

**ALBANY WATER BOARD  
MINUTES OF REGULAR MEETING  
June 26, 2015**

A regular meeting of the Albany Water Board was officially convened at 9:20 AM, local time, in the Conference Room at the Albany Water Board, 10 North Enterprise Drive, Albany, New York Friday, June 26, 2015.

**PRESENT WATER BOARD MEMBERS:** David McGuire, Chairman; William Clay, Treasurer, Dan Ranellone

**EXCUSED:** Leo Dean, Secretary

**STAFF PRESENT:** Joseph E. Coffey, Jr. PE, Commissioner; Bill Simcoe, PE Deputy Commissioner; Christopher Quirk, Chief Fiscal Officer; Cassandra Ethington, Financial Analyst

**BOARD ADVISORS PRESENT:** Adriana Le Blan, Corporation Counsel; Kevin Hogan, Arcadis (Official Consulting Engineer), Bob Hennes, Hugh Johnson Advisors; William Kahn, UHY

**ALSO PRESENT:** Jim Lyons, Member of the Public

**Call to Order**

Albany Water Board Meeting was called to order by Chairman McGuire at 9:20 am

**Vote on Officers**

Glenn Viele has resigned from the Board and therefore we need to fill the Vice Chairman's position at this time.

Motion was made by Chairman McGuire to have Mr. Clay be the new Vice Chairman of the Board. Mr. Ranellone seconded and the motion carried unanimously.

Discussion took place that this will now leave open the Treasurer's position and that will need to be considered at the next meeting. Board agreed to do so after the other Board seat is filled in the next month.

**Water Rate Changes**

Bill Kahn, UKY Advisors and AWB Rate Consultant, discussed the requirement to review the Rate Structure for the Bond Indenture requirements and whether or not rates need to be changed.

- Two Driving Factors to be looked at
  - 1) Cash – currently looking at the newly presented 2014 Combined Financial Statements the combined cash looks good, a lot is restricted but there are still sufficient cash balances.
  - 2) Debt Coverage Ratio – Seen a lot of activity 1.15 to 1 is the requirement to be at. In the distant past we were around 1 or below, and in recent years, we have been well above this threshold
    - Currently we are above that and at times have been close to a 2
    - Debt is stable, we are good

Looking ahead to current and forecast expenses and to cash flow as well. At this time no rate changes need to take place.

Discussion took place with Commissioner Coffey saying he concurs and that this will give the Board more time to really look at the future needs, capital expenses for all infrastructure in our asset management program and also to review how we manage our stormwater program in the framework of our rate structure.

### Water Bill Review Committee

The Water Bill Review Committee met, reviewed, and recommended the following on June 11, 2015:

Thomas Poracaro 8 Craigie Ave. Albany, NY 12205

*\*Committee recommends a 6-month payment plan with the removal of all penalties and interest after the balance is paid in full.*

Debra Williams, 289 Miller Road East Greenbush, NY 12061 (42 Aspen Circle)

*\*Committee recommends the bill be split over three cycles with the removal of all penalties and interest after the balance is paid in full.*

Curtis Black 76 Bassett Street Albany, NY 12208

*\*Committee recommends no change since Mr. Black was a no call/no show.*

Curtis Miller 29 S. Manning Blvd. Albany, NY 12208

*Committee recommends no change since Mr. Miller was a no call/no show.*

The Water Bill Review Committee detailed recommendations are attached.

Board had a discussion that even recognizing Mr. Miller was a no call/no show, that he would have been eligible for the Water Board Modification and since that policy is in place that he should still be given the one time modification to his bill as per the Water Board Modification Policy.

Motion was made by Chairman McGuire to accept the recommendations of the Water Board Review Committee with the modification of Mr. Miller being included with a bill modification. Motion seconded by Mr. Clay and carried unanimously.

Copy of the Water Bill Review Committee recommendations are attached.

### Committee and Other Reports

#### **1) Financial Report, Christopher Quirk, CFO**

Mr. Quirk presented a combined statement of Cash Flows and other month to date and year to date Financial Information of the Albany Water Board and Albany Municipal Water Finance Authority for the one month period and year to date ending May 31, 2015. Actual revenue collections for the month of May, 2015 were \$2,830,445, \$47,966 lower than what was budgeted. As of May 2015, year-to-date

investment income was \$110,086 compared with investment income of \$102,708 as of May 2014. Year-to-date operating expenses (excluding capital and debt service expenses) are approximately \$8,422,765 or 7.4% lower than same period last year. Approximately \$281,871 in capital project costs was expended through May 31, 2015 out of the \$1,832,084 budgeted.

## 2) Commissioner's Reports, Joseph Coffey Jr. Commissioner & William Simcoe, Deputy Commissioner

- **2015 Key Performance Indicators and Critical Numbers Dashboard** as of the end of May 2015. Currently we are at goal or above goal on our key performance indicators. **Orion meter installation plan** continues and we went above our goal of 500 per month in May. The meter department is confident they will meet the goal of 6000 by year end.
- **Department Goals**
- **Safety** – The Safety Excellence Team (SET) is chaired by Commissioner Coffey and includes a cross section of employees from all units of the Department. The SET has completed a confined space entry policy and also Site specific Health and Safety Plans for several key projects. The goal is to decrease our Worker's Compensation claims as well as time lost due to work place injuries. Safety is and needs to be a fulltime job. Report on the status of Safety as well as the Long-term Control Plan the goals with the Mayor every 2 weeks.
- **Backwater Valve Grant report update:** A copy of the current Backwater Valve Grant program summary is attached to the minutes.
- **Normanskill Stream Landslide Update** – The AWD is serving in an advisory role to the Mayor on technical issues and we are working to assure our McCormack Road Pump Station will not be subject to flooding while a permanent solution to the channel encroachment is considered and implemented. The NYSDOT has issued a technical report with channel widening options and cost estimates for remediation. The cost estimate did not include other cost such as lost revenues, loss of land use and loss of potential function to parts of the golf course.
- **Brief Project Updates**
  - **Feura Bush WTP** – Scaffolding is set all around the building and the repairs on the roof and masonry work has begun. This is \$900,000 project and is currently on schedule.
  - **Quail Street** – The project is awaiting National Grid completion of gas line work in the project corridor. Currently, National Grid is replacing the old gas lines so when we begin our part there should not be any issues. Our project should be completed as of June 2016, if not sooner.
  - **SUNY Alumni Quad Storm Flows** – SUNY is working with us on their storm water needs with the changes they are and have been making there.

## 3) ARCADIS – Official Consulting Engineer's Report (see attached)

Upcoming projects that Arcadis are undertaking were discussed. They are working on our asset management program and evaluation of the infrastructure and are willing to work with the auditors' to match up with the depreciation numbers. This will be a look at the assets both above and underground and wrap the findings up with a 5 year Capital Improvement Plan. They are also training our staff with the GPS equipment to tie in as well by updating the GIS mapping of the location of our assets.

#### Resolutions

**RESOLUTION 15-16; Change Order Request** – Change order requested for \$3500 to finish repairing and replacing the fencing next to Huck Finn's new Play land.

**RESOLUTION 15-17; Change Order Request** – There was damage to a driveway and we share the contract for the work with the contractor so we are going to share the cost of the repair required to the driveway. The repair is \$2650 with our share being \$1325. So we need a final payment request of \$1325 on this work order.

#### Executive Session

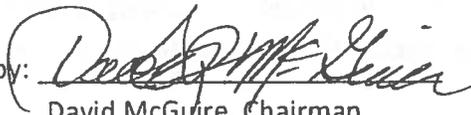
Motion to go into Executive Session at 10:40 AM to discuss a legal matter on a Real Estate issue. Motion was seconded by Mr. Ranellone; motion carried.

The Board meeting returned from Executive Session @ 10:55 AM. No action taken in Executive Session.

Chairman McGuire informed all those in attendance that the next meeting of the AWB will be Friday, July 24th at 9:30 AM in the AWB Conference Room.

Being no further business, Chairman McGuire called for a motion to adjourn the meeting. A motion was made by William Clay, seconded by Mr. Ranellone, and passed unanimously. The meeting was adjourned at 10:58 AM.

Recorded by: Cassandra Ethington

Approved by:   
David McGuire, Chairman

**Albany Water Board and  
Albany Municipal Water Finance Authority**  
(A Component Unit of the City of Albany, New York)

Combined Financial Report

December 31, 2014 and 2013

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**Albany Water Board and  
Albany Municipal Water Finance Authority**  
(A Component Unit of the City of Albany, New York)

Combined Financial Report

December 31, 2014 and 2013

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## Independent Auditor's Report

Members of the Boards  
Albany Water Board and Albany Municipal  
Water Finance Authority  
Albany, New York

### Report on the Financial Statements

We have audited the accompanying combined financial statements of the Albany Water Board and the Albany Municipal Water Finance Authority, a component unit of the City of Albany, New York, which comprise the combined statement of net position as of December 31, 2014, and the related combined statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Albany Water Board and the Albany Municipal Water Finance Authority as of December 31, 2014, and the combined changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Prior Year Combined Financial Statements*

The combined financial statements of the Albany Water Board and the Albany Municipal Water Finance Authority, as of and for the year ended December 31, 2013, were audited by other auditors whose report dated July 16, 2014, expressed an unmodified opinion on those combined financial statements.

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 and 4 be presented to supplement the basic combined financial statements. Such information, although not a part of the basic combined financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audits of the basic combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The 2013 supplementary information was subjected to audit procedures applied in the audit of the basic combined financial statements by other auditors, and their report dated July 16, 2014, did not express an opinion or provide any assurance on the information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have issued our report dated \_\_\_\_\_, 2015, on our consideration of the Albany Water Board's and the Albany Municipal Water Finance Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Albany Water Board's and the Albany Municipal Water Finance Authority's internal control over financial reporting and compliance.

**Albany Water Board and  
Albany Municipal Water Finance Authority**  
(A Component Unit of the City of Albany, New York)

**Management's Discussion and Analysis  
December 31, 2014 and 2013**

The following Management's Discussion and Analysis (MD&A) of the Albany Water Board and the Albany Municipal Water Finance Authority (System), a component unit of the City of Albany (City) presents a brief narrative of the System's financial performance for the years ended December 31, 2014 and 2013. Management has prepared the combined financial statements and related combined footnote disclosures, along with this MD&A. This information should be read in conjunction with the combined financial statements and accompanying notes.

