

**SARATOGA COUNTY
WATER AUTHORITY**



2021 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 2021 our water system served 11 customers: The Town of Moreau, the Wilton Water & Sewer Authority, the Town of Ballston, the Clifton Park Water Authority, City of Mechanicville, 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 2021 was 2,593 billion gallons. The daily average water consumption was 7.1 million gallons a day. Our highest monthly daily flow occurred in June and was recorded at 11.09 million gallons per day. In 2021, municipal water customers were charged \$2.322 per 1,000 gallons of water.

PROJECTS UNDERTAKEN BY THE SARATOGA COUNTY WATER AUTHORITY IN 2021

SCWA Phase II Expansion Project

In 2021, the SCWA partially completed the construction phase of a 4 mgd expansion to the treatment facility. The project is anticipated to be completed in the Summer of 2022. The project includes two additional membrane racks, a new 1.0 million-gallon clear well, chemical feed system upgrades and additional pumps, an additional sludge lagoon and other equipment. 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 - \$12 million

Construction in Progress through Dec. 31, 2021 - \$2,024,035

SCWA Expenses through Dec. 31, 2021 - \$6,257,973

SCWA 5mgd Water Storage Tank

In 2021, the SCWA applied for a WIIA grant from the State Revolving Fund for construction of a second 5-million-gallon storage tank on Cordero Boulevard in the Luther Forest Tech Park. The project is anticipated to begin construction in 2023.

Projected Cost – \$5.03 million

SCWA Expenses through Dec. 31, 2021 - \$21,541

SARATOGA COUNTY WATER AUTHORITY
(A COMPONENT UNIT OF SARATOGA COUNTY, NEW YORK)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
DECEMBER 31, 2021 AND 2020

Analysis of the Authority's Financial Position

The Authority's net position increased by \$1.2 million in 2021, to \$28.6 million. The Authority's net position increased by \$3.9 million in 2020, to \$27.4 million.

CONDENSED STATEMENT OF NET POSITION

	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>
ASSETS AND DEFERRED OUTFLOWS						
Current Assets	\$ 8,789,974	10.7	\$ 11,804,961	15.1	\$ 8,307,364	11.0
Restricted Assets	3,380,215	4.0	3,192,173	4.0	3,088,310	4.0
Property, Plant, and Equipment, Net	<u>69,903,265</u>	<u>84.9</u>	<u>63,095,744</u>	<u>80.5</u>	<u>64,275,589</u>	<u>84.8</u>
Total Assets	82,073,454	99.6	78,092,878	99.6	75,671,263	99.8
Deferred Outflows of Resources	<u>362,374</u>	<u>.4</u>	<u>297,002</u>	<u>.4</u>	<u>117,584</u>	<u>.2</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 82,435,828</u>	<u>100.0</u>	<u>\$ 78,389,880</u>	<u>100.0</u>	<u>\$ 75,788,847</u>	<u>100.0</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION						
Current Liabilities	\$ 4,417,332	5.3	\$ 4,049,919	5.2	\$ 3,605,594	4.7
Long-Term Liabilities	<u>49,035,730</u>	<u>59.5</u>	<u>46,900,456</u>	<u>59.8</u>	<u>48,633,931</u>	<u>64.2</u>
Total Liabilities	53,453,062	64.8	50,950,375	65.0	52,239,525	68.9
Deferred Inflows of Resources	388,789	.5	27,402	-	64,554	.1
Net Position	<u>28,593,977</u>	<u>34.7</u>	<u>27,412,103</u>	<u>35.0</u>	<u>23,484,768</u>	<u>31.0</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 82,435,828</u>	<u>100.0</u>	<u>\$ 78,389,880</u>	<u>100.0</u>	<u>\$ 75,788,847</u>	<u>100.0</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Operating Revenue	\$ 7,764,287	99.9	\$ 10,006,419	98.4	\$ 6,477,314	97.1
Non-Operating Revenue	<u>6,794</u>	<u>.1</u>	<u>160,588</u>	<u>1.6</u>	<u>192,465</u>	<u>2.9</u>
Total Revenues	<u>7,771,081</u>	<u>100.0</u>	<u>10,167,007</u>	<u>100.0</u>	<u>6,669,779</u>	<u>100.0</u>
Depreciation	2,572,966	33.1	2,551,630	25.1	2,735,303	41.0
Other Operating Expense	2,200,861	28.3	1,909,434	18.8	1,858,036	27.9
Non-Operating Expense	<u>1,815,380</u>	<u>23.4</u>	<u>1,778,608</u>	<u>17.5</u>	<u>1,823,801</u>	<u>27.3</u>
Total Expenses	<u>6,589,207</u>	<u>84.8</u>	<u>6,239,672</u>	<u>61.4</u>	<u>6,417,140</u>	<u>96.2</u>
Change in Net Position	<u>\$ 1,181,874</u>	<u>15.2</u>	<u>\$ 3,927,335</u>	<u>38.6</u>	<u>\$ 252,639</u>	<u>3.8</u>

Real Property Transactions

The Saratoga County Water Authority had one real property acquisition in 2021 with the addition of vacant property located next to the existing 5MG tank at Cordero Drive in Malta. This purchase was made in anticipation of adding a second 5MG tank on the site. Total cost of the acquisition was \$200,000.

Personal Property Transactions

The Saratoga County Water Authority had no personal property dispositions in 2021 that exceeded \$5,000.

Remaining Debt of the Authority

The Authority currently has four municipal Bond issuances outstanding:

Series 2014 Bonds - \$4.34 million original issuance. Remaining Principal was \$3,875,000. In December of 2021, the Authority issued taxable Green Bonds in the amount of 4,340,000 of which \$3,365,000 were refunded. Interest is at 5% on the remaining principal of \$500,000 which mature in December of 2026.

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 2021, \$6,115,000 of the debt was refunded by issuing taxable Green Bonds. Interest rates range from 3 to 5% and maturity is in December 2048.

Series 2020B Bonds - \$1,178,680 original issuance. In 2021 a payment of \$35,000 was made on principal. Remaining Principal is \$1,143,680. These bonds mature in December 2048.

Series 2021 Taxable Green Refunding Bonds – In December of 2021, the authority issued \$11,360,000 to refund \$9,480,000 of existing 2014 and 2016 Bonds. Interest rates range from .68 to 3.02% with maturity in June of 2044. The overall economic gain was \$600,000.

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

Saratoga County IDA Loan - \$1 million loan. \$525,000 in grant funding. A principal payment of \$200,000 was made in May of 2021. One interest payment was made in 2021 in the amount of \$6,900.

In 2021, the Authority reissued a BAN for \$9.6 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 and add

another sludge lagoon. The expansion of the membrane system was substantially completed in December of 2021. Work on the sludge lagoon is anticipated to be completed in late Spring of 2022.

SCWA 2021 Board Committees

Governance Committee – 3 Members

John Lawler
Arthur Johnson
Timothy Szczepaniak

Audit Committee – 3 Members

Darren O'Connor
Arthur Johnson
Robert Wilcox

Finance Committee – 3 Members

Arthur Johnson
Theodore Kusnierz
John Lawler

Personnel Committee – 3 Members

Philip Barrett
Theodore Kusnierz
Darren O'Connor

Smart Growth Committee – 3 Members

Darren O'Connor
Robert Wilcox
Tim Szczepaniak

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: CPAS@CUSACK.CPA
WWW.CUSACK.CPA

MEMBERS OF:
AMERICAN INSTITUTE OF
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MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2021, 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 24, 2022.

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) as a basis for designing 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 financial statements. 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 24, 2022