

**CLIFTON PARK
WATER AUTHORITY**



2023 ANNUAL REPORT

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Operations and Accomplishments

CPWA was created during 1990 as a public benefit corporation under New York State Public Authorities Law, Title 6-B of Article 5. The enabling legislation provided the Authority with power to acquire, construct, operate, and maintain public water supply, and distribution facilities for the benefit of the residents of Clifton Park and Malta. CPWA provides potable drinking water to 13,817 service connections (approximately 35,000 people), through a system comprised of 8 wells on 6 different sites, 5.5 million gallons of storage capacity, several pump stations, and 200 miles of water main.

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

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

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

In 2008, CPWA entered into an operations and maintenance contract with the Shenendehowa Central School District. This added 70,000 gallons per day to the system usage and metered water sales.

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

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

CPWA collects most of its revenues from fees and metered water sales. CPWA does not have the power to levy taxes. CPWA currently produces the majority of the water that is sold to its customers, with the exception of the water purchased from the Saratoga County Water Authority which, in 2023, totaled 454,056,000 gallons. Since the Town of Clifton Park is mostly residential, the annual metered water sales are very dependent on the weather during the summer months, as weather determines the need for lawn irrigation. As a result, excessive rainfall results in decreased revenues from water sales.

Projects Undertaken by the Clifton Park Water Authority in 2023

In 2023, the CPWA completed work on the following significant capital improvement project:

Saratoga County Water Authority Interconnect Upgrade –

This project involved the construction of a pumpstation at the connection to the SCWA system that will allow the CPWA to draw more water from the SCWA into the CPWA system during high demand periods. This project was completed and fully operational in 2023 with a total construction cost of \$1,014,181*

* The CPWA has received a grant from the NYS Environmental Facilities Corporation to help fund this public works project. The expected grant amount is \$674,250.

CLIFTON PARK WATER AUTHORITY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
PROPERTY AND EQUIPMENT, AT COST		
Structures	\$ 1,091,271	\$ 1,091,271
Pipes and appurtenances	27,601,123	27,592,948
Machinery and equipment	12,326,758	12,075,274
Office equipment and furniture	136,425	136,425
Vehicles	630,577	622,780
	41,786,154	41,518,698
Less accumulated depreciation	(23,719,029)	(22,680,108)
	18,067,125	18,838,590
Construction work-in-progress	1,197,076	1,105,903
Land	458,055	458,055
Net Property and Equipment	19,722,256	20,402,548
OTHER LONG-TERM ASSETS		
Lease assets, net	657,208	703,599
Lease receivable, net of current portion	-	534,067
Interest receivable	12,590	24,500
Total Other Long-Term Assets	669,798	1,262,166
RESTRICTED ASSETS		
Cash and cash equivalents	532,366	552,275
Investments	2,084,233	1,912,942
Total Restricted Assets	2,616,599	2,465,217
CURRENT ASSETS		
Cash and cash equivalents	2,858,832	2,903,021
Investments	742,798	473,320
Accounts receivable, net	202,223	172,088
Unbilled water sales receivable	679,983	674,178
Prepaid expenses	40,341	35,603
Meter inventory	38,912	33,378
Net pension asset - proportionate share	-	334,744
Lease receivable	534,067	505,261
Total Current Assets	5,097,156	5,131,593
TOTAL ASSETS	28,105,809	29,261,524
DEFERRED OUTFLOWS OF RESOURCES	2,816,111	2,976,398
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 30,921,920	\$ 32,237,922

See accompanying notes to consolidated financial statements.

