



MONROE COUNTY WATER AUTHORITY

2017 ANNUAL REPORT TO NYS AUTHORITIES BUDGET OFFICE

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MONROE COUNTY WATER AUTHORITY DESCRIPTION

The Monroe County Water Authority is the third largest water supplier in New York State and one of the 60 largest water suppliers in the United States.

The Authority was formed in 1950 and commenced full-scale operations in 1959 when it acquired the Monroe County assets of the New York Water Service Corporation, a private water company that served a limited portion of Monroe County. Today the Authority operates and manages a regional water supply and distribution system that includes the single largest water treatment plant in New York State and provides water to over 600,000 individuals, servicing approximately 183,000 direct retail accounts and approximately 20,000 accounts in wholesale supply areas. The Authority's customers are located in all of the towns and villages in Monroe County and certain municipalities in Ontario, Genesee, Livingston, Orleans and Wayne Counties.

The facilities that comprise the Water System are either owned by the Authority, or leased on a long-term basis from Monroe County or other municipalities or water districts. Leased facilities are operated and maintained at the expense of the Authority. The Authority has the right under its lease agreements to make improvements to such facilities and to interconnect other facilities operated by the Authority, as well as to take a supply of water without main rentals or surcharges.

NEW YORK STATE PUBLIC AUTHORITIES LAW

TITLE 5

MONROE COUNTY WATER AUTHORITY

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§ 1093. Short title. This title may be cited as the "Monroe County Water Authority Act."

§ 1094. Definitions. As used or referred to in this title, unless a different meaning clearly appears from the context,

1. The term "authority" shall mean the corporation created by section one thousand ninety-five of this title;

2. The term "county" shall mean the county of Monroe;

3. The term "treasurer" shall mean the treasurer of the authority;

4. The term "comptroller" shall mean the comptroller of the state of New York;

5. The term "civil service commission" shall mean the civil service commission of the county of Monroe;

6. The term "properties" shall mean the water supply and distribution system or systems of the authority, including the plants, works, instrumentalities or parts thereof and appurtenances thereto, lands, easements, rights in land and water rights, rights-of-way, contract rights, franchises, approaches, connections, dams, reservoirs, water mains and pipe lines, pumping stations and equipment, and also including, without limitation, facilities and appurtenances thereto, some part of the capacity or use of which is used or to be used by or for the benefit of a municipality or municipalities or other corporation or corporations pursuant to contracts authorized by subdivision sixteen of section ten hundred ninety-six of this title, or any other property incidental to and included in such system or part thereof, and any improvements, extensions, and betterments, situated within the territorial limits of the county, or in Genesee county, or in the town or village of Victor and the towns of East Bloomfield and West Bloomfield in Ontario county, or in the village of Holley and the town of Clarendon in Orleans county;

7. The term "bonds" shall mean the bonds, notes and obligations, issued by the authority, pursuant to this act;

8. The term "revenues" shall mean all rents, charges and other income derived from the operation of the properties of the authority;

9. The term "municipality" shall mean any county, city, town, village, town water district, fire district, fire protection district, fire alarm district, school district, and any other political subdivision of the state.

10. The term "Genesee county project" shall mean the construction, installation, equipping and/or financing of such properties, as such term is defined in subdivision six of this section, as are necessary for the authority to provide service to Genesee county or any municipality therein on the terms set forth in this title.

§ 1095. Monroe county water authority. 1. A corporation known as "Monroe County Water Authority" is hereby created and continued for the purposes and charged with the duties and having the powers provided in this title. The authority shall be a body corporate and politic constituting a public benefit corporation and shall be a "public district" for the purposes of section eighty-nine-1 of the public service law. It shall consist of seven members, no more than five of whom shall belong to one political party and all of whom shall be

residents of the county, who shall be appointed by the president of the county legislature of Monroe county subject to confirmation by a majority of the county legislature of Monroe county. The five persons serving as members of the authority on and immediately prior to the effective date of this act, or any person appointed to fill a vacancy for the unexpired term of such a member, shall continue as members of the authority for their present terms of office, or the term of his predecessor in the case of the filling of a vacancy, or until their successor is appointed and qualified and, thereafter, subsequent appointments to such membership positions shall be for terms of five years. After the effective date of this act the two additional members of the authority, in addition to the five memberships existing on and immediately prior to the effective date of this act, shall be appointed by the president of the county legislature of Monroe county subject to confirmation by a majority of the county legislature of Monroe county, one such appointment to be for a term of office expiring on April first, nineteen hundred eighty-one and one such appointment to be for a term of office expiring April first, nineteen hundred eighty-two; upon the expiration of the initial terms of office of such two additional members, subsequent appointments to fill such memberships shall be for terms of five years. In addition, such additional two appointments shall be made in such manner so as to provide that the membership of the authority be composed of seven members, of whom not more than five shall belong to the same political party.

Subsequent appointments shall be made in the same manner and for terms of five years. All members shall continue to hold office until their successors are appointed and qualify. The chairman shall be elected annually by the members of the authority. Vacancies, occurring otherwise than by expiration of term of office, shall be filled by appointments by the county legislature for the unexpired terms. Members of the authority may be removed from office for the same reasons and in the same manner as may be provided by law for the removal of officers of the county. The members of the authority shall receive such compensation for their services as shall be fixed by the county legislature and shall be reimbursed for all their actual and necessary expenses incurred in connection with the carrying out of the purposes of this title. The powers of the authority shall be vested in and be exercised by the members at a meeting duly called and held and four members shall constitute a quorum. No action shall be taken except pursuant to the favorable vote of at least four members. The authority may delegate to one or more of its members, officers, agents or employees such powers and duties as it may deem proper. The president of the Monroe county legislature shall further appoint two persons from such legislature for the term of their offices, one from the majority party and one from the minority party, to serve as legislative liaisons to the authority on behalf of such legislature.

2. The authority and its corporate existence shall continue until all its liabilities have been met, other than its liabilities to the county pursuant to any agreements entered into pursuant to subdivision sixteen-b of section one thousand ninety-six, and its bonds have been paid in full or such liabilities or bonds have otherwise been discharged and thereupon all rights and properties of the authority, including its water properties as defined in subdivision sixteen-b of section one thousand ninety-six, shall pass to and be vested in the county; provided, however, that if at the time all such rights and properties of the authority shall pass to and be vested in the county, the authority and such county are parties to any agreement and any supplemental agreements thereto entered into pursuant to subdivision sixteen-b of section one thousand ninety-six, then the authority and its corporate existence and the powers herein provided for shall continue so long as is necessary to enable the authority to exercise the rights and duties and fulfill the obligations imposed upon the authority by the provisions of any such agreement and any supplemental agreements thereto.

3. The officers of the authority shall consist of a chairman, a vice-chairman and a treasurer, who shall be members of the authority, and a secretary, who need not be a member of the authority. The vice-chairman, treasurer and secretary shall be appointed by the authority and shall serve at the pleasure of the authority. The authority may appoint and at pleasure remove an attorney and an engineer, which positions, in addition to the position of secretary, shall be in the exempt class of the civil service and such additional officers and employees as it may require for the performance of its duties, fix and determine their qualifications, duties, and compensation, subject to the provisions of the civil service law of the state of New York and such rules as the civil service commission of the county of Monroe may adopt and make applicable to such authority. The authority may also from time to time contract for expert professional services. The treasurer shall execute a bond, conditioned upon the faithful performance of the duties of his office, the amount and sufficiency of which shall be approved by the authority and the premium therefor shall be paid by the authority.

4. It is hereby determined and declared that the authority and the carrying out of its powers, purposes and duties are in all respects for the benefit of the people of the county of Monroe and the state of New York, for the improvement of their health, welfare and prosperity and that the said purposes are public purposes and that the authority is and will be performing an essential governmental function in the exercise of the powers conferred upon it by this title.

5. Upon creation of the authority, from time to time the board of supervisors, may, by resolution, appropriate sums of money to defray the expenses of the authority. The moneys so appropriated shall be repaid by the authority to the county out of the proceeds of the first bond issue of the authority. The provisions of this subdivision shall not be applicable to payments made by the county for the financing of

any water facilities in accordance with the provisions of subdivision sixteen-b of section one thousand ninety-six of this title.

6. Neither the public service commission nor any other board or commission of like character, shall have jurisdiction over the authority in the management and control of its properties or operations or any power over the regulation of rates fixed or charges collected by the authority.

§ 1096. Powers of the authority. The authority shall have power:

1. To sue and be sued;
2. To have a seal and alter the same at pleasure;
3. To acquire, in the name of the authority, lease, hold and dispose of personal property or any interest therein for its corporate purposes, including the power to purchase prospective or tentative awards in connection with the exercise of the power of condemnation hereinafter granted;
4. To purchase or lease, in the name of the authority, any water supply system, water distribution system, including plants, works, instrumentalities or parts thereof and appurtenances thereto, lands, easements, rights in land and water rights, rights-of-way, contract rights, franchises, approaches, connections, dams, reservoirs, water mains and pipe lines, pumping stations and equipment, or any other property incidental to and included in such system or part thereof, and any improvements, extensions, and betterments, situated within the county, or in Genesee county, or in the town or village of Victor, the village of Bloomfield, and the towns of East Bloomfield, Canadice, Richmond and West Bloomfield in Ontario county, or in the village of Holley and the towns of Clarendon and Kendall in Orleans county for the purpose of supplying water for domestic, commercial, and public purposes at retail to individual consumers within the county of Monroe or in the manner provided by subdivision seven of this section; and as a means of so acquiring for such purposes, and subject to the approval of the public service commission, the authority may purchase all of the stock of any existing privately owned water corporation or company, and thereafter, within a reasonable time, such water corporation or company shall be dissolved;
5. To condemn in the name of the authority in the counties of Monroe and Genesee, or in any other county or municipality specifically enumerated in the first sentence of subdivision six of this section, or in the name of the county in the case of any water facilities to be owned and financed by the county pursuant to subdivision sixteen-b of this section, except where located in any other county or municipality, any water supply system, water distribution system, including plants, works, instrumentalities, or parts thereof and appurtenances thereto, lands, easements, rights in land and water rights, rights-of-way, contract rights, franchises, approaches, connections, dams, reservoirs, water mains and pipe lines, pumping stations and equipment, or any other property incidental to and included in such system or part thereof, and any improvements, extensions, and betterments for the purpose of supplying water for domestic, commercial, and public purposes at retail to individual consumers within the counties of Monroe and Genesee or in any other county or municipality specifically enumerated in the first sentence of subdivision six of this section, or at wholesale in the manner provided by subdivision seven of this section. The authority shall exercise the power of condemnation hereby granted in the manner provided by the eminent domain procedure law or any such proceeding to condemn may be instituted by the authority before a justice of the supreme court or an official referee thereof. In the exercise of such power of condemnation, the property being condemned shall be deemed, when so determined by the authority, to be for a public use superior to the public use in the hands of any other person, association, or corporation; provided, however, that the authority shall have no power to condemn property the legal title to which is vested in a municipality or in a private corporation owning such property primarily for its own use, unless such municipality or private corporation shall consent thereto;
6. To construct and develop any water supply system, water distribution system, including plants, works, instrumentalities, or parts thereof, and appurtenances thereto, dams, reservoirs, water mains, pipe lines, pumping stations and equipment, or any other property incidental to or included in such system or part thereof within the county of Monroe, or in Genesee county, or in the town or village of Victor, the village of Bloomfield and the towns of East Bloomfield, Canadice, Richmond and West Bloomfield in Ontario county, or in the village of Holley and the towns of Clarendon and Kendall in Orleans county. To acquire, by condemnation, in the name of the authority in the counties of Monroe and Genesee, or in any other county or municipality specifically enumerated in the first sentence of this subdivision, or in the name of the county of Monroe in the case of any water facilities to be owned and financed by such county pursuant to subdivision sixteen-b of this section, lands, easements, rights in land and water rights, and rights-of-way within the counties of Monroe and Genesee, or in any other county or municipality specifically enumerated in the first sentence of this subdivision, in the manner provided by this title; or to purchase or lease lands, easements, rights in land and water rights, and rights-of-way in connection therewith within the county of Monroe or within Genesee county, or in any other county or municipality specifically enumerated in the first sentence of this subdivision; and to own and operate, maintain, repair, improve, reconstruct, enlarge, and extend, subject to the provisions of this title, any of its properties acquired or constructed under this title, all of which, together with the acquisition of such properties, are hereby declared to be public purposes;

6-a. The authority shall not exercise any of the powers granted in subdivisions four and six of this section with respect to the acquisition, purchase, leasing, construction, or development of property outside of the county without first having obtained the prior approval of such purchase, leasing, acquisition, construction, or development of such property outside of the county by resolution of the legislative body of the municipality wherein the affected property outside of the county is located. Notwithstanding any inconsistent provision of any general, special, or local law, ordinance, resolution, or charter, any public corporation or improvement district thereof may, by a majority vote of its governing body, give, grant, sell, convey, lend, license the use of, or lease to the authority any property or facilities, including any water supply system, water distribution system, including plants, works, instrumentalities or parts thereof and appurtenances thereto, lands, easements, rights in land and water rights, rights-of-way, contract rights, franchises, approaches, connections, dams, reservoirs, water mains and pipe lines, pumping stations and equipment, or any other property incidental to and included in such system or part thereof, and any improvements, extensions, and betterments for the purpose of supplying water for domestic, commercial, industrial and public purposes, which property or facilities are useful in connection with the exercise by the authority of its powers under this title. Any such gift, grant, sale, conveyance, loan, license, or lease shall be upon such terms and conditions, and for such term or terms of years, subject to the rights of the holders of any bonds, as the authority and such public corporation or improvement district thereof may agree. Any such gift, grant, sale, conveyance, loan, license, or lease shall not be subject to referendum, permissive or mandatory. In the event that any public corporation or improvement district thereof gives, grants, sells, conveys, lends, licenses the use of, or leases any water supply system, water distribution system, or other improvements, extension or betterments for the purpose of supplying water, to the authority, such public corporation or improvement district thereof may contract with the authority to lease, borrow, license, operate, maintain, manage, and provide services for such facilities upon such terms and conditions, and for such term or terms of years, subject to the rights of holders of bonds, as the authority and such public corporation or improvement district thereof may agree. The authority, in furtherance of any purchase, conveyance, or lease of any property or facility from any public corporation or improvement district thereof, may assume the primary responsibility for the payment of the principal and interest on any bonds or notes issued by such public corporation or improvement district thereof for such property or facility. For purposes of section 136.00 of the local finance law, any agreement by the authority to assume the primary responsibility for the payment of the principal and interest on any bonds or notes issued by any such public corporation or improvement district thereof shall, so long as such agreement shall continue to be honored by the authority, cause such bonds or notes to be deemed to have been refunded, and any such public corporation or improvement district thereof may deduct from its gross indebtedness any outstanding indebtedness contracted for such property or facility to be acquired by the authority. The net proceeds of any purchase, conveyance, or lease of any property or facility from a public corporation or improvement district thereof may be used by such public corporation or improvement district thereof for any general or specific public use;

7. To sell water, however acquired, by volume and at retail to individual consumers within the county of Monroe for domestic, commercial, industrial, and public purposes, or by volume or in bulk and at wholesale to any or all municipalities or privately owned public water supply and distribution systems in such county. The fact that any municipality has procured or is about to procure an independent source of water supply shall not prevent such municipality from purchasing water from the authority. To sell any water not needed in such county by volume and at retail to individual consumers within the county of Genesee, or in the town or village of Victor, the village of Bloomfield and the towns of East Bloomfield, Canadice, Richmond and West Bloomfield in Ontario county, or in the village of Holley and the towns of Clarendon and Kendall in Orleans county, for domestic, commercial, industrial, and public purposes, or by volume or in bulk and at wholesale to any municipality or privately owned public water supply and distribution system outside of the county; provided that any costs incurred by the authority related to the Genesee county project shall be recovered by the authority solely from Genesee county or from rates and charges collected from customers within Genesee county; and further provided that the authority shall not sell water in any area outside of the county unless the governing board of the municipality wherein such area is located shall enter into an agreement with the authority for service or sale of water by it in such area or shall by resolution request the authority to sell water within such area. Any agreement between a municipality outside of the county and the authority for the sale of water to or within such municipality shall be subject to the approval of the legislative body of the contiguous county wherein such municipality is located. Not only may the authority sell any surplus water it may have developed, but it may develop and provide a sufficient amount of water so as to supply water outside of the county to individual consumers, any municipality, or privately owned public water supply and distribution system;

8. To purchase water in bulk or by volume from any person, private corporation or municipality when necessary or convenient for the operation of any water supply and distribution system developed by it, or when necessary or convenient for resale under the authority and provisions of subdivision seven of this section;

9. To acquire, hold, use, lease, sell, transfer and dispose of any property, real, personal or mixed, or interest therein, for its corporate purposes;

10. To make by-laws for the management and regulation of its affairs, and subject to agreements with bondholders, rules for the sale of water and the collection of rents and charges therefor. A copy of such rules and by-laws, and all amendments thereto, duly certified by the secretary of the authority shall be filed in the office of the clerk of the county and thereafter published once in two newspapers having a general circulation in the county. Violation of such rules shall be a misdemeanor, punishable by fine, not exceeding fifty dollars, or by imprisonment for not longer than thirty days, or both. Exclusive jurisdiction is hereby conferred upon the local criminal courts of the county, which have trial jurisdiction, to hear and determine, subject to the provisions of the criminal procedure law, any violation of this title;

11. To use the officers, employees, facilities and equipment of the county with the consent of the county, paying a proper portion of the compensation or cost;

12. To make contracts and to execute all necessary or convenient instruments, including evidences of indebtedness, negotiable or non-negotiable;

13. To enter on any lands, waterways and premises for the purpose of making surveys, soundings and examinations;

14. To borrow money and to issue negotiable bonds or notes and to fund or refund the same, and to provide for the rights of the holders of its obligations;

15. To fix rates and collect charges for the use of the facilities of, or services rendered by, or any commodities furnished by the authority such as to provide revenues sufficient at all times to pay, as the same shall become due, the principal and interest on the bonds or notes of the authority together with the maintenance of proper reserves therefor, in addition to paying as the same shall become due the expense of operating and maintaining the properties of the authority together with proper reserves for depreciation, maintenance, and contingencies and all other obligations and indebtedness of the authority;

16. To enter into cooperative agreements with other water authorities, municipalities, or utility companies, for the inter-connection of facilities, the exchange or inter-change of services and commodities, and to enter into contracts for the construction of water supply and distribution systems by the authority for any municipality which possesses express reciprocal powers and having power to construct and develop a water supply and distribution system, or contracts for the construction of a water supply and distributions systems for the authority by a municipality which possesses express reciprocal powers and having power to construct and develop a water supply and distribution system, upon such terms and conditions as shall be determined to be reasonable including, but not limited to, the reimbursement of all costs of such construction, or for any other lawful purposes necessary or desirable to effect the purposes of this title, provided, however, that any such agreement with a municipality located in a county, other than Monroe county, shall be subject to the approval of the legislative body of such county. The authority shall also have the power to enter into contracts or agreements with other corporations, public or private, (i) for or with respect to the financing, construction, development, expansion or improvement of properties, facilities, and appurtenances owned by the authority, with a part of the capacity or use of such properties, facilities and appurtenances utilized or to be utilized by or for the benefit of any such corporation and (ii) for or with respect to the use, operation, management, repair and maintenance of such properties, facilities, and appurtenances of the authority, upon such terms and conditions as shall be determined to be reasonable, which may include, without limitation, collection by the authority of rents, rates or other charges to pay for the cost of construction, including debt service on obligations of the authority issued to finance construction, operation, management, maintenance, repair and use of such facilities; and municipalities having power to construct and develop water supply and distribution systems shall have the power to enter into contracts or agreements contemplated herein with the authority, including any such contract to which another corporation is a party;

16-a. To enter into a contract or contracts with the board of supervisors of Monroe county for the acquisition, construction and development of a water supply and distribution system, or any part or parts thereof, on behalf of a county water district, and to contract for the operation and management of such county water district, all as provided in article five-a of the county law and article five-b of the general municipal law. Such water authority shall be deemed the agent of Monroe county under any such contract. If such contract shall authorize the water authority to purchase supplies or equipment or to construct public works, such authority shall be subject to all provisions of law to which Monroe county would be subject in relation to advertising and awarding any such contracts for supplies, equipment or public works.

16-b. (1) It is the purpose of this subdivision to provide a means whereby: (i) the authority shall plan, construct, operate and manage both the water properties owned by the authority and additional water facilities to be hereafter constructed by the authority but financed and owned by the county so that such water properties and such water facilities may be operated as an integrated water system; and (ii) the county shall finance the construction of and own additional water facilities and lease the same to or otherwise make the same available for use by the authority in order to assist the authority in providing such necessary improvements required for the operation of the water properties of the authority (the title to which water properties will, as provided by law, become vested in the county).

(2) For the purposes of this subdivision sixteen-b the term "water facilities" shall mean the acquisition, construction or reconstruction of or addition to a water supply or distribution system, whether or not including buildings, land or rights in land, original furnishings, equipment, machinery or apparatus, or the

replacement of such equipment, machinery or apparatus, which water facilities are to be financed and owned by the county. For the purpose of this subdivision sixteen-b the term "water properties" means the source of water supply and the water supply and distribution system of the authority, including the plants, works, instrumentalities or parts thereof and appurtenances thereto, lands, easements, rights in land and water rights, rights of way, contract rights, franchises, approaches, connections, dams, reservoirs, water mains and pipe lines, pumping stations and equipment, and any other property, real, personal or mixed, incidental to and included in such source of supply and such system or parts thereof, and any improvements, extensions and betterments, now or hereafter constructed, acquired or made by the authority, other than the water facilities constructed by the authority but financed and owned by the county in accordance with the provisions of this subdivision.

(3) The county may, by resolution of the legislative body of such county, enter into an agreement or agreements with the authority providing: (i) that water facilities shall be constructed by the authority, which water facilities shall be financed and owned by the county and leased or otherwise made available for the use of the authority; and (ii) for the transfer to the authority for use in the execution of its corporate purposes of such water facilities hereafter financed and owned by the county in accordance with the provisions of this subdivision; provided, however, that title to such facilities shall remain in the county.

Such agreement shall constitute a contract for the passing to and vesting in the county of all rights and properties, including water properties, of the authority when all liabilities of the authority, other than its liabilities to the county pursuant to any agreements entered into pursuant to this subdivision, and the bonds of the authority have been paid in full or such liabilities or bonds have otherwise been discharged.

Such agreement or agreements may be amended, modified, changed or extended by supplemental agreements authorized and executed in the same manner as the original agreement provided that the provisions of any such supplemental agreement shall not be inconsistent with the provisions of this subdivision sixteen-b.

(4) Such agreement shall provide that until the rights and properties, including the water properties, of the authority shall pass to and be vested in the county as provided by law, the authority shall act as the agent of the county: (i) to provide water facilities deemed necessary by the authority (a) to provide a supply of water sufficient to serve all customers of the water properties of the authority and of the water facilities of the county operated and managed by the authority, or (b) water facilities for the distribution of water deemed necessary by the authority to serve the territory of the authority within the county; and (ii) to operate, manage, replace, maintain and repair such water facilities in conjunction with the water properties of the authority so that both the water properties of the authority and the water facilities owned and financed by the county shall be planned, operated and managed as an integrated water system.

(5) Such agreement shall provide for the transfer to and use by the authority of such water facilities by lease, license or other arrangement until such time as all rights and properties, including water properties, of the authority shall pass to and be vested in the county as provided by law and shall authorize the authority to take jurisdiction, control, possession and supervision of such water facilities and operate, manage, replace, maintain and repair the same together with the water properties of the authority as an integrated water system.

(6) Such agreement shall provide that the county shall pay an amount not to exceed twenty-seven million dollars to provide certain water facilities to be owned by the county and leased to or otherwise made available for use by the authority in accordance with the provisions of such agreement, which water facilities shall be described in terms sufficient for identification in the first agreement so executed by and between the county and the authority. The county may issue obligations pursuant to the local finance law in an amount not to exceed twenty-seven million dollars to pay the cost of such water facilities. The provisions of section four hundred of the county charter prohibiting the financing of permanent improvements by the issuance of obligations pursuant to the local finance law unless such permanent improvements are included in a budget of permanent improvements adopted and approved as provided by such section four hundred shall not be applicable to the financing of such water facilities by the issuance of such obligations of the county authority by this paragraph.

(7) Such agreement shall provide that the authority shall pay to the county for each fiscal year of the county an annual rental for the use of the water facilities financed and owned by the county which shall be an operating expense of the authority, and shall be equal to the sum of the following: (i) the principal of any bonds of the county becoming due in such fiscal year issued in accordance with any agreement entered into pursuant to this subdivision; and (ii) the interest on any obligations of the county, including bonds and notes, issued in accordance with any such agreement and becoming due in such fiscal year. Such agreement shall provide such further details as the parties deem necessary with respect to the time and manner of the payment of such annual rentals in order to assure that such annual rentals shall be available to the county at the times and in the amounts required for the payment of such principal of bonds of the county and such interest on obligations of the county. Notwithstanding that the payment of such annual rentals shall be an operating expense of the authority, such agreement may provide that payment thereof shall be subordinate to all or any of certain payments hereinafter described required to be made by a certain trust indenture between the authority and a trustee dated as of February first, nineteen hundred fifty-nine. Such payments

are the payments required to be made by said trust indenture to the debt service fund and the debt service reserve fund both created by such indenture.

(8) Such agreement shall provide that to facilitate the further acquisition, construction, reconstruction, extension or betterment of water facilities by the authority to be owned and financed by the county, other than and in addition to the water facilities to be financed by the county pursuant to the provisions of paragraph (6) of this subdivision, the authority, on or before September first in each year or on or before such earlier date in each year as such agreement may provide, may submit to the county manager a capital budget for the calendar year beginning on the succeeding January first of such proposed water facilities and the estimated cost thereof. Such capital budget shall be accompanied by a report of the consulting engineers retained by the authority pursuant to a certain trust indenture of the authority dated as of February one, nineteen hundred fifty-nine. Such report of the consulting engineers shall explain the need for or desirability of such proposed water facilities and shall state that the consulting engineers have approved the estimated cost thereof. Such capital budget of the authority and report of such consulting engineers shall describe such proposed water facilities in terms sufficient for identification. When received by the county manager, such capital budget of the authority and the report of the consulting engineers shall be used in the preparation of the budget of permanent public improvements of the county required to be prepared by section four hundred of the Monroe county charter in the same manner as if the providing of such additional water facilities originally were proposed by the county. The county shall pay the cost of any water facilities contained in a budget of permanent improvements after such budget has been adopted. At any time after the adoption of such budget of permanent improvements the county may finance any water facilities contained therein pursuant to the provisions of and in the manner provided by the local finance law. Notwithstanding any other provisions of this subdivision, in the event that any item for the providing of water facilities contained in the capital budget and report of the consulting engineers as submitted to the county manager shall not be made a part of the budget of permanent improvements of the county, the authority may, nevertheless, proceed to construct such proposed water facility as an addition to the water properties of the authority and finance the same by the issuance of obligations of the authority, subject, however, to: (i) the provisions of any resolutions or trust indentures heretofore or hereafter adopted or executed by the authority, as the case may be, with respect to the construction of water properties and the financing thereof by the authority; and (ii) the limitations, if any, on the issuance of bonds or obligations by the authority contained in any agreement executed pursuant to this subdivision sixteen-b.

(9) Such agreement may contain further provisions concerning the following, provided, however, that no provisions in any agreement or any supplemental agreement thereto shall require the authority to in any way impair the rights and remedies of the holders of obligations of the authority pursuant to any resolution or trust indenture of the authority heretofore adopted or executed authorizing or securing obligations of the authority: (i) further provisions relating to the annual rentals due by the authority to the county as provided in this subdivision; (ii) provisions that the rates, fees, rentals and other charges for the sale or distribution of water or for other services rendered by the water properties of the authority shall be in an amount sufficient to fully comply with any covenants with holders of obligations of the authority and in addition sufficient to pay the annual rentals payable by the authority to the county as provided in this subdivision and in any agreements or supplemental agreements executed in accordance with the provisions of this subdivision; (iii) provisions limiting the issuance of bonds or obligations by the authority; (iv) provisions limiting the power of the authority to sell or otherwise dispose of its water properties without the consent of the county; (v) providing that when the rights and properties of the authority shall pass to and be vested in the county as provided by law the authority shall act as the agent of the county to plan, construct, operate and manage the water properties and water facilities then vested in and owned by the county for such term and extensions of such term as may be provided by any such agreements; and (vi) such other provisions not inconsistent with the provisions of this subdivision sixteen-b as the parties shall deem necessary or desirable to implement the purpose and provisions of this subdivision sixteen-b.

(10) The proceeds of sale of obligations of the county issued pursuant to any agreement entered into pursuant to this subdivision shall be subject to the provisions of section one hundred sixty-five of the local finance law and shall be paid and disbursed by the director of finance of the county on requisition by the authority or such person or persons as the authority may authorize to make such requisitions without further audit; provided, however, that the director of finance of the county may require that such requisitions shall be accompanied by properly itemized and verified or certified bills for materials, supplies or services.

(11) All contracts for the purchase of supplies or equipment or the construction of water facilities entered into with respect to the providing of water facilities to be financed and owned by the county and constructed by the authority shall be subject to all provisions of law which the county of Monroe would be subject to in relation to advertising and awarding any such contracts for supplies, equipment or the construction of water facilities.

(12) The provisions of this subdivision sixteen-b shall be independent and cumulative power for the authority and the county to enter into the agreements authorized hereby and shall not be construed with or be limited by any of the provisions of article five-a of the county law and of this article of the public authorities law.

17. To accept grants, loans or contributions from the United States, the state of New York, or any agency or instrumentality of either of them, or the county, or an individual, by bequest or otherwise, and to expend the proceeds for any purposes of the authority;

18. To do all things necessary or convenient to carry out the powers expressly given in this title.

19. To contract for the purposes of subdivision twenty-four of section ten of article two of the highway law.

In exercising the powers granted by this title, the authority shall not sell water in any area which is served by a water system owned or operated by a municipality unless the governing board of such municipality shall adopt a resolution requesting the authority to sell water in such area.

§ 1096-a. Additional duties of the authority. 1. The authority shall submit to the president of the Monroe county legislature a copy of the authority's preliminary budget, annual budget or amended budget, certified by the treasurer of the authority, not later than thirty days prior to the date on which the annual budget is adopted or approved by the authority. The authority shall give notice in writing to the president of the Monroe county legislature not later than thirty days prior to anticipated final approval of any construction projects to be undertaken by the authority involving water mains in excess of twelve inches in size, construction of mains in geographical areas theretofore undeveloped or not supplied with a public water supply, storage facilities, pumping stations or water treatment facilities utilizing funds of either the authority or funds of the county of Monroe under subdivision sixteen-b of section one thousand ninety-six of this title provided, however, that the foregoing shall not in any event be deemed to include: modernization, renewal and replacement, repair, maintenance of or improvement in properties or facilities; preliminary undertakings such as studies, tests, evaluations, reports, preparation of engineering plans and specifications, obtaining property rights and obtaining of necessary governmental approvals; construction activities deemed necessary by the authority in an emergency to protect life, property, health or the public safety; changes during construction which do not materially change the essential service area affected by a project; and construction activities within the terms of the last sentence of this subdivision. In the event the Monroe county legislature, by its resolution adopted at any time within sixty days after receipt by the president of the county legislature of the notice from the authority herein provided for, requests any change in such project, the authority shall conduct a public informational meeting upon ten days' notice to be published twice consecutively in a newspaper of general circulation in the county of Monroe prior to the authority granting final approval or prior to the commencement of construction of such project. The authority shall give written notice to the president of the Monroe county legislature not less than thirty days prior to the date of any final action of the authority with respect to any change in the rates of the authority. The authority shall conduct a public informational meeting upon ten days' notice to be published twice consecutively in a newspaper of general circulation in the county of Monroe relative to any change in such rates prior to the effective date of such change. The foregoing provisions of this subdivision shall not be construed to or require the authority to in any way violate or impair the rights and remedies of or covenants with the holders of obligations of the authority pursuant to any resolution or trust indenture of or binding upon the authority adopted or executed authorizing or securing obligations of the authority or abrogate the rights and powers of the authority to fulfill its duties and obligations to comply with all the terms, covenants or requirements required or provided by any existing contractual agreement or provided or required by statute or the order or direction or approval of a federal, state or local governmental entity having appropriate jurisdiction or authority.

2. The authority shall be empowered to develop and adopt an administrative code, subject to amendment from time to time, concerning such cooperative interrelationships between the authority and the county of Monroe, including the duties of the authority under subdivision one of this section. Any such code, or any amendment thereto, shall be submitted to the president of the county legislature not less than ninety days prior to its adoption by the authority for approval by such legislature.