In summary, the years ended December 31, 2014 and 2013, reflected positive operational and financial results. The System, working together with the City, realized strong revenues, generally controlled the growth of expenses, and recorded positive cash flow.

Required Financial Statements: The combined financial statements of the System are prepared under accounting principles generally accepted in the United States of America (U.S. GAAP) and contain three statements that provide information on the System's financial position and results of the operations as of and for the years ended December 31, 2014 and 2013. A description of these combined statements follows:

- The combined statements of net position include all assets, liabilities, and deferred inflows of resources and provide information about the nature and amounts of investments in resources (assets), the obligations to creditors (liabilities), and the sales of future revenues (deferred inflows of resources). The combined statements of net position present the financial position of the System at December 31, 2014 and 2013, at the end of its fiscal years.
- The combined statements of revenues, expenses, and changes in net position report all of the years' revenues and expenses and results of operations.
- The combined statements of cash flows provide information about cash receipts and cash payments during the two reporting periods. The combined statements report cash receipts, cash payments, and net changes in cash and cash equivalents resulting from operating, capital, financing, and investing activities.

Operating Revenues: Operating revenues for 2014 increased by approximately \$2,901,000 (or by 8.1%), due to an increase in water usage. Operating revenues exceeded the budget by approximately \$4,500,000. In September 2012, the System rate structure was increased by approximately 4% for substantially all users.

Operating Expenses: Operating expenses for 2014 increased by approximately \$1,368,000 (or by 5.4%), reflecting increased costs in several areas of the System's operations. On the water side, total costs approximated \$9,973,000, slightly less than costs incurred in 2013. On the sewer side, total costs approximated \$9,309,000, approximately \$395,000 in excess of similar costs in 2013. Sewer services, principally reflecting sewer repairs and maintenance, exceeded the prior year by approximately \$295,000. Costs associated with the County Sewer Contract, the System's largest line item cost at approximately \$5,915,000, increased by approximately \$32,000 (or less than 1%). Other system operating expenses, including administration and general, also increased due to enhanced security requirements and increases to payroll related costs.

**Albany Water Board and  
Albany Municipal Water Finance Authority**  
(A Component Unit of the City of Albany, New York)

**Management's Discussion and Analysis  
December 31, 2014 and 2013**

Other Revenue and Expense Items: Depreciation expense increased approximately \$100,000 during 2014. Interest expense declined by approximately \$263,000, as the Authority began amortizing its 2011A revenue bonds. Bad debt expense, a non-cash item, reflected a charge of approximately \$387,000 to parallel the progress of collection efforts.

Assets: Capital assets decreased from December 31, 2013 to December 31, 2014 by approximately \$429,000. Capital additions to the System approximated \$2.8 million during 2014. Cash and investments increased from 2013 to 2014 by approximately \$3.4 million as a result of positive cash flow. Receivables, net of allowances, increased by approximately \$829,000 as amounts transferred from the City were less than amounts actually expended by the City (on behalf of the System).

Liabilities: During June 2011, the System took advantage of the low interest rate environment, and issued \$52,120,000 of Revenue Bonds for the purpose of providing the Authority with the funds required to refund its then outstanding (higher interest rate) Revenue Bonds and to fund certain reserve accounts. As a result of payments during 2014, the System's total bond debt declined by approximately \$4.2 million. During 2015 (and in each of the next five years), an additional \$3.2 million to \$4.4 million is scheduled to be paid in debt reduction payments.

Net Position: The System's net position (or assets less liabilities and deferred inflows of resources) increased by approximately \$9.6 million during 2014 to approximately \$24.2 million at December 31, 2014, reflective of the strong operational results.

Debt Coverage Ratio: Under the Bond Resolution, the System is required to maintain rates such that, in each year, revenues (net of operating expenses) are at least 115% of total annual debt service. This ratio approximated 181% in 2014.

Looking Ahead: The System is focused on managing a balanced budget for 2015, continuing to improve the water and sewer infrastructure, controlling operating expenses, and minimizing the impact of future system rate structure changes on City residents. In 2011, the System began allocating \$2 million annually to fund a reserve for major unbudgeted capital projects - while still committing over \$2 million annually to fund current capital projects. To this end, over the past 25 years, the System has expended over \$72 million to fund capital projects. This commitment to an aging infrastructure has done little to slow the frequent breaks and related repair costs. The System continues to seek potential water sales to other municipalities and new commercial customers. All of these actions, along with a commitment to maintain an adequate security environment, position the System to continue an increasing investment in needed infrastructure capital expenditures in future years. Working in concert with the City, the System remains committed to its primary mission: to ensure system users have access to a clean, safe, plentiful, and low cost water supply for many generations.

The challenges for the future are many: budgetary pressures, an aging infrastructure, the likelihood of funding over \$50 million in the Hudson River Combined Sewer Overflow Project, and uncertainties with real estate tax assessments and the County sewer contract. But, looking ahead, the System remains in a strong financial and operating position with the leadership team and financial resources to appropriately address these challenges in the years ahead.

Questions about this report may be directed to the System at 518-434-5300 or at 10 North Enterprise Drive, Albany, New York 12204.

**Albany Water Board and  
Albany Municipal Water Finance Authority**

(A Component Unit of the City of Albany, New York)

Combined Statements of Net Position

	December 31,	
	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 11,892,933	\$ 13,171,021
Investments	9,465,690	4,685,910
Receivables, net	10,362,029	9,533,142
Due from City	9,276,571	8,627,385
Prepaid expenses	1,011,018	996,409
Total current assets	42,008,241	37,013,867
<b>CAPITAL ASSETS, AT COST, NET OF ACCUMULATED DEPRECIATION</b>		
	32,985,265	33,414,330
Total assets	74,993,506	70,428,197
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	1,031,021	1,645,508
Revenue bonds payable, current installments	4,260,000	4,200,000
Accrued expenses	2,356,456	2,230,317
Total current liabilities	7,647,477	8,075,825
<b>LONG-TERM LIABILITIES</b>		
Revenue bonds payable, less current installments	37,650,000	41,920,000
Premium on revenue bonds, net	5,060,561	5,334,105
Total long-term liabilities	42,710,561	47,254,105
Total liabilities	50,358,038	55,329,930
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Sales of future revenues	384,384	484,384
<b>NET POSITION</b>		
Net investment in capital assets	(8,778,244)	(13,030,258)
Reserve for encumbrances	367,482	367,482
Unrestricted	32,661,846	27,276,659
Total net position	\$ 24,251,084	\$ 14,613,883

See accompanying Notes to Financial Statements.

**Albany Water Board and  
Albany Municipal Water Finance Authority**  
(A Component Unit of the City of Albany, New York)

Combined Statements of Revenues, Expenses, and Changes in Net Position

	<b>Years Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>NET OPERATING REVENUES</b>	<b>\$ 38,215,354</b>	<b>\$ 35,325,634</b>
<b>OPERATING EXPENSES</b>		
Operation and maintenance of water system		
Water supply, power and pumping	1,184,642	1,130,552
Water purification	2,380,014	2,368,636
Water transmission and distribution	4,438,768	4,473,430
Taxes paid to municipalities	1,969,305	2,040,691
Operation and maintenance of sewer system		
Sewer services	2,846,284	2,550,508
Albany County sewer contract	5,914,930	5,882,876
Sewer pumping stations	548,056	480,615
Administration and general	4,173,931	3,260,536
Total operating expenses	<b>23,455,930</b>	<b>22,187,844</b>
<b>Operating income, before depreciation</b>	<b>14,759,424</b>	<b>13,137,790</b>
Depreciation	(3,205,005)	(3,105,177)
<b>Operating income</b>	<b>11,554,419</b>	<b>10,032,613</b>
<b>NON-OPERATING INCOME (EXPENSE)</b>		
Interest expense	(1,902,486)	(2,164,521)
Gain on sale of assets	150,425	30,680
Bad debt expense	(386,692)	(1,616,189)
Interest income	232,255	229,670
Change in fair value of investments	(10,720)	367
	<b>(1,917,218)</b>	<b>(3,519,993)</b>
<b>CHANGE IN NET POSITION</b>	<b>9,637,201</b>	<b>6,512,620</b>
<b>NET POSITION, <i>beginning of year</i></b>	<b>14,613,883</b>	<b>8,101,263</b>
<b>NET POSITION, <i>end of year</i></b>	<b>\$ 24,251,084</b>	<b>\$ 14,613,883</b>

See accompanying Notes to Financial Statements.

**Albany Water Board and  
Albany Municipal Water Finance Authority**

(A Component Unit of the City of Albany, New York)

Combined Statements of Cash Flows

	<b>Years Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 38,082,127	\$ 35,364,653
Cash payments to suppliers for goods and services	(25,152,448)	(22,582,192)
	<b>12,929,679</b>	<b>12,782,461</b>
<b>CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(2,775,940)	(2,362,719)
Net proceeds from sales of capital assets	150,425	-
Net proceeds from (payments to) City of Albany and other Government Agencies	(649,186)	3,932,074
Principal payments on bonds and notes	(4,210,000)	(4,095,000)
Interest expense	(2,164,821)	(2,438,065)
	<b>(9,649,522)</b>	<b>(4,963,710)</b>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
Sale (purchase) of investments	(4,779,780)	(1,555)
Proceeds from sales and maturities of investments	(10,720)	(367)
Interest earned on investments	232,255	229,670
	<b>(4,558,245)</b>	<b>227,748</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,278,088)</b>	<b>8,046,499</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<b>13,171,021</b>	<b>5,124,522</b>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<b>\$ 11,892,933</b>	<b>\$ 13,171,021</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income	\$ 11,554,419	\$ 10,032,613
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	3,205,005	3,105,177
Changes in		
Receivables, net	(1,215,579)	139,019
Prepaid expenses and deposits	(14,609)	(428,276)
Accrued expenses and unearned revenue	(599,557)	(66,072)
Total adjustments	1,375,260	2,749,848
	<b>\$ 12,929,679</b>	<b>\$ 12,782,461</b>

See accompanying Notes to Financial Statements.

