CLIFTON PARK

WATER AUTHORITY

2016 ANNUAL REPORT

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Operations and Accomplishments

CPWA was created during 1990 as a public benefit corporation under New York State Public Authorities Law, Title 6-B of Article 5. The enabling legislation provided the Authority with power to acquire, construct, operate, and maintain public water supply, and distribution facilities for the benefit of the residents of Clifton Park and Malta. CPWA provides potable drinking water to 12,500 service connections (approximately 31,000 people), through a system comprised of 21 wells on 11 different sites, 5.5 million gallons of storage capacity, several pump stations, and 180 miles of water main.

CPWA is governed by a Board of five members who are residents of the Town of Clifton Park (Town) and are appointed by the Town Board for staggered five-year terms. The CPWA Chairman is appointed on an annual basis by the Town Supervisor.

CPWA began operations in February 1992 with the acquisition of the Crescent Estates Water Company. Since that initial purchase, CPWA acquired Saratoga Water Co Calico/Woodland Hills Water System and Country Knolls Water Works, Inc. later in 1992, Park Lane Estates Water Works Co., Inc. in August 1993, and finally, Peacock Water Co. in 2004.

In April of 2006, CPWA entered into an operations and maintenance contract with the Rexford Water District. The system consists of 520 customers.

In 2008, CPWA entered into an operations and maintenance contract with the Shenendehowa Central School District. This gave the CPWA full use of the school's well (230 gpm), and added 70,000 gallons per day to the system usage and metered water sales.

Country Knolls Water Works owns a water system that it leases to CPWA. Country Knolls Water Works is a not-for-profit local development corporation organized under the New York Not-For-Profit Corporation Law. CPWA is the sole shareholder of Country Knolls Water Works, Inc.

In order to finance the original purchases of the private water systems and rehabilitate them, CPWA issued bonds in 1993 in the amount of $25,605,000. In 1999, CPWA issued bonds in the amount of $8,915,000 to finance additional system upgrades including new wells, treatment, and storage. In 2003, CPWA refinanced the 1993 bonds, taking advantage of the lower interest rates available to reduce their annual bond payments by approximately $60,000. In 2009, CPWA refinanced the 1999 bonds, reducing their annual bond payments by approximately $40,000. At that same time, the Authority was required to create a debt service reserve fund (DSRF) for the 2003 bonds, due to a credit rating decline of the insurance company providing the surety policy for the bond issue. The amount bonded to fund the DSRF was $813,000, and increased the CPWA's annual bond payments by approximately $30,000. In 2013, the CPWA refinanced the 2003 bonds, saving the Authority over $140,000 annually. In 2016, the Authority did an advanced refunding of the 2009 Bonds, again taking advantage of lower interest rates, resulting in an annual average savings of roughly $35,000.

CPWA collects most of its revenues from fees and metered water sales. CPWA does not have the power to levy taxes. CPWA currently produces the majority of the water that is sold to its customers, with the exception of the water purchased from the Saratoga County Water Authority which, in 2016, totaled 368,487,000 gallons, and water purchased from the Town of Glenville which, in 2016, totaled 19,170,000. Since the Town of Clifton Park is mostly residential, the annual metered water sales are very dependent on the weather during the summer months, as weather determines the need for lawn irrigation. As a result, excessive rainfall results in decreased revenues from water sales.

Projects Undertaken by the Clifton Park Water Authority in 2016

Vischer Ferry Preserve Well #7-

This project involved the installation of a new production well in the Vischer Ferry Preserve.

Cost – $53,885

CLIFTON PARK WATER AUTHORITY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
PROPERTY AND EQUIPMENT, AT COST		
Structures	$ 1,097,802	$ 1,094,195
Pipes and appurtenances	27,255,757	27,242,473
Machinery and equipment	10,067,036	9,873,353
Office equipment and furniture	123,362	123,206
Vehicles	440,268	436,033
	38,984,225	38,769,260
Less accumulated depreciation	(16,752,049)	(15,663,612)
	22,232,176	23,105,648
Construction work-in-progress	53,398	-
Land	458,055	458,055
Net Property and Equipment	22,743,629	23,563,703
RESTRICTED ASSETS		
Cash and cash equivalents	500,232	1,286,247
Investments	2,275,798	1,562,051
Total Restricted Assets	2,776,030	2,848,298
CURRENT ASSETS		
Cash and cash equivalents	2,115,716	1,444,102
Accounts receivable, net	169,963	134,392
Unbilled water sales receivable	628,146	615,550
Prepaid expenses	32,091	33,323
Meter inventory	64,935	55,423
Total Current Assets	3,010,851	2,282,790
TOTAL ASSETS	28,530,510	28,694,791
DEFERRED OUTFLOWS OF RESOURCES	1,758,150	944,824
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 30,288,660	$ 29,639,615