§ 1097. Moneys of the authority. All moneys of the authority from whatever source derived shall be paid to the treasurer of the authority and shall be deposited forthwith in a bank or banks in the state of New York designated by the authority. The moneys in such accounts shall be paid out on check of the treasurer on requisition by the authority or of such other person or persons as the authority may authorize to make such requisitions. All deposits of such moneys shall, if required by the comptroller or the authority, be secured by obligations of the United States or of the state of New York or of the county of a market value equal at all times to the amount of deposit and all banks and trust companies are authorized to give such security for such deposits. The comptroller and his legally authorized representatives, and the director of finance of the county of Monroe, if he so elect, are hereby authorized and empowered from time to time to examine the accounts and books of the authority, including its receipts, disbursements, contracts, leases, sinking funds, investments and any other matters relating to its financial standing. The authority shall have power, notwithstanding the provisions of this section, to contract with the holders of any of its bonds as to the custody, collection, security, investment and payment of any moneys of the authority, or any moneys held in trust or otherwise for the payment of bonds or in any way to secure bonds, and to carry out any such contract notwithstanding that such contract may be inconsistent with the provisions of this section. Moneys

held in trust or otherwise for the payment of bonds or in any way to secure bonds and deposits of such moneys may be secured in the same manner as moneys of the authority, and all banks and trust companies are authorized to give such security for such deposits.

§ 1098. Bonds of the authority. 1. The authority shall have the power and is hereby authorized from time to time to issue its negotiable bonds in conformity with applicable provisions of the uniform commercial code for any of its corporate purposes, including incidental expenses in connection therewith, and to secure the payment of the same by a lien or pledge covering all or part of its contracts, earnings or revenues except that no resolution or other action of the authority providing for the issuance of bonds may be adopted or otherwise made effective without the prior approval of the Monroe county legislature. The powers conferred by this section on such Monroe county legislature shall be exercised with due regard for the rights of the holders of bonds of the authority at any time outstanding, and nothing in, or done pursuant to, this section shall in any way limit, restrict or alter the obligation or powers of the authority or any member, director, officer or representative of the authority to carry out and perform in every detail each and every covenant, agreement or contract at any time made or entered into by or on behalf of the authority with respect to its bonds or for the benefit, protection, or security of the holders thereof. The authority shall have power from time to time whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds whether the bonds to be refunded have or have not matured, and may issue bonds partly to refund bonds then outstanding and partly for any of its corporate purposes. Except as may be otherwise expressly provided by the authority, every issue of bonds by the authority shall be general obligations payable out of any moneys, earnings or revenues of the authority, subject only to any agreements with the holders of particular bonds pledging any particular moneys, earnings or revenues.

2. The bonds shall be authorized by resolution of the authority and shall bear such date or dates, mature at such time or times not exceeding forty years from their respective dates, bear interest at such rates per annum not exceeding six per centum per annum payable at such times within the limitations as to interest cost hereinafter provided, be in such denominations, be in such form either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America, at such place or places and be subject to such terms of redemption, at par or at a price not exceeding one hundred five per centum of their face value, as such resolution or resolutions may provide.

All bonds of the authority may be sold at public or private sale. Such bonds shall be sold for a price not less than ninety-six per centum of the par value thereof, plus accrued interest, provided always that the interest cost to maturity of the monies realized from the sale of such bonds shall not exceed six per centum per annum.

3. Any resolution or resolutions authorizing any bonds or any issue of bonds may contain provisions, which shall be a part of the contract with the holders of the bonds thereby authorized, as to

(a) pledging all or any part of the moneys, earnings, income and revenues derived from all or any part of the properties of the authority to secure the payment of the bonds or of any issue of the bonds subject to such agreements with bondholders as may then exist;

(b) the rates, rentals, fees and other charges to be fixed and collected and the amounts to be raised in each year thereby, and the use and disposition of the earnings and other revenues;

(c) the setting aside of reserves and the creation of sinking funds and the regulation and disposition thereof;

(d) limitations on the right of the authority to restrict and regulate the use of the properties in connection with which such bonds are issued;

(e) limitations on the purposes to which and the manner in which the proceeds of sale of any issue of bonds may be applied;

(f) limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured; the refunding of outstanding or other bonds;

(g) the procedure, if any by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given;

(h) the creation of special funds into which any earnings or revenues of the authority may be deposited;

(i) the terms and provisions of any trust deed or indenture securing the bonds or under which bonds may be issued;

(j) defining the acts or omissions to act which shall constitute a default in the obligations and duties of the authority to the bondholders and providing the rights and remedies of the bondholders in the event of such default, including as a matter of right the appointment of a receiver, provided, however, that such rights and remedies shall not be inconsistent with the general laws of this state;

(k) limitations on the power of the authority to sell or otherwise dispose of its properties;

(l) any other matters, of like or different character which in any way affect the security or protection of the bonds;

(m) limitations on the amount of moneys derived from the properties to be expended for operating, administrative or other expenses of the authority.

4. It is the intention of the legislature that any pledge of earnings, revenues or other moneys made by the authority shall be valid and binding from the time when the pledge is made; that the earnings, revenues or other moneys so pledged and thereafter received by the authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and that the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

5. Neither the members of the authority nor any person executing the bonds shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

6. The authority shall have power out of any funds available therefor to purchase (as distinguished from the power of redemption hereinabove provided) any bonds issued by it at a price of not more than the principal amount thereof and accrued interest, and all such bonds shall be cancelled.

7. In the discretion of the authority, the bonds may be secured by a trust indenture by and between the authority and a corporate trustee, which may be any trust company or bank having the powers of a trust company in the state of New York. Such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the authority in relation to the construction, maintenance, operation, repair and insurance of the properties, and the custody, safeguarding and application of all moneys, and may provide that the properties shall be constructed and paid for under the supervision and approval of consulting engineers. The authority may provide by such trust indenture for the payment of the proceeds of the bonds and the revenues of the properties to the trustee under such trust indenture or other depository, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. All expenses incurred in carrying out such trust indenture may be treated as a part of the cost of maintenance, operation and repairs of the properties. If the bonds shall be secured by a trust indenture the bondholders shall have no authority to appoint a separate trustee to represent them.

Notwithstanding any other provisions of this title, any resolution or resolutions authorizing bonds or notes of the authority shall contain a covenant by the authority that it will at all times maintain rates, fees, rentals or other charges sufficient to pay, and that any contracts entered into by the authority for the sale or distribution of water shall contain rates, fees, rentals or other charges sufficient to pay, the cost of operation and maintenance of the properties, the principal of and interest on any obligation issued pursuant to such resolution or resolutions as the same severally become due and payable, and to maintain any reserves or other funds required by the terms of such resolution or resolutions.

§ 1099. Notes of the authority. The authority shall have power and is hereby authorized to issue negotiable bond anticipation notes in conformity with applicable provisions of the uniform commercial code and may renew the same from time to time but the maximum maturity of any such note, including renewals thereof, shall not exceed five years from the date of issue of such original note. Such notes shall be paid from any moneys of the authority available therefor and not otherwise pledged or from the proceeds of sale of the bonds of the authority in anticipation of which they were issued. The notes shall be issued in the same manner as the bonds and such notes and the resolution or resolutions authorizing the same may contain any provisions, conditions or limitations which the bonds or a bond resolution of the authority may contain. Such notes may be sold at public or private sale at not less than par and shall bear interest at a rate not exceeding five per centum per annum. Such notes shall be as fully negotiable as the bonds of the authority.

§ 1100. Duty of authority to maintain and operate. It shall be the duty of the authority, subject to any limitation on the amount of revenues to be expended for such purpose, to maintain and operate and where necessary to reconstruct its properties.

§ 1101. Transfer of officers and employees. Any public officer or employee under civil service, selected by the authority may, with the consent of the commission, board or department by which he or she has been employed, be transferred to the authority and shall be eligible for such transfer and appointment without examination to comparable offices, positions and employment under the authority. The salary or compensation of any such officer or employee shall after such transfer be paid by the authority. But notwithstanding the provisions of this act, any such officers or employees so transferred to the authority, pursuant to the provisions of this section, who are members of or beneficiaries under any existing pension or retirement system, shall continue to have all rights, privileges, obligations and status with respect to such fund, system or systems as are now prescribed by law, but during the period of their employment by the authority, all contributions to any pension or retirement fund or system to be paid by the employer on account of such officers or employee, shall be paid by the authority; and all such officers and employees who have been appointed to positions under the rules and classifications of the civil service commission of the county of Monroe shall have the same status with respect thereto after transfer to the authority as they had under their original appointments. It is hereby declared that in the interest of efficiency and insofar as may be practicable, all employees engaged in the operation of any property or properties, except in an executive capacity, at the time such property or properties shall have been acquired by the authority, pursuant to the

provisions of this act, shall become the employees of the authority. The appointment and promotion of all employees of the authority shall be made in accordance with the provisions of the civil service law (constituting chapter seven of the consolidated laws) and such rules as the civil service commission of the county of Monroe may adopt and make applicable to such authority.

§ 1102. Agreements of the state. The state of New York does pledge to and agree with the holders of the bonds or notes that the state will not limit or alter the rights hereby vested in the authority to acquire, construct, maintain, operate, reconstruct and improve the properties, to establish and collect the revenues, rates, rentals, fees and other charges referred to in this title and to fulfill the terms of any agreements made with the holders of the bonds or notes, or in any way impair the rights and remedies of the bondholders or noteholders, until the bonds or notes, together with interest thereon, interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders or noteholders, are fully met and discharged.

§ 1103. State, county and municipalities not liable on bonds or notes. The bonds or notes of the authority shall not be a debt of the state of New York or of the county or of any municipality in the county, and neither the state nor the county nor any municipality in the county shall be liable thereon, nor shall they be payable out of any funds other than those of the authority.

§ 1104. Bonds and notes legal investments for fiduciaries. The bonds or notes are hereby made securities in which all public officers and bodies of this state and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, and all other persons whatsoever, except as hereinafter provided, who are now or may hereafter be authorized to invest in bonds or other obligations of the state, may properly and legally invest funds including capital in their control or belonging to them; provided that, notwithstanding the provisions of any other general or special law to the contrary, such bonds or notes shall not be eligible for the investment of funds including capital, of trusts, estates or guardianships under the control of individual administrators, guardians, executors, trustees and other individual fiduciaries. The bonds or notes are also hereby made securities which may be deposited with and may be received by all public officers and bodies of this state and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of this state is now or may hereafter be authorized.

§ 1105. Exemption from taxes. 1. It is hereby determined that the creation of the authority and the carrying out of its corporate purposes is in all respects for the benefit of the people of the county of Monroe and its environments, and is a public purpose, and the authority shall be regarded as performing a governmental function in the exercise of the powers conferred upon it by this title and shall not be required to pay any taxes, special ad valorem levies or special assessments upon any property owned by it or under its jurisdiction, control or supervision or upon its activities, or any filing, recording or transfer taxes in relation to instruments filed, recorded or transferred by it or on its behalf.

2. Any bonds or notes issued pursuant to this title, together with the income therefrom shall be exempt from taxation, except for transfer and estate taxes. The revenues, monies and other properties and the activities of the authority shall be exempt from taxes and governmental fees or charges, whether imposed by the state or any municipality, including real estate taxes, franchise taxes or other excise taxes.

3. Notwithstanding any other provisions of this chapter, the authority may make payments in lieu of taxes to municipalities and school districts on any property of the authority located within the jurisdiction of such municipality or school district. The amounts of such payments in lieu of taxes shall be as determined by the authority, provided, however, that the sum paid by the authority for any year shall in no case exceed the sum last levied by the municipality or school district as an annual tax upon the property prior to its acquisition by the authority.

§ 1106. Tax contract by the state. The state of New York covenants with the purchasers and with all subsequent holders and transferees of bonds or notes issued by the authority pursuant to this title, in consideration of the acceptance of and payment for the bonds or notes that the bonds and notes of the authority issued pursuant to this title and the income therefrom, and all moneys, funds and revenues pledged to pay or secure the payment of such bonds or notes, shall at all times be free from taxation except for transfer and estate taxes.

§ 1107. Officers and employees not to be interested in transactions. It shall be a misdemeanor for any of the members of the authority, or any officer, agent, servant or employee thereof, employed or appointed by them to be in any way or manner interested directly or indirectly in the furnishing of work, materials, supplies or labor, or in any contract therefor which the authority is empowered by this title to make.

§ 1108. Contracts. 1. All contracts, or orders, for work, material or supplies performed or furnished in connection with construction shall be awarded by the authority pursuant to resolution. Such contracts, or orders, for work, material or supplies needed for any particular purpose involving an expenditure of more than five thousand dollars shall be awarded only after inviting sealed bids or proposals therefor. The notice inviting sealed proposals shall be published at least once in a newspaper or trade paper selected by the authority for such purpose, such publication to be at least ten days before the date for the receipt of bids. If the authority shall not deem it for the interest of the authority to reject all bids, it shall award the contract to the lowest bidder, unless the authority shall determine that it is for the public interest that a bid other than the lowest bid should be accepted. In any contract for work, material or supplies, there shall be inserted in the discretion of the authority a provision that additional work may be done or material or supplies furnished for the purpose of completing such contract at an expense not exceeding fifteen percentum of the amount of such contract if such additional work, materials or supplies shall be ordered by the authority. The bidder whose bid is accepted shall give security for the faithful performance of the contract, and such other security as the authority may require, and may be required to maintain for such period as shall be stipulated any construction done under the contract, all in the manner prescribed and required by the authority; and the sufficiency of such security shall, in addition to the justification and acknowledgment, be approved by the authority. All bids or proposals shall be publicly opened by the authority or its duly authorized agent. If the bidder whose bid has been accepted after advertising shall neglect or refuse to accept the contract within five days after written notice that the same has been awarded to him on his bid or proposal, or, if he accepts but does not execute the contract and give proper security the authority shall have the right to declare his deposit forfeited, and thereupon it shall be readvertised and relet as above provided. In case any work shall be abandoned by any contractor, the authority may, if the best interests of the authority be thereby served, adopt on behalf of the authority any or all sub-contracts made by such contractor for such work and all such sub-contractors shall be bound by such adoption if made; and the authority shall in the manner provided herein readvertise and relet the work specified in the original contract exclusive of so much thereof as shall be provided for in the sub-contract or sub-contracts so adopted. No bid shall be accepted from or any contracts awarded to, any person or corporation who is in arrears to the authority, or the county of Monroe upon any debt or contract, or is a defaulter as surety or otherwise upon any obligation of the authority, or the county. Every contract involving an expenditure of more than five thousand dollars when made and entered into as herein provided for shall be executed in duplicate, one copy of which shall be held by the authority and one copy of which shall be delivered to the contractor. Upon the adoption of a resolution by a vote of two-thirds of all the members of the authority stating that, for reasons of efficiency or economy, there is need for standardization, purchase contracts for a particular type or kind of equipment, material or supplies of more than five thousand dollars may be awarded by the authority to the lowest responsible bidder furnishing the required security after advertisement for sealed bids therefor in the manner provided in this section. Such resolution shall contain a full explanation of the reasons for its adoption.

2. For the purposes of article fifteen-A of the executive law only, the authority shall be deemed a state agency as that term is used in such article, and all contracts for procurement, design, construction, services and materials shall be deemed state contracts within the meaning of that term as set forth in such article.

§ 1109. Actions. 1. In any case founded upon tort a notice of claim shall be required as a condition precedent to the commencement of an action or special proceeding against the authority or any officer, appointee or employee thereof, and the provisions of section fifty-e of the general municipal law shall govern the giving of such notice. Except in an action for wrongful death, an action against the authority for damages for injuries to real or personal property, or for the destruction thereof, or for personal injuries, alleged to have been sustained, shall not be commenced more than one year and ninety days after the cause of action therefor shall have accrued.

2. An action against the authority for wrongful death shall be commenced in accordance with the notice of claim and time limitation provisions of title eleven of article nine of this chapter.

§ 1110. Audit of authority; annual report. In conformity with the provisions of section five of article ten of the constitution, the accounts of the authority shall be subject to the supervision of the state comptroller and such state comptroller and his legally authorized representatives are hereby authorized and empowered from time to time to examine the accounts and the books of the authority, including its receipts, disbursements, contracts, leases, sinking funds, investments and any other matters relating to its financial standing. The authority shall annually submit to the governor and to the legislature a detailed report pursuant to the provisions of section twenty-eight hundred of this chapter.

§ 1111. Limitation of liability. Neither the members of the authority, nor any person or persons acting in its behalf, while acting within the scope of their authority, shall be subject to any personal liability resulting from the erection, construction, reconstruction, maintenance or operation of the properties or any of the improvements or from carrying out any of the powers expressly given in this title.

§ 1112. Title not affected if in part unconstitutional or ineffective. If any section, clause or provision of this title shall be held unconstitutional, or be ineffective in whole or in part, to the extent that it is not unconstitutional, or ineffective, it shall be valid and effective and no other section, clause or provision shall, on account thereof, be deemed invalid or ineffective.

§ 1113. Effect of inconsistent provisions. In so far as the provisions of this title are inconsistent with the provisions of any other act, general or special, or of any local law of any city, the provisions of this title shall be controlling. Nothing contained in this title shall be held to alter or abridge the powers and duties of the state department of health or of the water power and control commission over water supply matters.

**AMENDED AND RESTATED
BY-LAWS OF THE MONROE COUNTY WATER AUTHORITY**

(Section 1096, paragraph 10 of the Public Authorities Law provides that the Monroe County Water Authority shall have the power to make by-laws for the management and regulation of its affairs, and, subject to agreements with its bondholders, to make rules for the sale of water and the collection of rents and charges therefor. A copy of such By-Laws and rules, and all amendments thereto, duly certified by the Secretary of the Authority, shall be filed in the office of the Clerk of the County and thereafter published once in two newspapers having a general circulation in the County.)

**ARTICLE I
The Authority**

1. Name of Authority. The name of the Authority is the Monroe County Water Authority (the "Authority").
2. Purposes. The Authority is a public benefit corporation, created by and having the powers and functions set forth in the Monroe County Water Authority Act of the Public Authorities Laws, as amended (the "Act").
3. Fiscal Year. The fiscal year of the Authority shall coincide with the calendar year. The Authority's fiscal year may be changed by resolution adopted at a regular or special meeting of the Authority.

**ARTICLE II
Meetings**

1. Annual Meeting. The annual meeting of the members of the Authority (the "Members") for the election of officers and the transaction of such other business as may properly come before it shall be held at the principal offices of the Authority, 475 Norris Drive, Rochester, New York, or at such other place, and at such time and on such date during the month of April in each year as shall be established by resolution of the Authority from time to time.
2. Regular Meetings. Regular meetings of the Members shall be held at least once in each and every calendar month at a date, time and place of each such meeting to be fixed by resolution of the Authority from time to time.

3. Special Meetings. All special meetings may be held at any time or place within the County of Monroe on twenty-four (24) hours' notice to each Member, or within the State of New York on seventy-two (72) hours' notice to each Member. Such notice may be oral, by facsimile, electronically mailed, personally delivered or written, shall be given, sent or mailed not less than twenty-four (24) hours before the meeting, if to be held in the County of Monroe, and not less than seventy-two (72) hours before the meeting, if to be held in the State of New York, and shall state, in addition to the purposes, the date, place and hour of such meeting. Oral notice shall be immediately confirmed in writing.

Special meetings may be called by the Chairperson, or in his or her absence, by the Vice-Chairperson. Special meetings also may be called by any two Members.

4. Regular and Special Meetings. Any regular meeting shall be open for the consideration of any matter, which may be properly brought to the attention of the Authority. Notice of regular meetings shall not be required. Special meetings shall be open for the consideration of only the purpose for which said special meeting is called, which shall be set forth in the meeting notice.

5. Waiver. Notice of a meeting need not be given to any Member who submits a signed waiver whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him or her.

6. Quorum. Four Members shall constitute a quorum at any meeting duly called and held. No action shall be taken except pursuant to the favorable vote of at least four Members. A majority of the Members present, whether or not a quorum is present, may adjourn any meeting to another time and place.

ARTICLE III

Members of the Authority

1. Term of Office. The term of office for Members shall be as fixed by Section 1095 of the Public Authorities Law (enacted into law as Chapter 804 of the Laws of 1950 as amended by Chapter 116 of the Laws of 1951, and as further amended by Chapter 938 of the Laws of 1977, and as may be further amended from time to time), and they shall have the duties and powers as set forth therein.

2. Members of the Authority:

- (i) Power and General Duties. The Members shall oversee the management of the affairs of the Authority by its Executive Director and other employed officers. The Members shall establish, monitor and update from time to time such policies as they deem necessary or desirable and appropriate to promote honest and ethical conduct by the Authority's officers, employees, and to maintain and enhance the public's confidence in the Authority. To that end, the Members shall periodically review and update the Authority's code of ethics and policies regarding conflicts of interest; policies regarding the procurement or disposition of real and

personal property, or interest therein, by the Authority; and policies regarding the purchase of goods and services, including service contracts. All of such policies shall be consistent with the Act, other applicable law or these By-Laws.

- (ii) Fiduciary Duty. The Members shall perform each of their duties in good faith and with that degree of diligence, care and skill that an ordinarily prudent person in like position would use under similar circumstances, and apply independent judgment in the best interest of the Authority, its mission and the public.
- (iii) Acknowledgement. Each Member shall execute an acknowledgement, in the form prescribed by the New York State Authorities Budget Office.

3. Governance Committee. The Authority shall appoint and constitute a standing governance committee comprised of at least three (3) independent Members who possess the necessary skills to understand the duties and functions of the Governance Committee. The Chairperson shall be a member ex officio of the Governance Committee and shall have the right, but not the duty, to vote on all propositions before such committee. Members of the Governance Committee will serve at the pleasure of the Members and be appointed on an annual basis. The Members will elect the chair of the Committee at least annually. The responsibilities of the Governance Committee shall include:

- (i) developing and recommending to the Members a set of corporate governance principles applicable to the Authority, reviewing corporate governance trends and obligations, especially as they pertain to public authorities and reporting on same periodically, reviewing the Authority's corporate governance guidelines periodically, and recommending to the Members such changes to the Authority's corporate governance guidelines as the Governance Committee from time to time deems necessary or desirable and appropriate;
- (ii) reviewing annually with the Members the appropriate skills, characteristics and experiences required of Members in the context of the then current composition of the Authority and, as applicable, advising the County Legislature on the skills and experience required of potential Members; and
- (iii) examining ethical and conflict of interest issues, performing Member self-evaluations, and recommending to the Members, as necessary, revisions to these By-Laws.

4. Audit Committee. The Authority shall appoint and constitute a standing audit committee comprised of at least three (3) independent Members. The Chairperson shall be a member ex officio of the Audit Committee and shall have the right, but not the duty, to vote on all propositions before such committee. Members of the Audit Committee shall possess the necessary skills to understand the duties and functions of the Audit Committee and shall be familiar with corporate financial and accounting practices. The responsibilities of the Audit Committee shall include:

- (i) reviewing and approving the Authority's financial statements;
- (ii) overseeing the Authority's internal controls and compliance systems;
- (iii) appointing, compensating and overseeing outside auditors retained by the Authority. Unless otherwise approved by the Members, such outside auditors shall not provide non-audit services to the Authority;
- (iv) resolving disagreements with respect to, and overseeing compliance with, accounting policies and principles;
- (v) reviewing management reports on internal controls and attestation of such reports by the Authority's outside auditors;
- (vi) investigating compliance with the Authority's policies and/or referring instances of non-compliance to the appropriate offices for investigation; and
- (vii) conducting a periodic review and implementation of procedures regarding the compensation of executive staff of the Authority, including preparation of a written annual performance review of the Executive Director in coordination with the Governance Committee.

5. Finance Committee. The Authority shall appoint and constitute a standing finance committee comprised of at least three (3) independent Members. The Chairperson shall be a member ex officio of the Finance Committee and shall have the right, but not the duty, to vote on all propositions before such committee. Members of the Finance Committee shall possess the necessary skills to understand the duties and functions of the Finance Committee. The responsibilities of the Finance Committee shall include, without limitation:

- (i) reviewing proposals for the issuance of debt by the Authority;
- (ii) preparing and submitting to the Authorities Budget Office ("ABO") a statement of intent to guide the Authority's issuance and overall amount of bonds, notes, or other debt obligations that the Authority may issue by a deadline fixed by the ABO; and
- (iii) issuing recommendations regarding the issuance of debt by the Authority.

6. Other Standing Committees. The Chairperson may, from time to time, and at his option, appoint other standing committees for general or specific purposes, each consisting of at least two Members. The Chairperson shall be a member of each such committee by virtue of his office. Such standing committees will be charged with duties and responsibilities described by the Chairperson and shall report to the Authority at its regular meetings.

7. Members Compensation. Pursuant to Section 1095 of the New York Public Authorities Law, the Members shall receive such compensation as is fixed from time to time by the Monroe County legislature for the performance of their regular duties, as defined by resolution of the Members, which shall include the attendance of regular meetings of the Authority provided for in Article I of the By-Laws.

ARTICLE IV Officers of the Authority

1. Officers Generally. The officers of the Authority shall be a Chairperson, Vice Chairperson and Treasurer, who shall be Members, and a Secretary, Executive Director, Deputy Executive Director, Director of Finance and Business Services, Executive Engineer, Director of Production/Water Supply and Director of Operations, Director of Engineering-Civil Engineer who shall not be Members. The Chairperson, Vice Chairperson and Treasurer of the Authority shall be elected annually by the Members at their annual meeting in accordance with Section 1095 of the Public Officers Law. All other officers shall be appointed by, and shall serve at the pleasure of, the Authority, subject to the rights of such persons under the Civil Service Law.

2. Chairperson. The Chairperson shall preside at all meetings of the Members. He or she shall sign in the name of the Authority all notes; bonds or other evidences of indebtedness when so authorized by resolution of the Authority, and shall perform such other duties as may be assigned to him or her from time to time by the Authority.

3. Vice Chairperson. The Vice-Chairperson shall, in the absence or incapacity of the Chairperson, perform the duties of that officer and shall perform all the duties as the Authority may designate.

4. Treasurer. The Treasurer shall have the care and custody of all funds and securities of the Authority from whatever source derived and shall deposit the same forthwith in the name of the Authority in such bank or banks in the State of New York as the Authority shall designate. The moneys in such accounts shall be paid out on check of the Treasurer or Executive Director or Director of Finance and Business Services, on requisition by the Authority, or on requisition of such other person or persons as the Authority may authorize to make such requisitions. Funds not immediately required by the Authority shall be invested in accordance with the Authority's investment policy and applicable law.

5. Secretary. The Secretary shall keep the minutes of the meetings of the Authority; attend to the serving of notices of all meetings, regular or special; shall affix the seal to all papers or documents as may require it; shall attend to such correspondence as may be assigned to him or her; shall perform all the duties as the Authority may designate. The Authority may designate an Acting Secretary who, in the absence or incapacity of the Secretary, shall perform the duties of that officer.

6. Other Officers and Employees. The Executive Director, the Deputy Executive Director, the Director of Finance and Business Services, the Executive Engineer, the Director of Production/Water Supply, the Director of Operations, and the Director of Engineering - Civil Engineer shall have such duties and qualifications as the Authority may from time to time determine, subject to the applicable terms of the Civil Service Law of the State of New York. In the absence of the Executive Director, the Executive Director or the Members may designate any of such officers to act as the Executive Director. The Authority may appoint, and at its pleasure remove, such other officers and employees as it may require for the performance of its duties, fix and determine their qualification, duties and compensation, subject to the provisions of the Civil Service Law of the State of New York.

7. Contracts; Authority to Execute. The Members may, by resolution, authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such authority may be general or confined to specific instances; but, unless so authorized by the Members by resolution, or expressly authorized by these By-Laws, no officer, agent or employee shall have any power or authority to (i) bind the Authority by any contract or engagement other than in the ordinary course of the Authority's business or (ii) pledge the Authority's credit or to render it liable financially in any amount for any purpose, except for the payment of a debt or obligation not in excess of:

- (i) for all contracts, or orders, for work, materials or supplies performed or furnished in connection with construction, the sum of \$5,000.00; and
- (ii) for all other purposes, the sum of \$15,000.00.

The foregoing limitations shall not apply to the payment of the Authority's obligations under, in connection with or pursuant to any contract or engagement that has been properly authorized in accordance with these By-Laws.

8. Defense and Indemnification of Members, Officers and Employees. The Authority shall defend, indemnify and save harmless its employees (as "employee" is defined in Section 18 (1)(b) of the Public Officers Law of the State of New York) to the full extent authorized or permitted by Section 18 of the Public Officers Law (being Chapter 277 of the Laws of 1981) or by any other applicable law. Said Section 18 of the Public Officers law is incorporated by reference herein as if fully set forth in this Section 8. The Authority makes the agreements required by Section 2(b) of said Section 18 of the Public Officers Law and is authorized to provide insurance as permitted by Section 8 of said Section 18 of the Public Officers Law.

ARTICLE V

Amendments

1. These By-Laws may be repealed or amended by the Monroe County Water Authority at any duly called regular or special meeting of the Authority, provided, however, that any motion to repeal or amend these By-Laws shall not be adopted until the same has laid on the table until the next succeeding regular meeting.

ARTICLE VI
Seal

1. The seal of the Water Authority shall be circular in form and shall bear the name of the Monroe County Water Authority, State of New York and 1951. Thus:

I, KATHLEEN EISENMANN, duly appointed and qualified Secretary of the Monroe County Water Authority do hereby CERTIFY that the foregoing is a true, correct and complete copy of the By-Laws of said Monroe County Water Authority, as amended December 13, 2012.

WITNESSETH, my hand and seal this 14th day of December, 2012.



Kathleen A. Eisenmann,
Secretary to the Authority

MCWA MISSION STATEMENT

The Monroe County Water Authority is a not-for-profit public benefit corporation that reliably provides quality, affordable water that fosters economic vitality and enhanced quality of life for Monroe County and area communities who request service.



PERFORMANCE MEASUREMENTS FOR 2017

The Monroe County Water Authority will evaluate and monitor the following goals and global performance measurements to assess our effectiveness in meeting our mission.

The **reliability** component of our mission will be evaluated by the following:

- Continuity of production capacity is paramount. Unplanned outages from treatment plants and pumping stations are tracked by the number of events and duration of events. As each of these facilities is unique and will have a varying level of severity of impact, each outage event of greater than four hours is assessed and, if necessary, an action plan to minimize impacts is to be developed.
- Distribution System reliability is measured by an assessment of the number of main breaks per mile of water main as benchmarked against the most recent American Water Works Association Benchmarking report. Our goal is to achieve a benchmark that is better than the national average ratio.
- Maintaining the long-term reliability of our infrastructure requires a planned reinvestment in its renewal. Our goal is to implement a budget that reinvests a minimum of 2% of annual revenues in the renewal and replacement of our infrastructure.

The **quality** aspect of our mission will be evaluated by:

- Our goal is to produce and deliver water that meets or exceeds the requirements of state and federal water quality regulations. This can be measured by compliance with each regulated parameter and is reported to the Board, and our customers, with an annual Water Quality Report.
- Our Customer Service Information System includes tracking mechanisms for categorizing and measuring the number of customer calls that are specific to quality. Trends and specific events are analyzed and, if necessary, action plans are to be implemented.

The **affordable** component of our mission will be judged in relation to:

- Our goal is to achieve a better than average cost of service for a typical residential customer as benchmarked against our peer group of New York State water purveyors.
- The ratings on our bonds affect the cost of capital to our customers and it also provides an outside perspective and analysis of the overall financial health of the Water Authority. Our goal is to maintain a double A rating or better from the rating agencies.

The response to **request of service** to area communities component of our mission statement will be measured by:

- Requests for service can be accurately measured by reporting and tabulating contacts from local communities. Internal procedures direct all such contacts of this nature be directed to the Executive Director's office, who will annually report all such requests and the status thereof to the Board.



Monroe County Water Authority

REPORT ON 2017 PERFORMANCE MEASUREMENTS

The Monroe County Water Authority will evaluate and monitor the following goals and global performance measurements to assess our effectiveness in meeting our mission.

The **reliability** component of our mission will be evaluated by the following:

- Continuity of production capacity is paramount. Unplanned outages from treatment plants and pumping stations are tracked by the number of events and duration of events. As each of these facilities is unique and will have a varying level of severity of impact, each outage event of greater than four hours is assessed and, if necessary, an action plan to minimize impacts is to be developed.

✓ ***Results for 2017:** There were no unplanned outages of supply capacity lasting more than four hours. Outages of specific treatment components, tanks, pumps and water mains were either planned in advance or did not lead to a significant reduction in capacity.*

MCWA's treatment, distribution and storage systems have been designed with redundancy and flexibility so that individual components may be temporarily taken out of service while maintaining MCWA's full ability to meet customer demands.

- Distribution System reliability is measured by an assessment of the number of main breaks per mile of water main as benchmarked against the most recent American Water Works Association Benchmarking report. Our goal is to achieve a benchmark that is better than the national average ratio.

✓ ***Results for 2017:** The AWWA benchmark to meet the goal for system integrity is to be less than 33.5 breaks / 100 miles of pipeline / year. In 2017 the actual number of breaks and leaks repaired was 536 yielding an actual system integrity rating of 16.5, well below national median.*

- Maintaining the long-term reliability of our infrastructure requires a planned reinvestment in its renewal. Our goal is to implement a budget that reinvests a minimum of 2% of annual revenues in the renewal and replacement of our infrastructure.

✓ ***Results for 2017:** The Water Authority's 2017 budget for infrastructure related reinvestment was as follows:*

▪ <i>Production & Transmission:</i>	<i>\$ 3,150,000</i>
▪ <i>Engineering:</i>	<i>\$6,690,000</i>
▪ <i>Facilities Fleet Operations:</i>	<i>\$1,535,400</i>
▪ <i>Finance & Business Services</i>	<i>\$2,826,000</i>
▪ <i>Total</i>	<i>\$14,201,400</i>

All projects in the budget were either initiated or completed in 2017.