# Albany Water Board and Albany Municipal Water Finance Authority

(A Component Unit of the City of Albany, New York)

## Notes to Combined Financial Statements December 31, 2014 and 2013

### Note 1 - Organization and Summary of Significant Accounting Policies

#### *a. Financial Reporting Entity*

The City of Albany Water and Sewer System (System) provides water supply and distribution, and the collection and disposal of sewage, principally for the City of Albany (City). The System, as presented in the accompanying combined financial statements, began operations in 1988, and consists of two legally separate, but interdependent, entities: Albany Water Board (Board) and Albany Municipal Water Finance Authority (Authority). The System is a component reporting unit of the City and, as such, is included in the City's general-purpose financial statements.

The Board, a corporate municipal instrumentality, was established in 1986 with the power to set and collect water and sewer fees in amounts sufficient to pay the debt service on the bonds of the Authority, as well as to provide for the costs of the operation and maintenance of the System. The primary responsibility of the Board is to charge, collect, and enforce rates and other charges for the System. The Board consists of five members who are appointed by the Mayor of the City.

The Authority, a public benefit corporation, was established in 1986 for the purpose of issuing revenue bonds to pay for the purchase, future improvement, and construction of the System. Among its powers, the Authority may borrow money, issue debt, and require that the Board charge and collect sufficient rates to pay the costs of operating and financing the System. The Authority consists of seven members, two members of which are appointed by the Governor of New York State and five members of which are appointed by the Mayor of the City.

The Board is a party to an operation agreement with the City whereby the City provides the Board with management, operational, and administrative personnel, and certain services, supplies, and equipment for the operation and maintenance of the System. Direct costs under this agreement, including substantially all operation, maintenance, payroll, and payroll related costs, are charged to the Board (by the City) as incurred. Certain indirect costs, including certain legal services and accounting and engineering support, are charged to the Board (by the City) on an annual basis. Other indirect costs have been assumed by the City in lieu of the City paying water and sewer charges. Revenues and expenses relating to the City's use of the System, which have not been quantified and recorded in the combined financial statements, are not believed to be significant relative to the total operations of the System.

The City, Board, and Authority are parties to a financing agreement which authorized the issuance of bonds by the Authority to finance the purchase of the System (from the City). The financing agreement requires the Board to maintain a rate structure which adequately funds debt service (Note 10), requires the Board to provide for the monthly transfer of revenues to the Authority for debt service payments, and stipulates other administrative requirements for the Board, Authority, and City. The financing agreement also requires the Board to prepare an annual budget for the funding of debt service costs of the Authority and the operation and maintenance costs of the System.

# Albany Water Board and Albany Municipal Water Finance Authority

(A Component Unit of the City of Albany, New York)

## Notes to Combined Financial Statements December 31, 2014 and 2013

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *b. Basis of Accounting and Presentation of Financial Statements*

The accompanying combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Activities of both the Board and the Authority are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position, revenues, and expenses are accounted for through a single enterprise fund with revenue recorded when earned and expenses recorded at the time liabilities are incurred.

The Board and Authority, as fiscally interdependent entities, are combined for financial reporting purposes. Additionally, both the Board and the Authority are included in the City's financial statements as a component reporting unit (an enterprise fund) of the City.

The principal revenues of the Board and Authority include all water and sewer user charges billed to customers, including penalties relating to late payments, service income, and connection and repair charges. The System had approximately 29,000 water and sewer customer accounts at December 31, 2014. Approximately 80% of the customer base comprise of residential customers, substantially all of which are within the City of Albany. Water services are billed based on meter readings or at flat rate charges; sewer charges are generally billed at 100% of water charges. Revenues are based on billing rates imposed by the Board, which were last increased in September 2012. Approximately 20% of operating revenues are derived from the System's 50 largest customers, which also include certain inter-municipality agreements.

#### *c. Bond Resolutions*

The Authority has entered into four Water and Sewer System General Revenue Bond Resolutions: the 1988 General Revenue Bond Resolution, the 2003 Second General Revenue Bond Resolution, the 2011 Third General Revenue Bond Resolution, and in 2012, the fourth General Revenue Bond Resolution. These resolutions provide that the Authority pledge, for the payment of the bonds, all System revenues, the proceeds from the sale of bonds, and all monies and securities in any funds and accounts. Additionally, the Bond Resolutions provide for the assignment and transfer of all of the Authority's rights and interests relative to the collection of revenues and the payment of debt service to an authorized trustee. Certain restricted funds and accounts (Note 6) have been established with the trustee to assure the Board's and Authority's compliance with the Bond Resolutions.

#### *d. Cash, Cash Equivalents, and Investments*

Cash includes amounts in demand deposits. Cash equivalents include all highly liquid investments with original maturities of three months or less when purchased. All cash deposits and repurchase agreements are fully collateralized or covered by federal deposit insurance.

Investments principally consist of obligations of the United States and its agencies and certificates of deposit. Investments are carried at fair market value determined by the investor's quotation services.

# Albany Water Board and Albany Municipal Water Finance Authority

(A Component Unit of the City of Albany, New York)

## Notes to Combined Financial Statements December 31, 2014 and 2013

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### e. *Receivables*

Net receivables include all unpaid customer bills for System related services and also include estimated amounts earned for unbilled usage which relate to billing cycles which end subsequent to December 31 of each year. The Board records estimated unbilled revenue based on historic billing trends and, when applicable, considers the effect of rate structure changes which may have been implemented during the year. In November of each year, substantially all metered delinquent accounts are transferred to the City and placed on the City's general property tax rolls. These accounts are subject to the City's collection procedures (which subsequently provide for full collection by the County of Albany). Certain unmetered residents accounts (which comprise less than 1% of the overall customer base) are not transferred to the City and are not placed on the City's general property tax rolls. However, these unmetered balances are subject to the Board's collection procedures.

The Board maintains an allowance for doubtful accounts to reflect potentially uncollectible receivables that may not be subject to the City's or County's collection procedures. The allowance for doubtful accounts, which is reflected as a contra-receivable for financial reporting purposes, approximated \$3,300,000 and \$4,112,000 at December 31, 2014 and 2013, respectively.

#### f. *Capital Assets*

Capital assets, acquired through either purchase or construction, are recorded at cost. Depreciation is computed using the straight-line method based upon estimated depreciable lives as follows:

	<u>Estimated Useful Life</u>
Buildings	20-40 Years
Water supply and waste water treatment systems	5-50 Years
Water distribution and sewage collection systems	5-50 Years
Equipment, furniture, and fixtures	3-10 Years

Maintenance and repairs are charged to current operations. Major replacements and improvements, including all costs associated with the Board/Authority capital plan, are capitalized as capital assets.

#### g. *Net Position*

Net position is classified as follows:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances.
- *Restricted net position* has externally placed constraints on use.
- *Unrestricted net position* consists of assets and liabilities that do not meet the definition of "restricted net position" or "net investment in capital assets."

# Albany Water Board and Albany Municipal Water Finance Authority

(A Component Unit of the City of Albany, New York)

## Notes to Combined Financial Statements December 31, 2014 and 2013

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *h. Restrictions on Cash and Investments*

Certain proceeds from bond issues, including monies set aside for future capital expenditures or debt reserve purposes, are restricted under various provisions of the bond resolution and financing agreement.

#### *i. Deferred Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent unearned revenues that do not meet both the measurable and available criteria for recognition in the current year. The Board has one item that qualifies for reporting in this category. It is the deferred sales of future revenues reported in the combined statement of net position. The deferred sales of future revenues results from an inter-municipality agreement with the Town of Guilderland which provides for a commitment to sell water to the Town (Note 10).

#### *j. Employee Benefit Plans*

Certain employee benefit plans are provided (by the City) for System employees and reimbursed (by the Board) under the operation agreement. In this regard, employees earn vacation time credits as they provide service. Pursuant to collective bargaining agreements, they may accumulate (subject to certain limitations) unused time earned and, upon retirement, termination, or death, may be compensated for such accumulated time. In addition, substantially all full-time employees of the City are members of the New York State Employees' Retirement System, a multi-employer defined benefit pension plan. Participant contributions are mandatory for those employed after June 1976. The majority of participants employed before that date do not contribute. Under the operation agreement, all employee benefits are recorded in the combined financial statements at the time they are billed by the City.

#### *k. Income Taxes*

The Board and Authority are both exempt from federal, state, and local income taxes.

#### *l. Estimates and Assumptions*

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. The application of these accounting principles involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The Board and Authority periodically evaluate estimates and assumptions used in the preparation of the combined financial statements and make changes on a prospective basis when adjustments are necessary. Significant estimates made by the Board and Authority in the accompanying combined financial statements include certain assumptions related to the allowance for doubtful accounts.

# Albany Water Board and Albany Municipal Water Finance Authority

(A Component Unit of the City of Albany, New York)

## Notes to Combined Financial Statements December 31, 2014 and 2013

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *m. New Accounting Pronouncements*

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement provides specific accounting and financial reporting guidance for combinations in this environment and improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement provides financial reporting and disclosure guidance to those governments that extend and receive nonexchange financial guarantees, thereby enhancing comparability of financial statements among governments.

The Board and the Authority adopted GASB Statements No. 69 and No. 70 as of January 1, 2014. There was no significant impact to the financial statements as a result of these adoptions.

#### *m. Reclassifications*

Certain reclassifications were made to the prior year amounts in order to conform to the current year presentation.

#### *o. Subsequent Events*

The Board and the Authority have evaluated subsequent events for potential recognition or disclosure through \_\_\_\_\_, 2015, the date the financial statements were available to be issued.

### Note 2 - Receivables, Net

Receivables, net consist of the following:

	December 31,	
	2014	2013
Billed	\$ 6,927,185	\$ 6,797,269
Unbilled	6,751,617	6,848,306
	<u>13,678,802</u>	<u>13,645,575</u>
Allowance for doubtful accounts	<u>(3,316,773)</u>	<u>(4,112,433)</u>
Receivables, net	<u>\$ 10,362,029</u>	<u>\$ 9,533,142</u>

# Albany Water Board and Albany Municipal Water Finance Authority

(A Component Unit of the City of Albany, New York)

## Notes to Combined Financial Statements December 31, 2014 and 2013

### Note 3 - Cash, Cash Equivalents, and Investments

Guidelines issued by the New York State Office of the State Comptroller (OSC) establish the criteria for permissible investments by the Board and Authority. Additionally, the Board and Authority have combined investment policies which incorporate provisions of the Bond Resolutions and the OSC's guidelines.