CLIFTON PARK WATER AUTHORITY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET POSITION

	<u>2023</u>	<u>2022</u>
LONG-TERM OBLIGATIONS, LESS CURRENT INSTALLMENTS	<u>\$ 5,625,000</u>	<u>\$ 7,295,000</u>
CURRENT LIABILITIES		
Accounts payable	253,062	252,892
Accrued interest payable	78,353	97,378
Accrued expenses	515,645	493,157
Accrued consumption payable	5,148	2,137
Current installments of long-term obligations	1,670,000	1,600,000
Retainage payable	49,356	49,356
Current portion of operating lease liability	34,142	32,969
Total Current Liabilities	<u>2,605,706</u>	<u>2,527,889</u>
OTHER LIABILITIES		
Net pension liability - proportionate share	867,148	-
Other post-employment benefits	5,722,001	5,102,406
Interest payable of operating lease liability	21,537	22,610
Long-term portion of operating lease liability	627,398	661,539
Total Other Liabilities	<u>7,238,084</u>	<u>5,786,555</u>
TOTAL LIABILITIES	<u>15,468,790</u>	<u>15,609,444</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,441,179</u>	<u>5,886,535</u>
NET POSITION		
Invested in capital assets, net of related debt	12,084,814	11,145,181
Restricted for debt service	2,616,599	2,465,217
Unrestricted	(2,689,462)	(2,868,455)
Total Net Position	<u>12,011,951</u>	<u>10,741,943</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 30,921,920</u>	<u>\$ 32,237,922</u>

CLIFTON PARK WATER AUTHORITY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUE		
Metered water sales	\$ 4,916,573	\$ 4,929,144
Basic service charge	1,069,159	1,062,203
Hydrant fees	588,322	579,237
Hook-up fees	43,884	73,700
Other fees	18,976	19,710
Total Operating Revenues	6,636,914	6,663,994
OPERATING EXPENSES		
Operations and maintenance	3,374,899	3,388,037
Administrative	1,012,336	775,375
Total Operating Expenses	4,387,235	4,163,412
Net Operating revenue before depreciation and amortization	2,249,679	2,500,582
Depreciation and amortization	1,113,097	1,110,504
Net Operating Revenue	1,136,582	1,390,078
OTHER REVENUE (EXPENSE)		
Investment earnings	221,372	(27,961)
Miscellaneous revenue	180,047	162,256
Lease interest revenue	(568)	30,620
Grant revenue	-	105,541
Gain on sale of property	15,725	27,300
Lease amortization expense	(12,349)	(13,518)
Interest expense	(290,522)	(365,006)
Other post-employment benefit expense	19,721	14,505
Total Other Revenue (Expense)	133,426	(66,263)
Change in Net Position	1,270,008	1,323,815
NET POSITION, Beginning of year	10,741,943	9,418,128
NET POSITION, END OF YEAR	\$ 12,011,951	\$ 10,741,943

See accompanying notes to consolidated financial statements.

Real Property Transactions

Below is a list of all real property transactions of the Clifton Park Water Authority during the 2023 fiscal year:

None.

Personal Property Transactions

Below is a list of all personal property disposals of the Clifton Park Water Authority with a value in excess of \$5,000 during the 2023 fiscal year:

2014 Ford F-250-XL	\$14,600
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**Schedule of Outstanding CPWA Debt
2009 and 2013 Revenue Bonds**

Year	2013 Principal	2016 Principal	Total
2023	\$1,210,000	\$390,000	\$1,600,000
2024	\$1,265,000	\$405,000	\$1,670,000
2025	\$1,335,000	\$415,000	\$1,750,000
2026	\$1,215,000	\$425,000	\$1,640,000
2027		\$1,295,000	\$1,295,000
2028		\$465,000	\$465,000
2029		\$475,000	\$475,000
			\$7,295,000
Total Outstanding Debt	\$3,815,000	\$3,480,000	\$7,295,000

Assessment of the Effectiveness of the CPWA's Internal Controls

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

CPWA's system of internal accounting controls is evaluated on an ongoing basis by CPWA's internal financial staff. Independent external auditors also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

The CPWA has established an Audit Committee in accordance with the Public Authorities Accountability Act. This committee meets with management and periodically with the independent external auditors to ensure these groups are fulfilling their obligations and to discuss auditing, controls, and financial reporting matters.

Management believes that its policies and procedures provide guidance and reasonable assurance that CPWA's operations are conducted according to management's intentions and to a high standard of business ethics.

The following are observations and suggestions made by the independent external auditors (Mengel, Metzger, Barr & Co. LLP) during their most recent audit of the CPWA's internal controls and policies:

MMB+CO indicated that "during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. We identified a certain deficiency in internal control that we consider to be a significant deficiency.