This reinvestment in infrastructure replacement was greater than the goal amount.

The **quality** aspect of our mission will be evaluated by:

- Our goal is to produce and deliver water that meets or exceeds the requirements of state and federal water quality regulations. This can be measured by compliance with each regulated parameter and is reported to the Board, and our customers, with an annual Water Quality Report.

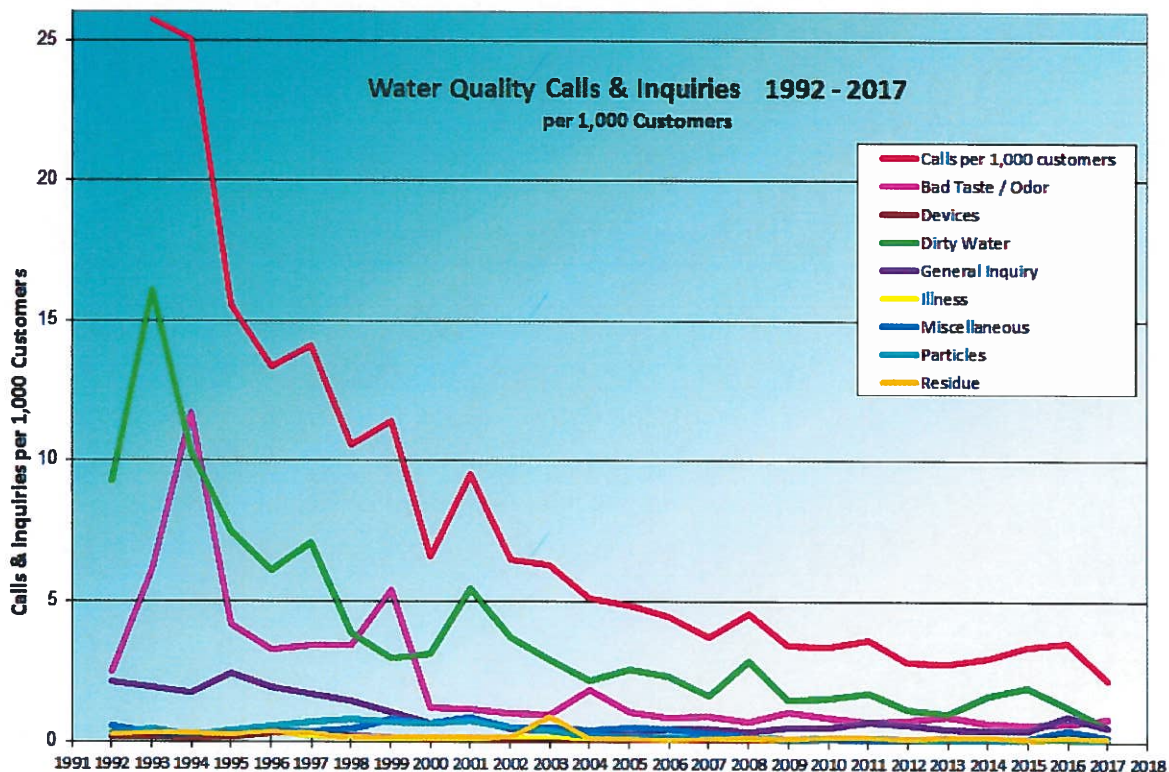
✓ **Results for 2017:**

All of Monroe County Water Authority's produced and delivered water supplies were in full compliance with New York State Health Department and EPA regulatory requirements. Our Annual Water Quality Report reflecting this achievement will be made available to our customers on the MCWA.com website or delivered to customers in accordance with the revised EPA regulations regarding the Consumer Confidence Report (CCR) requirements.

- Our Customer Service Information System includes tracking mechanisms for categorizing and measuring the number of customer calls that are specific to quality. Trends and specific events are analyzed and, if necessary, action plans are to be implemented.

✓ **Results for 2017:**

MCWA received about 425 quality related customer calls in 2017 (less than 3 calls per thousand customers). The Shoremont Lab handled 81 of these calls. The overall trend in customer calls remains to be downward.



The **affordable** component of our mission will be judged in relation to:

- Our goal is to achieve a better than average cost of service for a typical residential customer as benchmarked against our peer group of New York State water purveyors.

✓ ***Results for 2017:** The analyses of the rates charged for a typical residential customer for our peer group is shown below. MCWA rates in the lower quartile, significantly better than the 2017 goal.*

Comparison of January 2018 Annual Water Charges (All charges in \$)				
Water Utility	Annual Fixed Charge	Annual Consumption-Based Charge	Annual Minimum Charge	Annual Total Charge
Suffolk County Water Authority	94	151	94	\$ 244
Albany Water Board	0	286	105	\$ 286
City of Syracuse	0	318	154	\$ 318
Monroe County Water Authority	77	250	77	\$ 326
City of Watertown	0	342	140	\$ 342
Erie County Water Authority	79	258	195	\$ 337
Western Nassau Water Authority	0	365	182	\$ 365
Onondaga County Water Authority	120	243	120	\$ 363
Niagara Falls Water Board	15	358	189	\$ 373
City of Rochester	96	290	96	\$ 385
Buffalo Water Board	140	244	140	\$ 384
Yonkers	0	405	190	\$ 405
New York	0	407	179	\$ 407
City of Binghamton	64	353	201	\$ 417
City of Poughkeepsie	3	460	123	\$ 463
Elmira Water Board	0	477	161	\$ 477
Mohawk Valley Water Authority	126	375	263	\$ 501
Average	48	328	153	\$ 376
Notes				
Charges are based on rates in effect in January 2018				
Charges assume a single family residential customer using 5/8" meter and 80,000 gallons of water per year				
Minimum charges include fixed charges				

- The ratings on our bonds affect the cost of capital to our customers and it also provides an outside perspective and analysis of the overall financial health of the Water Authority. Our goal is to maintain a double A rating or better from the rating agencies.

✓ ***Results for 2017:** Our Moody's and Standard & Poor's ratings are listed below. These were reviewed and assigned by both agencies in December 2017 with the issuance of the Water System Revenue Refunding Bonds Series 2017.*

- *Standard and Poor's: AA+*
- *Moody's: Aa2*

The response to **request of service** to area communities' component of our mission statement will be measured by:

- Requests for service can be accurately measured by reporting and tabulating contacts from local communities. Internal procedures direct all such contacts of this nature be directed to the Executive Director's office, who will annually report all such requests and the status thereof to the Board.

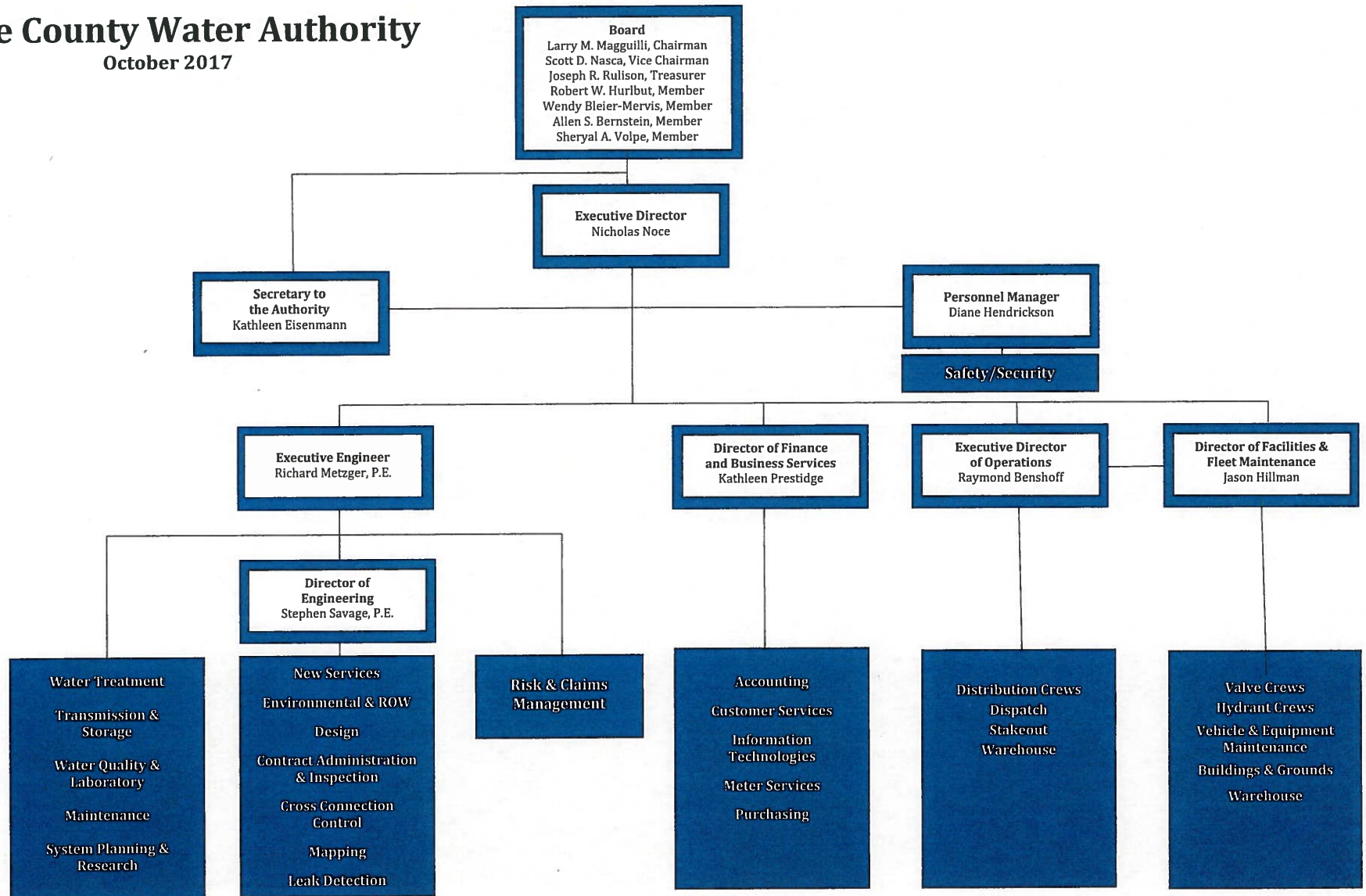
✓ **Results for 2017:** *A report of contacts made by water purveyors that are presently un-served, or looking to upgrade service from wholesale to retail, was presented to the Board at its January 2018 meeting.*

We renewed the retail lease with the Town of Clarkson and executed the Amended and Restated Water Development and Supply Agreement with Genesee County in 2017.

We responded to inquiries and had discussions regarding service options with the Towns of Brighton, Byron, Lima, Oakfield and Clarendon; the Villages of Lima and Oakfield; and the City of Batavia regarding new, or significantly expanded, service.

Monroe County Water Authority

October 2017



MONROE COUNTY WATER AUTHORITY

Officers and Members of the Authority

By statute, MCWA Board Members are appointed by the President of the County Legislature of Monroe County subject to confirmation by a majority of the County Legislature of Monroe County.

Larry M. Magguilli is a licensed Real Estate Broker who is associated with Hunt Real Estate and is President of First Team Real Properties, Inc. He previously worked in both the New York State Assembly and the New York State Senate. Mr. Magguilli also served on the Zoning and Planning Boards in the town of Pittsford, and the Rochester Real Estate Board and Sisters of Mercy Residential Housing Board.

A Board Member for the Monroe County Water Authority since 1998, he currently serves as Chairman of the Board of Directors. He also serves as a member ex-officio of the Audit, Governance and Finance committees.

Mr. Magguilli graduated from St. John Fisher College and McQuaid Jesuit High School.

Scott D. Nasca is the President of Generation Capital Management, LLC in Rochester, New York. He is the former Principal and Director of Equity Investments at Karpus Investment Management in Pittsford, New York.

Mr. Nasca currently serves as a member of the Association for Investment Management and Research as well as the Rochester Society of Security Analysts.

Mr. Nasca holds an MBA with a concentration in Finance from the Rochester Institute of Technology.

He was appointed to the Water Authority's Board of Directors in January 2014 and currently serves as the Vice-Chairman of the Board. He is also a member of the Governance and Finance committees.

Joseph R. Rulison is Co-Founder and CEO at **three+one** advisors. He is the former Managing Director for the Upstate New York market, for J.P. Morgan Private Bank.

A Board Member, and Treasurer, for the Monroe County Water Authority, Mr. Rulison currently serves as Chair of the Audit committee. In addition, he serves on the Board of Directors at Visit Rochester and the Memorial Art Gallery, as well as being a Trustee and past Chair for St. John Fisher College, and Trustee to the University of Redlands, Redlands, California. He formerly served as the Chairman of the County of Monroe Industrial Development Agency (COMIDA) and Chairman of the Board of Trustees for Geva Theater.

Mr. Rulison holds an Honorary Doctor of Law degree from St. John Fisher College.

Wendy Bleier-Mervis has been Executive Director of Camp Good Days and Special Times since 2006. Before that, Ms. Bleier-Mervis served as Interim Executive Director and Camp Director. She is a former physical education teacher and varsity softball coach.

Ms. Bleier-Mervis serves as Chair of the Monroe County Youth Board, and is a member of numerous professional organizations including the Association of Fundraising Professionals and the Council of Agency Executives. She was named Honorary Chair of the WHAM Women Sports Award and Luncheon in 2008 and was inducted into the Section V Athletics Hall of Fame in 2009.

She holds a BS in Physical Education from SUNY Brockport, a MS in Educational Administration from SUNY Brockport and BS in Political Science from Colgate University.

She was named to the Water Authority's Board of Directors in 2011 and currently serves as Chair for the Governance Committee as well as being a member of the Audit committee.

Robert W. Hurlbut has been president of ROHM Services Corporation, which operates 13 nursing homes in upstate New York and Florida, since 1993. Prior to that time, he served as Vice President of ROHM Services Corporation and was administrator at Hurlbut Nursing home in Brighton.

Mr. Hurlbut is a graduate of Rochester Institute of Technology, with a degree in Food, Hotel and Travel Management. He serves on numerous community and civic boards. He was named a Distinguished Alumnus of Rochester Institute of Technology in 1998 and was given the University's Sarah Margaret Gillam Award – Hotel School in 2009. He was named one of Rochester's 40 Under 40 by the Rochester Business Journal in 1995.

He was appointed to the Water Authority's Board of Directors in 2011 and serves as Chair for the Finance committee.

Allen S. Bernstein is Executive Vice President of DePrez Travel, a group of Rochester companies in the travel industry. He was formerly an investigator for the Monroe County Sheriff's Office in the White Collar Crime Unit and has previously served as a Commissioner of the Rochester Genesee Regional Transit Authority and as a board member of Rochester Crimestoppers.

Mr. Bernstein was trained at the FBI Academy in Virginia and attended numerous seminars dealing with all facets of law enforcement. He is a graduate of Monroe Community College.

He was appointed to the Water Authority's Board of Directors in January 2014 and is a member of the Finance committee.

Sheryal A. Volpe is an independent NYS Licensed Real Estate Broker who specializes in commercial sales, leasing and property management.

Mrs. Volpe previously served on the Ontario County Board of Supervisors and was Planning Committee Chair; Canadice Town Supervisor, Budget Officer, Assessor Chairwoman; Former Vice President of Genesee Finger Lakes Regional Planning Council.

Mrs. Volpe is also Vice President of Patriot Business and Realty Services Corporation.

She was appointed to the Water Authority's Board of Directors in November 2015 and is a member of the Audit and Governance committees.

Name	Appointment/Reappointment Date	Term Expiration Date
Larry M. Magguilli	05/09/2017	04/01/2022
Scott D. Nasca	06/13/2017	04/01/2019
Joseph R. Rulison	06/13/2017	04/01/2019
Wendy Bleier-Mervis	06/13/2017	04/01/2021
Robert W. Hurlbut	05/09/2017	04/01/2022
Allen S. Bernstein	06/13/2017	04/01/2018
Sheryal A. Volpe	06/13/2017	04/01/2021

MANAGEMENT OF THE AUTHORITY

Nicholas A. Noce, appointed Executive Director for the Authority on December 1, 2011 following a 15-month period serving as Interim Executive Director. He has been employed with the Authority since May of 2005 and previously held the position of Director of Finance & Business Services. He received a Bachelor of Science degree from Niagara University and is a member of the NYS Government Finance Officers Association and American Water Works Association. During his tenure as Director of Finance & Business Services his fiscal guidance contributed to the Authority's strong bond ratings. Prior to joining the Authority, Mr. Noce held various financial positions in another public benefit corporation.

Richard J. Metzger, P.E., Executive Engineer for the Authority since 1989. He received a Bachelor of Science degree in Civil Engineering from Rochester Institute of Technology. Before joining the Authority, Mr. Metzger was a project engineer with O'Brien & Gere Engineers, Inc. of Syracuse, New York, consulting engineers to the Authority.

Raymond W. Benshoff, Executive Director of Operations, has been employed with the Authority since 1996. He received a Bachelor of Science degree in Business Administration from Trine University and is a member of the Monroe County Highway Superintendents Association. Prior to joining the Authority, Mr. Benshoff spent 25 years in management positions in the construction equipment field.

Kathleen A. Prestidge, Appointed Director of Finance & Business Services for the Authority in October of 2013. She received a Bachelor of Science degree in Accounting from Clarkson University. Before joining the Authority in 1989, Ms. Prestidge held positions in banking and finance in the private sector.

Stephen M. Savage, P.E., Director of Engineering for the Authority since February 2008 and has been employed with the Authority since January 2006. He received a Bachelor of Science degree in Civil Engineering from Rochester Institute of Technology. Before joining the Authority, Mr. Savage was a project manager with MRB Group, P.C. (a municipal consulting engineering firm) in Penfield, New York.

MCWA Board Committees & Members for 2017

Audit Committee

Committee Created January 13, 2005

Joseph R. Rulison (Committee Chair)

Wendy Bleier-Mervis

Sheryal A. Volpe

Larry M. Magguilli (Ex-Officio) Jan. – Nov. 2017

Governance Committee

Committee Created August 11, 2005

Wendy Bleier-Mervis (Committee Chair)

Scott D. Nasca

Sheryal A. Volpe

Larry M. Magguilli (Ex-Officio) Jan. – Nov. 2017

Finance Committee

Committee Created March 2010

Robert W. Hurlbut (Committee Chair)

Scott D. Nasca

Allen S. Bernstein

Larry M. Magguilli (Ex-Officio) Jan. – Nov. 2017

Monroe County Water Authority – Board Meetings 2017 – Board Attendance

- **January 12, 2017 Regular Board Meeting**
Six (6) Members were in attendance: Chairman Magguilli, Mr. Nasca, Mr. Rulison, Mrs. Volpe, Mr. Bernstein and Ms. Bleier-Mervis. Member(s) absent, One (1): Mr. Hurlbut.
- **February 9, 2017 Regular Board Meeting**
Five (5) Members were in attendance: Chairman Magguilli, Mr. Nasca, Mr. Rulison, Mrs. Volpe and Mr. Hurlbut. Members absent, Two (2): Mr. Bernstein and Ms. Bleier-Mervis.
- **March 9, 2017 Regular Board Meeting**
Five (5) Members were in attendance: Chairman Magguilli, Mr. Nasca, Mr. Rulison, Mrs. Volpe and Mr. Bernstein. Members absent, Two (2): Mr. Hurlbut and Ms. Bleier-Mervis.
- **April 13, 2017 Regular Board Meeting, followed by Annual Meeting on this date**
Six (6) Members were in attendance: Chairman Magguilli, Mr. Nasca, Mr. Rulison, Mrs. Volpe, Mr. Hurlbut and Ms. Bleier-Mervis. Member(s) absent, One (1): Mr. Bernstein.
- **May 11, 2017 Regular Board Meeting**
Seven (7) Members were in attendance: Chairman Magguilli, Mr. Nasca, Mr. Rulison, Mrs. Volpe, Mr. Hurlbut, Mr. Bernstein and Ms. Bleier-Mervis. All present.
- **June 22, 2017 Regular Board Meeting**
Seven (7) Members were in attendance: Chairman Magguilli, Mr. Nasca, Mr. Rulison, Mrs. Volpe, Mr. Hurlbut, Mr. Bernstein and Ms. Bleier-Mervis. All present.
- **July 13, 2017 Regular Board Meeting**
Six (6) Members were in attendance: Chairman Magguilli, Mr. Nasca, Mr. Rulison, Mrs. Volpe, Mr. Bernstein and Ms. Bleier-Mervis. Member(s) absent, One (1): Mr. Hurlbut.
- **August 10, 2017 Regular Board Meeting**
Six (6) Members were in attendance: Chairman Magguilli, Mr. Nasca, Mr. Rulison, Mrs. Volpe, Mr. Bernstein and Ms. Bleier-Mervis. Member(s) absent, One (1): Mr. Hurlbut.
- **September 14, 2017 Regular Board Meeting**
Six (6) Members were in attendance: Chairman Magguilli, Mr. Nasca, Mr. Rulison, Mrs. Volpe, Mr. Bernstein and Ms. Bleier-Mervis. Member(s) absent, One (1): Mr. Hurlbut.
- **October 12, 2017 Regular Board Meeting**
Four (4) Members were in attendance: Chairman Magguilli, Mr. Nasca, Mrs. Volpe and Ms. Bleier-Mervis. Members absent, Three (3): Mr. Bernstein, Mr. Hurlbut and Mr. Rulison.
- **November 9, 2017 Regular Board Meeting**
Five (5) Members were in attendance: Vice Chairman Nasca, Mr. Rulison, Mr. Hurlbut, Mr. Bernstein and Mrs. Volpe. Members absent, Two (2): Mr. Magguilli and Ms. Bleier-Mervis.
Mr. Magguilli resigned from the Board; no longer serving as a Member of the MCWA Board.
- **December 7, 2017 Special Board Meeting**
Five (5) Members were in attendance: Vice Chairman Nasca, Mr. Rulison, Mrs. Volpe, Mr. Hurlbut and Ms. Bleier-Mervis. Member(s) absent, One (1): Mr. Bernstein.
- **December 14, 2017 Regular Board Meeting**
Four (4) Members were in attendance: Vice Chairman Nasca, Mr. Rulison, Mrs. Volpe and Ms. Bleier-Mervis. Members absent, Two (2): Mr. Hurlbut and Mr. Bernstein.

Summary Results of Confidential Evaluation of Board Performance – year-ending 2017

Criteria	Agree	Somewhat Agree	Somewhat Disagree	Disagree
	#	#	#	#
Board members have a shared understanding of the mission and purpose of the Authority.	6			
The policies, practices and decisions of the Board are always consistent with this mission.	6			
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	6			
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	6			
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	6			
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence or self-interest.	6			
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	6			
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	6			
The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.	6			
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	5	1		
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	6			
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	6			
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	6			
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	6			
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	6			
Board members demonstrate leadership and vision and work respectfully with each other.	6			

Name of Authority: **MONROE COUNTY WATER AUTHORITY ("MCWA")**

Date Completed: **March 12, 2018**

Typically, MCWA's Summary compilation consists of 7 Members; 1 Member resigned from service during 2017. The 6 Members serving on the MCWA Board as of year-end 2017 all completed the evaluation.

2017 Monroe County Water Authority Annual Salary Compensation

<u>Employee Name</u>	<u>Title</u>	<u>Salary</u>
Noce, Nicholas	Executive Director	203,798
Metzger, Richard	Executive Engineer	192,608
Benshoff, Raymond	Executive Director of Operations	185,203
Prestidge, Kathleen	Director of Finance/Business Services	138,570
Savage, Stephen	Civil Engineer/Director of Engineering	140,670

MONROE COUNTY WATER AUTHORITY

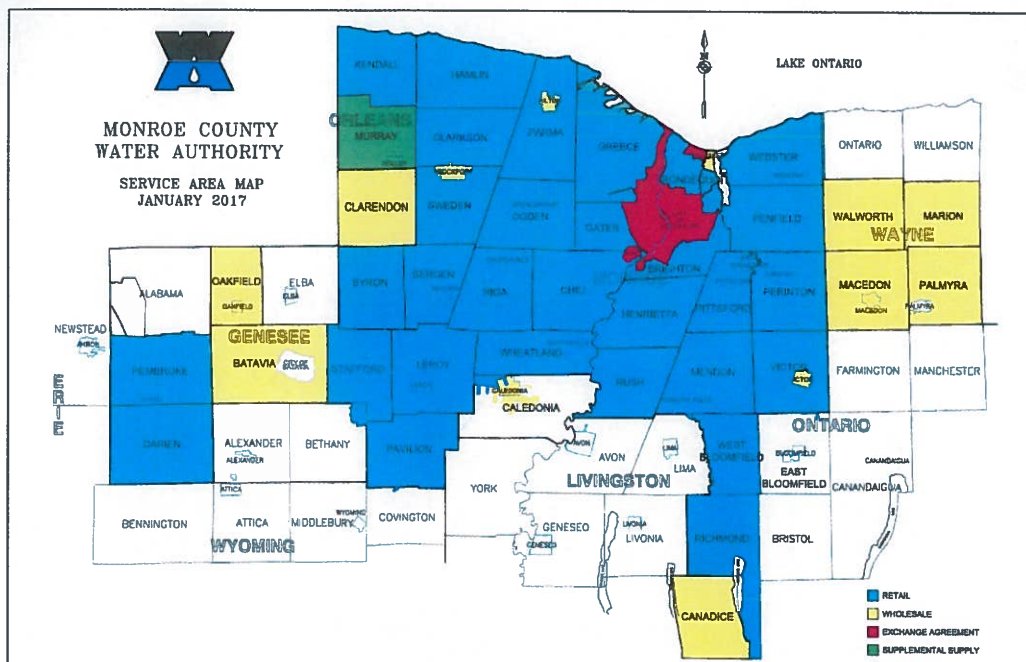
EMPLOYEE COUNT FOR YEAR ENDING DECEMBER 31, 2017

	Full Time	Part Time	Co-Op, Temp & Seasonal	Totals
Administration	7	7	0	14
Production/Trans.	42	0	0	42
Engineering	30	1	0	31
Operations	78	0	0	78
Business Services	46	1	0	47
TOTAL	203	9	0	212

OPERATIONS OF THE MONROE COUNTY WATER AUTHORITY

BACKGROUND

The Monroe County Water Authority (the "Authority") services Monroe County and portions of each of the five surrounding counties. Our service area includes over 50 towns, villages, cities, and other water authorities. The Authority presently serves approximately 200,000 separate retail, wholesale, and other customer accounts. It also provides the City of Rochester with up to 26 million gallons per day (mgd) for distribution within its retail service area.



The Authority currently sets rates at levels sufficient to pay debt service on outstanding Authority obligations, to pay operating and maintenance expenses, and to make payments to the County under the existing lease and financing agreement between the Authority and the County.

WATER SUPPLY

The Authority's primary source of water is Lake Ontario. The water is treated at the Shoremont Water Treatment Plant (WTP) in the Town of Greece, and the 50 mgd Webster WTP in the Town of Webster. The Authority's other major source of water consists of water purchases from the City of Rochester pursuant to an existing exchange agreement. This water comes from Hemlock and Canadice Lakes in Livingston County south of Monroe County.

The Authority can also purchase water from the Town of Ontario, Wayne County; the City of Batavia, Genesee County; and the Erie County Water Authority. These sources are minor

in relation to the overall water system and are for our convenience or pursuant to terms of agreements when the Authority became the provider of water.

The Authority provides water on a retail or wholesale basis. In retail areas the Authority supplies the water, maintains the distribution system, and bills the customer directly. In wholesale areas, a municipality or water district buys some or all of its water from the Authority, but maintains its own distribution and customer billing systems.

FACILITIES

The Shoremont and Webster Water Treatment Plants employ the direct filtration process using Lake Ontario as their source of supply. The main components of each plant are the raw water intake, pumping and transmission, chemical addition, rapid mixing, contact basins, filtration, residuals disposal, clearwell storage, and high lift pumping. The Authority also operates a small well supply to a plant in the Village of Corfu. With the exception of the Corfu plant, the entire water supply receives the same chemical process, coagulation, filtration, carbon absorption, and disinfection. The Corfu Water Plant uses carbon absorption, softening, and disinfection. Water is pumped from the treatment plants to storage facilities and customers in the water system service area through approximately 3,275 miles of transmission and distribution mains, ranging in diameter from 2" to 60". The water system operates 40 pumping stations to provide the pressure to distribute water to storage facilities and customers. The system includes two reservoirs and 50 other storage facilities with an aggregate capacity of 140 million gallons. All service connections are metered, with the meters owned by the Authority.

As with most other water systems, our water usage also varies year to year depending on weather variations. Hot, dry summers tend to increase water usage, while colder and wetter summers tend to dampen or reduce water usage.

FINANCIAL HIGHLIGHTS

Water Authority Rates & Charges – The Authority sets its rates annually in concurrence with the adoption of its annual operating budget. The Authority is required by its Trust Indenture dated October 1, 1991 and Supplemental Indentures issued with and specific to each subsequent revenue bond issue (Trust Indentures) to set rates and fees sufficient to cover all its operating and capital expenses. The Authority raised rates in 2017 to achieve the projected revenues to cover total budgeted expenses.

Summary of Operating Revenues

	<u>2017</u>
Water Sales:	
Residential/Quarterly	\$52,189,308
Large Commercial/Monthly	5,865,414
Water Districts/Wholesale	3,245,136
Total Water Sales	<u>\$61,299,858</u>
Other Water and Operating Revenue	<u>4,071,204</u>
Total Operating Revenue	<u>\$65,371,062</u>

OPERATING EXPENSES

The Authority's expenses (excluding depreciation and amortization) are budgeted and tracked functionally by operating department. The Authority is functionally divided into: Administration; Production/Transmission; Engineering; Facilities, Fleet & Operations; and Finance & Business Services.

The following is a breakdown of the Authority's functional expenses by operating department (excluding depreciation and amortization):

Functional Expenses

	2017
Administration	\$7,437,746
Production/Transmission	12,672,842
Engineering	3,447,870
Facilities, Fleet & Operations	12,830,707
Finance & Business Services	6,493,751
Total Functional Expenses	<u>\$42,882,916</u>

LONG-TERM DEBT ADMINISTRATION

The Authority has six water revenue bond series outstanding totaling \$135,125,000 as of December 31, 2017.

CREDIT RATINGS

The Authority is the recipient of very favorable credit ratings from both Moody's and Standard & Poor's. The Authority has an Aa2 rating assigned to its revenue bonds by Moody's Investors Service and an AA+ rating by Standard & Poor's. The Authority's bond ratings were last reviewed by Moody's Investors Service and Standard & Poor's in December of 2017. The Authority issues revenue bonds subject to its master Trust Indenture dated October 1, 1991 and Supplemental Indentures issued with and specific to each subsequent revenue bond issue.

Monroe County Water Authority
2017 Water System Accomplishments / Projects

Below is a summary of improvements made to the Monroe County Water Authority (MCWA) water system in 2017. This list is inclusive of both completed and ongoing projects.

Water Mains

- Completed the design, bid and construction of the 2017 Cleaning and Cement Mortar Lining Project. This project consists of the cleaning and cement mortar lining approximately 21,875 lineal feet of 4-inch, 6-inch, and 8-inch cast iron water mains, the replacement of valves, hydrants and appurtenances, and the installation of approximately 750 lineal feet of 6-inch water main. This work took place on Main Street, East Chestnut Street, Madison Street, East Elm Street, Wilson Avenue, East Commercial Street, East Avenue, Cedar Place, Filbert Place, East Spruce Street, East Filbert Street, East Hickory Street, Magnolia Avenue, Northwood Avenue, East Ivy Street, West Avenue, and Beechwood Drive in the Village of East Rochester.
- Completed the design, bid, acquired easements, and construction for the Calkins Road Water Main Replacement Project. This project consists of the installation of 5,000 linear feet of 12-inch zinc-coated ductile iron pipe and appurtenances on Calkins Road from Middle Road east to Lavender Circle in the Town of Henrietta.
- Assisted with completion of the design and easement acquisition for the water main replacement on Phillips Road in the Town of Webster that will be constructed as part of the Monroe County Department of Transportation Highway Rehabilitation Project in 2018.
- Designed, bid and completed the construction of the 2017 Main Replacements Phase 1 project. This project consists of the installation of approximately 2,100 linear feet of 6-inch and 8-inch ductile iron water main and appurtenances on West Avenue and McKinley Street in the Village of East Rochester, Klem Road the Town of Webster and Loud Road in the Town of Perinton.
- Designed and acquired easements for the proposed Lake Road and White Road Main Replacement project. This project will consist of the installation of approximately 3,000 linear feet of 12-inch water main and appurtenances along Lake Road and White Road in the Town of Sweden.
- Completed the design and acquired easement for the 2017 Main Replacements Phase 2 project. This project consists of the installation of approximately 1,450 linear feet of 6-inch ductile iron water main and appurtenances on Stottle Road and approximately 1,500 linear feet of 8-inch water main and appurtenances on Browns Road in the Towns of Chili and Wheatland.
- Designed, acquired land use agreements, bid and substantially completed construction for the 2017 Cathodic Protection project. This project consisted of the installation of cathodic protection for approximately 5,000 linear feet of 60-inch steel transmission main, 5 vaults, and miscellaneous wire and test station repairs in the Towns of Greece, Irondequoit, Mendon, Parma, Pavilion and Penfield.