CLIFTON PARK WATER AUTHORITY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31, 2016 AND 2015

LIABILITIES AND NET POSITION

	2016	2015
LONG-TERM OBLIGATIONS, LESS CURRENT INSTALLMENTS	$ 15,940,000	$ 17,410,000
CURRENT LIABILITIES		
Accounts payable	277,413	162,897
Accrued interest payable	181,310	204,173
Accrued expenses	416,108	391,073
Current installments of long-term obligations	1,255,000	1,210,000
Total Current Liabilities	2,129,831	1,968,143
OTHER LIABILITIES		
Net pension liability - proportionate share	750,484	163,573
Other post-employment benefits	1,780,000	1,490,000
Total Other Liabilities	2,530,484	1,653,573
TOTAL LIABILITIES	20,600,315	21,031,716
DEFERRED INFLOWS OF RESOURCES	1,395,782	828,012
NET POSITION		
Invested in capital assets, net of related debt	4,746,389	4,335,921
Restricted for debt service	2,776,030	2,848,298
Unrestricted	770,144	595,668
Total Net Position	8,292,563	7,779,887
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 30,288,660	$ 29,639,615

CLIFTON PARK WATER AUTHORITY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
OPERATING REVENUE		
Metered water sales	$ 4,779,693	$ 4,516,515
Basic service charge	1,018,702	1,010,707
Hydrant fees	494,359	464,783
Hook-up fees	84,450	47,670
Other fees	24,251	14,881
Total Operating Revenues	6,401,455	6,054,556
OPERATING EXPENSES		
Operations and maintenance	2,996,178	2,650,742
Administrative	713,511	690,017
Total Operating Expenses	3,709,689	3,340,759
Operating revenue before depreciation and amortization	2,691,766	2,713,797
Depreciation and amortization	1,190,278	1,382,397
Operating Revenue	1,501,488	1,331,400
OTHER REVENUE (EXPENSE)		
Investment earnings	24,260	29,139
Miscellaneous revenue	134,705	87,115
Gain (Loss) on sale of property	10,505	(114,780)
Interest expense	(734,998)	(794,833)
Other post-employment benefit expense	(295,000)	(285,000)
Debt issuance cost	(128,284)	-
Total Other Revenue (Expense)	(988,812)	(1,078,359)
Change in Net Position	512,676	253,041
NET POSITION, beginning of year as previously reported	7,779,887	7,540,054
Cumulative effect of change in accounting principle	-	(13,208)
NET POSITION, beginning of year as restated	7,779,887	7,526,846
NET POSITION, end of year	$ 8,292,563	$ 7,779,887

Real Property Transactions

None.

Personal Property Transactions

Below is a list of all personal property disposals of the Clifton Park Water Authority with a value in excess of $5,000 during the 2016 fiscal year:

- 2004 Dodge Ram 2500 Pickup - $6,500.00 (Sold via online auction)

Schedule of Outstanding CPWA Debt
2009 and 2013 Revenue Bonds

Year	2009 Principal	2013 Principal	2016 Principal	Total
2016 Payments	$310,000	$900,000		$1,210,000
2017	$320,000	$935,000		$1,255,000
2018	$330,000	$970,000		$1,300,000
2019	$345,000	$1,015,000		$1,360,000
2020		$1,055,000	$345,000	$1,400,000
2021		$1,100,000	$360,000	$1,460,000
2022		$1,150,000	$375,000	$1,525,000
2023		$1,210,000	$390,000	$1,600,000
2024		$1,265,000	$405,000	$1,670,000
2025		$1,335,000	$415,000	$1,750,000
2026		$1,215,000	$425,000	$1,640,000
2027			$1,295,000	$1,295,000
2028			$465,000	$465,000
2029			$475,000	$475,000
Total Outstanding Debt	$995,000	$11,250,000	$4,950,000	$17,195,000

Assessment of the Effectiveness of the CPWA's Internal Controls

A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

CPWA's system of internal accounting controls is evaluated on an ongoing basis by CPWA's internal financial staff. Independent external 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 CPWA 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 CPWA'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 (Marvin and Company, P.C.) during their most recent audit of the CPWA's internal controls and policies:

Finding

The Authority's review of cutoff at year end was deficient. Invoices received are entered into Accounts Payable based upon the date of invoice rather than being recorded in Accounts Payable for the year in which the good or service was provided.

Recommendations

The Authority will institute more stringent procedures to review invoices received to ensure that they are entered into Accounts Payable for the fiscal year in which the goods or services were provided to the Authority.

Certification of Audited Financial Reports

Fiscal Year 2016

I, Donald J. Austin, CEO, and Sheri L. Collins, CFO, hereby certify that the Clifton Park Water Authority's Financial Report for the fiscal year 2015, as prepared and presented by Marvin and Company, PC, is accurate, correct, and does not contain any untrue statement of material fact, to the best of my knowledge.