Under these policies, the Board and Authority may invest in obligations of the U.S. Government and its agencies, obligations of the State of New York, certificates of deposit (issued by a New York State commercial bank), and repurchase agreements (which are collateralized by obligations of the federal government).

Investments are stated at fair market value. Generally, it is the Board's and Authority's policy to purchase U.S. Government agency obligations with the intent of holding them until they mature. All such obligations are registered and held by the Board's or Authority's custodian in the Board's or Authority's name.

The December 31, 2014 and 2013 cash, cash equivalents, and investments comprise the following:

December 31, 2014	Cost	Market
Non-interest bearing accounts		
Cash accounts	\$ 11,140,491	\$ 11,140,491
Interest bearing and money market accounts		
U.S. Treasury Fund money market	748,361	748,361
Other	4,081	4,081
	<u>11,892,933</u>	<u>11,892,933</u>
Investments in debt securities		
U.S. Treasury Notes and Securities	1,627,508	1,630,067
Government Agency Notes	4,101,972	4,201,571
Certificates of Deposit	3,636,618	3,634,052
	<u>9,366,098</u>	<u>9,465,690</u>
Total	<u>\$ 21,259,031</u>	<u>\$ 21,358,623</u>
December 31, 2013	Cost	Market
Non-interest bearing accounts		
Cash accounts	\$ 12,633,428	\$ 12,633,428
Interest bearing and money market accounts		
U.S. Treasury Fund money market	537,593	537,593
	<u>13,171,021</u>	<u>13,171,021</u>
Investments in debt securities		
U.S. Treasury Notes and Securities	257,129	257,127
Government Agency Notes	4,102,836	4,203,907
Commercial Paper	225,000	224,876
	<u>4,584,965</u>	<u>4,685,910</u>
Total	<u>\$ 17,755,986</u>	<u>\$ 17,856,931</u>

# Albany Water Board and Albany Municipal Water Finance Authority

(A Component Unit of the City of Albany, New York)

## Notes to Combined Financial Statements December 31, 2014 and 2013

### Note 4 - Capital Assets

Capital assets, including additions, deletions, and related transfers comprise the following:

	December 31, 2013	Additions	Deletions	December 31, 2014
Water supply, distribution, and collection systems	\$ 25,726,845	\$ -	\$ -	\$ 25,726,845
Water and sewer system capital improvements, equipment, furniture and fixtures, and vehicles	68,181,183	3,061,361	(342,160)	70,900,384
Six Mile Waterworks (Rensselaer Lake) ground lease	7,210,000	-	-	7,210,000
Construction in progress	408,871	123,451	(408,871)	123,451
	<u>101,526,899</u>	<u>3,184,812</u>	<u>(751,031)</u>	<u>103,960,680</u>
Less accumulated depreciation	<u>(68,112,570)</u>	<u>(3,205,006)</u>	<u>342,161</u>	<u>(70,975,415)</u>
Total	<u>\$ 33,414,329</u>	<u>\$ (20,194)</u>	<u>\$ (408,870)</u>	<u>\$ 32,985,265</u>

In December 2002, the Board and the City entered into a fifty-year ground lease under which the City conveyed to the Board a leasehold interest in certain real property, including Six Mile Waterworks (Rensselaer Lake), an emergency facility. The total cost of this lease, including certain related financing costs, was recorded as a capital asset.

Total depreciation expense was \$3,105,177 and \$3,064,975 for the years ended December 31, 2014 and 2013, respectively.

### Note 5 - Bonds and Notes Payable

Bonds and notes payable balances and activity for the years ended December 31, 2014 and 2013, are summarized below:

	December 31, 2013	Additions	Reductions	December 31, 2014	Due Within One Year
General revenue bonds					
Series 2011A	\$ 44,295,000	\$ -	\$ 4,115,000	\$ 40,180,000	\$ 4,245,000
EFC revenue bonds					
Series 2003-C	90,000	-	45,000	45,000	5,000
Series 2010-C	90,000	-	5,000	85,000	5,000
Series 2012-B	1,645,000	-	45,000	1,600,000	5,000
Bonds payable	<u>46,120,000</u>	<u>-</u>	<u>4,210,000</u>	<u>41,910,000</u>	<u>\$ 4,260,000</u>
Unamortized bond premium	<u>5,334,105</u>	<u>-</u>	<u>273,544</u>	<u>5,060,561</u>	
Bonds payable, net	<u>\$ 51,454,105</u>	<u>\$ -</u>	<u>\$ 4,483,544</u>	<u>\$ 46,970,561</u>	

# Albany Water Board and Albany Municipal Water Finance Authority

(A Component Unit of the City of Albany, New York)

## Notes to Combined Financial Statements December 31, 2014 and 2013

### Note 5 - Bonds and Notes Payable - Continued

	December 31, 2012	Additions	Reductions	December 31, 2013	Due Within One Year
General revenue bonds					
2011 Series A	\$ 48,275,000	\$ -	\$ 3,980,000	\$ 44,295,000	\$ 4,185,000
EFC revenue bonds					
Series 2003-C	130,000	-	40,000	90,000	5,000
Series 2010-C	95,000	-	5,000	90,000	5,000
Series 2012-B	1,715,000	-	70,000	1,645,000	5,000
Bonds payable	50,215,000	-	4,095,000	46,120,000	<u>\$ 4,200,000</u>
Unamortized bond premium	5,607,649	-	273,544	5,334,105	
Bonds payable, net	<u>\$ 55,822,649</u>	<u>\$ -</u>	<u>\$ 4,368,544</u>	<u>\$ 51,454,105</u>	

Future principal payments required on all outstanding revenue bonds are as follows:

Year Ending December 31	Series 2011A	EFC Revenue Bonds			Total
		2003-C	2010-C	2012-B	
2015	\$ 4,245,000	\$ 45,000	\$ 15,000	\$ 20,000	\$ 4,325,000
2016	4,420,000	-	15,000	100,000	4,535,000
2017	3,940,000	-	15,000	100,000	4,055,000
2018	3,220,000	-	15,000	100,000	3,335,000
2019	3,350,000	-	25,000	100,000	3,475,000
2020 - 2024	12,695,000	-	-	610,000	13,305,000
2025 - 2029	4,070,000	-	-	570,000	4,640,000
2030 - 2033	4,240,000	-	-	-	4,240,000
Net bonds and notes payable	<u>\$ 40,180,000</u>	<u>\$ 45,000</u>	<u>\$ 85,000</u>	<u>\$ 1,600,000</u>	<u>\$ 41,910,000</u>

Future interest payments required on all outstanding revenue bonds are as follows:

Year Ending December 31	Series 2011A	EFC Revenue Bonds			Total
		2003-C	2010-C	2012-B	
2015	\$ 1,969,600	\$ 1,137	\$ 2,538	\$ 57,128	\$ 2,030,403
2016	1,757,350	-	2,184	93,987	1,853,521
2017	1,536,350	-	1,774	88,484	1,626,608
2018	1,378,750	-	1,322	82,897	1,462,969
2019	1,217,750	-	846	77,234	1,295,830
2020 - 2024	3,550,750	-	-	286,275	3,837,025
2025 - 2029	1,690,750	-	-	77,726	1,768,476
2030 - 2033	542,500	-	-	-	542,500
Totals	<u>\$ 13,643,800</u>	<u>\$ 1,137</u>	<u>\$ 8,664</u>	<u>\$ 763,731</u>	<u>\$ 14,417,332</u>

Interest expense was \$2,038,151 and \$2,225,502 for the years ended December 31, 2014 and 2013, respectively.

# Albany Water Board and Albany Municipal Water Finance Authority

(A Component Unit of the City of Albany, New York)

## Notes to Combined Financial Statements December 31, 2014 and 2013

### Note 5 - Bonds and Notes Payable - Continued

#### a. Revenue Bonds

During June 2011, the Authority issued \$52,120,000 of Series 2011 A Water and Sewer System Revenue Bonds for the purpose of providing the Authority with the funds required to refund (higher interest rate) all of the previously outstanding 2003 A and Series 2003 B Revenue Bonds.

The Series 2011 A Revenue Bonds comprise both Serial and Term Bonds, with varying rates and maturities, as follows:

Type	Rate	Maturity	Total
Serial Bonds/Series A	2.00% to 5.00%	2012 to 2022	\$ 42,440,000
Term Bonds/Series A	5.00%	2023 to 2033	9,680,000
			<u>\$ 52,120,000</u>

Interest on both the Serial and Term Bonds is payable semi-annually. The Series A Term Bonds require sinking fund installments, beginning in the year 2023, through the year 2033, of amounts ranging from \$665,000 to \$1,135,000, annually. The Term Bonds are callable at the option of the Authority, in whole or in part, beginning December 2023, at a redemption price of par, plus accrued interest.

Under the financing agreement, the Board granted a security interest and mortgage in the System to the Authority. The Revenue Bonds are direct obligations of the Authority, secured by a pledge of revenues and funds established under the Bond Resolutions.

#### b. EFC Revenue Bonds

During 2012, certain previously outstanding pooled borrowing notes were refunded and reissued, resulting in one new EFC pooled borrowing note: 2012 B. This EFC note requires serial installments, with interest rates of approximately 4%. Final maturity dates extend through 2028. Interest is payable semi-annually. The 2010 C EFC note requires serial installments, with interest rates (without regard to the SRF subsidy) ranging from .87% to 3.38% for 2010 C. Final maturity dates extend through 2019. Interest is payable semi-annually.

The Authority receives a subsidy credit toward its annual debt service cost from, and is charged an annual administrative fee by, the New York State Environmental Facilities Corporation.