- Developed and bid a contract to dive, clean, inspect and make any necessary repairs at the intake cribs for the Shoremont and Webster Water Treatment Plants. This project also includes repair work in the wet well of the low lift pump station for the Shoremont Water Treatment Plant and the installation and inspection of trial bar racks installed at the intake crib for the Webster Water Treatment Plant.
- Completed the design, permitting, and abandonment of the piping to remove the Honeoye water storage tank and the Pine Hill water storage tank from operation in the Town of Richmond.
- Designed and replaced approximately 60 linear feet of 36-inch PCCP transmission main with ductile iron pipe near Buffalo Road / Cairn Street in the Town of Gates.
- Developed repair design drawings for leak (training scenario) on 54-inch PCCP. Included research and documentation of permitting requirements for an emergency repair.
- Designed, permitted, and replaced approximately 140 linear feet of 8-inch water main on Edgemere Drive in the Town of Greece.
- Completed the design, permitting and construction of the relocation of approximately 100 linear feet 8-inch ductile iron water main at Little Black Creek on Whittier Road in the Town of Ogden to accommodate the Town's replacement of a box culvert at this location.
- Designed, permitted and completed the construction of 10 galvanized water service transfers and 4-inch water main abandonment on Ridge Road in the Town of Webster.
- Developed specifications, bid and completed the construction of the 2017 Water Service Replacement Project. Contract was for the confirmation of service material and the replacement of 87 known galvanized water services in the towns of Brighton, Fairport, Gates, Greece, Irondequoit, Parma, Penfield, Perinton, Pittsford and Spencerport.
- Surveyed approximately 5,900 hydrant locations using GPS in Town and Village of Pittsford, and the towns of Penfield, Greece and Webster.
- Performed acoustical leak detection survey of approximately 620 miles of water main.

Water Storage Facilities

- Designed, bid, and began the West Brighton Tank Painting Project. This project consisted of the repair and recoating of the interior and exterior of a 0.3 million gallon multi-leg steel elevated water storage tank in the Town of Brighton.
- Designed, bid, and completed the Churchville and West Lake Road Tank Rehabilitation Project. This project consisted of the repair and recoating of the interior and exterior of a 0.5 million gallon steel multi-leg steel elevated water storage tank in the Village of Churchville and a 0.1 million gallon steel standpipe water storage tank in the Town of Richmond.

- Designed, bid and permitted the rehabilitation of the Buffalo Road Water Storage Tank Rehabilitation Project. This project consists of the repair and recoating of the interior and exterior of a 2.0 million gallon steel stand pipe water storage tank in the Town of Bergen.
- Replaced the existing concrete Garbutt Tank Vault with a steel vault that was formerly used for the Bergen Tank. Replacement included new piping, altitude valve, check valve, telemetry and electric service.
- Cleaned and inspected the following water storage facilities:
 - Eastview
 - Garbutt
 - Harris Hill
 - Loud Road
 - Middle Road
 - Pembroke
 - State Road
 - SWTP Backwash
 - West Webster
 - White Road

Water Districts

At the request of Towns in the MCWA service area, we assist with their implementation of water district projects. In 2017 we:

- Completed the remainder of Richmond East Lake Road project and activated its pre-stressed concrete tank with DBP treatment and a chlorination station.
 - Shetler Road WD Ext. 1 Town of Richmond 4,300 LF
- Provided preliminary assistance with the following proposed Water Districts:

• Bethany WD 2	Town of Bethany	21,700 LF
• Byron WD 7	Town of Byron	38,200 LF
• Byron WD 8	Town of Byron	50,600 LF
• Clarkson: Clarkson Parma TL	Town of Clarkson	7,500 LF
• Kendall WD 7: Norway Rd WD	Town of Kendall	7,200 LF
• Kendall WD 9: Creek Rd WD	Town of Kendall	12,800 LF
• Stafford WD 11	Town of Stafford	15,000 LF
• Mendon: Smith & W. Bloomfield	Town of Mendon	8,000 LF
• Richmond County Road 33 WD	Town of Richmond	1,400 LF
• Byron WD 9	Town of Byron	50,000 LF
▪ Byron WD 10	Town of Byron	51,000 LF
▪ Hamlin Redman Road	Town of Hamlin	7,700 LF
▪ Kendall WD 8	Town of Kendall	13,000 LF

Developer Main Extensions (DME's) and New Services

- **Administered the Developer Main Extension (DME) program:**
 - Generated 44 MEA agreements and received 33 that were executed. Placed 56 projects in service this year compared to 54 in 2015/2016.

- Processed 55 initial and 28 revised DME application submissions this year compared to 67 initial and 56 revised submissions in 2015/2016. Of the 55 DME initial application reviews 20 ended up being installed under a Water Service Installation Agreement.
- Coordinated the creation of 1,014 new 1-inch service accounts. 777 were generated by Developer main extensions, 54 by water districts, 37 by secondary source change-overs, and 146 by new construction.

Backflow Prevention Program

- Received annual backflow prevention device tests reports for 9,326 devices compared to 9,187 in 2016, 8,955 in 2015 and 8,466 in 2014.
- Performed 381 site inspections, and reviewed 36 new lawn irrigation applications. Removed backflow tracking on 33 accounts as 11 water driven sump pumps and 22 lawn irrigation systems were abandoned.
- Located 97 undocumented lawn irrigation systems and 90 undocumented water driven sump pumps requiring backflow protection.

Pump Stations

- Replaced the motor for Lee Road BPS Pump #1 and converted motor to 480 VAC.
- Began developing Contract Drawings for the Kreag Road Pump No 2 Replacement.

Treatment Plants

Shoremont Plant

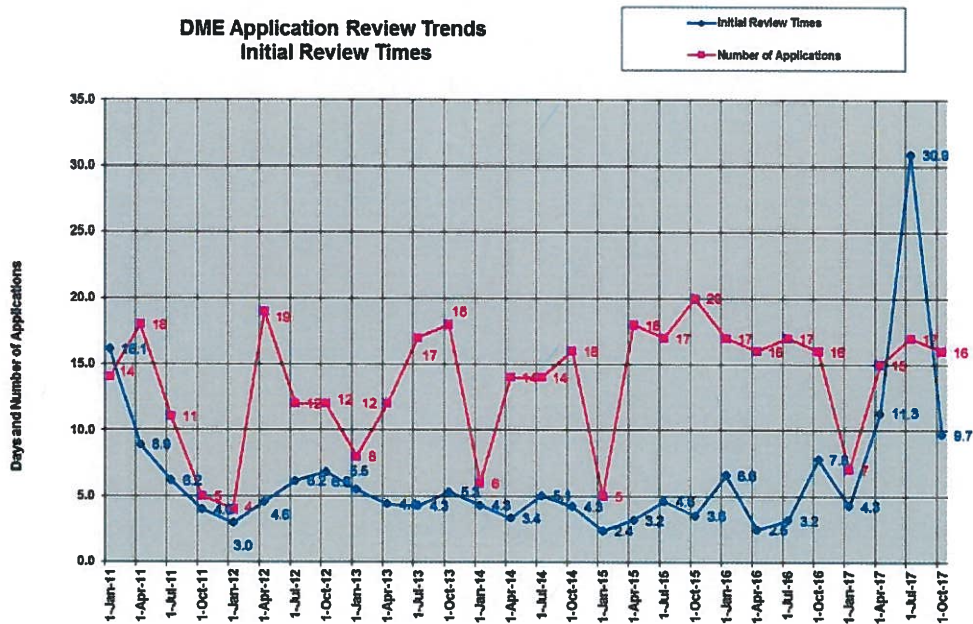
- Designed, bid and began construction of the 2017 Roof Replacements project. This project included the replacement of approximately 4,830 square feet of roof over the West II Rapid Mix and the West I Clarifiers with modified bitumen built-up roofing systems.
- Initiated construction of Phase 3 of the substation and electrical facilities upgrades for the Shoremont Water Treatment Plant.
- Replaced the Granular Activated Carbon (GAC) for Phase 2 of the East Filters.
- Completed upgrade conversion of the plant SCADA system (from iFix to Wonderware)
- Complete the Master Plant for the West 1 Plant infrastructure renewal program.
- Completed the preliminary design of a new house power emergency generator/UPS system for the SCADA and IT disaster recovery facilities.
- Installed emergency back-up generators at six remote SCADA communication hubs

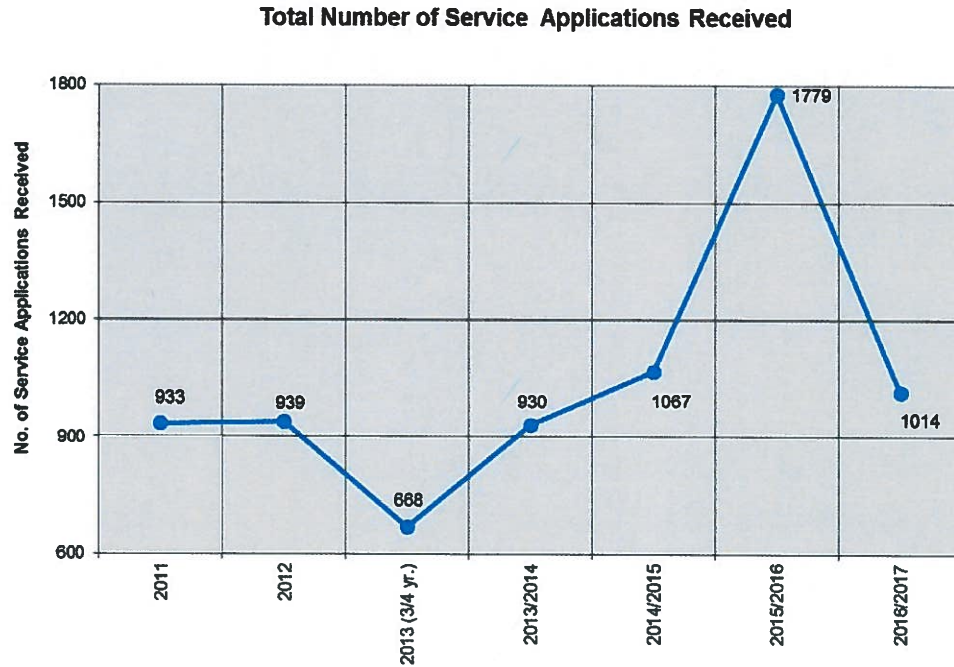
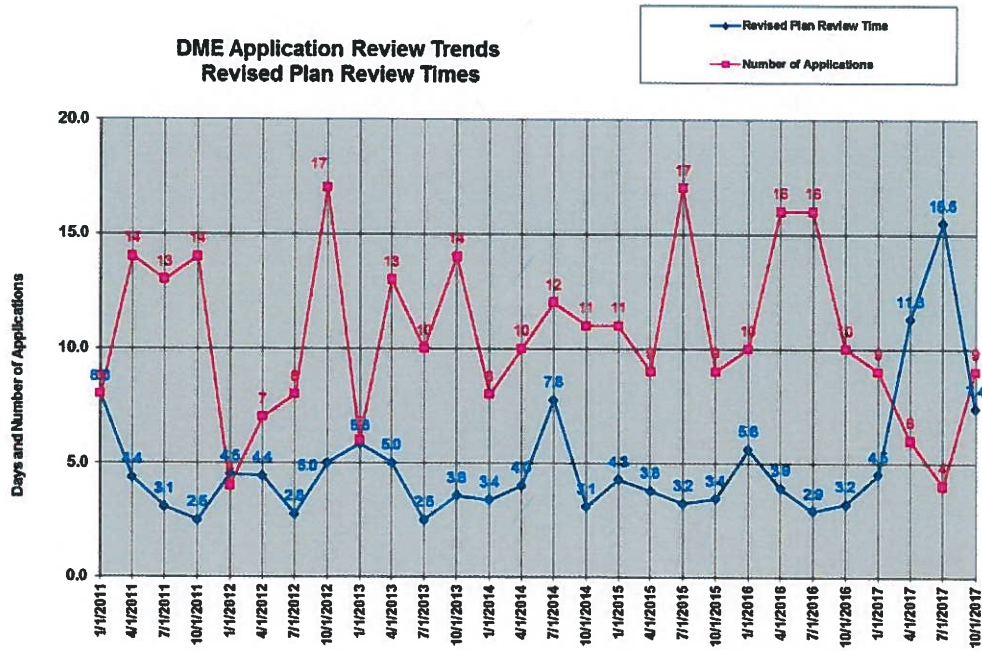
Corfu

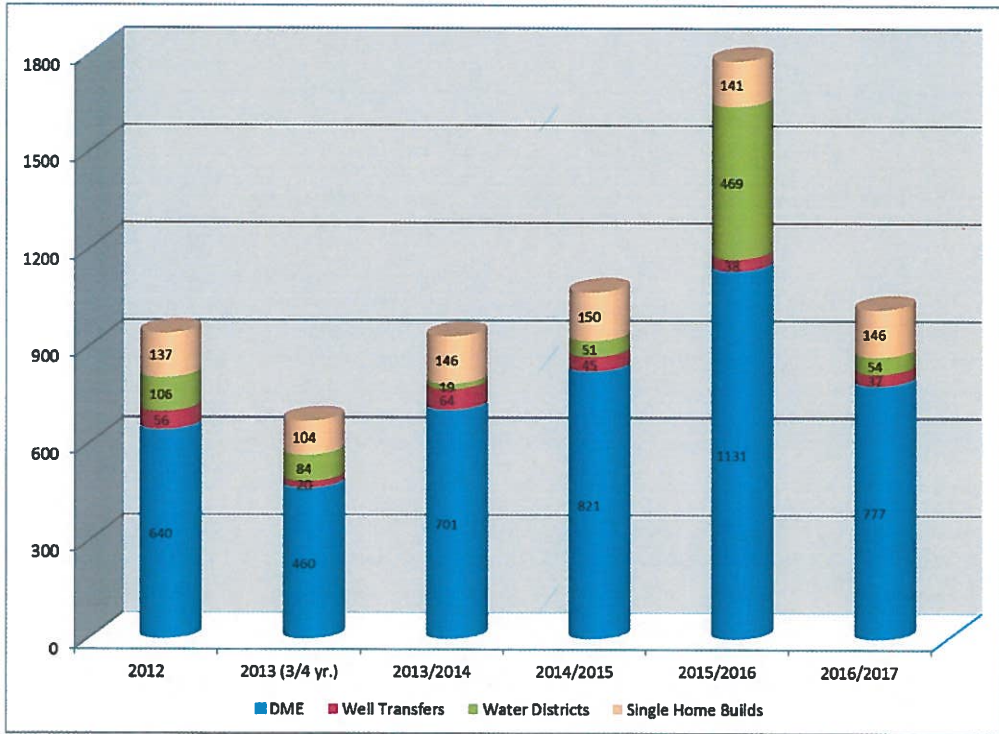
- Completed the control system upgrade project

Brockport

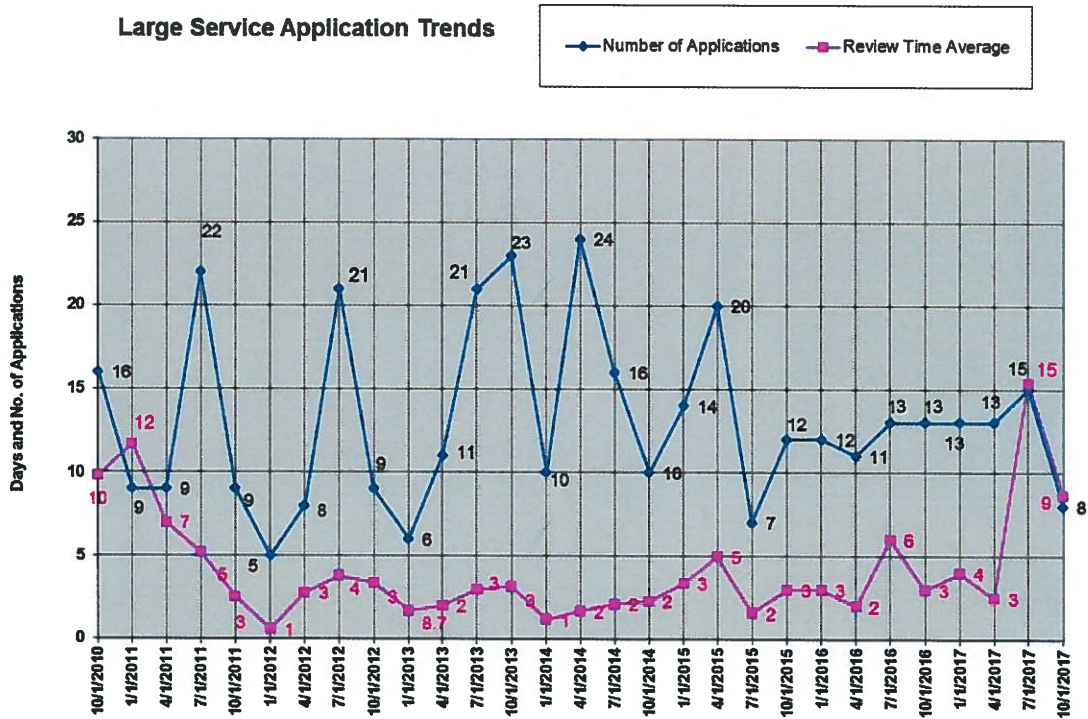
- Evaluated Brockport WTP for hazardous materials. These efforts lead to emergency asbestos remediation at the Brockport Water Treatment Plant



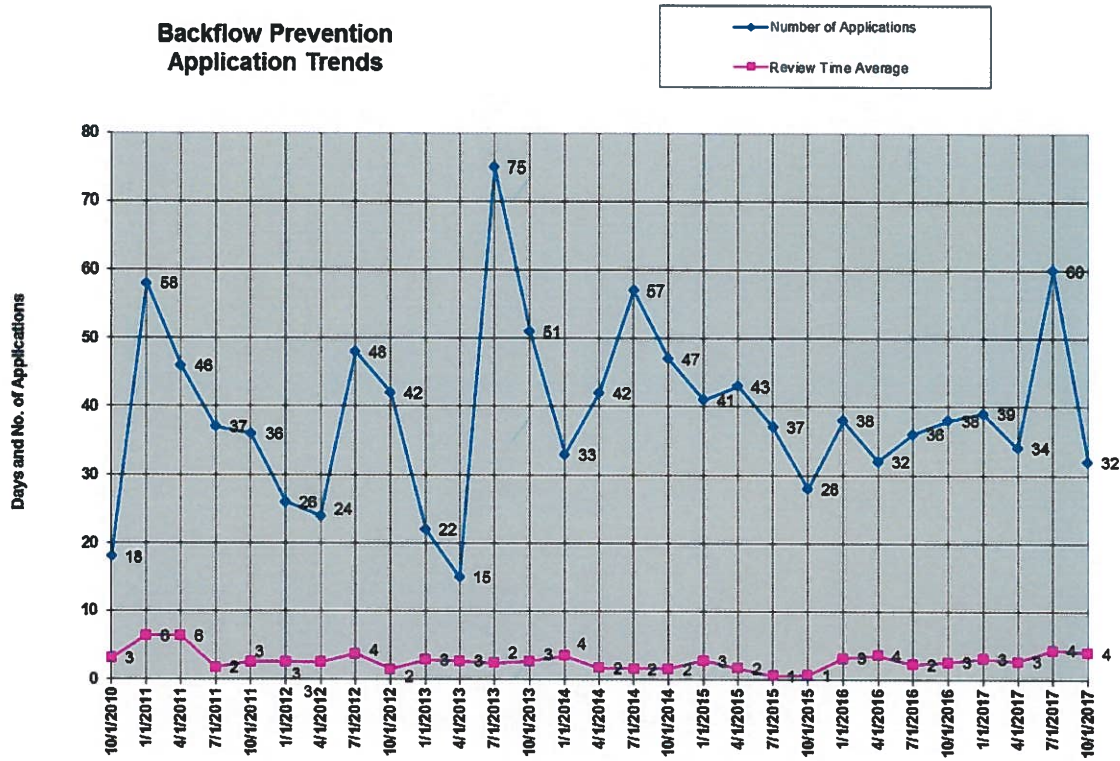




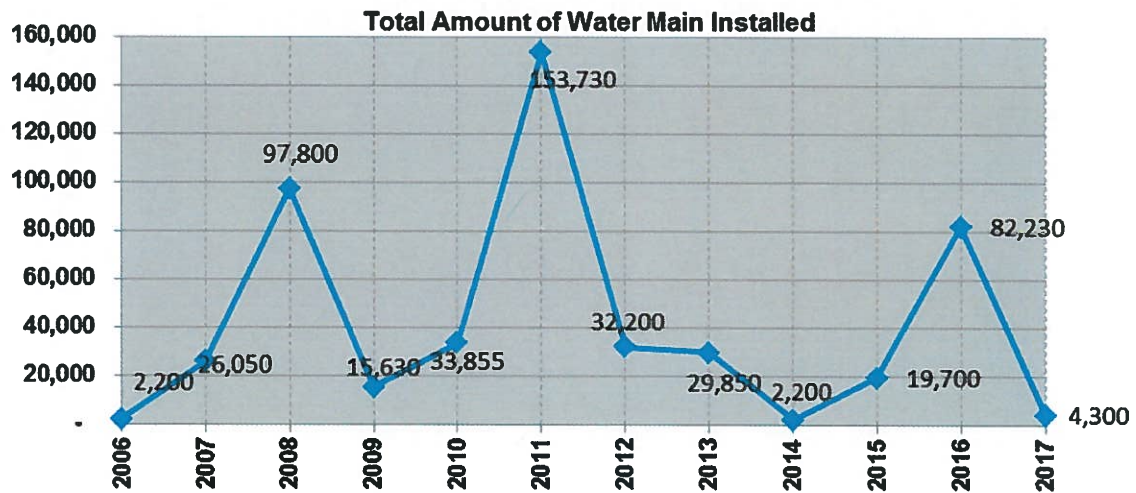
Large Service Application Trends



Backflow Prevention Application Trends



Water District Extensions



**MONROE COUNTY WATER AUTHORITY
CODE OF ETHICS POLICY
(READOPTED NOVEMBER 2017)**

**ARTICLE 1
PURPOSE**

As a public benefit corporation, the Monroe County Water Authority (the “Authority”) must conduct its operations in a manner that best serves the interests of its customers and the general public. The Authority expects all Members, officers and employees to observe high ethical standards of conduct in the performance of their duties, comply and cause the Authority to comply with all laws and regulations governing business transactions, and use and cause the Authority to use Authority funds and assets only for legal and appropriate public purposes.

This Code of Ethics governs the day-to-day actions of all Members, officers and employees of the Authority. To the extent that a matter falls within the scope of both this policy and the Authority’s Conflicts of Interest Policy or Whistleblower Policy, the provisions of the Conflicts of Interest Policy or the Whistleblower Policy, respectively, shall govern.

**ARTICLE 2
POLICIES**

1. Discharge of Duties

In the course of performing his or her duties, Members, officers and employees shall:

- (a) endeavor to perform the duties of their positions to the best of their ability in furtherance of the Authority’s public purposes;
- (b) uphold high standards of dedicated public service;
- (c) support and encourage fellow employees in the proper execution of their duties; and
- (d) when a question of conduct or regulation occurs, seek the advice of a supervisor, the Authority’s attorneys or the Authority’s independent Ethics Board (formed pursuant to Article 4 hereof).

2. Prohibited Conduct

In the course of performing his or her duties, Members, officers and employees shall not:

- (a) receive any compensation for or have an interest, financial or otherwise, direct or indirect, or incur any obligation that is in substantial conflict with the proper discharge of their duties to the Authority;
- (b) engage in other employment that might impair the independence of their judgment in the execution of their duties with the Authority;

(c) disclose confidential information acquired in the course of official duties nor use such confidential information to further their own personal financial interests;

(d) directly or indirectly solicit or accept any gifts, entertainment, discounts, services, loans or anything of value totaling \$75 or more in any calendar year from any supplier, significant commercial customer, or other persons with whom the Authority does business (gifts of \$75 or more in value must be returned to the donor with the explanation that Authority policy will not permit acceptance of the gift; the Authority will reimburse the employee for the expense of returning gifts); and

(e) engage in conduct prohibited under the Authority's Whistleblower Policy.

3. Specifically Prohibited Actions

Unless otherwise permitted by the Ethics Board, no Member, officer or employee shall engage in the following actions to the extent they create a conflict of interest with the Authority's interest:

(a) receipt by a family member of a Member, officer or employee (family being defined as related by blood or marriage) of gifts or other items described in Section 2(d) of this Article 2;

(b) speculating or dealing in equipment, supplies, or materials normally purchased by the Authority;

(c) borrowing money from the Authority, suppliers, significant commercial customers, individuals or firms with whom the Authority does business (loans or mortgages from banks or individuals doing business with the Authority are exempted if the terms are at current rates and the customary collateral for such transactions is provided);

(d) acquiring an interest in real estate in which it is known that the Authority also has a current or anticipated interest;

(e) misusing information to which the individual has access by reason of his or her position – such as by disclosing confidential information (of a technical, financial or business nature) to others outside or inside the business (whether or not a consideration is received), or using such information for his or her own or family's (as previously defined) benefit;

(f) soliciting funds or other items of value from Authority vendors, suppliers or consultants for oneself or to benefit any other organization, club or person, whether such other persons or entities are charitable, religious or profit-making;

(g) serving as an officer, director or manager with another company or business organization directly or indirectly related to the Authority without specific authorization from the Authority; and

(h) representing current or potential customers to submit applications, plans or other compliance information to the Authority for approval.

The foregoing list does not encompass every situation that may lead to a conflict.

4. Duty to Disclose

Each Member, officer and employee shall have the duty to report to the Ethics Board (as defined below) in writing any violation or possible violation of the terms of this Policy, including without limitation instances of conduct prohibited by this Article 2. The following describes some, but not all, situations that must be disclosed:

(a) engaging in activities as an individual or as the holder of more than a one percent financial interest, directly or indirectly (as an owner, stockholder, securities holder in a publicly owned corporation, partner, joint venturer, creditor, guarantor, director, trustee or beneficiary of a trust), in or with a firm that (i) provides services or supplies materials or equipment to the Authority or (ii) to which the Authority makes sales or provides services;

(b) serving as an employee, owner or consultant of another organization providing goods and/or services to the Authority or one or more of the Authority's significant commercial customers, or functioning individually and providing said services to the Authority or one or more of the Authority's significant commercial customers;

(c) membership on or employment with any entity where such employment, service or membership is incompatible with the proper discharge of official duties, or would impair independent judgment or action in the performance of official duties; and

(d) selling goods, services or other items of value to Authority vendors, suppliers or consultants for oneself or to benefit any other organization, club or person, whether such other persons or entities are charitable, religious or profit-making.

5. Nepotism Policy

(a) Any person living in the same household as a current Member, officer or employee and any person who is a direct descendant of a current Member, officer or employee's grandparents (e.g. siblings, parents, children, nieces, nephews, cousins, etc.) or the spouse of such descendant (individually and collectively, a "Relative") may be considered for a permanent position only if all of the following conditions are met:

- The Relative is an appointment from a Civil Service List.
- There will be no supervisory relationship between the Relative and the current Member, officer or employee.
- The Relative and the current Member, officer or employee will not work in the same department.
- The Executive Director, with the advice of the Department Heads, has approved the hiring of the Relative.

(b) If current Members, officers or employees marry, it may be necessary for the Authority to reassign one or both individuals, particularly in the case of close working, or direct supervisory relationships.

(c) A Relative may be considered for summer or temporary employment only if all of the following conditions are met:

- There will be no supervisory relationship between the Relative and the current Member, officer or employee.
- The Relative and the current Member, officer or employee will not work in the same department.

(d) In no event shall a current Member, officer, or employee participate in any decision to hire, promote, discipline, or discharge a Relative.

ARTICLE 3 DISCLOSURE STATEMENTS

On an annual basis, the Authority shall obtain a completed financial disclosure statement (in the form set forth as Exhibit A attached hereto, a "Disclosure Statement") from each Member, the Executive Director, the Deputy Executive Director, the Department Heads and any employees with authority to approve purchases of amounts greater than \$1,000.

ARTICLE 4 PROCEDURES

1. Ethics Board

The Authority shall establish an Ethics Board comprised of three persons not employed by the Authority. The Members of the Authority shall appoint the members of the Ethics Board on an annual basis. The Ethics Board shall interpret and make recommendations to the Authority regarding any question under or purported violation of this Policy and any statutory enacted ethics standards affecting Members, officers and employees.

Annually, the Ethics Board shall review the completed Disclosure Statements to identify businesses with direct or indirect ties to Members; officers and/or employees of the Authority. The Ethics Board shall determine whether any of these relationships warrant placing the business on a list of businesses that the Authority will not hire (the "Prohibited Contractors List"). In making its determination, the Ethics Board shall assess the nature of the relationship between a Member, officer or employee and an outside business. The Prohibited Contractors List shall include only those businesses where the relationship could lead to ethics problems (e.g., if a relative owns a business that could supply goods or services to the Authority). In contrast, the Prohibited Contractors List shall not include businesses where the potential for ethics problems is minimal (e.g., where a relative is a clerical, ministerial or low-level management employee at an existing or potential vendor, lacks the power to influence the relationship between the business and the Authority and did not obtain his or her position as a means to influence a Member, officer or employee of the Authority).

2. Powers of Ethics Board

At its discretion, the Ethics Board may recommend to the Authority appropriate disciplinary action, which may include, but is not limited to, a reprimand, suspension or termination of employment. Any such recommendation will only be final after any hearing required by Section 75 of the Civil Service Law or any applicable Collective Bargaining Agreement.

ARTICLE 5
ONE-YEAR MORATORIUM

No person who has served as a Member or officer of the Authority shall within a period of one year after the termination of such service or employment render services before the Authority or receive compensation for any such services rendered on behalf of any person, firm, corporation or association in relation to any case or transaction with respect to which such person was directly concerned, or participated in, during the period of his or her service with the Authority.

Notwithstanding the foregoing, the one-year moratorium shall not apply to (i) normal business issues arising as a result of the person's status as a water customer of the Authority and (ii) professional services provided by such person pursuant to a written agreement with the Authority, to the extent such agreement is otherwise consistent with this Code of Ethics.

ARTICLE 6
DISTRIBUTION OF THIS POLICY

This Code of Ethics shall be distributed to each Member, officer and employee of the Authority annually. It shall also be distributed to each new Member, officer and employee as soon as practicable following commencement of such position.

**MONROE COUNTY WATER AUTHORITY
ANNUAL STATEMENT OF FINANCIAL DISCLOSURE FOR 2017**

FULL NAME: _____

TITLE: _____

HOME ADDRESS: _____

CITY: _____ STATE: _____ ZIP CODE: _____

EMAIL: _____ PHONE NO.: _____

I. DEFINITIONS

As used in this form, the term "family member" means your spouse, child, step-child, brother, sister, parent, step-parent or any person you claimed as a dependent on your most recent income tax return.

II. PUBLIC OFFICE

1. Do you currently hold any elected position with any State, City, County, Town or Village?

Yes: _____ No: _____

If Yes, title of office: _____

2. Do any of your family members currently hold any elected position with any State, City, County, Town or Village?

Yes: _____ No: _____

If Yes, name of family member and title of office:

Name: _____ Title of Office: _____

III. NOT-FOR-PROFIT ORGANIZATIONS

1. Do you currently hold any appointed or elected position with a not-for-profit organization?

Yes: _____ No: _____

If Yes, title of office and name of organization:

2. Do any of your family members currently hold any appointed or elected position with a not-for-profit organization?

Yes: _____ No: _____

If Yes, name of family member, title of office and name of organization:

IV. EMPLOYERS AND BUSINESSES

For you and all family members (regardless of location), please list all employers and businesses, other than the Water Authority, (i) that paid more than \$1,000 for services performed, goods sold or service as a member, director officer or employee during the prior year or (ii) in which you or a family member own at least 5% or \$5,000 (not including ownership of publicly traded stock such as in a mutual fund).

NAME (FOR A FAMILY MEMBER, LIST RELATIONSHIP TO YOU)	BUSINESS	TITLE	NATURE/TYPE OF BUSINESS

V. REAL ESTATE

For you and all family members, please list the address of each parcel of owned real property within the Water Authority's service area other than a primary residence. For commercial real estate, please note the nature of the investment.

NAME OF FAMILY MEMBER AND RELATIONSHIP TO YOU	ADDRESS OF REAL PROPERTY (ADDRESS, CITY, STATE, ZIP CODE)	NATURE OF INVESTMENT

VI. GIFTS

The Water Authority's Code of Ethics Policy prohibits the receipt from suppliers, significant commercial customers and other persons with whom the Water Authority does business (other than persons acting solely as residential customers of the Water Authority) of certain gifts, entertainment, discounts, services, loans or anything of value that collectively exceed \$74.99 in a calendar year from any one source. By signing this form, you represent that you have not received, directly or indirectly, any gifts of greater than \$74.99 received during the prior year from the sources listed above.

VII. UPDATES

If any of your answers change after completing this form but prior to the next annual update, you must send the revised information to the Authority's Director of Personnel in a sealed envelope marked "confidential."

VIII. LIABILITY FOR IMPROPER DISCLOSURE

Any statements made in this disclosure form must be accurate and must not omit relevant information. In the event of a material misstatement or a material omission, you could face civil or criminal penalties under applicable laws and discipline under the Water Authority's Code of Ethics.