Donald J. Austin, CPWA CEO

Sheri L. Collins, CPWA CFO

CPWA Board Committees

Governance Committee – 3 Members

George Peterson
William Butler
Peter Taubkin

Audit Committee – 3 Members

William Butler
John Ryan
Helmut Gerstenberger

Finance Committee – 3 Members

John Ryan
Helmut Gerstenberger
George Peterson

Grievance Committee – 3 Members

Peter Taubkin
Helmut Gerstenberger
John Ryan

CPWA Performance Measurement Report

List of Performance Goals:

Comply with all NYS Department of Health water quality regulations to ensure that our water is safe for human consumption.

> The Clifton Park Water Authority had no significant violations with regard to required water quality monitoring in 2016. Results of all testing are sent to every customer in March of the following year as part of the Annual Water Quality Report.

Evaluate complaints on an ongoing basis to ensure our objective to provide a high quality product and superior customer service.

> Through the use of a customer service software package, the Authority is able to accurately log and keep track of customer complaints with regard to water quality and service. There were a minimal number of complaints about water quality in 2016.

Annually evaluate water rates and capital reserves to ensure that our water rates are both fair to the customer and sufficient for the operation and maintenance of the water system.

> The CPWA had a water rate increase in January 2016. The following information shows that the Authority continues to operate in a manner that creates a sufficient annual surplus for capital projects, while keeping the water rates low:
>
> The expenditures in the adopted 2016 budget were $5,431,705 with 2016 total actual expenditures of $5,624,840. This resulted in CPWA being over budget by $193,135, or 3.6% of the total adopted budget. The revenues in the adopted 2016 budget were $6,000,758, with total actual cash revenues of $6,513,419. This resulted in CPWA being over budget in revenues by $512,661, or 8.5% of the adopted budget. From a cash perspective, CPWA received approximately $888,579 more in cash for services rendered than what was paid for associated expenditures (including debt payments) in 2016.

Continually evaluate system infrastructure to ensure the continued supply of water to our customers.

> Pumping and treatment facilities are checked daily for proper operation and to identify potential problems. In 2016, there was no interruption of service to the CPWA customers, other than some isolated areas resulting from water main breaks. In those instances, the area of interruption was limited to the immediate vicinity around the break for periods of less than 12 hours.

Clifton Park Water Authority
List of Real Property

Oakwood Blvd. Pumpstation

Description: Water pumping station on 0.47 acres with 100,000 gallon concrete water storage reservoir and two wells (Tax map # 283.20-2-63).

Boyack Road Water Treatment Plant

Description: Manganese Greensand filtration plant on 10.32 acres with 600,000 gallon steel water tank and two wells (Tax map # 288.8-1-56).

Vischer Ferry Preserve Wellfield

Description: Wellfield on leased land owned by the NYS Canal Corp. There are three wells that pump to the Boyack Road Water Treatment Plant for iron and manganese removal. There is also an electrical building that houses the electrical and electronic equipment needed to run the wells.

Kinns Road Pumpstation

Description: Pumpstation with one active well and one inactive well on 5.56 acres (Tax map # 265.-1-70).

Lapp Road Water Treatment Plant

Description: Manganese Greensand filtration plant on 5.19 acres with one active well and one inactive well (Tax map # 284.5-2-7 and 284.5-2-8).

Moe Road Pumpstation

Description: Pumpstation with one well on 1.03 acres (Tax map #283.12-1-92).

Plank Road Pumpstation

Description: Pumpstation with one active well and one backup well on 1.83 acres. Also serves as field office (Tax map # 265.20-1-30 and 265.2-22).

Barney Road Storage Tank and Pumpstation

Description: 1.2 MG steel water storage tank with pumpstation on 1.25 acres (Tax map # 277.-1-19.3).

Blue Spruce Storage Tank and Pumpstation

Description: 2 MG steel water storage tank and pumpstation on 2.10 acres (Tax map # 259.5-2-5 and 259.5-2-21).

Water Authority Main Office and Park Lane Pumpstation

Description: 3,500 sq. ft. administrative office bldg., pumpstation and concrete water storage tank on 8.05 acres (Tax map # 271.13-1-53).

Knolltop Water Storage Tower

Description: 330, 000 gallon steel hydropillar on 0.85 acres (Tax map # 265.14-2-1).

Peacock Wellhouses and Pumpstation

Description: Two wellhouses and one pumpstation on 1.77 acres (Tax map # 276.7-2-48).

Miller Road Water Storage Tower

Description: 1.5 million gallon steel hydropillar on 0.92 acres (Tax map # 276.-2-1.122).

Berryfarm Well and Pumpstation

Description: Pumpstation with one active well on 0.93 acres (Tax map # 277.5-2-52).

Easements

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