

**SARATOGA COUNTY  
WATER AUTHORITY**



**2019 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, treasurer and deputy treasurer. The officers are elected by the Board.

In 2019 our water system served 10 customers; The Town of Moreau, the Wilton Water & Sewer Authority, the Town of Ballston, the Clifton Park Water Authority, the Town of Halfmoon, the Town of Malta, Stewart's Shops, the Village of Stillwater, Town of Stillwater and Global Foundries. The total water provided to our customers in 2019 was 2,145 million gallons. The daily average water consumption was 5.88 million gallons a day. Our highest monthly daily flow occurred in July and was recorded at 7.96 million gallons per day. In 2019, municipal water customers were charged \$2.31 per 1,000 gallons of water.

## **PROJECTS UNDERTAKEN BY THE SARATOGA COUNTY WATER AUTHORITY IN 2019**

### **Town of Halfmoon Water Connection**

In 2019, the SCWA completed the construction of a new 20" pipeline to the Town of Halfmoon. The Town has signed an agreement with the SCWA which requires the purchase of a minimum of 1,000,000 gpd of drinking water. The Town Halfmoon was equipped with an existing water treatment facility that obtain source water from the Hudson River. The facility had to be taken off-line due to contamination of the source water by PCBs associated with operations and clean-up of the Hudson River by General Electric.

This project was substantially completed in the Fall of 2019. Final restoration is scheduled to be completed in Spring 2020.

Projected Cost - \$6.4 million, SCWA Portion \$3.5 Million.

SCWA Expenses through Dec. 31, 2019 - \$2.82 million

### **SCWA Storage Building**

In 2019, the SCWA completed the construction of a new 40' x 90' prefabricated storage building to provide enclosed storage space for pipeline equipment, vehicles and other large equipment.

Total Project Cost - \$251,248

### **SCWA Phase II Expansion Project**

In 2019, the SCWA began the planning and design phase of a 4 mgd expansion to the treatment facility. The project is anticipated to include two additional membrane racks, a new 1.0 million gallon clearwell, chemical feed system upgrades and additional pumps and other equipment. Construction is anticipated to begin in 2020. The project is partially funded with a \$3.2 million grant and is needed in order to meet anticipated future demands for the Authority.

Projected Cost - \$7.5 million

SCWA Expenses through Dec. 31, 2019 - \$208,360

**SARATOGA COUNTY WATER AUTHORITY**  
**(A COMPONENT UNIT OF SARATOGA COUNTY, NEW YORK)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**  
**DECEMBER 31, 2019 AND 2018**

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

The Authority's net position increased by \$252,639 in 2019, to \$23.5 million. The Authority's net position decreased by \$45,443 million in 2018, to \$23.2 million.

**CONDENSED STATEMENT OF NET POSITION**

	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>
	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
Current Assets	\$ 8,307,364	10.5	\$ 8,815,991	11.1	\$ 8,101,244	10.0
Restricted Assets	3,088,310	3.9	2,980,185	3.8	2,935,430	3.6
Property, Plant, and Equipment, Net	<u>64,275,589</u>	<u>81.6</u>	<u>64,101,718</u>	<u>80.8</u>	<u>66,633,369</u>	<u>82.0</u>
Total Assets	75,671,263	96.0	75,897,894	95.7	77,670,043	95.6
Deferred Outflows of Resources	<u>3,171,167</u>	<u>4.0</u>	<u>3,397,455</u>	<u>4.3</u>	<u>3,553,068</u>	<u>4.4</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 78,842,430</u>	<u>100.0</u>	<u>\$ 79,295,349</u>	<u>100.0</u>	<u>\$ 81,223,111</u>	<u>100.0</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>						
Current Liabilities	\$ 3,605,594	4.6	\$ 2,451,564	3.1	\$ 2,496,575	3.1
Long-Term Liabilities	<u>47,233,526</u>	<u>59.9</u>	<u>48,693,920</u>	<u>61.4</u>	<u>50,390,263</u>	<u>62.0</u>
Total Liabilities	50,839,120	64.5	51,145,484	64.5	52,886,838	65.1
Deferred Inflows of Resources	4,518,542	5.7	4,917,736	6.2	5,058,701	6.2
Net Position	<u>23,484,768</u>	<u>29.8</u>	<u>23,232,129</u>	<u>29.3</u>	<u>23,277,572</u>	<u>28.7</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 78,842,430</u>	<u>100.0</u>	<u>\$ 79,295,349</u>	<u>100.0</u>	<u>\$ 81,223,111</u>	<u>100.0</u>