### Note 6 - Restrictions on Cash and Investments

Substantially all the cash, cash equivalents, and investments of the Authority are held by a Trustee in accordance with the provisions of the Bond Resolutions and/or the Financing Agreement. A schedule by fund and account follows:

# Albany Water Board and Albany Municipal Water Finance Authority

(A Component Unit of the City of Albany, New York)

## Notes to Combined Financial Statements December 31, 2014 and 2013

### Note 6 - Restrictions on Cash and Investments - Continued

	December 31, 2014			December 31,
	Cash and Cash Equivalents	Investments	Total	2013 Total
<b>Authority Funds</b>				
1999 Debt Service Reserve Fund (b)	\$ 25,285	\$ 10,982	\$ 36,267	\$ 35,584
2003 C and 2012-B EFC Debt Service Reserve Fund (b)	102,231	246,145	348,376	339,197
2011 A Debt Service Reserve Fund (b)	614,006	4,201,564	4,815,570	4,408,067
2011 A Debt Service Fund (a)	3,891	-	3,891	224,367
Other Funds	2,948	-	2,948	2,302
<b>Total Authority Funds</b>	<b>748,361</b>	<b>4,458,691</b>	<b>5,207,052</b>	<b>5,009,517</b>
<b>Board Funds</b>				
Ongoing Projects Account (c)	6,033,335	5,006,999	11,040,334	6,023,250
Lockbox and Other Accounts	5,111,237	-	5,111,237	6,610,176
<b>Total Board Funds</b>	<b>11,144,572</b>	<b>5,006,999</b>	<b>16,151,571</b>	<b>12,633,426</b>
<b>Total</b>	<b>\$ 11,892,933</b>	<b>\$ 9,465,690</b>	<b>\$ 21,358,623</b>	<b>\$ 17,642,943</b>

- (a) **Debt Service Funds:** These accounts, which are held by a Trustee, provide for the monthly funding of semi-annual debt service payments. The revenues from the Board are utilized to fund these accounts on a priority basis.
- (b) **Debt Service Reserve Funds:** These accounts, which are held by a Trustee, were originally funded with deposits from the proceeds of various bond issues in amounts approximating the maximum annual debt service payments. In accordance with the Bond Resolution (or, as applicable, the SRF note agreements), these funds may only be applied to debt service payments to the extent other funds are not available.
- (c) **Ongoing Projects Account:** This account provides for the funding of special, non-recurring capital projects as approved by the Board. The account is currently funded on an annual basis, pursuant to the Board's budget, in the amount of \$2,000,000.

### Note 7 - Accrued Expenses

Accrued expenses comprise the following:

	Years Ended December 31,	
	2014	2013
Albany County Sewer Contract obligation (Note 10)	\$ 2,033,854	\$ 1,918,924
Accrued interest on Authority bonds	165,711	185,023
Accrued interest rebate (Note 10)	156,891	126,370
<b>Total</b>	<b>\$ 2,356,456</b>	<b>\$ 2,230,317</b>

# Albany Water Board and Albany Municipal Water Finance Authority

(A Component Unit of the City of Albany, New York)

## Notes to Combined Financial Statements December 31, 2014 and 2013

### Note 8 - Transactions with the City of Albany

Amounts due from the City of Albany are as follows:

	Years Ended December 31,	
	2014	2013
Due from the City of Albany	\$ 9,276,571	\$ 8,627,385

Pursuant to the operation agreement, the City is entitled to water and sewer services without charge in exchange for providing the Board with services described in the agreement. Certain indirect costs, including certain legal services and accounting and engineering support incurred by the City, are charged to the Board on an annual basis. Indirect costs charged to the Board were \$750,000 and \$50,000 during the years ended December 31, 2014 and 2013, respectively.

### Note 9 - Retirement Plan

#### a. Plan Description

The System, through the City, contributes to the Employees' Retirement System (ERS), a plan administered by the New York State and Local Retirement System. Plan benefits, including retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries are provided under the provisions of the New York State Retirement and Social Security Law and are guaranteed under the State Constitution. ERS issues a financial report, which includes financial statements and other information for ERS which is available to the public.

#### b. Funding Requirements

The System, through the City, is required to contribute annually to ERS based on a percentage of payrolls. The percentage of payroll varies according to the employees' date of hire, include normal, administrative, and supplemental pension contributions, and prior service costs. At December 31, 2014, substantially all full-time System employees were covered by the ERS.

### Note 10 - Commitments and Contingencies

#### a. Litigation

The System is a party to various legal actions normally associated with water and sewer utility operations, the aggregate effect of which is not expected to be material to the future financial condition of the System.

#### b. Sales of Future Revenue

During 1998, the Board entered into an inter-municipality agreement with the Town of Guilderland which provides for a commitment to sell water to the Town through the year 2018. Under the agreement, the Town advanced the Board \$2.3 million, of which \$2.0 million was provided to induce the Board to enter into the agreement providing for the sale of water at below market rates over a 20-year period. The Board has recorded these funds as deferred inflows of resources, which is being amortized into revenue over the 20-year term of the agreement.

# Albany Water Board and Albany Municipal Water Finance Authority

(A Component Unit of the City of Albany, New York)

## Notes to Combined Financial Statements December 31, 2014 and 2013

### Note 10 - Commitments and Contingencies - Continued

#### *c. Rebate on Interest Earnings*

In accordance with the Tax Reform Act of 1986, the Board and Authority are required to rebate to the Federal government the net interest earned on certain restricted funds under the bond issues, in excess of the interest expense on the bonds. Rebate calculations have been completed and rebate obligations have been identified in the amount of \$156,891 and \$126,370 as of December 31, 2014 and 2013, respectively, and are included in accrued expenses on the combined statements of net position. Any change to the rebate amount is included within interest expense on the combined statements of revenues, expenses, and changes in net position. Amounts charged to interest for rebate revenue were \$30,521 and \$126,370 during 2014 and 2013, respectively. Any future amounts to be rebated are not expected to be material in relation to the System's investment income.

#### *d. Albany County Sewer Contract*

The City, along with certain other municipalities, entered into an agreement with the Albany County Sewer District (the District) which was subsequently assumed by the Board. The District maintains and operates the County sewer system and waste treatment plants. Under the agreement, the District bills the Board its share of the debt service on County sewer obligations and related operating expenses. The Board is liable for its allocable share of debt service whether or not the City's sewer system remains connected to the County system.

#### *e. Rate Covenants*

Under the Bond Resolution (Note 1), the Board has agreed to establish rates sufficient in each year so that budgeted revenues are at least equal to 115% of the sum of budgeted annual aggregate debt service and System operating expenses. The Board has also agreed that operating revenues collected for each fiscal year be at least equal to 100% of operating and Authority expenses and 100% of the amount necessary to pay the required deposits for debt service reserve and other funds from revenue sources.

For the 2014 year, the minimum debt coverage ratio was reached. For the 2014 year, operating revenues collected were at least 100% of operating and authority expenses. For the 2014 year, operating revenues collected were at least 100% of required deposits made to the Debt Service Reserve Fund.

### Note 11 - Other Matters

The City of Albany, by the Albany Water Board, entered into a Memorandum of Agreement (the Agreement) with various communities in June 2013. The Agreement is in support of the communities anticipated entry into an order of consent with the New York State Department of Environmental Conservation (NYSDEC) to resolve claims made by NYSDEC. The claims relate to alleged violations by the communities of requirements under the Federal Clean Water Act and the communities individual state Pollutant Discharge Elimination System permits governing combined sewer overflows. The order of consent requires the communities to enter into an Inter-Municipal Agreement to facilitate the implementation of the Albany Pool CSO Long-Term Control Plan.

# Albany Water Board and Albany Municipal Water Finance Authority

(A Component Unit of the City of Albany, New York)

## Notes to Combined Financial Statements December 31, 2014 and 2013

### Note 11 - Other Matters - Continued

In January 2014, another Memorandum of Agreement was signed between the Albany Water Board and the Capital District Regional Planning Commission. The Agreement summarizes cost allocations, project implementation, and a resolution for initial funding support. The communities agreed to create a not-for-profit corporation necessary to carry out all actions necessary and appropriate for implementation of the combined sewer overflow Long-Term Control Plan in accordance with the Inter-Municipal Agreement. The total estimated project costs for legal support associated with creating a 501(c)(3) (operation bond counsel, and financial advisors) amounted to \$1,000,000. The Albany Water Board was allocated to pay 58% of the total estimated costs, or \$586,800, which was paid in March 2014. Total construction costs are estimated to be \$90,820,000, of which 58.68% (\$53,000,000) are the Albany Water Board's and Albany Municipal Water Finance Authority's responsibility.

The Authority currently expects to fund its portion of allocable construction costs through the issuance of bonds. Costs expected to be incurred through 2017 approximate \$6.8 million. In February 2015, the Authority authorized the issuance of Series 2015-A bonds in the amount of \$7 million to fund such costs.

### Note 12 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

The scope of this statement also addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have certain characteristics as defined in the statement. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. This statement is effective for periods beginning after June 15, 2014, with early implementation encouraged.

GASB Statement No. 71 amends Statement No. 68 to require that, when transitioning to the new position standards, a state or local government recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. The provisions of Statement No. 71 are effective simultaneously with the provisions of Statement No. 68.

Management has not estimated the extent of the potential impact of these statements on the Board and Authority's financial statements..

