

**SARATOGA COUNTY
WATER AUTHORITY**



2023 ANNUAL REPORT

Table of Contents

Operations and Accomplishments

Projects Undertaken in 2023

Assets and Liabilities

Revenues and Expenses

Property Transactions

Remaining Debt

Assessment of Internal Controls

Audit Certification

Board Committees

SCWA Performance Measures

List of SCWA Properties

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 2023 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 2023 was 2,615 billion gallons. The daily average water consumption was 7.17 million gallons a day. Our highest monthly daily flow occurred in June and was recorded at 9.43 million gallons. In 2023, municipal water customers were charged \$2.357 per 1,000 gallons of water.

PROJECTS UNDERTAKEN BY THE SARATOGA COUNTY WATER AUTHORITY IN 2022

SCWA 5mgd Water Storage Tank

In 2023, the SCWA began designing the additional 5mgd Storage Tank on Cordero Drive. The project is expected to be bid out in Spring of 2024 and construction commenced in late Summer of 2024.

Projected Cost – \$10 million

SCWA Expenses through Dec. 31, 2023 - \$63,759.

SCWA Booster Pump Station

In 2023, the Authority purchased 32 acres of undeveloped property in Ballston Spa for a future booster pump station water tank to increase capability to serve southern Saratoga County. The construction schedule will depend on future water demands.

SARATOGA COUNTY WATER AUTHORITY
(A COMPONENT UNIT OF SARATOGA COUNTY, NEW YORK)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)
DECEMBER 31, 2023 AND 2022

Analysis of the Authority's Financial Position

The Authority's net position increased by \$1.1 million in 2023, to \$31.7 million. The Authority's net position increased by \$2.0 million in 2022, to \$30.6 million.

CONDENSED STATEMENT OF NET POSITION

	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Current Assets	\$ 13,542,144	16.3	\$ 11,488,570	13.7	\$ 8,789,974	10.7
Restricted Assets	3,918,984	4.8	4,074,357	4.9	3,380,215	4.0
Net Pension Asset	-	-	107,078	.2	-	-
Property, Plant, and Equipment, Net	<u>65,189,619</u>	<u>78.6</u>	<u>67,629,273</u>	<u>80.9</u>	<u>69,903,265</u>	<u>84.9</u>
Total Assets	82,650,747	99.7	83,299,278	99.7	82,073,454	99.6
Deferred Outflows of Resources	<u>266,128</u>	<u>0.3</u>	<u>289,226</u>	<u>.3</u>	<u>362,374</u>	<u>.4</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 82,916,875</u>	<u>100.0</u>	<u>\$ 83,588,504</u>	<u>100.0</u>	<u>\$ 82,435,828</u>	<u>100.0</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current Liabilities	\$ 2,110,867	2.5	\$ 2,406,048	2.9	\$ 4,417,332	5.3
Long-Term Liabilities	<u>48,989,982</u>	<u>59.1</u>	<u>50,201,054</u>	<u>60.0</u>	<u>49,035,730</u>	<u>59.5</u>
Total Liabilities	51,100,849	61.6	52,607,862	62.9	53,453,062	64.8
Deferred Inflows of Resources	116,487	0.2	378,266	.5	388,789	.5
Net Position	<u>31,699,539</u>	<u>38.2</u>	<u>30,602,376</u>	<u>36.6</u>	<u>28,593,977</u>	<u>34.7</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 82,916,875</u>	<u>100.0</u>	<u>\$ 83,588,504</u>	<u>100.0</u>	<u>\$ 82,435,828</u>	<u>100.0</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Operating Revenue	\$ 7,756,067	94.1	\$ 9,256,929	99.2	\$ 7,764,287	99.9
Non-Operating Revenue	<u>488,790</u>	<u>5.9</u>	<u>73,417</u>	<u>0.8</u>	<u>6,794</u>	<u>0.1</u>
Total Revenues	8,244,857	100.0	9,330,346	100.0	7,771,081	100.0
Depreciation	2,830,439	34.3	2,793,052	29.9	2,572,966	33.1
Other Operating Expense	2,463,670	29.9	2,742,284	29.4	2,200,861	28.3
Non-Operating Expense	<u>1,853,585</u>	<u>22.5</u>	<u>1,786,611</u>	<u>19.2</u>	<u>1,815,380</u>	<u>23.4</u>
Total Expenses	7,147,694	86.7	7,321,947	78.5	6,589,207	84.8
Change in Net Position	<u>\$ 1,097,163</u>	<u>13.3</u>	<u>\$ 2,008,399</u>	<u>21.5</u>	<u>\$ 1,181,874</u>	<u>15.2</u>

Real Property Transactions

The Saratoga County Water Authority acquired 32 acres of vacant land located at 25 Underpass Road in the Town of Ballston Spa.

