, Jim Smith	Kevin King, Art Johnson
April 23, 2015	Chairman John E. Lawler, Anita Daly, Kevin King, Arthur Johnson, Tom Cumm, Jim Smith	Pat Ziegler
May 28, 2015	Chairman John E. Lawler, Arthur Johnson, Kevin King, Tom Cumm, Pat Ziegler	Anita Daly, Jim Smith
June 25, 2015	Chairman John E. Lawler, Anita Daly, Tom Cumm, Jim Smith, Pat Ziegler	Kevin King, Art Johnson
July 23, 2015	Chairman John E. Lawler, Anita Daly, Arthur Johnson, Kevin King, Tom Cumm, Pat Ziegler	Jim Smith
September 4, 2015	Chairman John E. Lawler, Arthur Johnson, Tom Cumm, Jim Smith, Pat Ziegler	Anita Daly, Kevin King
September 24, 2015	Chairman John E. Lawler, Anita Daly, Arthur Johnson, Kevin King, Tom Cumm, Jim Smith, Pat Ziegler	
October 29, 2015	Chairman John E. Lawler, Anita Daly, Kevin King, Pat Ziegler	Art Johnson, Tom Cumm, Jim Smith
November 19, 2015	Chairman John E. Lawler, Anita Daly, Kevin King, Tom Cumm, Pat Ziegler	Art Johnson, Jim Smith
December 20, 2015	Chairman John E. Lawler, Anita Daly, Arthur Johnson, Kevin King, Tom Cumm, Jim Smith, Pat Ziegler	

**Saratoga County Water Authority Performance Measurement Report  
Fiscal Year 2015**

Performance Measures	FY2015 Actual Jan. 1, 2015 - Dec. 31, 2015
<p align="center"><b>FINANCIAL</b></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: \$4,887,129            Budgeted Revenues: \$4,658,577            Budgeted Income: \$ 224,959            Actual Revenues: \$6,108,317            Actual Expenses: \$4,229,152            Net Oper. Income: \$1,879,165</p> <p>b. \$250,000</p> <p>c. AA Stable</p> <p>d. Reviewed and Adopted on Sept. 4, 2015.</p> <p>e. In 2015 the Authority acquired the Town of Stillwater as a new customer.</p>
<p align="center"><b>WATER QUALITY</b></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 <a href="http://www.saratogacountywaterauthority.com">www.saratogacountywaterauthority.com</a></p>
<p align="center"><b>AUDIT</b></p> <p>a. Continuing self-audit</p> <p>b. Any applicable review or audit</p>	<p>a. 2015 PARIS Reports authorized, approved and submitted by March 31, 2016.</p> <p>b. Independent Audit for 2015 concluded March 2016.</p>
<p align="center"><b>SAFETY</b></p> <p>a. Review of accident reports</p>	<p>a. One accident report filed for 2015. Task Hazard Analysis system utilized at Facility. Review of Safety Procedures are conducted weekly.</p>
<p align="center"><b>OPERATIONS &amp; MAINTENANCE</b></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 2015. Facility Fire Extinguisher Inspections completed July 2015. Standby generators inspected and maintained twice in 2015. NYS DOH Sanitary Survey conducted 2015.</p> <p>b. There were no water main breaks in 2015.</p>

## **List of Real Property**

### **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