**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**

Members of the Boards  
Albany Water Board and Albany Municipal  
Water Finance Authority  
Albany, 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 combined statement of net position of the Albany Water Board and the Albany Municipal Water Finance Authority, (a component reporting unit of the City of Albany), as of December 31, 2014, and the related combined statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated \_\_\_\_\_, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered the Albany Water Board's and Albany Municipal Water Finance 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 opinions on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's and Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's and 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 Albany Water Board and the Albany Municipal Water Finance Authority's combined financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including Investment Guidelines for Public Authorities and the Albany Water Board's and the Albany Municipal Water Finance Authority's Investment Guidelines, noncompliance which could have a direct and material effect on the determination of combined 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 Board's and 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 Board's and Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Albany, New York  
\_\_\_\_\_, 2015



# Hugh Johnson Advisors, LLC

As of June 23, 2015

<u>Albany Water Board</u>	<u>Account No.</u>	<u>Market Value</u>	<u>Yield</u>	<u>Maturity</u>
M&T Bank - Board Expense	8891631650	10,110		
M&T Bank - Lock-Box	8891631536	609,343		
Operating & Maintenance Trust Acct	8891631668	4,111,554		
Fidelity Account Excess Funds	676-196705	3,029,908	0.73%	08/12/16
Fidelity Account On-Going Projects	676-202885	3,022,285	0.92%	01/19/17
Chase Ongoing Projects; 2011, 2012 & 2013	573-8029988	6,023,250		
Total		16,806,449		

<u>Albany Municipal Water Finance Authority</u>	<u>Account No.</u>	<u>Market Value</u>		
M&T Bank - Authority Expense	8891632161	13,333		
Series 2011A Debt Service Fund	1033343	148,151		
BMW Bank NA		149,247	0.42%	09/21/15
Discover Bank		100,157	0.10%	09/25/15
Vectra Bank		174,355	0.45%	10/09/15
Medallion Bank		100,049	0.25%	10/19/15
FHLMC Discount Note		970,680	0.14%	10/20/15
BMW Bank NA		100,344	0.19%	11/02/15
Beal Bank USA		248,516	0.37%	11/12/15
GE Capital Bank		240,170	0.43%	11/16/15
Sallie Mae Bank		100,321	0.30%	11/16/15
Sallie Mae Bank		75,164	0.26%	11/27/15
		2,259,003	0.25%	10/24/15





Albany Water Board & Municipal Water Finance Authority

2015 Transfer Schedule

	City of Albany		On-Going		Board		Authority	
	#710990019	#710990019	Projects	#676-202885	Expense	#8891631650	Expense	#8891632161
Jan	2,120,000	(2,120,000)		-	4,400	(4,400)	4,750	(4,750)
Feb	1,520,500	(1,520,500)	250,000	-	3,600	(3,600)	4,750	(9,750)
Mar	4,508,000	(4,508,000)	250,000	-	3,600	(3,600)	4,750	(4,750)
Apr	1,520,500	(1,520,500)	250,000	-	3,600	(3,600)	4,750	(4,750)
May	1,520,500	(1,520,500)	250,000	(1,000,000)	3,600	(3,600)	4,750	(4,750)
Jun	1,520,500	(1,520,500)	250,000	-	3,600	(3,600)	4,750	(4,750)
Jul	1,520,500	-	250,000	-	3,600	-	4,750	-
Aug	1,520,500	-	250,000	-	3,600	-	4,750	-
Sep	2,876,818	-	250,000	-	3,600	-	4,750	-
Oct	4,508,000	-		-	3,600	-	4,750	-
Nov	1,520,500	-		-	3,600	-	4,750	-
Dec	1,520,500	-		-	3,600	-	4,750	-
<b>Total</b>	<b>26,176,818</b>	<b>(12,710,000)</b>	<b>2,000,000</b>	<b>(1,000,000)</b>	<b>44,000</b>	<b>(22,400)</b>	<b>57,000</b>	<b>(33,500)</b>

2011A

	Debt Service		#1033343	
	Debt Service	#1033343		
Jan	564,600	(564,600)	-	-
Feb	564,620	(564,620)	-	-
Mar	564,620	(564,620)	-	-
Apr	564,620	(564,620)	-	-
May	564,620	(564,620)	-	-
Jun	564,620	(564,620)	-	-
Jul	564,620	-	-	-
Aug	564,620	-	-	-
Sep	564,620	-	-	-
Oct	564,620	-	-	-
Nov	564,620	-	-	-
Dec	-	-	-	-
<b>Total</b>	<b>6,210,800</b>	<b>(3,387,700)</b>	<b>-</b>	<b>-</b>

# Albany Water Board - Excess Funds

Fidelity Account No. 676-196705

<u>Issue Description</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Par Amount</u>	<u>Market Price</u>	<u>Market Value</u>	<u>Purchase Yield</u>	<u>Percent</u>
<u>Money Market</u>							
Money Market FCASH	0.01%	06/23/15	8,628.53	100.00	8,628.53	0.01%	0.28%
<u>US Government</u>							
AXP Centurion Bank	0.70%	08/10/15	235,000.00	100.07	235,152.75	0.50%	7.76%
First Natl Bank	0.60%	08/10/15	212,000.00	100.07	212,137.80	0.53%	7.00%
Safra Natl Bank	0.50%	10/30/15	63,000.00	100.09	63,053.55	0.54%	2.08%
Synchrony Bank	0.90%	03/14/16	100,000.00	100.33	100,333.00	0.71%	3.31%
BMW Bank	0.50%	03/28/16	249,000.00	100.22	249,555.27	0.60%	8.24%
Discover Bank	0.80%	03/28/16	100,000.00	100.34	100,344.00	0.64%	3.31%
Medallion Bank	0.50%	05/09/16	249,000.00	100.11	249,276.39	0.50%	8.23%
Synovus Bank	0.65%	06/24/16	97,000.00	100.10	97,094.09	0.54%	3.20%
UBS Bank USA	0.75%	07/01/16	249,000.00	100.19	249,478.08	0.61%	8.23%
US Treasury	0.50%	11/30/16	500,000.00	100.01	500,040.00	0.58%	16.50%
GE Capital Bank Retail	1.35%	08/31/16	134,000.00	100.85	135,139.00	1.02%	4.46%
Capital One Bank USA	0.85%	01/23/17	85,000.00	100.42	85,352.75	1.00%	2.82%
Goldman Sachs Bk USA	1.00%	02/06/17	100,000.00	100.30	100,297.00	1.17%	3.31%
US Treasury	0.75%	03/15/17	500,000.00	100.31	501,525.00	0.91%	16.55%
CIT Bank	1.85%	05/16/18	140,000.00	101.79	142,500.40	1.67%	4.70%
<b>Totals</b>	<b>0.74%</b>	<b>08/12/16</b>	<b>3,021,628.53</b>		<b>3,029,907.61</b>	<b>0.73%</b>	<b>100.00%</b>

# Albany Water Board - On Going Projects Reserves

Fidelity Account No. 676-202885

<u>Issue Description</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Par Amount</u>	<u>Market Price</u>	<u>Market Value</u>	<u>Purchase Yield</u>	<u>Percent</u>
<u>Money Market</u>							
Money Market FCASH	0.01%	06/23/15	3,016.04	100.00	3,016.04	0.01%	0.10%
<u>US Government</u>							
Synchrony Bank	0.90%	03/14/16	100,000.00	100.33	100,333.00	0.71%	3.32%
Discover Bank	0.80%	03/28/16	90,000.00	100.34	90,309.60	0.64%	2.99%
Investors Bank	2.30%	05/05/16	247,000.00	101.55	250,833.44	0.62%	8.30%
GE Capital Bank Retail	1.35%	08/31/16	111,000.00	100.85	111,943.50	1.02%	3.70%
Synovus Bank	0.65%	06/24/16	73,000.00	100.10	73,070.81	0.54%	2.42%
Sallie Mae Bank	1.35%	10/24/16	135,000.00	100.96	136,291.95	1.17%	4.51%
US Treasury	0.38%	10/31/16	125,000.00	99.86	124,823.75	0.50%	4.13%
Capital One Bank USA	1.00%	10/31/16	100,000.00	100.29	100,289.00	0.69%	3.32%
Key Bank NA	0.60%	10/31/16	232,000.00	100.34	232,798.08	0.60%	7.70%
Safra National Bank	0.55%	11/15/16	182,000.00	99.92	181,847.12	0.65%	6.02%
Goldman Sachs Bk USA	1.00%	02/06/17	78,000.00	100.30	78,231.66	1.17%	2.59%
US Treasury	0.75%	03/15/17	250,000.00	100.31	250,762.50	0.91%	8.30%
Ally Bank	1.10%	04/10/17	200,000.00	100.26	200,528.00	1.25%	6.63%
US Treasury	0.50%	04/30/17	245,000.00	99.77	244,443.85	0.60%	8.09%
Barclays Bank	1.10%	05/08/17	190,000.00	100.34	190,636.50	1.30%	6.31%
Barclays Bank	1.10%	05/15/17	55,000.00	100.28	55,155.65	1.10%	1.82%
Comenity Capital Bank	1.15%	05/25/17	249,000.00	100.81	251,024.37	0.92%	8.31%
American Express FSB	1.45%	10/30/17	245,000.00	100.08	245,200.90	1.60%	8.11%
Sallie Mae Bank	1.40%	12/18/17	100,000.00	100.75	100,745.00	1.53%	3.33%
<b>Totals</b>	<b>1.05%</b>	<b>01/19/17</b>	<b>3,010,016.04</b>		<b>3,022,284.72</b>	<b>0.92%</b>	<b>100.00%</b>

MEMORANDUM

To: ~~Vice Chairman David R. McGuire~~

From: Gerald E. Campbell

Date: June 11<sup>th</sup>, 2015

Re: Water Bill Review Hearing

Pursuant to City Ordinance 19.31.98, the Water Bill Review Committee has reviewed the following cases on June 11<sup>th</sup>, 2015 and has made the following recommendation(s) for consideration by the Water Board.

Thomas Porcaro  
8 Craigie Avenue  
Albany, NY 12205

RE: 8 Craigie Avenue

Current Balance \$ 1852.98  
Protested Bill \$ 1852.98  
Penalty \$ 0

Water Bill Modification

Mr. Porcaro was present at the meeting and explained his protest. The Water Bill Review Committee recommends a six-month payment plan with the removal of all penalties and interest after the balance is paid in full

Debra A Williams  
289 Miller Road  
East Greenbush, NY 12061

RE: 42 Aspen Circle

Current Balance \$ 1078.68  
Protested Bill \$ 1078.68  
Penalty \$ 0

Mr. Edward Sickles was present at the meeting and explained the protest on behalf of Ms. Debra A. William. The Water Bill Review Committee recommends the bill be split over three cycles with the removal of all penalties and interest after the balance is paid in full.

Curtis D. Black  
76 Bassett Street  
Albany, NY 12208

RE: 76 Bassett Street

Current Balance \$ 687.27  
Protested Bill \$ 582.06  
Penalty \$ 35.39

Mr. Curtis D. Black was a no call no show to the meeting. The Water Bill Review Committee recommends no change to the current bill.