Personal Property Transactions

The Saratoga County Water Authority had one disposal of a 2010 Ford F250 pickup truck.

Remaining Debt of the Authority

The Authority currently has five municipal Bond issuances outstanding:

Series 2014 Bonds - \$4.34 million original issuance at a rate of 5%. In 2021 \$3.78 million was refunded in taxable green bonds. The remaining principal at 12/31/23 on the original issuance is \$215,000.

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 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. The remaining principal on the 2016 Refunded Bonds is \$28,970,000.

Series 2020B Bonds - \$1,178,680 original issuance. In 2023 a payment of \$35,000 was made on principal. Remaining Principal is \$1,040,000. These bonds mature in October 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. The remaining principal on these bonds is \$11,085,000.

In 2022, the Authority issued a bond for \$7,826,573 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 was completed in Summer of 2022. The remaining principal on these bonds is \$7,460,000.

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 2023. One interest payment was made in 2023 in the amount of \$4,140. The principal balance of this loan is \$400,000.

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.

Saratoga County Water Authority
260 Butler Road
Gansevoort, NY 12831

March 27, 2024

Cusack & Company, CPA's LLC
7 Airport Park Blvd.
Latham, NY 12110

This representation letter is provided in connection with your audit of the financial statements of Saratoga County Water Authority, which comprise the statement of net position as of December 31, 2023 and the respective statement of revenues, expenses and change in net position and cash flows for the year then ended, and the disclosures (collectively, "the financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 1, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the Authority required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

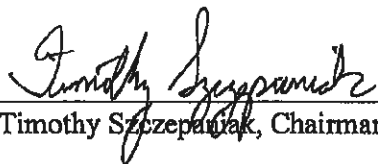
- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that effects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the names of the entity's related parties and all the related party relationships and transactions, including any side agreements.

Government - specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts.
- 22) We have identified and disclosed to you all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 23) We have identified and disclosed to you all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.
- 26) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 27) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

- 28) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- 29) Provisions for uncollectible receivables have been properly identified and recorded.
- 30) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 31) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 32) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 33) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 34) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.



Timothy Szczepaniak, Chairman

SCWA 2023 Board Committees

Governance Committee – 3 Members

John Lawler
Michael Mooney
Timothy Szczepaniak

Audit Committee – 3 Members

Mark Hammond
Michael Mooney
Robert Wilcox

Finance Committee – 3 Members

Michael Mooney
Theodore Kusnierz
Timothy Szczepaniak

Personnel Committee – 3 Members

Philip Barrett
Theodore Kusnierz
Mark Hammond

Smart Growth Committee – 3 Members

Michael Mooney
Robert Wilcox
Tim Szczepaniak

**Saratoga County Water Authority Performance Measurement Report
Fiscal Year 2023**

Performance Measures	FY2023 Actual
<p style="text-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. Budgeted Revenues: \$7,643,777 Actual Revenues: \$7,649,304 Budgeted Expenses: \$5,871,160 Actual Expenses: \$5,286,235 Operating Income: \$2,441,389 Budgeted Income: \$1,772,617</p> <p>b. None.</p> <p>c. AA Stable</p> <p>d. No review.</p> <p>e. There were no new customers in 2023.</p>
<p style="text-align: center;">WATER QUALITY</p> <p>a. Annual Drinking Water Report</p>	<p>Annual Water Quality Report has been prepared and is available for viewing at www.saratogacountyny.gov/commissions</p>
<p style="text-align: center;">AUDIT</p> <p>a. Continuing self-audit</p> <p>b. Any applicable review or audit</p>	<p>a. 2023 PARIS Reports authorized, approved, and submitted by March 31, 2023.</p> <p>b. Independent Audit for 2023 concluded March 2024.</p>
<p style="text-align: center;">SAFETY</p> <p>a. Review of accident reports</p>	<p>a. There were no Accident Reports filed for 2023. Job Hazard Analysis system utilized at Facility. Review of Safety Procedures is conducted weekly.</p>
<p style="text-align: center;">OPERATIONS & MAINTENANCE</p> <p>a. Annual inspections</p> <p>b. Number of water main breaks</p>	<p>a. Facility Fire Extinguisher Inspections completed August 2023. NYS DOH Sanitary Survey July, 2023. NYS DEC BS, PBS, CBS January 2023.</p> <p>b. There were no water main breaks in 2023.</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.

25 Underpass Road, Ballston Spa

Description: 39.36 acres of undeveloped land. Town of Ballston (tax map #228-2-20.11)

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.