(signature)

NAME OF EMPLOYEE: _____

DATE: _____, 20____

MONROE COUNTY WATER AUTHORITY

BOND RATINGS

RATING AGENCY	PREVIOUS BOND RATING	CURRENT BOND RATING	ISSUING DATE OF LATEST RATING
MOODY'S INVESTORS SERVICE	Aa2	Aa2	DECEMBER 8, 2017
STANDARD & POOR'S	AA+	AA+	DECEMBER 12, 2017

MCWA Grants and Subsidy Programs

MCWA does not offer, or administer, any grant or subsidy programs.

MCWA received no new grants in 2017. MCWA did receive payments in 2017 under a Rebate Program for the following project:

Project	Grantor	Program
LED Energy Efficiency	Rochester, Gas & Electric	Commercial and Industrial Rebate Program

Budget Report for Monroe County Water Authority

Run Date: 02/22/2018

Fiscal Year Ending 12/31/2018

Status: CERTIFIED

<u>Budget & Financial Plan:</u>	<u>Budgeted Revenues, Expenditures, And Changes In Current Net Assets</u>					
	Last Year (Actual) 2016	Current Year (Estimated) 2017	Next Year (Adopted) 2018	Proposed 2019	Proposed 2020	Proposed 2021
<u>REVENUE & FINANCIAL SOURCES</u>						
Operating Revenues						
Charges for services	\$67,107,290	\$64,390,095	\$69,392,941	\$71,750,760	\$74,175,496	\$76,691,425
Rentals & Financing Income	\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Revenues	\$621,824	\$1,631,878	\$1,535,000	\$1,565,000	\$1,565,000	\$1,565,000
Nonoperating Revenues						
Investment earnings	\$145,687	\$187,820	\$30,000	\$30,000	\$30,000	\$30,000
State subsidies / grants	\$0	\$0	\$0	\$0	\$0	\$0
Federal subsidies / grants	\$1,865,135	\$1,864,802	\$1,870,809	\$1,829,155	\$1,794,950	\$1,756,035
Municipal subsidies / grants	\$0	\$0	\$0	\$0	\$0	\$0
Public authority subsidies	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Revenues	\$18,859	\$0	\$0	\$0	\$0	\$0
Proceeds from the issuance of debt	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues & Financing Sources	\$69,758,795	\$68,074,595	\$72,828,750	\$75,174,915	\$77,565,446	\$80,042,460
<u>EXPENDITURES</u>						
Operating Expenditures						
Salaries and Wages	\$13,630,984	\$13,673,020	\$14,592,300	\$14,884,146	\$15,181,829	\$15,485,465
Other Employee Benefits	\$7,833,241	\$8,204,545	\$8,326,040	\$8,659,082	\$9,005,445	\$9,365,663
Professional Services Contracts	\$3,577,565	\$2,587,207	\$3,160,845	\$3,224,062	\$3,288,543	\$3,354,314
Supplies and Materials	\$4,299,938	\$4,763,543	\$5,086,870	\$5,239,476	\$5,396,660	\$5,558,560
Other Operating Expenditures	\$31,654,124	\$30,596,005	\$14,228,615	\$14,513,187	\$14,803,451	\$15,099,520
Nonoperating Expenditures						
Payment of principal on bonds and financing arrangements	\$3,925,337	\$4,063,783	\$4,687,240	\$5,190,696	\$3,925,000	\$4,035,000
Interest and other financing charges	\$7,509,017	\$7,384,845	\$7,246,754	\$7,068,282	\$6,866,544	\$6,717,944
Subsidies to other public authorities	\$0	\$0	\$0	\$0	\$0	\$0
Capital asset outlay	\$15,739,731	\$11,548,781	\$15,512,000	\$19,120,600	\$20,064,200	\$22,197,400
Grants and Donations	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Expenditures	\$479,254	\$100,000	\$0	\$0	\$0	\$0
Total Expenditures	\$88,649,191	\$82,921,729	\$72,840,664	\$77,899,531	\$78,531,672	\$81,813,866
Capital Contributions	\$4,779,725	\$4,500,000	\$0	\$3,500,000	\$3,500,000	\$3,500,000
Excess (deficiency) of revenues and capital contributions over expenditures	(\$14,110,671)	(\$10,347,134)	(\$11,914)	\$775,384	\$2,533,774	\$1,728,594

The authority's budget, as presented to the Board of Directors, is posted on the following website:

<http://www.mcwa.com/Governance/AnnualBudgetReport.aspx>

TOTALS - 2018 CAPITAL PROJECT BUDGET

	Budget 2017	2018	2019	2020	2021	2022	2023
<u>Renewal & Replacement</u>							
Security	221,000	100,000	100,000	100,000	100,000	100,000	100,000
Production/Transmission	3,100,000	2,615,000	1,450,000	3,320,000	2,050,000	1,600,000	1,520,000
Engineering	6,840,000	10,590,000	10,850,000	10,325,000	10,970,000	10,530,000	9,500,000
Facilities, Fleet & Operations	1,525,400	1,982,000	2,055,600	2,359,200	1,762,400	2,000,000	1,850,000
Finance & Business Services	2,724,000	2,845,000	3,340,000	3,360,000	3,340,000	3,465,000	3,420,000
	14,410,400	18,132,000	17,795,600	19,464,200	18,222,400	17,695,000	16,390,000
Less Funding from New Construction Fund	(3,000,000)	(1,000,000)					
Less Funding from General Fund		(3,500,000)					
Less Funding from R&R Fund Balance	(700,000)	-					
	10,710,400	13,632,000	17,795,600	19,464,200	18,222,400	17,695,000	16,390,000
<u>Capital Improvement</u>							
Security	-	200,000	80,000	50,000	75,000	60,000	50,000
Production/Transmission	75,000	1,790,000	845,000	150,000	1,700,000	125,000	100,000
Engineering	50,000	400,000	400,000	400,000	2,200,000	6,400,000	3,150,000
Facilities, Fleet & Operations	10,000	115,000	-	-	-	-	-
Finance & Business Services	102,000	158,000	-	-	-	-	-
	237,000	2,663,000	1,325,000	600,000	3,975,000	6,585,000	3,300,000
Less Funding from General Fund		(500,000)					
Less Funding from CI Fund Balance	(237,000)	(283,000)					
	-	1,880,000	1,325,000	600,000	3,975,000	6,585,000	3,300,000
<u>Total Cash Capital</u>	10,710,400	15,512,000	19,120,600	20,064,200	22,197,400	24,280,000	19,690,000
Subordinated Indebtedness(County Lease)	585,973	341,449	340,617	-	-	-	-
Water Revenue Debt Service (net of subsidies)	9,059,947	9,721,736	10,148,213	9,056,365	9,055,380	9,061,640	9,053,968
<u>Total Debt Service</u>	9,645,920	10,063,185	10,488,830	9,056,365	9,055,380	9,061,640	9,053,968
<u>Total Capital Expenditures</u>	20,356,320	25,575,185	29,609,430	29,120,565	31,252,780	33,341,640	28,743,968

MCWA

**Monroe County Water Authority
2018 B U D G E T**

Date : 08/24/17

TOTALS

Acct	Account Title	2018 Budget Submission	2017 Budget	%	Change	2017 To Date As of 07/31	2016 Actual
01	WAGES - Regular Labor	15511460	16230830	-4	-719370	8302339	14119576
02	WAGES - OT Labor	747940	777240	-4	-29300	419637	714984
03	WAGES - Temporary Help	0	0	0	0	52905	34450
	*** GROSS LABOR ***	16259400	17008070	-4	-748670	8774881	14869010
05	LABOR TRANSFER OUT TO OTHER CC	-1081500	-845000	28	-236500	-625412	-1031644
06	LABOR TRANSFER OUT TO CONSTR	-1667100	-1393500	20	-273600	-647660	-1239595
07	LABOR TRANSFER IN FRM OTHER CC	1081500	845000	28	236500	625411	1033196
	*** NET LABOR ***	14592300	15614570	-7	-1022270	8127220	13630967
10	FRINGE BENEFITS	9593030	9694600	-1	-101570	5055288	8504621
11	FRINGE TRANSFER OUT TO OTHR CC	-638090	-481650	32	-156440	-356481	-650155
12	FRINGE TRANSFER OUT TO CONSTR	-1267000	-1017260	25	-249740	-472627	-978484
13	FRINGE TRANSFER IN FRM OTHR CC	638100	481660	32	156440	356478	650155
	*** NET FRINGE BENEFITS ***	8326040	8677350	-6	-351310	4582658	7526137
	*** TOTAL LABOR ***	22918340	24291920	-6	-1373580	12709878	21157104
19	RETIREE BENEFITS	4800000	4590700	5	209300	1030414	4946842
20	COBRA DENTAL	5000	1980	153	3020	180	33
21	LEGAL SERVICES	530000	510000	4	20000	168378	324372
22	CONSULTANTS	850940	702040	21	148900	368867	593300
23	MEDICAL SERVICES	27275	33400	-18	-6125	9253	24519
24	AUDIT, ACCOUNTING SERVICES	73000	95500	-24	-22500	63000	64500
25	SAFETY SERVICES	111840	109590	2	2250	32094	54711
26	SOFTWARE, LICENSES, FEES	146860	150100	-2	-3240	35568	101874
27	BANK SERVICES	172440	176400	-2	-3960	64150	142694
28	OTHER OUTSIDE SERVICES	1497040	1765570	-15	-268530	784007	2416005
29	TRUSTEE SERVICES	10150	12450	-18	-2300	5445	12155
30	FILTER MEDIA	3000	6000	-50	-3000	0	0
31	SUPPLIES, FORMS, & COPYING	354870	382385	-7	-27515	144721	269736
32	SMALL EQUIPMENT & TOOL PURCHASE	344220	317820	8	26400	94166	172842
33	POSTAGE & FREIGHT	538530	561605	-4	-23075	309085	506967
34	CHEMICALS	666640	708640	-6	-42000	306532	562995
35	UNIFORMS	39860	40060	0	-200	14002	18421
36	SAFETY EQUIPMENT	113940	117140	-3	-3200	18054	68966
37	PURCHASED WATER	1548000	1485000	4	63000	921521	1642953
39	LANDSCAPING/ROW CLEARING	30000	30000	0	0	4540	11810
40	CLAIMS MATERIALS/SERVICES	2800	2800	0	0	0	0
41	REPAIR MATERIALS - MAINS	1262200	1360240	-7	-98040	546919	978807

**Monroe County Water Authority
2018 B U D G E T**

Date : 08/24/17

MCWA

TOTALS

Acct	Account Title	2018 Budget Submission	2017 Budget	%	Change	2017 To Date As of 07/31	2016 Actual
42	MAINTENANCE CONTRACTS	2023200	2743165	-26	-719965	1164626	2132306
43	OUTSIDE REPAIRS/MAINT SERVICES	310300	365220	-15	-54920	91710	244239
44	REPAIRS/MAINTENANCE MATERIALS	43100	45000	-4	-1900	51272	31603
45	REPAIRS/MAINTENANCE MATERIALS	134240	85200	58	49040	96035	102733
46	REPAIRS/MAINT MATRL-CURB BOXES	61200	61200	0	0	32046	43899
48	REPAIRS/MAINT - VALVES & BOXES	88800	88800	0	0	41162	59318
49	EXTRAORDINARY MAINTENANCE	220000	175000	26	45000	5800	42008
51	TELEPHONE VOICE LINES	95760	94800	1	960	42927	79578
52	DATA LINES	169560	157560	8	12000	88202	169989
53	LIGHT, HEAT, WATER & DISPOSAL	396120	401000	-1	-4880	166081	243656
54	INSURANCE	373900	394800	-5	-20900	191821	375638
55	POWER FOR PRODUCTION & DISTRIB.	4146000	4170000	-1	-24000	1529505	3001011
60	PENSION EXPENSE	0	0	0	0	0	1259298
61	TRAINING & SEMINARS	121590	124325	-2	-2735	55217	61910
63	DUES & SUBSCRIPTIONS	83615	87465	-4	-3850	60838	72581
70	VEHICLE REPAIR/REPLCMNT PARTS	172000	172000	0	0	94424	141316
71	VEHICLE REPAIR MATERIALS	48000	48000	0	0	22996	34374
72	VEHICLE MAINTENANCE SUPPLIES	48000	48000	0	0	41227	45075
73	GASOLINE & DIESEL	336000	400000	-16	-64000	205238	305787
79	VEHICLE CREDIT	-180000	-192000	-6	12000	-95910	-178915
85	INVENTORY / ADJUSTMENTS	0	0	0	0	4476	4997
88	DISTRICT LEASE EXPENSES	47800	49240	-3	-1440	8046	49452
92	CLAIMS EXPENSE	30000	30000	0	0	23921	26179
93	UNCOLLECTABLE ACCOUNTS	25200	25200	0	0	-9008	-13607
94	EFC BOND ADMIN FEE	17220	17440	-1	-220	17737	18253
97	RIGHT OF WAY CHARGES	29985	29760	1	225	21348	29574
98	SPECIAL FEES & ASSESSMENTS	233545	232845	0	700	210051	228672
99	MISCELLANEOUS	29590	30765	-4	-1175	8200	15035
***	OTHER O&M EXPENSES ***	22233330	23044205	-4	-810875	9090884	21540461
***	NET O&M EXPENSES ***	45151670	47336125	-5	-2184455	21800762	42697565

Monroe County Water Authority
Statement of Revenues

PC as of DEC 31 2017

	Actual	Budget	Variance Favor. (Unfav.)
Operating Revenues:			
Water Sales - Residential	\$ 52,189,307	\$ 54,649,510	(\$ 2,460,203)
Water Sales - Industrial/Commercial	5,865,414	5,870,300	(4,886)
Water Sales - Water Districts	3,245,136	3,064,045	181,091
Other Water Revenue	3,432,937	3,235,255	197,682
Other Operating Revenue	638,266	575,600	62,666
	<u>\$ 65,371,060</u>	<u>\$ 67,394,710</u>	<u>(\$ 2,023,650)</u>
Operating Expenses:			
Administration	8,226,356	8,663,950	437,594
Production	12,173,670	14,657,965	2,484,295
Engineering Design & Construction	3,264,907	3,881,895	616,988
Facilities, Fleet & Operations	12,354,960	12,831,250	476,290
Business Services	6,213,182	7,301,065	1,087,883
	<u>\$ 42,233,075</u>	<u>\$ 47,336,125</u>	<u>\$ 5,103,050</u>
Other Expenses	649,858	649,858	0
NET REVENUES FOR DEBT SERVICE	<u>\$ 22,488,127</u>	<u>\$ 19,408,727</u>	<u>\$ 3,079,400</u>
Deduct:			
Interest Expense on Water Revenue Bonds	7,221,374	7,281,603	60,229
Interest Expense on County Lease - Net	40,049	40,049	0
Bond Exp & Def Amt of Refund	228,434	1,379	(227,055)
Depreciation and Amortization	18,327,955	18,475,038	147,083
	<u>\$ 25,817,812</u>	<u>\$ 25,798,069</u>	<u>(\$ 19,743)</u>
REVENUES (LOSS) FROM OPERATIONS	<u>(\$ 3,329,685)</u>	<u>(\$ 6,389,342)</u>	<u>\$ 3,059,657</u>
Add (Deduct):			
Interest on Investments-Local	35,450	30,000	5,450
Interest on Investments-Trustee	157,349	57,000	100,349
Gain (Loss) on Disposal of Assets	(366,606)	0	(366,606)
Other Non-Operating Income	5,006,754	2,288,710	2,718,044
Extraordinary Expense	0	0	0
Unrealized Gain (Loss) on Investment	(12,096)	0	(12,096)
Realized Gain (Loss) on Investment	0	0	0
	<u>\$ 4,820,851</u>	<u>\$ 2,375,710</u>	<u>\$ 2,445,141</u>
REVENUES (LOSS) IN FACILITIES YTD	<u>\$ 1,491,166</u>	<u>(\$ 4,013,632)</u>	<u>\$ 5,504,798</u>

WATER REVENUE BONDS DEBT SERVICE REQUIREMENT TO MATURITY

As of December 31, 2017

Year	2007 Series		2010 Series		2010 B Series		2012 Series		2013 Series		2017 Series		Total
	Interest	Maturity	Interest	Maturity	Interest	Maturity	Interest	Maturity	Interest	Maturity	Interest	Maturity	
2018	\$ 475,136	\$ 585,000	\$ 113,250	\$ 830,000	\$ 5,722,886	\$ 2,300,000	\$ 248,988	\$ 180,000	\$ 476,900	\$ 480,000	\$ 98,572	\$ -	11,510,732
2019	472,073	595,000	71,750	1,230,000	5,619,524	2,365,000	241,787	190,000	472,842	480,000	161,300	-	11,899,276
2020	465,034	600,000	10,250	205,000	5,508,512	2,440,000	234,187	195,000	468,176	485,000	161,300	-	10,772,459
2021	459,233	610,000			5,389,100	2,515,000	226,388	205,000	462,838	490,000	161,300	215,000	10,733,859
2022	457,076	615,000			5,260,988	2,600,000	216,138	215,000	456,786	500,000	157,000	220,000	10,697,988
2023	449,817	625,000			5,107,738	2,700,000	205,388	225,000	449,978	505,000	146,000	225,000	10,638,921
2024	443,663	635,000			4,948,600	2,805,000	194,138	235,000	442,778	515,000	134,750	235,000	10,588,929
2025	404,568	670,000			4,783,274	2,910,000	182,388	250,000	434,766	520,000	123,000	250,000	10,527,996
2026	370,614	700,000			4,611,758	3,020,000	169,888	260,000	426,612	530,000	110,500	265,000	10,464,372
2027	336,896	725,000			4,422,736	3,145,000	156,888	275,000	418,116	540,000	97,250	275,000	10,391,886
2028	353,049	765,000			4,225,892	3,270,000	143,138	290,000	409,196	550,000	83,500	290,000	10,379,775
2029	262,310	800,000			4,021,222	3,405,000	133,712	300,000	399,972	560,000	71,900	295,000	10,249,116
2030	232,017	835,000			3,808,102	3,545,000	123,962	305,000	390,392	565,000	60,100	310,000	10,174,573
2031	185,336	880,000			3,586,222	3,690,000	114,050	315,000	380,826	580,000	47,700	325,000	10,104,134
2032	148,656	925,000			3,352,312	3,840,000	103,812	325,000	370,878	590,000	34,700	335,000	10,025,358
2033	104,466	960,000			3,108,898	4,000,000	93,250	340,000	360,820	615,000	21,300	350,000	9,953,734
2034	58,483	1,015,000			2,855,334	4,165,000	76,250	355,000	332,450	650,000	10,800	360,000	9,878,317
2035	15,561	1,060,000			2,591,316	4,335,000	58,500	370,000	302,466	680,000			9,412,843
2036	(25,655)	1,115,000			2,316,520	4,515,000	40,000	390,000	271,098	715,000			9,336,963
2037					2,024,896	4,705,000	20,500	410,000	238,116	750,000			8,148,512
2038					1,721,000	4,900,000			203,518	785,000			7,609,518
2039					1,404,512	5,105,000			167,306	825,000			7,501,818
2040					1,074,776	5,320,000			128,588	865,000			7,388,364
2041					731,160	5,545,000			87,994	915,000			7,279,154
2042					373,010	5,775,000			45,054	960,000			7,153,064
	\$ 5,668,333	\$ 14,715,000	\$ 195,250	\$ 2,265,000	\$ 88,570,288	\$ 92,915,000	\$ 2,983,352	\$ 5,630,000	\$ 8,598,466	\$ 15,650,000	\$ 1,680,972	\$ 3,950,000	\$ 242,821,661

^ Excess benefit of refunding remaining after the final & full repayment

Principal Due as of 12/31/17 \$ 135,125,000
Interest Due as of 12/31/17 \$ 107,696,661

MONROE COUNTY WATER AUTHORITY OBLIGATIONS UNDER CAPITAL LEASE

As of December 31, 2017

MC 1996 Series A Refunding					
	Interest		Maturity		Total
2018	\$	29,209	\$	312,240	341,449
2019		9,921		330,696	340,617
	\$	39,130	\$	642,936	\$ 682,066

Principal Due as of 12/31/17 \$ 642,936
Interest Due as of 12/31/17 \$ 39,130

Total Water Revenue Bonds & Capital Lease
Due as of 12/31/17 \$ 243,503,727

ALL BOND FINANCED

NYS Environmental Facilities Corporation Series 2015D
 Monroe County Water Authority 16511 (2007D)
 Loan ID 4775

Date	Principal	Coupon	Interest	Less: Subsidy (1)	Less: Refunding Benefit (2)	Net Debt Service
09/01/2015	565,000.00	4.082%	379,198.18	90,896.00	60,609.57	792,692.61
03/01/2016			367,666.53	81,937.50	25,481.83	260,247.20
09/01/2016	570,000.00	4.132%	367,666.53	81,937.50	61,070.12	794,658.91
03/01/2017			355,890.33	72,724.08	22,269.16	260,897.09
09/01/2017	575,000.00	4.182%	355,890.33	72,724.08	66,807.62	791,358.63
03/01/2018			343,867.08	63,255.75	21,515.70	259,095.63
09/01/2018	585,000.00	4.277%	343,867.08	63,255.75	64,570.85	801,040.48
03/01/2019			331,356.85	53,496.08	21,168.15	256,692.62
09/01/2019	595,000.00	4.382%	331,356.85	53,496.08	62,480.85	810,379.92
03/01/2020			318,320.40	43,445.08	20,855.31	254,020.01
09/01/2020	600,000.00	4.390%	318,320.40	43,445.08	63,861.80	811,013.52
03/01/2021			305,150.40	33,102.75	19,217.04	252,830.61
09/01/2021	610,000.00	4.501%	305,150.40	33,102.75	65,645.16	816,402.49
03/01/2022			291,422.35	22,432.67	17,554.61	251,435.07
09/01/2022	615,000.00	4.545%	291,422.35	22,432.67	63,348.93	820,640.75
03/01/2023			277,443.40	11,398.42	17,117.33	248,927.65
09/01/2023	625,000.00	4.587%	277,443.40	11,398.42	65,155.86	825,889.12
03/01/2024			263,109.03		15,494.05	247,614.98
09/01/2024	635,000.00	4.623%	263,109.03		67,060.66	831,048.37
03/01/2025			248,431.00		14,974.45	233,456.55
09/01/2025	670,000.00	4.684%	248,431.00		77,319.09	841,111.91
03/01/2026			232,739.60		17,774.15	214,965.45
09/01/2026	700,000.00	4.684%	232,739.60		77,090.84	855,648.76
03/01/2027			216,345.60		14,907.56	201,438.04
09/01/2027	725,000.00	4.684%	216,345.60		80,886.71	860,458.89
03/01/2028			199,366.10		13,210.58	186,155.52
09/01/2028	765,000.00	4.754%	199,366.10		32,472.67	931,893.43
03/01/2029			181,182.05		67,472.67	113,709.38
09/01/2029	800,000.00	4.754%	181,182.05		32,581.67	948,600.38
03/01/2030			162,166.05		67,581.67	94,584.38
09/01/2030	835,000.00	4.754%	162,166.05		24,733.72	972,432.33
03/01/2031			142,318.10		74,733.72	67,584.38
09/01/2031	880,000.00	4.754%	142,318.10		24,566.12	997,751.98
03/01/2032			121,400.50		69,566.12	51,834.38
09/01/2032	925,000.00	4.754%	121,400.50		24,578.87	1,021,821.63
03/01/2033			99,413.25		74,578.87	24,834.38
09/01/2033	960,000.00	4.751%	99,413.25		19,782.07	1,039,631.18
03/01/2034			76,416.45		76,416.45	
09/01/2034	1,015,000.00	4.791%	76,416.45		17,933.37	1,073,483.08
03/01/2035			52,102.13		52,102.13	
09/01/2035	1,060,000.00	4.791%	52,102.13		36,541.07	1,075,561.06
03/01/2036			26,709.83		26,709.83	
09/01/2036	1,115,000.00	4.791%	26,709.83		26,709.83	1,115,000.00
09/02/2036					25,655.79	-25,655.79
	16,425,000.00		9,604,832.24	854,480.66	1,892,164.62	23,283,185.96

Notes:

(1) Application of Subsidy Credit is pursuant to Sections 3.1 (C) and 3.1 (D) of the Project Finance Agreement. Failure of Recipient to fulfill the terms of the Project Finance Agreement may result in reduction or elimination of the Subsidy Credit.

Subsidy Credit for Refunding Recipients is calculated based on Corpus or Reserve Allocation percentage of Existing Agreement.

(2) In the event that the Benefit of the Refunding exceeds the interest payable on any specific payment date, the difference will be credited on a later payment date or dates. Should there be excess Benefits of the Refunding remaining after the final maturity and full repayment, such excess will be remitted to the Recipient by the Corporation.



Monroe County Water Authority**Water System Revenue Refunding Bonds, Series 2017**

December 21, 2017

\$3,950,000

Debt Service Schedule (Semi-Annual)

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
02/01/2018	-	-	17,922.22	17,922.22
08/01/2018	-	-	80,650.00	80,650.00
02/01/2019	-	-	80,650.00	80,650.00
08/01/2019	-	-	80,650.00	80,650.00
02/01/2020	-	-	80,650.00	80,650.00
08/01/2020	-	-	80,650.00	80,650.00
02/01/2021	-	-	80,650.00	80,650.00
08/01/2021	215,000.00	2.000%	80,650.00	295,650.00
02/01/2022	-	-	78,500.00	78,500.00
08/01/2022	220,000.00	5.000%	78,500.00	298,500.00
02/01/2023	-	-	73,000.00	73,000.00
08/01/2023	225,000.00	5.000%	73,000.00	298,000.00
02/01/2024	-	-	67,375.00	67,375.00
08/01/2024	235,000.00	5.000%	67,375.00	302,375.00
02/01/2025	-	-	61,500.00	61,500.00
08/01/2025	250,000.00	5.000%	61,500.00	311,500.00
02/01/2026	-	-	55,250.00	55,250.00
08/01/2026	265,000.00	5.000%	55,250.00	320,250.00
02/01/2027	-	-	48,625.00	48,625.00
08/01/2027	275,000.00	5.000%	48,625.00	323,625.00
02/01/2028	-	-	41,750.00	41,750.00
08/01/2028	290,000.00	4.000%	41,750.00	331,750.00
02/01/2029	-	-	35,950.00	35,950.00
08/01/2029	295,000.00	4.000%	35,950.00	330,950.00
02/01/2030	-	-	30,050.00	30,050.00
08/01/2030	310,000.00	4.000%	30,050.00	340,050.00
02/01/2031	-	-	23,850.00	23,850.00
08/01/2031	325,000.00	4.000%	23,850.00	348,850.00
02/01/2032	-	-	17,350.00	17,350.00
08/01/2032	335,000.00	4.000%	17,350.00	352,350.00
02/01/2033	-	-	10,650.00	10,650.00
08/01/2033	350,000.00	3.000%	10,650.00	360,650.00
02/01/2034	-	-	5,400.00	5,400.00
08/01/2034	360,000.00	3.000%	5,400.00	365,400.00
Total	\$3,950,000.00	-	\$1,680,972.22	\$5,630,972.22

Monroe County Water Authority
Water System Revenue Bonds, Series 2010
Unrefunded

Unrefunded Debt Service Schedule (Semi-Annual)

Date	Principal	Coupon	Interest	Total P+I
02/01/2018	-	-	56,625.00	56,625.00
08/01/2018	830,000.00	5.000%	56,625.00	886,625.00
02/01/2019	-	-	35,875.00	35,875.00
08/01/2019	1,230,000.00	5.000%	35,875.00	1,265,875.00
02/01/2020	-	-	5,125.00	5,125.00
08/01/2020	205,000.00	5.000%	5,125.00	210,125.00
Total	\$2,265,000.00	-	\$195,250.00	\$2,460,250.00

Yield Statistics

Bond Year Dollars	\$52,214.81
Average Life	4.348 Years
Average Coupon	4.4172691%
Net Interest Cost (NIC)	2.8870737%
True Interest Cost (TIC)	2.7114764%
Bond Yield for Arbitrage Purposes	2.4875965%
All Inclusive Cost (AIC)	3.0792323%

IRS Form 8038

Net Interest Cost	2.3985445%
Weighted Average Maturity	4.495 Years

3-31-10 Series 2010 - Unr | Issue Summary | 1/11/2018 | 10:42 AM

Monroe County Water Authority
Water Revenue Bonds, Series 2010A and 2010B
East Side Water Supply Project

Debt Service Schedule - Series 2010A (Tax-Exempt Bonds)

Date	Principal	Coupon	Interest	Debt Service	Debt Service (Annual)	Capitalized Interest	Federal BAB Subsidy	Net Debt Service	Net Debt Service (Annual)
12/21/10	-	-	-	-	-	-	-	-	-
02/01/11	-	-	7,044.44	7,044.44	-	-	-	7,044.44	-
08/01/11	-	-	31,700.00	31,700.00	38,744.44	(8,563.06)	-	25,136.94	32,181.38
02/01/12	-	-	31,700.00	31,700.00	-	(17,455.73)	-	14,244.27	-
08/01/12	-	-	31,700.00	31,700.00	63,400.00	(17,455.73)	-	14,244.27	28,488.54
02/01/13	-	-	31,700.00	31,700.00	-	(1,279.72)	-	30,420.28	-
08/01/13	-	-	31,700.00	31,700.00	63,400.00	-	-	31,700.00	62,120.28
02/01/14	-	-	31,700.00	31,700.00	-	-	-	31,700.00	-
08/01/14	-	-	31,700.00	31,700.00	63,400.00	-	-	31,700.00	63,400.00
02/01/15	-	-	31,700.00	31,700.00	-	-	-	31,700.00	-
08/01/15	-	-	31,700.00	31,700.00	63,400.00	-	-	31,700.00	63,400.00
02/01/16	-	-	31,700.00	31,700.00	-	-	-	31,700.00	-
08/01/16	335,000.00	4.000%	31,700.00	366,700.00	398,400.00	-	-	366,700.00	398,400.00
02/01/17	-	-	25,000.00	25,000.00	-	-	-	25,000.00	-
08/01/17	1,250,000.00	4.000%	25,000.00	1,275,000.00	1,300,000.00	-	-	1,275,000.00	1,300,000.00
02/01/18	-	-	-	-	-	-	-	-	-
08/01/18	-	-	-	-	-	-	-	-	-
02/01/19	-	-	-	-	-	-	-	-	-
08/01/19	-	-	-	-	-	-	-	-	-
02/01/20	-	-	-	-	-	-	-	-	-
08/01/20	-	-	-	-	-	-	-	-	-
02/01/21	-	-	-	-	-	-	-	-	-
08/01/21	-	-	-	-	-	-	-	-	-
02/01/22	-	-	-	-	-	-	-	-	-
08/01/22	-	-	-	-	-	-	-	-	-
02/01/23	-	-	-	-	-	-	-	-	-
08/01/23	-	-	-	-	-	-	-	-	-
02/01/24	-	-	-	-	-	-	-	-	-
08/01/24	-	-	-	-	-	-	-	-	-
02/01/25	-	-	-	-	-	-	-	-	-
08/01/25	-	-	-	-	-	-	-	-	-
02/01/26	-	-	-	-	-	-	-	-	-
08/01/26	-	-	-	-	-	-	-	-	-
02/01/27	-	-	-	-	-	-	-	-	-
08/01/27	-	-	-	-	-	-	-	-	-
02/01/28	-	-	-	-	-	-	-	-	-
08/01/28	-	-	-	-	-	-	-	-	-
02/01/29	-	-	-	-	-	-	-	-	-
08/01/29	-	-	-	-	-	-	-	-	-
02/01/30	-	-	-	-	-	-	-	-	-
08/01/30	-	-	-	-	-	-	-	-	-
02/01/31	-	-	-	-	-	-	-	-	-
08/01/31	-	-	-	-	-	-	-	-	-
02/01/32	-	-	-	-	-	-	-	-	-
08/01/32	-	-	-	-	-	-	-	-	-
02/01/33	-	-	-	-	-	-	-	-	-
08/01/33	-	-	-	-	-	-	-	-	-
02/01/34	-	-	-	-	-	-	-	-	-
08/01/34	-	-	-	-	-	-	-	-	-
02/01/35	-	-	-	-	-	-	-	-	-
08/01/35	-	-	-	-	-	-	-	-	-
02/01/36	-	-	-	-	-	-	-	-	-
08/01/36	-	-	-	-	-	-	-	-	-
02/01/37	-	-	-	-	-	-	-	-	-
08/01/37	-	-	-	-	-	-	-	-	-
02/01/38	-	-	-	-	-	-	-	-	-
08/01/38	-	-	-	-	-	-	-	-	-
02/01/39	-	-	-	-	-	-	-	-	-
08/01/39	-	-	-	-	-	-	-	-	-
02/01/40	-	-	-	-	-	-	-	-	-
08/01/40	-	-	-	-	-	-	-	-	-
02/01/41	-	-	-	-	-	-	-	-	-
08/01/41	-	-	-	-	-	-	-	-	-
02/01/42	-	-	-	-	-	-	-	-	-
08/01/42	-	-	-	-	-	-	-	-	-
Total	1,585,000.00		405,744.44	1,990,744.44	1,990,744.44	(42,734.24)	-	1,947,980.20	1,947,980.20

Monroe County Water Authority
Water Revenue Bonds, Series 2010A and 2010B
East Side Water Supply Project

Debt Service Schedule - Series 2010B (Taxable Build America Bonds)