Curtis Miller  
29 S. Manning Blvd  
Albany, NY 12208

RE: 29 S. Manning Blvd

Current Balance \$ 0  
Protested Bill \$ 902.46  
Penalty \$ 0

Mr. Curtis Miller was a no call no show to the meeting. The Water Bill Review Committee recommends no change to the current bill.

cc: Commissioner Joseph Coffey  
Molly Larsen

Protest  
8 Craigie Ave  
Account: 027063 Route: 106/235  
Thomas Porcaro

Customer is protesting the April bill in the amount of \$1,852.98, with a consumption of 34,700 cubic feet. This bill is for the service period of December 1, 2014 to April 1, 2015.

AWD sent out for a re-read due to high consumption a card was left for owner to contact on April 8, 2015. AWD tried to contact the customer on April 14, 2015, a message was left for customer to contact. On April 20, 2015 another message was left and we also sent a card to the customer to contact us. Owner contacted us on April 28, 2015 to set up appointment for April 29, 2015.

Results:

Meter reads 36,472 cubic feet  
Meter tested 100%  
No leaks

The average daily consumption during the cycle was 286.78 cubic feet a day. From April 1 thru April 8 the average daily decreased to 14.28 cubic feet a day. From April 8 thru April 29 the average daily decreased to 4.76 cubic feet a day.

Customer is eligible for the one time Water Bill Modification Policy.  
Average of the last three bills \$126.51  
Formula  $\$126.51 \times 5 = \$632.55$   
Reduction to be taken off original bill in the amount of \$1,852.98 is \$1,220.43.

The meter cannot register more than what flows through.

Overview of 06/12/2015 meeting:

Eligible for Albany Water Board's Water Bill Modification Policy

Customer is eligible for the one time Water Bill Modification Policy.  
Average of the last three bills \$126.51  
Formula  $\$126.51 \times 5 = \$632.55$   
Reduction to be taken off original bill in the amount of \$1,852.98 is \$1,220.43.

Also, recommending a six month payment plan on reduced bill and the removal of all penalties and interest upon final payment.

Protest  
42 Aspen Circle  
Account: 027889 Route: 107/151  
Debra Williams

Customer is protesting the May bill in the amount of \$1,078.68, with a consumption of 20,200 cubic feet. This bill is for the service period of December 1, 2014 to April 1, 2015.

AWD sent out for a re-read due to high consumption a card was left for owner to contact on April 10, 2015. AWD was able to contact the customer on April 14, 2015, and schedule a check, test, and read for April 21, 2015.

Results:

Meter reads 35,451 cubic feet  
Meter tested 100%  
No leaks

The average daily consumption during the cycle was 166.94 cubic feet a day. From April 1 thru April 10 the average daily decreased to 44.44 cubic feet a day. From April 10 thru April 21 the average daily decreased to 36 cubic feet a day.

The meter cannot register more than what flows through.

Overview of 06/12/2015 meeting:

Not eligible for Albany Water Board's Water Bill Modification Policy

One family--rental  
Allow for a three cycle payment plan - removal of penalties upon final payment  
Pays promptly  
Income property

Protest  
76 Bassett Street  
Account: 003405 Route: 409/181  
Curtis Black

Customer is protesting the April bill in the amount of \$582.06, with a consumption of 10,900 cubic feet. This bill is for the service period of November 3, 2014 to March 2, 2015.

AWD sent out for a re-read due to high consumption a card was left for owner to contact on March 10, 2015. AWD tried to contact the customer on March 11, 2015, we were unsuccessful a card was sent to the owner to contact us. Owner contacted us on May 13, 2015 to set up appointment for May 14, 2015.

Results:

Customer was a no show

2<sup>nd</sup> CTR on May 21, 2015 results:

Meter reads 11126 cubic feet  
No test-pipes are disconnected  
Had a burst pipes here  
Bldg is a garage

The average daily consumption during the cycle was 91.59 cubic feet a day. From March 2 thru March 10 the average daily decreased to 0 cubic feet a day.

The meter cannot register more than what flows through.

Overview of 06/12/2015 meeting:

Not eligible for Albany Water Board's Water Bill Modification Policy

No change to current bill  
Customer was a no show to hearing

Protest  
29 S Manning Blvd  
Account: 022165 Route: 111/4  
Curtis Miller

Customer is protesting the April bill in the amount of \$902.46, with a consumption of 16,900 cubic feet. This bill is for the service period of December 1, 2014 to April 1, 2015.

AWD sent out for a re-read due to high consumption a card was left for owner to contact on April 10, 2015. AWD tried to contact the customer on April 14, 2015, we were unsuccessful a card was sent to the owner to contact us. Owner contacted us on May 18, 2015 to set up appointment for May 22, 2015.

Results:

Meter reads 53354 cubic feet  
Meter tested 100%  
No leaks  
Running toilet has been shut off

The average daily consumption during the cycle was 139.67 cubic feet a day. From April 1 thru April 10 the average daily increased to 144.44 cubic feet a day. From April 10 thru May 22 the average daily decreased to 61.90 cubic feet a day.

Customer is eligible for the one time Water Bill Modification Policy.  
Average of the last three bills \$113.92  
Formula  $\$113.92 \times 5 = \$569.60$   
Reduction to be taken off original bill in the amount of \$902.46 is \$332.86.

The meter cannot register more than what flows through.

Overview of 06/12/2015 meeting:

Eligible for Albany Water Board's Water Bill Modification Policy

No change to current bill  
Customer was a no show to hearing

## MEMORANDUM

TO: Members of the Albany Water Board and Members of the Albany Municipal Water Finance Authority

FROM: Chris Quirk, Chief Fiscal Officer

RE: **COMBINED STATEMENTS OF CASH FLOWS AND OTHER COMBINED FINANCIAL INFORMATION OF THE ALBANY WATER BOARD AND THE ALBANY MUNICIPAL WATER FINANCE AUTHORITY FOR THE ONE MONTH PERIOD ENDED May 31, 2015**

DATE: June 26, 2015

The following is a discussion of certain highlights and other significant operating matters:

***Water/Sewer Revenue*** Annual Budget - \$34,700,000; Annual Budget Net of Rollover

Actual revenue collections for the month of May 2015 were \$2,830,445 an amount 2% lower than net monthly budget of \$2,878,411. This amount is \$383,792 lower than May 31, 2014.

***Investment Income*** Annual Budget - \$150,000 PAGE 2

As of May 31, 2015, year-to-date investment income was \$126,993 compared to investment income of \$107,307 as of May 31, 2014.

***Operating Expenses*** Annual Budget - \$26,196,000 PAGE 3

Year-to-date operating expenses (excluding capital and debt service expenses) are approximately \$8,422,765 which is \$669,917 or 7.4% lower than 2014, and \$1,675,167 or 16.6% under adjusted budgeted amounts as of May 31, 2015.

The personnel services category is 10.7% under budget. Overtime expense is 7.8% over budget.

***Capital Project Costs*** Annual Budget - \$3,000,000 PAGE 4

Approximately \$281,871 in capital project costs was expended through May 31, 2015.

***Cash Flow after Cap Ex and Deb Service-*** \$2,670,472 thru May 31, 2015

***Due from the City Of Albany-*** \$8,944,866 at May 31, 2015

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**ALBANY WATER BOARD  
ALBANY MUNICIPAL WATER FINANCE AUTHORITY  
SCHEDULE OF REVENUES  
May 31, 2015**

	2015		2015		2014		2014		Variance	
	Budget	Actual	Favorable (Unfavorable)	Variance %	Budget	Actual	Favorable (Unfavorable)	Variance %		
<b>Water and sewer revenue</b>										
May	\$ 2,878,411	\$ 2,830,445	\$ (47,966)	-2%	\$ 2,174,417	\$ 3,214,237	\$ 1,039,820	48%		
Year-to-Date	\$ 12,341,515	\$ 14,107,309	\$ 1,765,794	14%	\$ 10,872,085	\$ 14,516,966	\$ 3,644,881	34%		
<b>Investment income</b>										
May	\$ 12,500	\$ 110,086	\$ 97,586	781%	\$ 12,500	\$ 102,708	\$ 90,208	722%		
Year-to-Date	\$ 62,500	\$ 126,993	\$ 64,493	103%	\$ 62,500	\$ 107,307	\$ 44,807	72%		

**Additional Cash Receipts**

<b>Meter Recovery Fees</b>				
May	\$ -			
Year-to-Date	\$ -	\$ -		
<b>Sales of Scrap</b>				
May	\$ -	\$ 96		
Year-to-Date	\$ -	\$ 7,595		
<b>Insurance Recoveries</b>				
May	\$ -	\$ -		
Year-to-Date	\$ -	\$ -		
<b>Miscellaneous Income</b>				
May	\$ -	\$ 148,960		
Year-to-Date	\$ -	\$ 38,480		

Note: The revenue budgets reflect forecasted revenue collections of \$34,700,000 and \$33,500,000 for 2015 and 2014, respectively.