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

	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>	<u>2017</u>	<u>2017</u>
	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Operating Revenue	\$ 6,477,314	97.1	\$ 6,283,438	99.3	\$ 5,467,453	99.4
Non-Operating Revenue	<u>192,465</u>	<u>2.9</u>	<u>42,847</u>	<u>.7</u>	<u>30,558</u>	<u>.6</u>
Total Revenues	<u>6,669,779</u>	<u>100.0</u>	<u>6,326,285</u>	<u>100.0</u>	<u>5,498,011</u>	<u>100.0</u>
Depreciation	2,735,303	41.0	2,730,516	43.2	2,718,214	49.4
Other Operating Expense	1,858,036	27.9	1,735,398	27.4	1,748,530	31.9
Non-Operating Expense	<u>1,823,801</u>	<u>27.3</u>	<u>1,905,814</u>	<u>30.1</u>	<u>1,975,943</u>	<u>35.9</u>
Total Expenses	<u>6,417,140</u>	<u>96.2</u>	<u>6,371,728</u>	<u>100.7</u>	<u>6,442,687</u>	<u>117.2</u>
Change in Net Position	<u>\$ 252,639</u>	<u>3.8</u>	<u>\$ (45,443)</u>	<u>(.7)</u>	<u>\$ (944,676)</u>	<u>(17.2)</u>

## **Real Property Transactions**

The Saratoga County Water Authority had no real property transactions in 2019 that exceeded \$5,000.

## **Personal Property Transactions**

The Saratoga County Water Authority one personal property disposition in 2019 that exceeded \$5,000.

June 2019 - Sale of 2010 Ford F250 Pickup for \$7,900

## **Remaining Debt of the Authority**

The Authority currently has two municipal Bond issuances outstanding:

Series 2014 Bonds - \$4.34 million original issuance. Remaining Principal is \$3,960,000 at December 31, 2019. Total Interest Payments made in 2019 are \$204,000.

Series 2016 Refunding Bonds - In 2016, the Authority issued \$41,360,000 of general obligation refunding bonds to provide resources to purchase U.S. Government and State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$42,115,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 32 years by approximately \$11.2 million and resulted in an economic gain of approximately \$6.9 million. In 2019, a principal payment in the amount of \$645,000 and an interest payment was made in the amount of \$1,618,544.

In addition to the Bonds, the Authority has the following outstanding debts:

Saratoga County IDA Loan - \$1 million loan. \$525,000 in grant funding. No principal payments are due on this loan until 2020. One interest payment was made in 2019 in the amount of \$6,900.

In 2018, the Authority issued a BAN for \$2.7 million with NYS EFC to cover construction costs related to the extension of the pipeline to the Town of Halfmoon. As of 12/31/19 total construction costs are \$2.7 million. It is anticipated that the long-term financing will conclude in April of 2020.

In 2020, the Authority issued a BAN for \$4.96 million with NYS EFC to cover construction costs related to expansion of the water plant to supply an additional 4mgd of water to Authority customers. The Project will be bid out in spring 2020.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Saratoga County Water Authority Governing Board  
Gansevoort, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position of the Saratoga County Water Authority (the "Authority"), as of December 31, 2019, and the related statement of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CUSACK & COMPANY, CPA'S LLC

Latham, New York  
March 26, 2020



## **SCWA 2019 Board Committees**

### **Governance Committee – 3 Members**

John Lawler  
Tim Szczepaniak  
James Smith

### **Audit Committee – 3 Members**

Darren O'Connor  
Anita Daly  
Arthur Johnson

### **Finance Committee – 3 Members**

Thomas Cumm  
Arthur Johnson  
John Lawler

### **Personnel Committee – 3 Members**

Thomas Cumm  
James Smith  
Darren O'Connor

### **Smart Growth Committee – 3 Members**

Anita Daly  
Arthur Johnson  
Tim Szczepaniak

**Saratoga County Water Authority Performance Measurement Report  
Fiscal Year 2019**

Performance Measures	FY2019 Actual Jan. 1, 2019 - Dec. 31, 2019
<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: \$5,214,995 Budgeted Revenues: \$5,701,326 Budgeted Income: \$486,331 Actual Revenues: \$6,308,336 Actual Expenses: \$4,664,073 Operating Income: \$1,644,263</p> <p>b. None, Repayment of \$2 mil.</p> <p>c. AA Stable</p> <p>d. Reviewed and Readopted on 08/27/19.</p> <p>e. There were no new customers in 2019.</p>
<p align="center"><b>WATER QUALITY</b></p> <p>a. Annual Drinking Water Report</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. 2019 PARIS Reports authorized, approved and submitted by March 31, 2020.</p> <p>b. Independent Audit for 2019 concluded March 2020.</p>
<p align="center"><b>SAFETY</b></p> <p>a. Review of accident reports</p>	<p>a. There were no Accident Reports filed for 2019. Job Hazard Analysis system utilized at Facility. Review of Safety Procedures is 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 SPDES Inspection done in April 2019. NYS DEC CBSS done March 2019. Facility Fire Extinguisher Inspections completed July 2019.</p> <p>b. There was one water main break in 2019.</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.