Date	Principal	Coupon	Interest	Debt Service	Debt Service (Annual)	Capitalized Interest	Federal BAB Subsidy	Net Debt Service	Net Debt Service (Annual)
12/21/10	-	-	-	-	-	-	-	-	-
02/01/11	-	-	635,876.24	635,876.24	-	-	(222,556.68)	413,319.56	-
08/01/11	-	-	2,861,443.10	2,861,443.10	3,497,319.34	(385,074.96)	(1,001,505.08)	1,474,863.06	1,888,182.62
02/01/12	-	-	2,861,443.10	2,861,443.10	-	(1,024,182.29)	(1,001,505.08)	835,755.73	-
08/01/12	-	-	2,861,443.10	2,861,443.10	5,722,886.20	(1,024,182.29)	(1,001,505.08)	835,755.73	1,671,511.46
02/01/13	-	-	2,861,443.10	2,861,443.10	-	(75,085.30)	(1,001,505.08)	1,794,852.72	-
08/01/13	-	-	2,861,443.10	2,861,443.10	5,722,886.20	-	(1,001,505.08)	1,859,938.02	3,644,790.74
02/01/14	-	-	2,861,443.10	2,861,443.10	-	-	(1,001,505.08)	1,859,938.02	-
08/01/14	-	-	2,861,443.10	2,861,443.10	5,722,886.20	-	(1,001,505.08)	1,859,938.02	3,719,876.04
02/01/15	-	-	2,861,443.10	2,861,443.10	-	-	(1,001,505.08)	1,859,938.02	-
08/01/15	-	-	2,861,443.10	2,861,443.10	5,722,886.20	-	(1,001,505.08)	1,859,938.02	3,719,876.04
02/01/16	-	-	2,861,443.10	2,861,443.10	-	-	(1,001,505.08)	1,859,938.02	-
08/01/16	-	-	2,861,443.10	2,861,443.10	5,722,886.20	-	(1,001,505.08)	1,859,938.02	3,719,876.04
02/01/17	-	-	2,861,443.10	2,861,443.10	-	-	(1,001,505.08)	1,859,938.02	-
08/01/17	-	-	2,861,443.10	2,861,443.10	5,722,886.20	-	(1,001,505.08)	1,859,938.02	3,719,876.04
02/01/18	-	-	2,861,443.10	2,861,443.10	-	-	(1,001,505.08)	1,859,938.02	-
08/01/18	2,300,000.00	4.494%	2,861,443.10	5,161,443.10	8,022,886.20	-	(1,001,505.08)	4,159,938.02	6,019,876.04
02/01/19	-	-	2,809,762.10	2,809,762.10	-	-	(983,416.73)	1,826,345.37	-
08/01/19	2,365,000.00	4.694%	2,809,762.10	5,174,762.10	7,984,524.20	-	(983,416.73)	4,191,345.37	6,017,690.74
02/01/20	-	-	2,754,255.55	2,754,255.55	-	-	(963,989.44)	1,790,266.11	-
08/01/20	2,440,000.00	4.894%	2,754,255.55	5,194,255.55	7,948,511.10	-	(963,989.44)	4,230,266.11	6,020,532.22
02/01/21	-	-	2,694,548.75	2,694,548.75	-	-	(943,082.06)	1,751,456.69	-
08/01/21	2,515,000.00	5.094%	2,694,548.75	5,209,548.75	7,904,097.50	-	(943,082.06)	4,266,456.69	6,017,913.38
02/01/22	-	-	2,630,491.70	2,630,491.70	-	-	(920,672.09)	1,709,819.61	-
08/01/22	2,600,000.00	5.894%	2,630,491.70	5,230,491.70	7,860,983.40	-	(920,672.09)	4,309,819.61	6,019,639.22
02/01/23	-	-	2,553,869.70	2,553,869.70	-	-	(893,854.39)	1,660,015.31	-
08/01/23	2,700,000.00	5.894%	2,553,869.70	5,253,869.70	7,807,739.40	-	(893,854.39)	4,360,015.31	6,020,030.62
02/01/24	-	-	2,474,300.70	2,474,300.70	-	-	(866,005.24)	1,608,295.46	-
08/01/24	2,805,000.00	5.894%	2,474,300.70	5,279,300.70	7,753,601.40	-	(866,005.24)	4,413,295.46	6,021,590.92
02/01/25	-	-	2,391,637.35	2,391,637.35	-	-	(837,073.07)	1,554,564.28	-
08/01/25	2,910,000.00	5.894%	2,391,637.35	5,301,637.35	7,693,274.70	-	(837,073.07)	4,464,564.28	6,019,128.56
02/01/26	-	-	2,305,879.65	2,305,879.65	-	-	(807,057.88)	1,498,821.77	-
08/01/26	3,020,000.00	6.259%	2,305,879.65	5,325,879.65	7,631,759.30	-	(807,057.88)	4,518,821.77	6,017,643.54
02/01/27	-	-	2,211,368.75	2,211,368.75	-	-	(773,979.06)	1,437,389.69	-
08/01/27	3,145,000.00	6.259%	2,211,368.75	5,356,368.75	7,567,737.50	-	(773,979.06)	4,582,389.69	6,019,779.38
02/01/28	-	-	2,112,945.97	2,112,945.97	-	-	(739,531.09)	1,373,414.88	-
08/01/28	3,270,000.00	6.259%	2,112,945.97	5,382,945.97	7,495,891.94	-	(739,531.09)	4,643,414.88	6,016,829.76
02/01/29	-	-	2,010,611.32	2,010,611.32	-	-	(703,713.96)	1,306,897.36	-
08/01/29	3,405,000.00	6.259%	2,010,611.32	5,415,611.32	7,426,222.64	-	(703,713.96)	4,711,897.36	6,018,794.72
02/01/30	-	-	1,904,051.84	1,904,051.84	-	-	(666,418.14)	1,237,633.70	-
08/01/30	3,545,000.00	6.259%	1,904,051.84	5,449,051.84	7,353,103.68	-	(666,418.14)	4,782,633.70	6,020,267.40
02/01/31	-	-	1,793,111.06	1,793,111.06	-	-	(627,588.87)	1,165,522.19	-
08/01/31	3,690,000.00	6.339%	1,793,111.06	5,483,111.06	7,276,222.12	-	(627,588.87)	4,855,522.19	6,021,044.38
02/01/32	-	-	1,678,156.51	1,678,156.51	-	-	(586,654.78)	1,089,501.73	-
08/01/32	3,840,000.00	6.339%	1,678,156.51	5,516,156.51	7,192,313.02	-	(586,654.78)	4,929,501.73	6,019,003.46
02/01/33	-	-	1,554,447.71	1,554,447.71	-	-	(544,056.70)	1,010,391.01	-
08/01/33	4,000,000.00	6.339%	1,554,447.71	5,554,447.71	7,108,895.42	-	(544,056.70)	5,010,391.01	6,020,782.02
02/01/34	-	-	1,427,667.71	1,427,667.71	-	-	(499,683.70)	927,984.01	-
08/01/34	4,165,000.00	6.339%	1,427,667.71	5,592,667.71	7,020,335.42	-	(499,683.70)	5,092,984.01	6,020,968.02
02/01/35	-	-	1,295,658.03	1,295,658.03	-	-	(453,480.31)	842,177.72	-
08/01/35	4,335,000.00	6.339%	1,295,658.03	5,630,658.03	6,928,316.06	-	(453,480.31)	5,177,177.72	6,019,355.44
02/01/36	-	-	1,158,260.20	1,158,260.20	-	-	(405,391.07)	752,869.13	-
08/01/36	4,515,000.00	6.459%	1,158,260.20	5,673,260.20	6,831,520.40	-	(405,391.07)	5,267,869.13	6,020,738.26
02/01/37	-	-	1,012,448.27	1,012,448.27	-	-	(354,356.89)	658,091.38	-
08/01/37	4,705,000.00	6.459%	1,012,448.27	5,717,448.27	6,729,896.54	-	(354,356.89)	5,363,091.38	6,021,182.76
02/01/38	-	-	860,500.29	860,500.29	-	-	(301,175.10)	559,325.19	-
08/01/38	4,900,000.00	6.459%	860,500.29	5,760,500.29	6,621,000.58	-	(301,175.10)	5,459,325.19	6,018,650.38
02/01/39	-	-	702,254.79	702,254.79	-	-	(245,789.18)	456,465.61	-
08/01/39	5,105,000.00	6.459%	702,254.79	5,807,254.79	6,509,509.58	-	(245,789.18)	5,561,465.61	6,017,931.22
02/01/40	-	-	537,388.81	537,388.81	-	-	(188,086.08)	349,302.73	-
08/01/40	5,320,000.00	6.459%	537,388.81	5,857,388.81	6,394,777.62	-	(188,086.08)	5,669,302.73	6,018,605.46
02/01/41	-	-	365,579.41	365,579.41	-	-	(127,952.79)	237,626.62	-
08/01/41	5,545,000.00	6.459%	365,579.41	5,910,579.41	6,276,158.82	-	(127,952.79)	5,782,626.62	6,020,253.24
02/01/42	-	-	186,503.63	186,503.63	-	-	(65,276.27)	121,227.36	-
08/01/42	5,775,000.00	6.459%	186,503.63	5,961,503.63	6,148,007.26	-	(65,276.27)	5,896,227.36	6,017,454.72
Total	92,915,000.00		126,404,922.34	219,319,922.34	219,319,922.34	(2,508,524.84)	(44,241,722.66)	172,569,674.84	172,569,674.84

BOND DEBT SERVICE

Monroe County Water Authority (New York)
Water System Revenue Bonds, Series 2012

Dated Date 12/21/2012
Delivery Date 12/21/2012

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
12/21/2012						6,290,000	6,290,000
08/01/2013			167,345.14	167,345.14	167,345.14	6,290,000	6,290,000
02/01/2014			136,918.75	136,918.75		6,290,000	6,290,000
08/01/2014	155,000	3.000%	136,918.75	291,918.75	428,837.50	6,135,000	6,135,000
02/01/2015			134,593.75	134,593.75		6,135,000	6,135,000
08/01/2015	160,000	4.000%	134,593.75	294,593.75	429,187.50	5,975,000	5,975,000
02/01/2016			131,393.75	131,393.75		5,975,000	5,975,000
08/01/2016	170,000	4.000%	131,393.75	301,393.75	432,787.50	5,805,000	5,805,000
02/01/2017			127,993.75	127,993.75		5,805,000	5,805,000
08/01/2017	175,000	4.000%	127,993.75	302,993.75	430,987.50	5,630,000	5,630,000
02/01/2018			124,493.75	124,493.75		5,630,000	5,630,000
08/01/2018	180,000	4.000%	124,493.75	304,493.75	428,987.50	5,450,000	5,450,000
02/01/2019			120,893.75	120,893.75		5,450,000	5,450,000
08/01/2019	190,000	4.000%	120,893.75	310,893.75	431,787.50	5,260,000	5,260,000
02/01/2020			117,093.75	117,093.75		5,260,000	5,260,000
08/01/2020	195,000	4.000%	117,093.75	312,093.75	429,187.50	5,065,000	5,065,000
02/01/2021			113,193.75	113,193.75		5,065,000	5,065,000
08/01/2021	205,000	5.000%	113,193.75	318,193.75	431,387.50	4,860,000	4,860,000
02/01/2022			108,068.75	108,068.75		4,860,000	4,860,000
08/01/2022	215,000	5.000%	108,068.75	323,068.75	431,137.50	4,645,000	4,645,000
02/01/2023			102,693.75	102,693.75		4,645,000	4,645,000
08/01/2023	225,000	5.000%	102,693.75	327,693.75	430,387.50	4,420,000	4,420,000
02/01/2024			97,068.75	97,068.75		4,420,000	4,420,000
08/01/2024	235,000	5.000%	97,068.75	332,068.75	429,137.50	4,185,000	4,185,000
02/01/2025			91,193.75	91,193.75		4,185,000	4,185,000
08/01/2025	250,000	5.000%	91,193.75	341,193.75	432,387.50	3,935,000	3,935,000
02/01/2026			84,943.75	84,943.75		3,935,000	3,935,000
08/01/2026	260,000	5.000%	84,943.75	344,943.75	429,887.50	3,675,000	3,675,000
02/01/2027			78,443.75	78,443.75		3,675,000	3,675,000
08/01/2027	275,000	5.000%	78,443.75	353,443.75	431,887.50	3,400,000	3,400,000
02/01/2028			71,568.75	71,568.75		3,400,000	3,400,000
08/01/2028	290,000	3.250%	71,568.75	361,568.75	433,137.50	3,110,000	3,110,000
02/01/2029			66,856.25	66,856.25		3,110,000	3,110,000
08/01/2029	300,000	3.250%	66,856.25	366,856.25	433,712.50	2,810,000	2,810,000
02/01/2030			61,981.25	61,981.25		2,810,000	2,810,000
08/01/2030	305,000	3.250%	61,981.25	366,981.25	428,962.50	2,505,000	2,505,000
02/01/2031			57,025.00	57,025.00		2,505,000	2,505,000
08/01/2031	315,000	3.250%	57,025.00	372,025.00	429,050.00	2,190,000	2,190,000
02/01/2032			51,906.25	51,906.25		2,190,000	2,190,000
08/01/2032	325,000	3.250%	51,906.25	376,906.25	428,812.50	1,865,000	1,865,000
02/01/2033			46,625.00	46,625.00		1,865,000	1,865,000
08/01/2033	340,000	5.000%	46,625.00	386,625.00	433,250.00	1,525,000	1,525,000
02/01/2034			38,125.00	38,125.00		1,525,000	1,525,000
08/01/2034	355,000	5.000%	38,125.00	393,125.00	431,250.00	1,170,000	1,170,000
02/01/2035			29,250.00	29,250.00		1,170,000	1,170,000
08/01/2035	370,000	5.000%	29,250.00	399,250.00	428,500.00	800,000	800,000
02/01/2036			20,000.00	20,000.00		800,000	800,000
08/01/2036	390,000	5.000%	20,000.00	410,000.00	430,000.00	410,000	410,000
02/01/2037			10,250.00	10,250.00		410,000	410,000
08/01/2037	410,000	5.000%	10,250.00	420,250.00	430,500.00		
	6,290,000		4,212,495.14	10,502,495.14	10,502,495.14		

NOTICE OF TERMS - NET DEBT SERVICE SCHEDULE (1)

NYS EFC Series 2013B
Monroe County Water Authority - Aggregate
Loan ID 4116

Schedule A

Date	Principal	Coupon	Interest	Gross Debt Service	Less: Subsidy Credit (1)	Plus: Annual Administrative Fee (2)	Semi-Annual Net Debt Service	Annual Net Debt Service, Fiscal Year
11/01/2013	600,000.00	0.2000%	184,238.20	784,238.20	45,377.02		738,861.18	738,861.18
05/01/2014			321,369.66	321,369.66	79,032.97		242,336.69	
11/01/2014	465,000.00	0.3000%	321,369.66	786,369.66	79,032.97	18,420.00	725,756.69	968,093.38
05/01/2015			320,672.16	320,672.16	78,667.97		242,004.19	
11/01/2015	465,341.00	0.6700%	320,672.16	786,013.16	78,667.97	18,766.00	726,111.19	968,115.38
05/01/2016			319,113.28	319,113.28	77,845.86		241,267.42	
11/01/2016	470,000.00	1.0800%	319,113.28	789,113.28	77,845.86	18,253.00	729,520.42	970,787.84
05/01/2017			316,575.28	316,575.28	76,504.86		240,070.42	
11/01/2017	475,000.00	1.4400%	316,575.28	791,575.28	76,504.86	17,737.00	732,807.42	972,877.84
05/01/2018			313,155.28	313,155.28	74,704.86		238,450.42	
11/01/2018	480,000.00	1.7900%	313,155.28	795,155.28	74,704.86	17,214.00	735,664.42	974,114.84
05/01/2019			308,859.28	308,859.28	72,437.52		236,421.76	
11/01/2019	480,000.00	2.0900%	308,859.28	788,859.28	72,437.52	16,686.00	733,107.76	969,529.52
05/01/2020			303,843.28	303,843.28	69,755.35		234,087.93	
11/01/2020	485,000.00	2.3900%	303,843.28	788,843.28	69,755.35	16,158.00	735,245.93	969,333.86
05/01/2021			298,047.53	298,047.53	66,628.43		231,419.10	
11/01/2021	490,000.00	2.6900%	298,047.53	788,047.53	66,628.43	15,625.00	737,044.10	968,463.20
05/01/2022			291,457.03	291,457.03	63,064.18		228,392.85	
11/01/2022	500,000.00	2.9600%	291,457.03	791,457.03	63,064.18	15,085.00	743,477.85	971,870.70
05/01/2023			284,057.03	284,057.03	59,068.18		224,988.85	
11/01/2023	505,000.00	3.1530%	284,057.03	789,057.03	59,068.18	14,535.00	744,533.85	969,512.70
05/01/2024			276,095.70	276,095.70	54,706.52		221,389.18	
11/01/2024	515,000.00	3.4340%	276,095.70	791,095.70	54,706.52	13,979.00	750,368.18	971,757.36
05/01/2025			267,253.15	267,253.15	49,870.30		217,382.85	
11/01/2025	520,000.00	3.5200%	267,253.15	787,253.15	49,870.30	13,413.00	750,795.85	968,178.70
05/01/2026			258,101.15	258,101.15	44,795.62		213,305.53	
11/01/2026	530,000.00	3.6400%	258,101.15	788,101.15	44,795.62	12,841.00	756,146.53	969,452.06
05/01/2027			248,455.15	248,455.15	39,396.28		209,058.87	
11/01/2027	540,000.00	3.7700%	248,455.15	788,455.15	39,396.28	12,258.00	761,316.87	970,375.74
05/01/2028			238,276.16	238,276.16	33,678.44		204,597.72	
11/01/2028	550,000.00	3.8700%	238,276.16	788,276.16	33,678.44	11,664.00	766,261.72	970,859.44
05/01/2029			227,633.65	227,633.65	27,647.68		199,985.97	
11/01/2029	560,000.00	4.0200%	227,633.65	787,633.65	27,647.68	11,059.00	771,044.97	971,030.94
05/01/2030			216,377.65	216,377.65	21,182.17		195,195.48	
11/01/2030	565,000.00	4.0700%	216,377.65	781,377.65	21,182.17	10,443.00	770,638.48	965,833.96
05/01/2031			204,879.90	204,879.90	14,466.67		190,413.23	
11/01/2031	580,000.00	4.1450%	204,879.90	784,879.90	14,466.67	9,821.00	780,234.23	970,647.46
05/01/2032			192,859.40	192,859.40	7,420.17		185,439.23	
11/01/2032	590,000.00	4.2200%	192,859.40	782,859.40	7,420.17	9,183.00	784,622.23	970,061.46
05/01/2033			180,410.41	180,410.41			180,410.41	
11/01/2033	615,000.00	4.6130%	180,410.41	795,410.41		8,535.00	803,945.41	984,355.82
05/01/2034			166,225.43	166,225.43			166,225.43	
11/01/2034	650,000.00	4.6130%	166,225.43	816,225.43		7,859.00	824,084.43	990,309.86
05/01/2035			151,233.18	151,233.18			151,233.18	
11/01/2035	680,000.00	4.6130%	151,233.18	831,233.18		7,144.00	838,377.18	989,610.36
05/01/2036			135,548.98	135,548.98			135,548.98	
11/01/2036	715,000.00	4.6130%	135,548.98	850,548.98		6,396.00	856,944.98	992,493.96
05/01/2037			119,057.51	119,057.51			119,057.51	
11/01/2037	750,000.00	4.6130%	119,057.51	869,057.51		5,609.00	874,666.51	993,724.02
05/01/2038			101,758.76	101,758.76			101,758.76	
11/01/2038	785,000.00	4.6130%	101,758.76	866,758.76		4,784.00	891,542.76	993,301.52
05/01/2039			83,652.73	83,652.73			83,652.73	
11/01/2039	825,000.00	4.6930%	83,652.73	908,652.73		3,921.00	912,573.73	996,226.46
05/01/2040			64,294.10	64,294.10			64,294.10	
11/01/2040	865,000.00	4.6930%	64,294.10	929,294.10		3,014.00	932,308.10	996,602.20
05/01/2041			43,996.88	43,996.88			43,996.88	
11/01/2041	915,000.00	4.6930%	43,996.88	958,996.88		2,062.00	961,058.88	1,005,055.76
05/01/2042			22,526.41	22,526.41			22,526.41	
11/01/2042	960,000.00	4.6930%	22,526.41	982,526.41		1,055.00	983,581.41	1,006,107.82
	18,125,341.00		12,735,810.42	30,861,151.42	2,067,125.08	323,519.00	29,117,545.34	29,117,545.34

AMOUNT PAYABLE PURSUANT TO PARAGRAPH 4 OF NOTICE OF TERMS: 340,114.00

Notes:

- (1) Application of Subsidy Credit is pursuant to Sections 3.1 (C) and 3.1 (D) of the Project Finance Agreement. Failure of Recipient to fulfill the terms of the Project Finance Agreement may result in reduction or elimination of the Subsidy Credit.
 (2) The Annual Administrative Fee is due annually on July 15 commencing July 15, 2014.
 The Administrative Fee rate is pursuant to the Project Finance Agreement.
 Aggregate amounts may differ from totals due to rounding.

Capital Lease

County of Monroe 1996 A

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Fiscal Year Debt Service</u>
03/01/97	187,166.00	61,561.62	
09/01/97		119,362.03	348,089.65
03/01/98	98,284.00	119,362.03	
09/01/98		117,150.62	334,796.65
03/01/99	103,257.00	117,150.62	
09/01/99		114,698.24	335,105.86
03/01/00	107,761.00	114,698.24	
09/01/00		112,004.23	334,483.47
03/01/01	113,746.00	112,004.23	
09/01/01		109,160.60	334,910.83
03/01/02	119,715.00	109,160.60	
09/01/02		106,018.06	334,893.66
03/01/03	127,211.00	106,018.06	
09/01/03		102,519.77	335,748.83
03/01/04	133,698.00	102,519.77	
09/01/04		98,843.05	335,060.82
03/01/05	140,664.00	98,843.05	
09/01/05		94,974.79	334,481.84
03/01/06	149,154.00	94,974.79	
09/01/06		90,873.09	335,001.88
03/01/07	161,612.00	90,873.09	
09/01/07		86,428.74	338,913.83
03/01/08	170,590.00	86,428.74	
09/01/08		81,311.03	338,329.77
03/01/09	181,056.00	81,311.03	
09/01/09		75,879.35	338,246.38
03/01/10	192,032.00	75,879.35	
09/01/10		70,958.55	338,869.90
03/01/11	203,018.00	70,958.55	
09/01/11		64,868.01	338,844.56
03/01/12	216,478.00	64,868.01	
09/01/12		58,373.67	339,719.68
03/01/13	229,943.00	58,373.67	
09/01/13		51,475.38	339,792.05
03/01/14	243,917.00	51,475.38	
09/01/14		44,157.87	339,550.25
03/01/15	259,873.00	44,157.87	
09/01/15		36,361.68	340,392.55
03/01/16	275,337.00	36,361.68	
09/01/16		28,101.57	339,800.25
03/01/17	293,783.00	28,101.57	
09/01/17		19,288.08	341,172.65
03/01/18	312,240.00	19,288.08	
09/01/18		9,920.88	341,448.96
03/01/19	<u>330,696.00</u>	<u>9,920.88</u>	
	4,331,231.00	3,447,020.20	<u>340,616.88</u> 7,778,251.20

Capital Lease

GENERAL OBLIGATION REFUNDING BONDS - 2008, SERIES C

2008 C Refunding

DATE	PRINCIPAL	INTEREST	TOTAL
8/1/2008	0.00	10,335.21	10,335.21
2/1/2009	295,000.00	44,293.75	339,293.75
8/1/2009	0.00	39,868.75	39,868.75
2/1/2010	300,000.00	39,868.75	339,868.75
8/1/2010	0.00	35,368.75	35,368.75
2/1/2011	300,000.00	35,368.77	335,368.77
8/1/2011	0.00	30,868.76	30,868.76
2/1/2012	320,000.00	30,868.76	350,868.76
8/1/2012	0.00	25,668.77	25,668.77
2/1/2013	295,000.00	25,668.77	320,668.77
8/1/2013	0.00	20,506.27	20,506.27
2/1/2014	280,000.00	20,506.27	300,506.27
8/1/2014	0.00	15,256.26	15,256.26
2/1/2015	275,000.00	15,256.26	290,256.26
8/1/2015	0.00	10,100.00	10,100.00
2/1/2016	265,000.00	10,100.00	275,100.00
8/1/2016	0.00	4,800.00	4,800.00
2/1/2017	240,000.00	4,800.00	244,800.00
	<hr/>	<hr/>	<hr/>
	2,570,000.00	419,504.10	2,989,504.10



MONROE COUNTY WATER AUTHORITY
P.O. Box 10999 • 475 Norris Drive • Rochester, New York 14610-0999
Phone: (585) 442-2000 Fax (585) 442-0220

MARCH 8, 2018

**MANAGEMENT'S ASSESSMENT OF THE EFFECTIVENESS OF
INTERNAL CONTROL STRUCTURE AND PROCEDURES**

The Authority's internal control over operations and financial reporting includes policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (b) provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorization of the Members of the Authority; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Authority assets that could have a material effect on the Authority's operations, financial statements, and reports.

Because of its inherent limitations, internal control over operations and financial reporting may not prevent or detect misstatements. Projections of any evaluation of the effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

For the period January 1 through December 31, 2017, Management conducted an assessment of the effectiveness of the Authority's internal control over operations and financial reporting and has determined that the controls are adequate. The assessment was made through testing, inquiry, and observation.

Respectfully submitted,

Kathleen A. Prestidge
Director of Finance & Business Services

MONROE COUNTY WATER AUTHORITY
(A Discretely Presented Component Unit
of the County of Monroe, New York)

Financial Statements as of
December 31, 2017
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

MONROE COUNTY WATER AUTHORITY
(A Discretely Presented Component Unit of the County of Monroe, New York)

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INDEPENDENT AUDITOR'S REPORT

March 1, 2018

To the Board of Directors of
Monroe County Water Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Monroe County Water Authority (the Authority), a public benefit corporation of the State of New York and a discretely presented component unit of the County of Monroe, New York, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

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(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2017, and the respective 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.

Summarized Comparative Totals

We have previously audited the Authority's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 2, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 9, schedule of funding progress – other postemployment benefits plan, schedule of proportionate share of net pension liability (asset), and schedule of contributions – pension plans be presented to supplement the basic financial statements. Such information, although not a part of the basic 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 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 financial statements, and other knowledge we obtained during our audit of the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2018 on our consideration of the Authority's internal control over financial reporting and on 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 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 Authority's internal control over financial reporting and compliance.

Bonadio & Co., LLP

MONROE COUNTY WATER AUTHORITY

(A Discretely Presented Component Unit of the County of Monroe, New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

DECEMBER 31, 2017

The Monroe County Water Authority (the Authority) is a not-for-profit public benefit corporation that reliably provides quality, affordable water that fosters economic vitality and enhanced quality of life for Monroe County and area communities who request service.

The financial statements of the Authority include the Statement of Net Position, the Statement of Revenue, Expenses and Change in Net Position, and the Statement of Cash Flows, and related notes to the financial statements. The Statement of Net Position provides information about the nature and the amounts of investments and resources (assets), deferred outflows of resources, and the obligations to the Authority's creditors (liabilities), and deferred inflows of resources, with the difference between these reported as net position.

The Statement of Revenue, Expenses and Change in Net Position shows how the Authority's net position changed during the year. It accounts for all the year's revenues and expenses, measures the financial results of the Authority's operations for the year and can be used to determine how the Authority has funded its costs.

The Statement of Cash Flows provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, capital and related financing, and investing activities.

The notes to the financial statements contain information that is essential to the understanding of the financial statements, such as the Authority's accounting methods and policies.

Management provides the following discussion and analysis (MD&A) of the Authority's financial position and activities. This overview is provided for the year ended December 31, 2017. The information contained in this analysis should be used by the reader in conjunction with the information contained in our audited financial statements and the notes to those financial statements, all of which follow this narrative on the subsequent pages.

FINANCIAL HIGHLIGHTS

The Authority's financial statements are prepared on the accrual basis of accounting promulgated by the Governmental Accounting Standards Board (GASB). The Authority is a single-purpose entity and revenues are recognized when earned, not received. Expenses are recognized when incurred, not when they are paid.

The 2017 financial statements are presented with comparative totals from 2016.

- The assets and deferred outflows of resources of the Authority exceeded its liabilities at the close of its most recent fiscal year by \$335,045,990 (net position). Of this amount \$52,952,229 (unrestricted net position) may be used to meet the Authority's ongoing obligations.
- Operating revenues decreased approximately \$2,358,053 or 3% during the current year from approximately \$67.7 million for the 2016 fiscal year to approximately \$65.4 million for the 2017 fiscal year. Most of this decrease in revenues occurred in the residential customer class and is largely due to a more average year compared to the unusually dry summer of 2016.

FINANCIAL HIGHLIGHTS (Continued)

- Several major construction projects were completed during the year increasing the Authority's assets as follows:

<u>Project Name</u>	<u>2017</u>
2017 Cement Lining – East Rochester	\$ 1,853,035
Churchville & West Lake Road Tanks Rehabilitation	\$ 1,424,005
Calkins Road Water Main Replacement	\$ 1,046,601
Long Pond Road Water Main Replacement	\$ 835,379
Harris Hill Tank Coating	\$ 768,218
SWTP GAC Replacement	\$ 582,418

Summary of Operations and Change in Net Position

	<u>2017</u>	<u>2016</u>
Operating revenues	\$ 65,371,063	\$ 67,729,116
Operating expenses	<u>(61,212,254)</u>	<u>(60,995,850)</u>
Operating income	4,158,809	6,733,266
Non-operating expenses, net	<u>(5,797,895)</u>	<u>(5,958,587)</u>
Income (loss) before capital contributions	(1,639,086)	774,679
Capital contributions	<u>3,130,269</u>	<u>4,779,723</u>
Change in net position	<u>\$ 1,491,183</u>	<u>\$ 5,554,402</u>

Capital contributions are revenues from grants, developers, and customers for water system capital improvements donated to the Authority.

FINANCIAL HIGHLIGHTS (Continued)

Financial Position Summary

Net position is an indication of the Authority's financial strength. The Authority's net position as of December 31, 2017 is \$335,045,990. A summary of the Authority's financial position is shown below.

	<u>2017</u>	<u>2016</u>
ASSETS:		
Current assets	\$ 74,648,208	\$ 68,865,449
Capital assets	416,970,553	416,928,672
Funds held by trustee	14,311,978	17,615,157
Restricted assets	<u>2,805,798</u>	<u>3,195,688</u>
Total assets	<u>508,736,537</u>	<u>506,604,966</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>5,954,979</u>	<u>10,993,110</u>
LIABILITIES:		
Current liabilities, including current portion of long-term debt	17,785,288	15,928,769
Other liabilities (long-term)	<u>160,899,317</u>	<u>166,965,543</u>
Total liabilities	<u>178,684,605</u>	<u>182,894,312</u>
DEFERRED INFLOWS OF RESOURCES	<u>960,921</u>	<u>1,148,957</u>
NET POSITION:		
Net investment in capital assets	279,287,963	274,888,354
Restricted	2,805,798	3,195,688
Unrestricted	<u>52,952,229</u>	<u>55,470,765</u>
Total net position	<u>\$ 335,045,990</u>	<u>\$ 333,554,807</u>

As a water utility, the Authority has a significant investment in infrastructure. The Authority's infrastructure includes pipelines ranging from 2" in diameter to 5' in diameter, 51 booster pumping stations, 49 storage tanks, 2 reservoirs, 3 water treatment plants, land and other facilities required in the treatment and distribution of potable water to its customers. The Authority's net position also includes funds available to pay for ongoing and future construction or replacements, and/or additions, to this infrastructure. Deferred outflows and inflows of resources decreased due to a change in the actuarial valuation of the New York State Employees' Retirement System in the current year. Long-term liabilities were recorded in both years as a result of a net pension liability related to the Authority's proportionate share of the New York State Employees' Retirement System.

MCWA Rates and Charges

The Authority sets its rates annually in concurrence with the adoption of its annual operating budget. The Authority is required by its Master Trust Indenture dated October 1, 1991 and Supplemental Indentures issued with and specific to each subsequent revenue bond issue (Trust Indentures) to set rates and fees sufficient to cover all of its operating and capital expenses.

Many factors were considered by the Authority's Board Members when the rates were being set for 2018. Based in part on the recommendation of the Authority's independent rate consultant, the commodity rates increased by a modest amount and are shown in the following table.