**ALBANY WATER BOARD**  
**ALBANY MUNICIPAL WATER AUTHORITY**  
**SCHEDULE OF OPERATING EXPENSES**  
**May 31, 2015**

	YEAR-TO-DATE MAY 2015					2014 YTD ACTUAL
	2015 ANNUAL ADJUSTED BUDGET	ADJUSTED BUDGET	ACTUAL	(OVER)/ UNDER		
<b>Administration</b>						
Personnel services	910,771	\$ 385,326	\$ 325,167	\$ 60,159	\$	304,733
Equipment	1,000	\$ 320	975	(656)		-
Contractual and other expenses	178,019	\$ 56,877	65,283	(8,406)		63,566
Benefits	346,151	\$ 144,230	132,110	12,120		135,652
	1,435,941	586,752	523,535	63,217		503,951
<b>Supply, Power and Pumping</b>						
Personnel services	872,825	\$ 369,272	282,057	87,215		339,372
Equipment	-	\$ -	-	0		-
Contractual and other expenses	112,030	\$ 35,794	15,480	20,314		42,963
Benefits	305,646	\$ 127,353	84,319	43,034		93,331
	1,290,501	532,418	381,856	150,562		475,666
<b>Purification</b>						
Personnel services	1,106,042	\$ 467,941	453,613	14,328		450,825
Equipment	190,000	\$ 60,705	29,317	31,388		715
Contractual and other expenses	1,123,178	\$ 358,855	332,207	26,648		344,472
Benefits	281,837	\$ 117,432	151,334	(33,902)		133,020
	2,701,057	1,004,933	966,471	38,462		929,032
<b>Transmission/Distribution</b>						
Personnel services	2,441,091	\$ 1,032,769	867,760	165,009		985,194
Equipment	545,848	\$ 174,398	36,369	138,029		-
Contractual and other expenses	1,636,097	\$ 522,733	345,204	177,529		1,151,430
Benefits	759,548	\$ 316,478	316,353	125		314,213
	5,382,584	2,046,379	1,565,686	480,693		2,450,837
<b>Sewer Services</b>						
Personnel services	577,104	\$ 244,159	292,086	(47,927)		320,850
Equipment	166,000	\$ 53,037	26,750	26,287		-
Contractual and other expenses	1,274,710	\$ 407,270	170,899	236,371		92,420
Benefits	217,330	\$ 90,554	57,175	33,379		86,462
	2,235,144	795,020	546,910	248,110		499,732
<b>Pumping Stations</b>						
Personnel services	149,790	\$ 63,373	68,059	(4,686)		65,353
Equipment	15,000	\$ 4,793	2,081	2,712		-
Contractual and other expenses	334,573	\$ 106,896	136,486	(29,590)		87,706
Benefits	70,259	\$ 29,275	26,204	3,071		20,698
	569,622	204,336	232,830	(28,494)		173,757
<b>Taxes Paid to Municipalities</b>						
	2,031,114	\$ 600,000	558,787	41,213		591,288
<b>County Sewer Contract</b>						
	6,050,000	\$ 3,025,000	3,050,782	(25,782)		2,878,387
<b>Contingencies, Insurance and Other</b>						
	4,500,703	\$ 1,303,093	595,908	707,185		590,032
<b>TOTALS</b>	<b>\$ 26,196,666</b>	<b>\$ 10,097,932</b>	<b>\$ 8,422,765</b>	<b>\$ 1,675,167</b>	<b>\$</b>	<b>9,092,682</b>

EXPENSE SUMMARY:	2015	2014	Change
Personal Services	2,288,742	2,466,327	(177,585)
Equipment	95,492	715	94,777
Contractual and other expenses	1,065,559	1,782,557	(716,998)
Benefits	767,495	783,376	(15,881)
Other	4,205,477	4,059,707	145,770
	8,422,765	9,092,682	(669,917)

Percent Increase over 2014 -7.4%  
Percent under Budget 16.6%

**ALBANY WATER BOARD  
ALBANY MUNICIPAL WATER AUTHORITY  
SCHEDULE OF CAPITAL PROJECT COSTS  
May 31, 2015**

**Actual Expenditures to Date**

1995	\$	3,459,286
1996		3,148,713
1997		2,977,569
1998		2,059,812
1999		2,696,065
2000		1,771,829
2001		2,437,338
2002		3,384,049
2003		3,845,848
2004		5,673,522
2005		2,389,244
2006		1,575,740
2007		459,599
2008		1,230,331
2009		1,807,010
2010		1,108,164
2011		734,443
2012		2,266,553
2013		2,059,475
2014		1,832,084
	<b>\$</b>	<b>46,916,673</b>

**Comparative Expenditures**

[----- 2014 -----]		2015	
January	\$ -	January	
February	-	February	77,235
March	179,866	March	33,828
April	68,851	April	84,334
May	81,000	May	86,474
June	73,900	June	
July	89,061	July	
August	356,661	August	
September	173,016	September	
October	38,591	October	
November	240,823	November	
December	530,315	December	
	<b>\$ 1,832,084</b>		<b>\$ 281,871</b>

ALBANY WATER BOARD  
ALBANY MUNICIPAL WATER FINANCE AUTHORITY  
STATEMENTS OF CASH FLOWS  
May 31, 2015

	One Month Period Ended		Year-To-Date Periods Ended		Percent Variance	Variance	Percent Variance
	2015	2014	2015	2014			
<b>Revenues</b>							
Water/sewer revenue	\$ 2,830,445	\$ 3,214,237	\$ 14,107,309	\$ 14,516,966	-11.9%	\$ (409,657)	-2.8%
Investment income	110,086	102,708	126,993	107,307	7.2%	19,686	18.3%
Total revenues	2,940,531	3,316,945	14,234,302	14,624,273	-11.3%	(389,971)	-2.7%
<b>Operating expenses</b>							
Operation/maintenance costs	1,047,306	1,046,610	8,422,765	9,092,682	0.1%	(669,917)	-7.4%
Board/Authority expenses	6,944	7,870	(926)	35,088	-11.8%	1,026	2.9%
Total expenses	1,054,250	1,054,480	8,458,879	9,127,770	0.0%	(668,891)	-7.3%
<b>Net operating cash flows before debt service and capital project costs</b>	1,886,281	2,262,465	5,775,423	5,496,503	-16.6%	278,920	5.1%
<b>Debt service costs</b>	(564,620)	(566,080)	(2,823,080)	(2,604,520)	8.4%	(218,560)	8.4%
<b>Capital project costs</b>	(86,474)	(81,000)	(281,871)	(329,717)	0.0%	47,846	0.0%
<b>Net cash flow (deficiency)</b>	\$ 1,235,187	\$ 1,615,385	\$ 2,670,472	\$ 2,562,266	-23.5%	\$ 108,206	4.2%

	Budget 5/31/2015 YTD	Actual 5/31/2015 YTD	Budget Difference (over)/under	Actual 5/31/2014 YTD	Actual Difference (over)/under
<b>OVERTIME</b>					
<i>Supply, Power and Pumping</i>	\$ 40,192	\$ 17,480	\$ 22,712	\$ 43,648	\$ 26,168
<i>Purification</i>	\$ 57,115	\$ 52,709	\$ 4,406	\$ 50,455	\$ (2,254)
<i>Transmission/Distribution</i>	\$ 126,923	\$ 159,128	\$ (32,205)	\$ 179,935	\$ 20,807
<i>Sewer Services</i>	\$ 16,923	\$ 29,295	\$ (12,372)	\$ 31,354	\$ 2,059
<i>Pumping Stations</i>	\$ 4,231	\$ 5,809	\$ (1,578)	\$ 5,354	\$ (455)
<b>TOTAL</b>	\$ 245,385	\$ 264,421	\$ (19,036)	\$ 310,746	\$ 46,325

Percentage **7.8%** **17.5%**

5/31/2015

\$ 8,944,866

DUE FROM THE CITY OF ALBANY

## SEWER BACKWATER VALVE GRANT APPLICATIONS

	2015				
<u>Summary</u>	<u>YTD</u>	<u>MTD</u>	<u>YTD</u>	<u>MTD</u>	<u>YTD</u>
Received	367	10	4	10	4
Withdrawn	12	0	0	0	0
Denied	13	0	0	0	0
Approved	334	9	3	9	3
Pending	0	1	1	1	1
Payment Processed	288	9	1	9	1
Total of Grant Requests	\$462,311				\$15,000
Total of Grants Approved	\$434,905				\$13,500

**Albany Water Board  
ARCADIS Engineering Report  
Date: June 26, 2015**

**Upcoming LTCP Projects\Dates**

- Marietta Place Stormwater Storage Facility – Project scoping should begin soon
- Asset Management Program, Start Date – 4/1/2015
- Performance of a Codes and Local Law Review, Start Date - 8/1/2015
- Green Infrastructure Banking System Feasibility Assessment, Start Date – 8/1/2015
- Green Infrastructure Technical Design Guidance, Start Date – 8/1/2015
- Big “C” Control Facility – Start Preliminary Design Report, 8/1/2015
- Sewer System Operation, Maintenance, and Inspection Plan, Due 12/2015

**ARCADIS Projects**

- Asset Management – Submitted a proposal for the development of an Asset management Work Plan. AWB will soon issue purchase order.
- Five-Year Capital Improvement Plan – Submitted a proposal for the inspection of facilities and above ground assets and to develop the 5-year Capital Improvement Program. AWB will soon issue purchase order.
- Long Term Control Plan Schedule of Compliance – Monitoring deadlines and costs
- GPS Assistance – Providing GPS survey guidance and training

RESOLUTION NO. 15-16

June 26, 2015

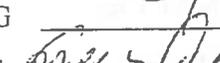
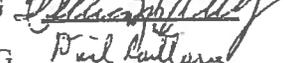
ALBANY WATER BOARD RESOLUTION AUTHORIZING CHAIRMAN TO  
EXECUTE CHANGE ORDER

WHEREAS, the Albany Water Board is a local authority established under the New York State Public Authorities Law; and,

WHEREAS, the Albany Water Board has the power to authorize its chairman to execute change orders; and,

NOW, THEREFORE, BE IT RESOLVED, the Albany Water Board authorizes Chairman of the Albany Water Board, David R. McGuire to execute Change Order #1 in the amount of \$~~3,500~~<sup>3,500</sup> to the Purchase Order with Sicna Fence for 102 lineal feet of additional chain link fence along the property line at 35 Eric Blvd.

The adoption of the Resolution was duly put to a vote on roll call, which resulted as follows:

David R. McGuire	VOTING	
Leo P. Dean	VOTING	
William M. Clay	VOTING	
Daniel R. Ranellone	VOTING	

The foregoing Resolution was thereupon declared duly adopted.

RESOLUTION NO. 15-17

June 26, 2015

ALBANY WATER BOARD RESOLUTION AUTHORIZING CHAIRMAN TO  
EXECUTE CHANGE ORDER

WHEREAS, the Albany Water Board is a local authority established under the New York State Public Authorities Law; and,

WHEREAS, the Albany Water Board has the power to authorize its chairman to execute change orders; and,

NOW, THEREFORE, BE IT RESOLVED, the Albany Water Board authorizes Chairman of the Albany Water Board, David R. McGuire to execute Change Order #3 in the amount of \$1,325 to the Contract with JAT Construction for work on New Scotland Rd. Force Main Project.

The adoption of the Resolution was duly put to a vote on roll call, which resulted as follows:

David R. McGuire

VOTING

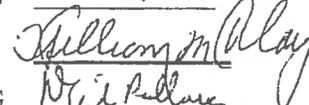


Leo P. Dean

VOTING

William M. Clay

VOTING



Daniel R. Ranellone

VOTING



The foregoing Resolution was thereupon declared duly adopted.