Unbilled Water Revenue and Receivable

Criteria: Management makes an estimate of the unbilled water sales receivable which is based on prior year's actual usage adjusted for the increase or decrease in customer totals.

Condition: The adjusting entry made by the Authority to account for the estimate of unbilled water sales and receivable was incorrect.

Cause: The report used to calculate the adjusting entry to unbilled water sales and receivable was compiled using incorrect numbers.

Effect: The unbilled water sales and receivable accounts were overstated by \$100,517 prior to the proposed audit adjustment.

Recommendation: We recommend that the Business Manager review the reports used to calculate the estimate as well as the adjusting entry. The Administrator should review the entry and agree it to the support.

Context: As part of our audit, we recalculate this adjustment as the estimate of unbilled water sales and receivable is considered to be a significant estimate.

Views of responsible officials and planned corrective actions: The formulas on the spreadsheet had not been updated for the current year. The errors were corrected in the spreadsheet and a journal entry was done to correct the original entry. The Business Manager will review the reports used to calculate the adjustment and the Administrator will review the entry and agree it to the support.

Certification of Audited Financial Reports

Fiscal Year 2023

I, Chris E. Wheland, CEO, and Sheri L. Collins, CFO, hereby certify that the Clifton Park Water Authority's Financial Report for the fiscal year 2023, as prepared and presented by Mengel, Metzger, Barr & Co. LLP, is accurate, correct, and does not contain any untrue statement of material fact, to the best of my knowledge.



Chris E. Wheland, CPWA CEO



Sheri L. Collins, CPWA CFO

CPWA Board Committees

Governance Committee – 3 Members

John Ryan
William Butler
Helmut Gerstenberger

Audit Committee – 3 Members

William Butler
Peter Taubkin
John Ryan

Finance Committee – 3 Members

John Ryan
Helmut Gerstenberger
William Butler

Grievance Committee – 3 Members

Peter Taubkin
Helmut Gerstenberger
Heather Brondi

CPWA Performance Measurement Report

List of Performance Goals:

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

In 2023, Clifton Park Water Authority testing showed the water supplied to customers met the requirements of all regulating agencies. Results of all testing are sent to every customer in May of the following year as part of the Annual Water Quality Report.

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

Through the use of a customer service software package, the Authority is able to accurately log and keep track of customer complaints with regard to water quality and service. There were a minimal number of complaints about water quality in 2023.

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

The CPWA had its last water rate increase in January 2023. The following information shows that the Authority continues to operate in a manner that creates a sufficient annual surplus for capital projects, while keeping the water rates low:

The expenditures in the adopted 2023 budget were \$6,411,762, with 2023 total actual expenditures of \$6,884,388. This resulted in CPWA being over budget by \$476,626, or 7.37% of the total adopted budget. The revenues in the adopted 2023 budget were \$6,800,678, with total actual cash revenues of \$6,946,167. This resulted in CPWA being over budget in revenues by \$145,489, or -2.14% of the adopted budget. From a cash perspective, CPWA received approximately \$61,779 more in cash for services rendered than what was paid for associated expenditures (including debt payments) in 2023.

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

Pumping and treatment facilities are checked daily for proper operation and to identify potential problems. In 2023, there was no interruption of service to the CPWA customers, other than some isolated areas resulting from water main breaks. In those instances, the area of interruption was limited to the immediate vicinity around the break for periods of less than 12 hours.

Clifton Park Water Authority

List of Real Property

Oakwood Blvd. Pumpstation

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

Boyack Road Water Treatment Plant

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

Vischer Ferry Preserve Wellfield

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

Kinns Road Pumpstation

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

Lapp Road Water Treatment Plant

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

Plank Road Pumpstation

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

Barney Road Storage Tank and Pumpstation

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

Blue Spruce Storage Tank and Pumpstation

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

Water Authority Main Office and Park Lane Pumpstation

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

Knolltop Water Storage Tower

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

Blue Jay Way

1.77 acres of vacant land (Tax map # 276.7-2-48).

Miller Road Water Storage Tower

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

Berryfarm Well and Pumpstation

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

Easements

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