FINANCIAL HIGHLIGHTS (Continued)

MCWA Rates and Charges (Continued)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential/quarterly:			
Daily base charge per connection (up to ¾")	\$ 0.21	\$ 0.21	\$ 0.21
Commodity charge per 1,000 gallons	\$ 3.12	\$ 2.96	\$ 2.84
Large commercial/monthly:			
Daily base charge per connection	\$ 0.62 - 7.77	\$ 0.62 - 7.77	\$ 0.62 - 7.42
Commodity charge per 1,000 gallons -			
First 125,000 gallons	\$ 3.12	\$ 2.96	\$ 2.84
Each additional 1,000 gallons	\$ 2.21	\$ 2.02	\$ 1.92
Water district rate:			
Daily base charge per connection	\$ 0.62 - 7.77	\$ 0.62 - 7.77	\$ 0.62 - 7.42
Commodity charge per 1,000 gallons	\$ 2.21	\$ 2.02	\$ 1.92

Summary of Operating Revenues

	<u>2017</u>	<u>2017 Budget</u>	<u>2016</u>
Water sales:			
Residential/quarterly	\$ 52,189,309	\$ 54,649,510	\$ 53,741,425
Large commercial/monthly	5,865,414	5,870,300	5,901,460
Water districts/wholesale	<u>3,245,136</u>	<u>3,064,045</u>	<u>3,205,667</u>
Total water sales	61,299,859	63,583,855	62,848,552
Other water and operating revenue	<u>4,071,204</u>	<u>3,840,855</u>	<u>4,880,564</u>
Total operating revenue	<u>\$ 65,371,063</u>	<u>\$ 67,424,710</u>	<u>\$ 67,729,116</u>

Revenues

Water sales for 2017 were projected based on average historical usage with the typical residential customer using approximately 72 thousand gallons of water annually. This year's water sales, which include the residential, large commercial and water district classes, were \$1,548,693 less than those of 2016 and \$2,283,996 less than budget. 2016 had an unusually dry spring and summer. In contrast, 2017 had an unusually wet spring and summer.

Other water revenue includes private fire services in the amount of \$1,299,463, and late charges in the amount of \$878,539. Also included are payments made to the Authority by Genesee County for debt service on facilities constructed and owned by the Authority for the benefit of the respective counties. In 2017, the service fee for Genesee County was \$1,052,256. Other operating revenues included cell tower lease income of \$233,329 in 2017.

Total operating revenue for 2017 was \$65,371,063; \$2,358,053 less than 2016, and \$2,053,647 less than budget estimates.

Operating Expenses

The Authority's expenses (excluding depreciation and amortization) are budgeted and tracked functionally by operating department. The Authority is divided into the following five departments: Administration; Production/Transmission; Engineering; Facilities, Fleet & Operations; and Finance & Business Services.

FINANCIAL HIGHLIGHTS (Continued)

Operating Expenses (Continued)

The following is a breakdown of the Authority's functional expenses by operating department (excluding depreciation and amortization):

	<u>2017</u>	<u>2017 Budget</u>	<u>2016</u>
Functional expenses:			
Administration	\$ 7,437,746	\$ 8,677,980	\$ 8,629,242
Production/transmission	12,672,842	14,985,143	13,101,455
Engineering	3,447,870	3,942,022	3,709,368
Facilities, fleet & operations	12,830,707	12,987,580	11,671,464
Finance and business services	<u>6,493,751</u>	<u>7,393,259</u>	<u>6,136,247</u>
Total functional expenses	<u>\$ 42,882,916</u>	<u>\$ 47,985,984</u>	<u>\$ 43,247,776</u>

Functional expenses (excluding depreciation and amortization) were \$5,103,068, or 11.0% under budget for 2017.

The following is a breakdown of the Authority's total operating expenses:

	<u>2017</u>	<u>2016</u>
Operating expenses:		
Salaries and fringe benefits	\$ 22,122,961	\$ 21,464,226
Operations and maintenance	11,450,467	11,700,159
General and administrative	9,066,488	9,840,391
City contract - capital	243,000	243,000
Depreciation and amortization	18,327,956	17,726,862
Amortization of deferred amounts on refunding, net	<u>1,382</u>	<u>21,212</u>
Total operating expenses	<u>\$ 61,212,254</u>	<u>\$ 60,995,850</u>

Total operating expenses increased \$216,404 from 2016. Salaries and Benefits increased \$658,735 or 3.1%. Operations and Maintenance expense totaled \$11,450,467, down \$249,692 or 2% compared to 2016. General and administrative expenses decreased \$773,903 from 2016. City contract – capital is the Authority's share of capital projects outlined in the 2011 Exchange Agreement for Water Supply with the City of Rochester and did not change for 2017.

Non-Operating Revenue (Expenses)

The Authority's non-operating revenue (expenses) is composed of the following:

	<u>2017</u>	<u>2016</u>
Non-operating revenue (expenses):		
Federal interest subsidy	\$ 1,876,486	\$ 1,865,136
Interest earnings	192,797	145,689
Bond issuance costs	(227,057)	-
Interest expense	(7,261,419)	(7,509,017)
Loss on disposal of capital assets	(366,606)	(479,254)
Realized and unrealized gains on investments, net	<u>(12,096)</u>	<u>18,859</u>
Total non-operating revenue (expenses), net	<u>\$ (5,797,895)</u>	<u>\$ (5,958,587)</u>

DEBT ADMINISTRATION

Water Revenue Bonds

As of December 31, 2017, the Authority has six water revenue bond series outstanding totaling \$135,125,000. On December 21, 2017, the Authority closed the \$3,950,000 Water System Revenue Refunding Bonds, Series 2017. The refunding resulted in a net present value savings of \$344,928. The Series 2017 Bonds were issued to (a) advance refund a portion of the outstanding principal balance of the Authority's Water System Revenue Bonds, Series 2010 and (b) pay costs of issuance of the Series 2017 Bonds. The 2007 Series bonds continue to be payable by Genesee County to the Authority under the terms of the Construction Services Agreement between Genesee County and the Authority dated May 24, 2000.

Monroe County Water Authority Bond Series	Outstanding as of December 2017	Outstanding as of December 2016	Principal Due 2018
2007 Series Refunding	\$ 14,715,000	\$ 15,290,000	\$ 585,000
2010 Series	2,265,000	7,620,000	830,000
2010A Series	-	1,250,000	-
2010B Series	92,915,000	92,915,000	2,300,000
2012 Series	5,630,000	5,805,000	180,000
2013 Series	15,650,000	16,125,000	480,000
2017 Series	<u>3,950,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 135,125,000</u>	<u>\$ 139,005,000</u>	<u>\$ 4,375,000</u>

Obligations under Capital Lease

The Authority entered into an agreement with Monroe County, dated November 18, 1969, in which Monroe County agreed to finance, and the Authority agreed to construct and pay for, certain improvements within Monroe County. Improvements constructed under this agreement are owned by Monroe County but leased to the Authority. The Authority operates these leased facilities with all the responsibilities of ownership. There remains \$642,936 of principal and interest outstanding which the Authority is required to pay.

County of Monroe Bond Series	Outstanding as of December 2017	Outstanding as of December 2016	Principal Due 2018
1996 Series A Refunding	\$ 642,936	\$ 936,719	\$ 312,240
2008 Series C Refunding	<u>-</u>	<u>240,000</u>	<u>-</u>
Total	<u>\$ 642,936</u>	<u>\$ 1,176,719</u>	<u>\$ 312,240</u>

Credit Ratings

The Authority is the recipient of very favorable credit ratings from both Moody's Investors Service and Standard & Poor's. The Authority has an Aa2 rating assigned to its revenue bonds by Moody's Investors Service and an AA+ rating by Standard & Poor's. The Authority's bond ratings were last reviewed by Moody's Investor Service and by Standard & Poor's in December of 2017 in conjunction with the 2017 bond issuance. The Authority issues revenue bonds subject to its Master Trust Indenture dated October 1, 1991 and Supplemental Indentures issued with, and specific to, each subsequent revenue bond issue.

ECONOMIC FACTORS AND NEXT YEAR'S GOALS

The Authority continues to develop the necessary infrastructure and operational practices to meet its short and long-term plans while ensuring quality customer service is provided and competitive rates are being maintained.

In 2018, the Authority intends to spend approximately \$21 million for capital improvements, including the following major projects.

- Water Main Rehabilitation and Replacements
- West 1 Plan Plant Renovation
- Tank Painting and Rehabilitation
- Meter Replacements
- Service Replacements
- Vehicle Replacements
- Generator Optimization

The Authority believes it possesses the financial and leadership capabilities to accomplish its goals during the upcoming year.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Director of Finance & Business Services, Monroe County Water Authority, 475 Norris Drive, Rochester, New York, 14610 or call (585) 442-2000.

MONROE COUNTY WATER AUTHORITY
(A Discretely Presented Component Unit of the County of Monroe, New York)

STATEMENT OF NET POSITION
DECEMBER 31, 2017
(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 58,680,575	\$ 53,675,821
Accounts receivable	5,576,952	5,487,770
Accrued unbilled revenue	7,550,000	7,120,000
Materials and supplies	1,770,441	1,472,977
Prepayments and other current assets	<u>1,070,240</u>	<u>1,108,881</u>
Total current assets	<u>74,648,208</u>	<u>68,865,449</u>
OTHER ASSETS:		
Capital assets -		
Nondepreciable	15,394,794	13,079,316
Depreciable, net	401,575,759	403,849,356
Funds held by trustee -		
Capital improvement fund	3,842,330	4,193,221
New construction fund	<u>10,469,648</u>	<u>13,421,936</u>
Total other assets	<u>431,282,531</u>	<u>434,543,829</u>
RESTRICTED ASSETS:		
Debt service fund held by trustee	1,096	-
Debt service reserve held by trustee	<u>2,804,702</u>	<u>3,195,688</u>
Total restricted assets	<u>2,805,798</u>	<u>3,195,688</u>
Total assets	<u>508,736,537</u>	<u>506,604,966</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related - ERS	5,350,714	10,642,540
Deferred amounts on refunding water revenue and capital lease bonds	<u>604,265</u>	<u>350,570</u>
Total deferred outflows of resources	<u>5,954,979</u>	<u>10,993,110</u>
LIABILITIES		
CURRENT LIABILITIES:		
Current portion of water revenue bonds	4,375,000	3,530,000
Current portion of obligations under capital leases	312,240	533,783
Accounts payable and other liabilities	5,634,927	4,042,748
Accrued payroll and benefits	4,612,428	4,848,118
Accrued interest on water revenue and capital lease bonds	<u>2,850,693</u>	<u>2,974,120</u>
Total current liabilities	<u>17,785,288</u>	<u>15,928,769</u>
OTHER LIABILITIES:		
Water revenue bonds, net of bond premium of \$1,626,127 and \$1,219,547 for 2017 and 2016, respectively	132,376,127	136,694,547
Obligations under capital leases	330,696	642,936
Net pension liability - ERS	5,420,629	9,693,114
Other postemployment benefit obligations	<u>22,771,865</u>	<u>19,934,946</u>
Total other liabilities	<u>160,899,317</u>	<u>166,965,543</u>
Total liabilities	<u>178,684,605</u>	<u>182,894,312</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related - ERS	<u>960,921</u>	<u>1,148,957</u>
Total deferred inflows of resources	<u>960,921</u>	<u>1,148,957</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	279,287,963	274,888,354
RESTRICTED	2,805,798	3,195,688
UNRESTRICTED	<u>52,952,229</u>	<u>55,470,765</u>
Total net position	<u>\$ 335,045,990</u>	<u>\$ 333,554,807</u>

The accompanying notes are an integral part of these statements.

MONROE COUNTY WATER AUTHORITY
(A Discretely Presented Component Unit of the County of Monroe, New York)

STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
OPERATING REVENUE:		
Water sales - residential	\$ 52,189,309	\$ 53,741,425
Water sales - industrial/commercial	5,865,414	5,901,460
Water sales - water district	3,245,136	3,205,667
Other water revenue	3,432,940	4,258,738
Other operating revenue	<u>638,264</u>	<u>621,826</u>
Total operating revenue	<u>65,371,063</u>	<u>67,729,116</u>
OPERATING EXPENSES:		
Salaries and fringe benefits	22,122,961	21,464,226
Operations and maintenance	11,450,467	11,700,159
General and administrative	9,066,488	9,840,391
City contract - capital	243,000	243,000
Depreciation and amortization	18,327,956	17,726,862
Amortization of deferred amounts on refunding	<u>1,382</u>	<u>21,212</u>
Total operating expenses	<u>61,212,254</u>	<u>60,995,850</u>
Total operating income	<u>4,158,809</u>	<u>6,733,266</u>
NON-OPERATING REVENUE (EXPENSES):		
Federal interest subsidy	1,876,486	1,865,136
Interest earnings	192,797	145,689
Bond issuance costs	(227,057)	-
Interest expense	(7,261,419)	(7,509,017)
Loss on disposal of capital assets	(366,606)	(479,254)
Unrealized and realized gain (loss) on investments, net	<u>(12,096)</u>	<u>18,859</u>
Total non-operating expenses, net	<u>(5,797,895)</u>	<u>(5,958,587)</u>
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(1,639,086)</u>	<u>774,679</u>
CAPITAL CONTRIBUTIONS:		
Grant income	16,844	-
Developers and customers	<u>3,113,425</u>	<u>4,779,723</u>
Total capital contributions	<u>3,130,269</u>	<u>4,779,723</u>
CHANGE IN NET POSITION	1,491,183	5,554,402
NET POSITION - beginning of year	<u>333,554,807</u>	<u>328,000,405</u>
NET POSITION - end of year	<u>\$ 335,045,990</u>	<u>\$ 333,554,807</u>

The accompanying notes are an integral part of these statements.

MONROE COUNTY WATER AUTHORITY
(A Discretely Presented Component Unit of the County of Monroe, New York)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 64,818,361	\$ 67,143,219
Payments to suppliers	(19,393,079)	(24,095,010)
Payments to employees	<u>(18,690,427)</u>	<u>(16,863,456)</u>
Net cash flow from operating activities	<u>26,734,855</u>	<u>26,184,753</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Withdrawals from funds held by trustee	3,693,069	4,441,483
Purchases of capital assets	(15,865,918)	(15,853,762)
Proceeds from disposal of capital assets	259,744	114,031
Federal interest subsidy	1,876,486	1,865,136
Proceeds from water revenue bond issuance	3,392,871	-
Proceeds from bond premium	481,575	-
Repayments and redemptions of water revenue bonds	(7,830,000)	(3,385,000)
Repayments of obligations under capital leases	(533,783)	(540,337)
Interest paid	<u>(7,384,846)</u>	<u>(7,531,250)</u>
Net cash flow from capital and related financing activities	<u>(21,910,802)</u>	<u>(20,889,699)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	192,797	145,689
Gains (losses) on investments	<u>(12,096)</u>	<u>18,859</u>
Net cash flow from investing activities	<u>180,701</u>	<u>164,548</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,004,754	5,459,602
CASH AND CASH EQUIVALENTS - beginning of year	<u>53,675,821</u>	<u>48,216,219</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 58,680,575</u>	<u>\$ 53,675,821</u>

(Continued)

MONROE COUNTY WATER AUTHORITY
(A Discretely Presented Component Unit of the County of Monroe, New York)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income	\$ 4,158,809	\$ 6,733,266
Adjustments to reconcile operating income to net cash flow from operating activities:		
Depreciation and amortization	18,329,338	17,748,074
Bad debt expense (recovery)	(11,719)	(13,608)
Pension items - ERS	831,305	1,259,298
Changes in:		
Accounts receivable	(77,463)	(235,974)
Accrued unbilled revenue	(430,000)	(400,000)
Materials and supplies	(297,464)	269,551
Prepayments and other current assets	38,641	494,582
Accounts payable and other liabilities	1,592,179	(3,061,985)
Accrued payroll and benefits	(190,451)	48,594
Other postemployment benefit obligations	2,836,919	3,292,878
Customer deposits	(45,239)	50,077
Net cash flow from operating activities	<u>\$ 26,734,855</u>	<u>\$ 26,184,753</u>
NON-CASH CAPITAL FINANCING ACTIVITY:		
Capital assets received directly from developers and customers	<u>\$ 3,113,425</u>	<u>\$ 4,779,723</u>
Deferred amount on refunding water revenue bonds	<u>\$ 330,072</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

MONROE COUNTY WATER AUTHORITY
(A Discretely Presented Component Unit of the County of Monroe, New York)

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017
(With Comparative Totals for 2016)

1. ORGANIZATION

Monroe County Water Authority (the Authority), a discretely presented component unit of the County of Monroe, New York (the County), is a public benefit corporation organized under the Public Authorities Law of the State of New York. The Authority was created to finance, construct, operate and maintain a water supply and distribution system for the benefit of the residents of the County and the State of New York.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

Basis of Presentation

GASB requires the classification of net position into three categories defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent capital-related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted net position - This component of net position consists of amounts which have external constraints placed on its use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component consists of net position that does not meet the definition of "net investment in capital assets," or "restricted."

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of presenting the statement of cash flows, the Authority considers all highly liquid short-term investments with a maturity of three months or less from year-end to be cash or cash equivalents.

Accounts Receivable

Accounts receivable consists of fees for services for water charges due from individuals, businesses, and other governments. Accounts receivable are carried on the balance sheet at net realizable value. The Authority has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Accrued Unbilled Revenues

Accrued unbilled revenues represent revenue earned in the current year but not billed to customers until future dates, usually within three months, and is an estimate made by management using historical trends.

Materials and Supplies - Inventory

Materials and supplies are stated at cost and are determined using a weighted-average method.

Capital Assets

Capital assets are stated at cost. Depreciation and amortization are provided using the straight-line method over the following estimated useful lives or lease term if shorter:

Production and distribution system	5 - 40 years
Water facility capital lease	5 - 25 years
Water rights	40 years
Pipelines and district facilities	40 years
Meters and distribution services	25 - 40 years
Automotive and construction equipment	5 years
Land improvements	10 - 20 years
Furniture, fixtures and other equipment	5 - 15 years

Improvements, renewals and significant repairs over \$5,000 that extend the life of the asset are capitalized; other repairs and maintenance costs are expensed as incurred. When assets are retired or otherwise disposed of, the related asset and accumulated depreciation is written off and any unrelated gains or losses are recorded.

Funds Held by Trustee

Funds held by Bank of New York (the Trustee) consist of fixed income United States Government securities. The Authority reports these items at fair value based on quoted market prices. These funds are required to be held in accordance with the trust indentures for the water revenue bonds as described in Note 7.

Accrued Payroll and Benefits

It is the Authority's policy to record employee benefits, including accumulated vacation and sick leave, as a current liability in accounts payable and other liabilities on the statement of net position. The Authority's employees are granted vacation and sick leave in varying amounts based on the underlying employee contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits

The Authority provides certain health care benefits to its retired employees in accordance with the provisions of employment contracts.

Unamortized Bond Premium

Bond premium related to the issuance of debt obligations is amortized over the term of the respective bond issues and capital leases.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Authority reports deferred amounts on refunding of capital leases and water revenue bonds, as well as amounts relating to the New York State Employees' Retirement System in this category.

Revenue Recognition

Revenues from water sales are recognized at the time of service delivery based on actual or estimated water meter readings.

Operating and Non-Operating Revenues and Expenses

Operating revenue consists of water revenue and other related revenue. The Authority defines non-operating revenue as interest earnings on investment assets and realized/unrealized gains or losses on sales of investments. Non-operating expenses are defined as interest expense and other costs related to issuance of long-term debt and gains/losses on disposals of capital assets. The Authority also receives Federal interest subsidies which are considered non-operating revenue.

Capital Contributions from Developers and Customers

Capital contributions from developers and customers represent amounts for betterments or additions to capital assets that have been contributed to the Authority.

Income Tax Status

As a public benefit corporation, the Authority is exempt from federal and state income taxes, as well as state and local property and sales taxes.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not in the same detail used for the current year presentation. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended December 31, 2016, from which the summarized information was obtained.

3. WATER AGREEMENT

The Authority and the City of Rochester, New York (the City) entered into an agreement in 2011 that provides for the exchange of water between the two entities at a fixed rate that is established annually based on the weighted average cost of each entity's typical residential customer. Authority consumption of the City's water is offset against the City's consumption of the Authority's water with the net consumption charged at the annual exchange rate. For the years ended December 31, 2017 and 2016, the Authority had net purchases from the City of \$1,609,607 and \$1,324,374, respectively.

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The guidelines established by the Authority permit the investment of funds held by the Authority, and funds held in trust for the Authority, to be invested in accordance with New York State Public Authorities Law. Investments must be in the form of obligations of the State of New York, or in general obligations of its political subdivisions; obligations of the United States or its agencies whose principal and interest payments are fully guaranteed by the federal government; and in collateralized time deposits or certificates of deposit issued by a commercial bank or trust company, which is a member of the Federal Deposit Insurance Corporation (FDIC). The Authority's investment policy limits its deposit and investment activity to time deposits, demand deposits, certificates of deposit, United States Government obligations and repurchase agreements.

The Authority's investment policy requires its deposits and investments, not controlled by the Trustee, to be 100% collateralized through federal deposit insurance or other obligations. Obligations that may be pledged as collateral are obligations of, or guaranteed by, the United States or the State of New York. Collateral must be delivered to the Authority or an authorized custodial bank. In addition, the Authority's investment policy includes the following provisions for credit risk and custodial credit risk (as defined below):

- Custodial credit risk
For cash deposits or investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.
 - The Authority limits its investments (other than United States securities held by the Trustee) at any financial institution to 1% of such institution's total assets.
 - Any financial institution in which the Authority invests funds must have in excess of \$50,000,000 in capital stock and retained earnings and the Authority limits its investments (other than United States securities held by the Trustee) at these institutions to 5% of the total capital stock and retained earnings.
- Credit risk
For cash deposits or investments, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.
 - The Authority limits its investments in money market funds to those with the highest short-term or long-term rating by at least one nationally recognized rating agency. In 2017 and 2016, the Authority did not hold any investments in money market funds. The money market funds detailed in this section are used as savings accounts by the Authority and these accounts are classified as cash and cash equivalents and not investments.

As of December 31, 2017 and 2016, the Authority's deposits and investments in various banks are detailed on the following page.

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Total deposits of cash and cash equivalents, marketable securities and related collateral, included in cash and cash equivalents and marketable securities, not controlled by the Trustee (including certificates of deposit and money market funds) are as follows for the years ended December 31:

	2017	
	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand deposits	\$ 1,253,736	\$ 1,253,736
Time deposits	<u>57,426,839</u>	<u>58,054,268</u>
Total cash and investments	<u>\$ 58,680,575</u>	<u>\$ 59,308,004</u>
Insured cash - FDIC		\$ 1,000,000
Uninsured - collateralized with securities held by pledging financial institution		<u>60,315,335</u>
Total insured and collateralized cash and cash equivalents		<u>\$ 61,315,335</u>

	2016	
	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand deposits	\$ 3,866,054	\$ 3,866,054
Time deposits	<u>49,809,767</u>	<u>50,712,281</u>
Total cash and investments	<u>\$ 53,675,821</u>	<u>\$ 54,578,335</u>
Insured cash - FDIC		\$ 889,185
Uninsured - collateralized with securities held by pledging financial institution		<u>55,917,123</u>
Total insured and collateralized cash and cash equivalents		<u>\$ 56,806,308</u>

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Total cash and cash equivalents and marketable securities by type as of December 31, including certificates of deposit controlled by the Trustee and reported in 'Capital improvement fund', 'New construction fund', and 'Restricted Assets' in the accompanying financial statements, are as follows:

	<u>2017</u>	<u>2016</u>
United States Treasury obligations	\$ 4,661,256	\$ 5,044,355
United States Treasury bills	12,438,017	15,763,351
Money market funds	57,422,365	48,203,095
Cash	<u>1,276,713</u>	<u>5,475,865</u>
	<u>\$ 75,798,351</u>	<u>\$ 74,486,666</u>

United States Treasury obligations and United States Treasury bills are considered level 1 investments. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following recurring fair value measurements as of December 31, 2017 and 2016:

- U.S. Treasury securities of \$17 and \$21 million, respectively are valued using quoted market prices (Level 1 inputs).

The following deposits and investments, excluding amounts controlled by the Trustee, held with one financial institution represent five percent or more of the Authority's total deposits and investments at either December 31, 2017 and 2016, or both:

	<u>2017</u>	<u>2016</u>
M&T Bank	\$ 50,517,789	\$ 45,821,506
Key Bank	\$ 8,140,136	\$ 7,830,767

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Additions	Transfers	Disposals	Balance December 31, 2017
Land and easements	\$ 10,342,973	\$ -	\$ 32,121	\$ -	\$ 10,375,094
Construction-in-progress	2,736,343	16,216,328	(13,932,971)	-	5,019,700
Total non-depreciable assets	\$ 13,079,316	\$ 16,216,328	\$ (13,900,850)	\$ -	\$ 15,394,794
Land improvements	\$ 7,705,277	\$ -	\$ 6,445	\$ (2,737)	\$ 7,708,985
Production and distribution system	238,635,983	9,755	3,174,024	(769,161)	241,050,601
Pipelines and district facilities	294,723,132	1,801,636	4,679,996	-	301,204,764
Meters and services	88,349,647	968,468	4,871,691	(1,055,875)	93,133,931
Automotive and construction equipment	7,636,185	-	981,433	(861,260)	7,756,358
Water facility capital lease	78,056,980	-	-	-	78,056,980
Furniture, fixtures and other equipment	2,901,389	-	187,261	(128,744)	2,959,906
Total at cost	718,008,593	2,779,859	13,900,850	(2,817,777)	731,871,525
Less: Accumulated depreciation and					
Land improvements	(1,904,566)	(285,576)	-	2,737	(2,187,405)
Production and distribution system	(77,540,578)	(7,851,679)	-	713,446	(84,678,811)
Pipelines and district facilities	(115,739,045)	(6,713,588)	-	-	(122,452,633)
Meters and services	(35,095,551)	(2,434,161)	-	716,831	(36,812,881)
Automotive and construction equipment	(4,475,757)	(508,864)	-	638,733	(4,345,888)
Water facility capital lease	(77,557,822)	(266,975)	-	-	(77,824,797)
Furniture, fixtures and other equipment	(1,845,918)	(267,113)	-	119,680	(1,993,351)
Total accumulated depreciation and	(314,159,237)	(18,327,956)	-	2,191,427	(330,295,766)
Total depreciable assets - net	\$ 403,849,356	\$ (15,548,097)	\$ 13,900,850	\$ (626,350)	\$ 401,575,759

5. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Additions	Transfers	Disposals	Balance December 31, 2016
Land and easements	\$ 10,155,771	\$ -	\$ 187,202	\$ -	\$ 10,342,973
Construction-in-progress	16,718,491	16,621,128	(30,603,276)	-	2,736,343
Total non-depreciable assets	<u>\$ 26,874,262</u>	<u>\$ 16,621,128</u>	<u>\$ (30,416,074)</u>	<u>\$ -</u>	<u>\$ 13,079,316</u>
Land improvements	\$ 7,618,352	\$ -	\$ 108,053	\$ (21,128)	\$ 7,705,277
Production and distribution system	228,593,694	-	12,210,682	(2,168,393)	238,635,983
Pipelines and district facilities	279,240,755	2,586,924	12,895,453	-	294,723,132
Meters and services	83,322,757	1,425,433	4,278,042	(676,585)	88,349,647
Automotive and construction equipment	7,610,555	-	465,680	(440,050)	7,636,185
Water facility capital lease	78,056,980	-	-	-	78,056,980
Furniture, fixtures and other equipment	2,502,006	-	458,164	(58,781)	2,901,389
Total at cost	<u>686,945,099</u>	<u>4,012,357</u>	<u>30,416,074</u>	<u>(3,364,937)</u>	<u>718,008,593</u>
Less: Accumulated depreciation and					
Land improvements	(1,624,581)	(295,272)	-	15,287	(1,904,566)
Production and distribution system	(71,859,063)	(7,482,358)	-	1,800,843	(77,540,578)
Pipelines and district facilities	(109,273,023)	(6,466,022)	-	-	(115,739,045)
Meters and services	(33,376,634)	(2,281,361)	-	562,444	(35,095,551)
Automotive and construction equipment	(4,263,310)	(548,500)	-	336,053	(4,475,757)
Water facility capital lease	(77,151,396)	(406,426)	-	-	(77,557,822)
Furniture, fixtures and other equipment	(1,656,020)	(246,923)	-	57,025	(1,845,918)
Total accumulated depreciation and	<u>(299,204,027)</u>	<u>(17,726,862)</u>	<u>-</u>	<u>2,771,652</u>	<u>(314,159,237)</u>
Total depreciable assets - net	<u>\$ 387,741,072</u>	<u>\$ (13,714,505)</u>	<u>\$ 30,416,074</u>	<u>\$ (593,285)</u>	<u>\$ 403,849,356</u>

6. CAPITAL LEASES

The Authority and the County entered into an agreement in 1969 which provides for the Authority, as agent of the County, to plan, construct, operate, manage, repair and maintain certain water facilities owned by the County and primarily financed through County bond issues. These water facilities are leased to the Authority, which, along with capital assets owned by the Authority, become an integrated water system.

These leases are defined as capital leases and the related facilities are recorded as an asset that is generally amortized over the term of the lease or the related bond issue, whichever is shorter. The lease obligation is shown as a liability with the related interest expense reported as non-operating expenses.

Water facilities under capital leases that are included within capital assets as of December 31 are as follows:

	<u>2017</u>	<u>2016</u>
Completed water facilities	\$ 78,056,980	\$ 78,056,980
Less: Accumulated amortization	<u>(77,824,797)</u>	<u>(77,557,822)</u>
	<u>\$ 232,183</u>	<u>\$ 499,158</u>

Amortization expense related to water facilities under capital leases was \$266,975 and \$406,426 for the years ended December 31, 2017 and 2016, respectively.

At December 31, 2017 and 2016, the amount of the County bonds outstanding is included in obligations under capital leases. The expended portion of the bond proceeds is included in water facilities under capital leases.

Long-term capital lease activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
County bonds issued in 1996 Series A as part of the refunding that mature annually ranging from \$312,000 to \$331,000 from 2018 to 2019 bearing interest of 3.75%	\$ 936,719	\$ -	\$ (293,783)	\$ (312,240)	\$ 330,696
County bonds issued in 2008 Series C as part of the Series 1996C refunding that matures at \$240,000 in 2017 bearing interest of 3.75%.	<u>240,000</u>	<u>-</u>	<u>(240,000)</u>	<u>-</u>	<u>-</u>
Long-term capital lease liabilities	<u>\$ 1,176,719</u>	<u>\$ -</u>	<u>\$ (533,783)</u>	<u>\$ (312,240)</u>	<u>\$ 330,696</u>

6. CAPITAL LEASES (Continued)

Long-term capital lease activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
County bonds issued in 1996 Series A as part of the refunding that mature annually ranging from \$293,000 to \$331,000 from 2017 to 2019 bearing interest ranging from 3.37% to 5.47%	\$ 1,212,056	\$ -	\$ (275,337)	\$ (293,783)	\$ 642,936
County bonds issued in 2008 Series C as part of the Series 1996C refunding that matures at \$240,000 in 2017 bearing interest of 3.75%.	505,000	-	(265,000)	(240,000)	-
Long-term capital lease liabilities	<u>\$ 1,717,056</u>	<u>\$ -</u>	<u>\$ (540,337)</u>	<u>\$ (533,783)</u>	<u>\$ 642,936</u>

For the years ended December 31, 2017 and 2016, interest expense was \$40,045 and \$67,180, respectively on capital leases. Cash paid for interest was \$52,190 and \$79,363, during the years ended December 31, 2017 and 2016.

The following is a schedule of the future minimum lease payments under the capital leases as of December 31, 2017:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 312,240	\$ 29,209	\$ 341,449
2019	<u>330,696</u>	<u>9,921</u>	<u>340,617</u>
	<u>\$ 642,936</u>	<u>\$ 39,130</u>	<u>\$ 682,066</u>

7. WATER REVENUE BONDS

The Authority has entered into Trust Indentures under which all outstanding bonds have been issued. The Trust Indentures pledge all revenues and other income collected by the Authority for payment of principal and interest on the bonds. The Trust Indentures also generally require establishment of a trust fund called "the water system revenue fund," for which the Authority acts as a trustee, into which all revenue is to be deposited, as well as a debt service reserve fund under which the Authority is required to maintain deposit amounts sufficient to cover the annual debt service or provide a surety bond (as defined in the Trust Indentures) of its bonds. The Authority covenants in its indenture that it will establish water rates sufficient to cover the sum of: (1) 1.2 times debt service, (2) expenses of operating, maintaining, renewing and replacing the water system and maintaining the debt service reserve fund, and (3) any additional amounts required to pay all other charges payable from the Authority's revenue. As of December 31, 2017 and 2016, the Authority is in compliance with its financial covenants.

Series 2007 Bonds

The Authority issued 2001 series bonds in the amount of \$20,000,000 which are entirely payable by Genesee County to the Authority under the terms of the Construction Services Agreement between Genesee County and the Authority dated May 24, 2000. The first principal payment on the 2001 Series was made in 2006. During 2007, the bonds were advance refunded by the Authority on behalf of Genesee County with the issuance of the Series 2007 Bonds.

In 2015, the New York State Environmental Facilities Corporation (EFC) refinanced its 2007 series bonds, which included bonds issued for the Authority. The Authority's portion of the bond, \$16,425,000, was part of the EFC issue of \$367,455,000 State Clean Water & Drinking Water Revolving Fund Revenue Bonds Series 2015D, dated August 13, 2015. The Authority's 2007 series bonds, which were part of the original EFC 2007 financing, remained intact with the Authority receiving its share of the interest savings through credits from EFC at the time of debt service payments. This refinancing and its associated costs will save Genesee County over \$2,700,000 over the term of the bond. The entire \$16,425,000 continues to be payable by Genesee County to the Authority under the Construction Services Agreement between Genesee County and the Authority dated May 24, 2000. In addition, the bond refunding resulted in present value savings to the Authority of \$1,470,817.

Series 2010 Bonds

In 2010, the Authority issued the 2010 Series bonds which refunded the 1993 Series A bonds and the 1997 bonds. This refinancing and its associated costs were paid by the Authority and will save the Authority approximately \$773,000 over the term of the bond. In addition, the bond refunding resulted in an economic gain on refunding of \$680,000. The excess of the net carrying amount of the refunded bonds over the reacquisition price in the amount of \$527,039 has been deferred and was allocated between bond premium and deferred gain on refunding and is being amortized over the term of the new bonds using the straight-line method through 2035.

Series 2017 Bonds

In 2017, the Authority issued the 2017 Series bonds which was used to advance refund a portion of the Authority's Water System Revenue Bonds, Series 2010. Such proceeds were deposited with the Trustee to be held in a special trust account for the redemption of the refunded bonds on their respective redemption dates. \$4,300,000 of bonds outstanding was considered defeased at December 31, 2017. This refinancing and its associated costs were paid by the Authority and will save the Authority approximately \$345,000 over the term of the bond. In addition, the bond refunding resulted in an economic gain on refunding of \$481,576. The excess of the net carrying amount of the refunded bonds over the reacquisition price in the amount of \$330,072 has been deferred and is being amortized over the term of the new bonds using the straight-line method through 2034.

7. WATER REVENUE BONDS (Continued)

At December 31, 2017 and 2016, approximately \$604,000 and \$342,000, respectively of the deferred amount on refunding was included in deferred outflows of resources on the statement of net position. For the year ended December 31, 2017 and 2016, interest expense was \$7,221,374 and \$7,441,837, respectively on the water revenue bonds. Cash paid for interest was \$7,332,656 and \$7,451,887, during the years ended December 31, 2017 and 2016.

Long-term water revenue bond activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Bonds issued in 2007 as part of refunding that mature in annual amounts ranging from \$585,000 to \$1,115,000 from 2018 to 2036 bearing interest ranging from 4.182% to 4.97%	15,290,000	-	(575,000)	(585,000)	14,130,000
Bonds issued in 2010 as part of refunding that mature in annual amounts ranging from \$830,000 to \$1,230,000 from 2018 to 2035 bearing interest ranging from 3.5% to	7,620,000	-	(5,355,000)	(830,000)	1,435,000
Bonds issued in 2010 Series A that matured in an annual amount of \$1,250,000 in 2017 bearing interest of 2.6%	1,250,000	-	(1,250,000)	-	-
Bonds issued in 2010 Series B as part of refunding that mature in annual amounts ranging from \$2,300,000 to \$5,775,000 from 2018 to 2042 bearing interest ranging from 4.49% to 6.34%	92,915,000	-	-	(2,300,000)	90,615,000
Bonds issued in 2012 that mature in annual amounts ranging from \$180,000 to \$410,000 from 2018 to 2037 bearing interest ranging from 3.0% to 5.0%	5,805,000	-	(175,000)	(180,000)	5,450,000
Bonds issued in 2013 that mature in annual amounts ranging from \$480,000 to \$960,000 from 2018 to 2042 bearing interest ranging from 1.44% to 4.69%	16,125,000	-	(475,000)	(480,000)	15,170,000
Bonds issued in 2017 as part of refunding that mature in annual amounts ranging from \$215,000 to \$360,000 from 2021 to 2034 bearing interest ranging from 2.0% to 5.0%	-	3,950,000	-	-	3,950,000
Add: Bond premium	<u>1,219,547</u>	<u>481,575</u>	<u>(74,995)</u>	<u>-</u>	<u>1,626,127</u>
Long-term water revenue bond liabilities	<u>\$ 140,224,547</u>	<u>\$ 4,431,575</u>	<u>\$ (7,904,995)</u>	<u>\$ (4,375,000)</u>	<u>\$ 132,376,127</u>

7. WATER REVENUE BONDS (Continued)

Long-term water revenue bond activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
Bonds issued in 1993 Series B that matured in an annual amount of \$825,000 in 2016 bearing interest at 5.25%	\$ 825,000	\$ -	\$ (825,000)	\$ -	\$ -
Bonds issued in 2007 as part of refunding that mature in annual amounts ranging from \$575,000 to \$1,115,000 from 2017 to 2036 bearing interest ranging from 4.082% to 4.97%	15,860,000	-	(570,000)	(575,000)	14,715,000
Bonds issued in 2010 as part of refunding that mature in annual amounts ranging from \$1,055,000 to \$1,230,000 from 2017 to 2035 bearing interest ranging from 3.5% to 4.5%	8,635,000	-	(1,015,000)	(1,055,000)	6,565,000
Bonds issued in 2010 Series A that matures in an annual amount of \$1,250,000 in 2017 bearing interest of 2.6%	1,585,000	-	(335,000)	(1,250,000)	-
part of refunding that mature in annual amounts ranging from \$2,300,000 to \$5,775,000 from 2018 to 2042 bearing interest ranging from	92,915,000	-	-	-	92,915,000
Bonds issued in 2012 that mature in annual amounts ranging from \$175,000 to \$410,000 from 2017 to 2037 bearing interest ranging from 3.0% to 5.0%	5,975,000	-	(170,000)	(175,000)	5,630,000
Bonds issued in 2013 that mature in annual amounts ranging from \$475,000 to \$960,000 from 2017 to 2042 bearing interest ranging from 0.2% to 4.69%	16,595,000	-	(470,000)	(475,000)	15,650,000
Add: Bond premium	<u>1,301,417</u>	<u>-</u>	<u>(81,870)</u>	<u>-</u>	<u>1,219,547</u>
Long-term water revenue bond liabilities	<u>\$ 143,691,417</u>	<u>\$ -</u>	<u>\$ (3,466,870)</u>	<u>\$ (3,530,000)</u>	<u>\$ 136,694,547</u>

7. WATER REVENUE BONDS (Continued)

The following is a schedule of the future minimum payments under the water revenue bonds as of December 31, 2017:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 4,375,000	\$ 7,135,732	\$ 11,510,732
2019	4,860,000	7,039,276	11,899,276
2020	3,925,000	6,847,459	10,772,459
2021	4,035,000	6,698,859	10,733,859
2022	4,150,000	6,547,988	10,697,988
2023 - 2027	23,040,000	29,572,104	52,612,104
2028 - 2032	27,890,000	23,042,956	50,932,956
2033 - 2037	31,855,000	14,875,369	46,730,369
2038 - 2042	<u>30,995,000</u>	<u>5,936,918</u>	<u>36,931,918</u>
	<u>\$ 135,125,000</u>	<u>\$ 107,696,661</u>	<u>\$ 242,821,661</u>

8. PENSION PLAN

New York State and Local Employees' Retirement System Plan Description

The Authority participates in the New York State Employees' Retirement System (NYSERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing, multiple employer public employee retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYS RSSL). Once an employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

8. PENSION PLAN (Continued)

New York State and Local Employees' Retirement System Plan Description (Continued)

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees in NYSERS contribute 3% of their salary throughout their active membership. For employees who joined after April 1, 2012, employees contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of contributions required, and were as follows:

	<u>NYSERS</u>
2017	\$ 2,251,223
2016	\$ 2,216,347
2015	\$ 2,628,166

\$562,806 of the cash paid for NYSERS during 2017, represents amounts owed for the period of January 1 - March 31, 2018 and is shown as prepayments and other current assets on the accompanying statement of net position.

\$554,087 of the cash paid for NYSERS during 2016, represents amounts owed for the period of January 1 - March 31, 2017 and is shown as prepayments and other current assets on the accompanying statement of net position.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2017 and 2016, the Authority reported a net pension liability of \$5,420,629 and \$9,693,114, respectively for its proportionate share of the NYS ERS net pension liability. The net pension liability was measured as of March 31, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuations as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017, the Authority's proportion was .0576894%, which was a decrease from .0603922% which was its proportionate share measured at December 31, 2016.

At December 31, 2016, the Authority's proportion was .0603922%, which was an increase from .0598487% which was its proportionate share measured at December 31, 2015.

8. PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2017, the Authority recognized pension expense of \$3,082,528. At December 31, 2017, the Authority reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 135,836	\$ 823,153
Changes in assumptions	1,851,886	-
Net difference between projected and actual earnings on pension plan investments	1,082,719	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	29,050	137,768
Contributions subsequent to the measurement date	<u>2,251,223</u>	<u>-</u>
Total	<u>\$ 5,350,714</u>	<u>\$ 960,921</u>

For the year ended December 31, 2016, the Authority recognized pension expense of \$3,475,645. At December 31, 2016, the Authority reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 48,982	\$ 1,148,957
Changes in assumptions	2,584,861	-
Net difference between projected and actual earnings on pension plan investments	5,750,487	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	41,863	-
Contributions subsequent to the measurement date	<u>2,216,347</u>	<u>-</u>
Total	<u>\$ 10,642,540</u>	<u>\$ 1,148,957</u>

8. PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>2017</u>
Plan's Year Ended March 31:	
2018	\$ 1,003,484
2019	1,003,484
2020	893,876
2121	<u>(762,274)</u>
	<u>\$ 2,138,570</u>

The Authority recognized \$2,251,223 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2017 which will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

The Authority recognized \$2,216,347 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2016 which will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The total pension liability for the March 31, 2016 measurement date was determined by using an actuarial valuation as of April 1, 2015, with update procedures to roll forward the total pension liability to March 31, 2016.

The actuarial valuation used the following actuarial assumptions for both years:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.8% indexed by service
Projected COLAs	1.3% compounded annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.0% compounded annually, net of investment expenses

8. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

In 2017 and 2016, the long-term expected rate of return on pension plan investments was determined using a building-clock method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocations and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 and 2016 are summarized below:

Asset Type	2017		Asset Type	2016	
	Target Allocations in %	Long-Term expected real rate of return in %		Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	36	4.55	Domestic Equity	38	7.30
International Equity	14	6.35	International Equity	13	8.55
Private Equity	10	7.75	Private Equity	10	11.00
Real Estate	10	5.80	Real Estate	8	8.25
Absolute Return Strategies	2	4.00	Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	5.89	Opportunistic Portfolio	3	8.60
Real Assets	3	5.54	Real Assets	3	8.65
Bonds and Mortgages	17	1.31	Bonds and Mortgages	18	4.00
Cash	1	-0.25	Cash	2	2.25
Inflation-Indexed Bonds	4	1.50	Inflation-Indexed Bonds	2	4.00
	100%			100%	

Discount Rate

The discount rate used to calculate the total pension liability in 2017 and 2016 was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability for 2017 and 2016 calculated using the discount rate of 7.0%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease <u>6.00%</u>	2017 Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Proportionate Share of Net Pension liability (asset)	<u>\$ 17,312,416</u>	<u>\$ 5,420,629</u>	<u>\$ (4,633,854)</u>
	1% Decrease <u>6.00%</u>	2016 Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Proportionate Share of Net Pension liability (asset)	<u>\$ 21,857,269</u>	<u>\$ 9,693,114</u>	<u>\$ (585,076)</u>

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2017 and 2016 were as follows:

	2017	2016
Total pension liability	\$ 177,400,586	\$ 172,303,544
Net position	<u>(168,004,363)</u>	<u>(156,232,265)</u>
Net pension liability (asset)	<u>\$ 9,396,223</u>	<u>\$ 16,071,279</u>
ERS net position as a percentage of total pension liability	94.70%	90.70%

9. POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description

The Authority provides certain health care benefits for retired employees. The Authority administers the Retirement Benefits Plan (the Retirement Plan) as a single-employer defined benefit Other Post-employment Benefit Plan (OPEB). In general, the Authority provides health care benefits for those retired personnel who are eligible for a pension through the NYSERS. The Retirement Plan can be amended by action of the Authority subject to applicable collective bargaining and employment agreements.

The number of retired employees currently eligible to receive benefits at December 31, 2017 and 2016 was 145 and 134, respectively. The Retirement Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Retirement Plan.

Funding Policy

The obligations of the Retirement Plan are established by action of the Authority pursuant to applicable collective bargaining and employment agreements. The required premium contribution rates of retirees range from 0% to 10%, depending on when the employee was hired. The Authority will pay its portion of the premium for the retiree and spouse for the lifetime of the retiree. The costs of administering the Retirement Plan are paid by the Authority. The Authority currently contributes enough money to the Retirement Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums.

Annual OPEB Cost and Net OPEB Obligation

The Authority's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the Retirement Plan, and the changes in the Authority's net OPEB obligation:

	<u>2017</u>	<u>2016</u>
Annual required contribution	\$ 4,935,554	\$ 5,197,329
Interest on net OPEB obligation	996,747	832,103
Adjustment to ARC	<u>(1,296,797)</u>	<u>(1,082,590)</u>
Annual OPEB cost	4,635,504	4,946,842
Contributions made	<u>(1,798,585)</u>	<u>(1,653,964)</u>
Increase in net OPEB obligation	2,836,919	3,292,878
Net OPEB obligation - beginning of year	<u>19,934,946</u>	<u>16,642,068</u>
Net OPEB obligation - end of year	<u>\$ 22,771,865</u>	<u>\$ 19,934,946</u>

9. POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Funded Status

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Retirement Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Retirement Plan is currently not funded.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2017 actuarial valuation, the following methods and assumptions were used:

Actuarial cost method	Projected unit credit
Discount rate*	5.0%
Inflation rate	3.0%
Medical care cost trend rate	8.0%, or 7.0% initially, based on age of employees and type of plan chosen. The rate is reduced by decrements each year to an ultimate rate of 5.0%, or 4.0%, in 2030.
Prescription drug trend rate	8.0% initially, reduce by decrements each year to an ultimate rate of 5.0% in 2030.
Dental care cost trend rate	5.0% initially. The rate is reduced by decrements each year to an ultimate rate of 3.0% in 2030.
Unfunded actuarial accrued liability:	
Amortization period	30 years
Amortization method	Level dollar
Amortization basis	Open

* As the plan is unfunded, the assumed discount rate considers that the Authority's investment assets are low risk in nature, such as money market funds or certificates of deposit.

10. COMMITMENTS AND CONTINGENCIES

Commitments

The Authority has entered into agreements with various water districts, towns and villages whereby the Authority obtains the use of the water facilities and agrees to provide water services to the residents of such districts. A number of these agreements require payments to be made by the Authority equal to the interest and principal due each year on the districts' outstanding debt related to the leased facilities. These agreements are classified as operating leases in the accompanying financial statements and recorded as a component of operating expenses. Any improvements to these facilities are capitalized by the Authority.

Amounts due under these commitments are summarized as follows for the years ending December 31:

2018	\$ 42,694
2019	41,569
2020	40,444
2021	38,569
2022	36,900
2023	<u>38,320</u>
	<u>\$238,496</u>

Total rental expense charged to operations amounted to \$48,659 and \$49,453 during the years ended December 31, 2017 and 2016, respectively.

The Authority has entered into a Water System Construction/Operation Agreement with Genesee County to finance, construct, own, operate and supply water service in that County of Genesee. The Authority plans to develop the Genesee County project in two phases.

Phase I of the project involved the construction of approximately thirty-five miles of water mains financed with the proceeds of the 2001 Series Water Revenue Bonds and capital grants from state and federal agencies (See further disclosure in Note 7). Expenditures of \$24,061,115 were incurred for this project since Phase I was completed in 2004.

Phase II of the project has not yet started but will include an additional water main connection to the Authority's system in several towns of Genesee and Monroe Counties. There have been no expenditures incurred for Phase II of the project.

The Authority has entered into an agreement in 2010 whereby Monroe County is to provide certain public security and safety services to the Authority through December 31, 2026.

Amounts due under this agreement are summarized as follows for the years ended December 31:

2018	\$ 829,847
2019	829,847
2020	829,847
2021	829,847
2022	829,847
2023 - 2026	<u>3,319,388</u>
	<u>\$ 7,468,623</u>

The Authority expensed \$829,847 and \$1,850,000 under this agreement during the years ended December 31, 2017 and 2016, respectively.

10. COMMITMENTS AND CONTINGENCIES (Continued)

Commitments (Continued)

The Authority has entered into a water exchange agreement with the City of Rochester, New York (the City). A stipulation of the agreement required the City to replace its Rush Reservoir with covered storage of water. The Authority is required to pay for 54% of the costs of the project, not to exceed a total project cost of \$9,000,000. The Authority's maximum commitment is \$4,860,000 over 20 years.

Amounts due under this agreement are summarized as follows for the years ended December 31:

2018	\$ 243,000
2019	243,000
2020	243,000
2021	243,000
2022	243,000
2023 - 2027	1,215,000
2028 - 2032	1,215,000
2033	<u>243,000</u>
	<u>\$ 3,888,000</u>

The Authority expensed \$243,000 under this agreement during each of the years ended December 31, 2017 and 2016.

Contingencies

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The Authority has various insurance policies with third-party carriers related to property protection, casualty and statutory and non-statutory employee protection.

The Authority is subject to litigation in the ordinary conduct of its affairs. Management does not believe, however, that such litigation, individually or in the aggregate, is likely to have a material adverse effect on the financial condition of the Authority.

11. SELF-INSURANCE

The Authority is self-insured for workers' compensation claims. The Authority transfers its risk of loss through the purchase of commercial insurance for workers' compensation benefits up to a maximum aggregate amount of \$5,000,000, subject to a deductible of \$500,000 per occurrence. Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At December 31, 2017 and 2016, there were no liabilities recorded for workers' compensation claims.

12. RELATED PARTY TRANSACTIONS

The Authority has a contract with the County to supply the Authority with power and natural gas. The contract states that the Authority will purchase power and gas from the County at market value, plus a .6% service fee each year through August 31, 2020. For the years ended December 31, 2017 and 2016, the Authority paid approximately \$3,200,000 and \$3,100,000, respectively, to the County under the terms of this agreement.

13. IMPACT OF FUTURE GASB PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The Authority is required to adopt the provisions of this Statement for the year ending December 31, 2018, with early adoption encouraged.

In March 2016, GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, Financial Reporting for pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The Statement addresses issues related to the presentation of payroll related measures in required supplementary information, selection of assumptions and the treatment of deviations and classification of payments made by employers to meet employee contribution requirements. The Statement takes effect for reporting periods beginning after June 15, 2016, except for the requirements of this standard for the selection of assumptions when the Authority's pension liability is measured as of a date other than their most recent fiscal year-end. In that case, the requirements for selection of assumptions are effective for the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier adoption is encouraged.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. The Authority is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In March 2017, the GASB issued Statement No. 85, *Omnibus*. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The Authority is required to adopt the provisions of this Statement for the year ending December 31, 2018.

13. IMPACT OF FUTURE GASB PRONOUNCEMENTS (Continued)

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The Authority is required to adopt the provisions of this Statement for the year ended December 31, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority is required to adopt the provisions of this Statement for the year ended December 31, 2020.

The Authority's management has begun to assess the impact of certain of these statements on its future financial statements while others will be assessed in the coming periods.

MONROE COUNTY WATER AUTHORITY**(A Discretely Presented Component Unit of the County of Monroe, New York)****SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN - (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Actuarial Valuation Date</u>	<u>Year Ended</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL)</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>((b-a)/c) UAAL as a percentage of Covered Payroll</u>
1/1/2017	12/31/2017	\$ -	\$ 49,287,969	\$ 49,287,969	0.00%	\$ 16,065,030	306.8%
1/1/2015	12/31/2016	\$ -	\$ 49,931,423	\$ 49,931,423	0.00%	\$ 15,486,395	322.4%
1/1/2015	12/31/2015	\$ -	\$ 46,100,791	\$ 46,100,791	0.00%	\$ 15,676,570	294.1%

MONROE COUNTY WATER AUTHORITY
(A Discretely Presented Component Unit of the County of Monroe, New York)

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) - (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	0.058%	0.060%	0.001%							
Proportionate share of the net pension liability (asset)	\$ 5,420,629	\$ 9,693,114	\$ 2,021,835							
Covered-employee payroll	\$ 14,584,555	\$ 14,651,331	\$ 14,724,692							
Proportionate share of the net pension liability (asset)										
as a percentage of its covered-employee payroll	37.17%	66.16%	13.73%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.70%	90.70%	97.90%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

MONROE COUNTY WATER AUTHORITY
(A Discretely Presented Component Unit of the County of Monroe, New York)

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS
FOR THE YEAR ENDED DECEMBER 31, 2017

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 2,216,347	\$ 2,628,166	\$ 2,975,247							
Contributions in relation to the contractually required contribution	<u>2,216,347</u>	<u>2,628,166</u>	<u>2,975,247</u>							
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
Covered-employee payroll	\$ 14,584,555	\$ 14,651,331	\$ 14,724,692							
Contributions as a percentage of covered-employee payroll	15.20%	17.94%	20.21%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

March 1, 2018

To the Board of Directors of
Monroe County Water Authority:

We have audited, in accordance with the 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 business-type activities of the Monroe County Water Authority (the Authority), a public benefit corporation of the State of New York and a discretely presented component unit of the County of Monroe, New York, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 1, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

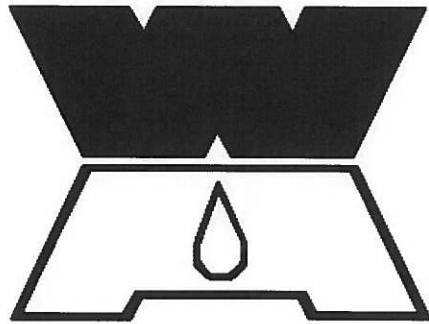
Purpose of this Report

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

Real Property Disposals for 2017

The Monroe County Water Authority, as of the date of this report submission, does not intend to dispose of any real property having an estimated fair market value in excess of \$15,000. Additionally, the Authority did not dispose of any real property having a fair market value in excess of \$15,000 during calendar year 2017.



Monroe County Water Authority

Yearly Property Report

For January 1, 2017 through December 31, 2017

YEARLY PROPERTY REPORT

In accordance with Monroe County Water Authority Disposal Guidelines, revised December 2017, following is a yearly property report for MCWA property sold from January 2017 through December 2017.

DESCRIPTION OF ITEM SOLD	PRICE PAID FOR ITEM SOLD	PURCHASER
2008 Chevy 1500	\$6,480.00	David Mendez Bradford, NY 14815
2009 Ford E-350 Cargo Van	\$6,840.00	Curmsons Auto Sales Woodside, NY 11377
2012 Ford E-250 Work Van	\$8,100.00	Curmsons Auto Sales Woodside, NY 11377
2007 Chevrolet 2500 Work Van	\$5,850.00	Lloyd Kimmich Dryden, NY 13053
2012 Ford E-250 Work Van	\$8,910.00	Tamburrino Properties Rochester, NY 14621
2007 Chevy 2500 Pickup	\$6,525.00	Upstate Auto Sales, Inc. Hoosick Falls, NY 12090
2008 Chevy Express Work Van	\$6,075.00	Upstate Auto Sales, Inc. Hoosick Falls, NY 12090
2006 Chevy 3500 1-Ton Work Van	\$5,040.00	Anthony Universal North Tonawanda, NY 14120
2011 Ford E-250 3/4 Ton Work Van	\$6,525.00	Curmsons Auto Sales Woodside, NY 11377
2013 Ford E-350 Cargo Van	\$9,000.00	Curmsons Auto Sales Woodside, NY 11377

Procurement Transactions Bulk Load Worksheet

* Vendor Name	* Product/Service Description	* Type of Procurement	* Award Process	Amended Date	Amended Date 2	End Date	Amount	Period	For Market	* Address Line 1	* Address Line 2	* City	* State	* Postal Code	* Country	
44 BANNER	PERSONNEL & SUPPLIES PRODUCTS	Communications/Supplies	Non-Contract Procurement/Purchase Order				1044.74			PO BOX 185		PA	USA	15140		
44 BANNER	PERSONNEL & SUPPLIES PRODUCTS	Communications/Supplies	Non-Contract Procurement/Purchase Order				104.2			PO BOX 185		PA	USA	15140		
ACCIDENT CONTROL SYSTEMS	PERISTALTIC MIXING PUMPS	Communications/Supplies	Non-Contract Procurement/Purchase Order				7794.87			2180 POTTSVILLE LANE		ROCHESTER	PA	19043	USA	
ADAMAS SUPPLY CO INC	HEAVY EQUIPMENT RENTAL	Communications/Supplies	Purchased Under State Contract				10464.39			1910 BRECHTON HERRITTA TOWNSHIP ROAD		ROCHESTER	NY	14623	USA	
ADAMAS SUPPLY CO INC	SMALL EQUIPMENT	Communications/Supplies	Non-Contract Procurement/Purchase Order				24065.6			1910 BRECHTON HERRITTA TOWNSHIP ROAD		ROCHESTER	NY	14623	USA	
ADAMAS SUPPLY CO INC	SMALL EQUIPMENT	Communications/Supplies	Non-Contract Procurement/Purchase Order	4/1/2007	Y	4/1/2009	54000			PO BOX 10797		CHICAGO	IL	60608	USA	
ADAMAS USA INC	ILLUSTRATION GAMES/BUILDING SUPPLIES	Communications/Supplies	Non-Contract Procurement/Purchase Order				157.11			PO BOX 885736		CHICAGO	IL	60688	USA	
ALLIANCE BROS & HARDWARE INC	OVERHEAD & GARNET BOOB REPAIR/MAINT.	Communications/Supplies	Purchased Under State Contract				3975.4			14 ALLIANCE DRIVE		ROCHESTER	NY	14623	USA	
ALLIANCE BROS & HARDWARE INC	ELECTRIC BOON OPERATION	Design and Construction/Maintenance	Non-Contract Procurement/Purchase Order				2075.05			14 ALLIANCE DRIVE		ROCHESTER	NY	14623	USA	
ALLIANCE BROS & HARDWARE INC	OVERHEAD & GARNET BOOB REPAIR/MAINT.	Design and Construction/Maintenance	Non-Contract Procurement/Purchase Order	3/6/2007	N		3463			14 ALLIANCE DRIVE		ROCHESTER	NY	14623	USA	
ALL SCHOOLS USA CORP	LEAD ANALYSIS FOR SCHOOL DISTRICTS	Other Professional Services	Authority Contract - Non-Competitive Bid	4/2/2007	N		6400			6400 PO BOX 675404		DALLAS	TX	75267	USA	
ALL MAINTENANCE	WAX SERVICES 2004 LAMIN MOVIES	Design and Construction/Maintenance	Authority Contract - Competitive Bid	3/13/2006	Y	3/13/2011	40911.9			110 KIRCHMAN AVENUE		ROCHESTER	NY	14605	USA	
AMERICAN ROCK EAST COMPANY LLC	ANNUAL CONTRACT ROCK SALT	Communications/Supplies	Purchased Under State Contract				6516.03			PO BOX 13838		PITTSBURGH	PA	15103	USA	
AMERICAN WARE HOUSE ASSOC.	WAX SERVICES	Communications/Supplies	Non-Contract Procurement/Purchase Order				308.18			PO BOX 127897		CHICAGO	IL	73187	USA	
AMER CHEMICAL CO INC	12.5% SODIUM HYPOCHLORITE/SODIUM BISULFATE	Communications/Supplies	Non-Contract Procurement/Purchase Order				1230			PO BOX 61		BIRMINGHAM	AL	35202	USA	
AMSTAR OF WESTERN NY	2007 HANDE HES TANKER/REAR	Design and Construction/Maintenance	Authority Contract - Competitive Bid	8/10/2006	Y	11/3/2011	20845.6			815 RICH ROAD		CHIEF OF CHARGE	NY	14225	USA	
AMSTAR OF WESTERN NY	TANK PARTS/COMP & SPAREPART	Design and Construction/Maintenance	Authority Contract - Competitive Bid	3/6/2011	N		907000			815 RICH ROAD		CHIEF OF CHARGE	NY	14225	USA	
AMSTAR OF WESTERN NY	CHURCHVILLE TANK REPAIR	Design and Construction/Maintenance	Authority Contract - Competitive Bid	10/25/2007	N		1135000			34100A ST		CHIEF OF CHARGE	NY	14225	USA	
AMSTAR OF WESTERN NY	CHURCHVILLE TANK REPAIR	Design and Construction/Maintenance	Authority Contract - Competitive Bid	3/13/2007	N		8100			4200 S WATTS AVENUE		CHIEF OF CHARGE	NY	14225	USA	
ARCADIS US INC	EMERGENCY GENERATOR EVALUATION	Consulting Services	Authority Contract - Non-Competitive Bid	3/9/2007	N		49000			62500 ESTATE COLLECTIONS CENTER DRIVE		CHICAGO	IL	60629	USA	
ARCADIS US INC	ASBESTOS VAUANCE AND SAFETY TRAINING	Other Professional Services	Authority Contract - Competitive Bid	2/17/2016	N		17999.18			61500 COLLECTIONS CENTER DRIVE		CHICAGO	IL	60629	USA	
ARCO SYSTEMS INTERNATIONAL	DESKTOP COMPUTERS	Communications/Supplies	Purchased Under State Contract				39914.16			PO BOX 1240		PHILADELPHIA	PA	19142	USA	
ARCO SYSTEMS INTERNATIONAL	DESKTOP COMPUTERS	Communications/Supplies	Authority Contract - Non-Competitive Bid	4/15/2007	N		6263.5			PO BOX 775		AUSTIN	TX	78701	USA	
ARWYN	MEASUREMENT DATA	Other	Authority Contract - Non-Competitive Bid	1/17/2017	N		5400			6666 WEST CINCINNATI AVENUE		CHICAGO	IL	60625	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	4/1/2006	N		17100			PO BOX 34490		CHICAGO	IL	60656	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				3125.4			1045 EAST LEBANON/ROCK DRIVE		CHICAGO	IL	60609	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				5070			PO BOX 1240		PHILADELPHIA	PA	19142	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order	4/15/2007	Y	4/1/2008	6563.5			PO BOX 6306		CHICAGO	IL	60625	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				27001.66			505 WHITE SPRUCE BULEVARD		ROCHESTER	NY	14623	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	4/1/2007	Y	3/13/2008	113463.5			PO BOX 14689		CHIEF OF CHARGE	NY	14225	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	4/1/2007	Y	3/13/2008	1010.99			300 HILLTOP STREET		ROCHESTER	NY	14623	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				649135.5			171 HASTINGS STREET		ROCHESTER	NY	14623	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	4/15/2007	Y	4/1/2008	88844.16			1631 ZION ROAD		ROCHESTER	NY	14624	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	1/13/2007	Y	1/20/2008	31961			755 BEAUMONT ROAD		ROCHESTER	NY	14624	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/19/2007	Y	7/25/2010	77552.10			755 BEAUMONT ROAD		ROCHESTER	NY	14624	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	1/10/2006	Y	1/10/2007	16339.0			755 BEAUMONT ROAD		ROCHESTER	NY	14624	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/15/2007	Y	3/1/2008	4055.3			755 BEAUMONT ROAD		ROCHESTER	NY	14624	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/17/2007	Y	3/14/2008	50000			755 BEAUMONT ROAD		ROCHESTER	NY	14624	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/15/2006	Y	1/16/2007	29580			755 BEAUMONT ROAD		ROCHESTER	NY	14624	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				165136.10			755 BEAUMONT ROAD		ROCHESTER	NY	14624	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				34000			871 SILEY'S FRAM		PITTSBURGH	NY	14340	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				19154.49			145 CLAYTON ROAD		ROCHESTER	NY	14620	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				5450			2540 HAMMILL ROAD		ROCHESTER	NY	14624	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				14731.05			41 EAST AVENUE		ROCHESTER	NY	14609	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	10/13/2017	Y	10/13/2017	91804.2			2914 WALDEN AVENUE		DEPTW	NY	14624	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	10/13/2016	N		30946.82			PO BOX 3410		PITTSBURGH	PA	15254	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	10/13/2016	N		1747472.6			1774 ROCKY HILL ROAD		GLASSBORO	NY	14628	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/10/2010	Y	3/10/2010	79541.10			900 SAIL ROAD		WESTPORT	NY	14634	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/10/2010	Y	3/10/2010	105558.37			900 SAIL ROAD		WESTPORT	NY	14634	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/10/2010	Y	3/10/2010	631772.72			900 SAIL ROAD		WESTPORT	NY	14634	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	4/1/2016	Y	3/17/2017	148000			1000 EAST AVENUE		DEPTW	NY	14637	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/19/2016	Y	1/2/2019	20072.15			1000 EAST AVENUE		DEPTW	NY	14637	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				47008.0			PO BOX 2100		PHILADELPHIA	PA	19170	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				16389.80			50 FLEM STREET		ROCHESTER	NY	14608	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				740000			100 FLEM STREET		ROCHESTER	NY	14617	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	1/15/2016	Y	12/15/2016	934.89			100 FLEM STREET		ROCHESTER	NY	14620	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/1/2016	N		436.36			100 FLEM STREET		ROCHESTER	NY	14620	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Purchased Under State Contract				8817.49			1030 CLAYWOOD AVENUE		BUFFALO	NY	14209	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				15163.10			PO BOX 17041		ATLANTA	GA	30304	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Purchased Under State Contract				23404.78			800 WEST 20TH STREET		BUFFALO	NY	14212	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Purchased Under State Contract				2000.877			300 WEST 20TH STREET		NEW YORK	NY	10013	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Purchased Under State Contract				19933.15			8300 CAYWOOD ROAD		BABESBURG	MD	12044	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	1/15/2017	N		135000			PO BOX 185		EAST SPACONSA	NY	13087	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	10/6/2017	N		80000			314 ELLEN HOLLOWAY		VICTORY	NY	14564	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/10/2003	Y	3/10/2003	17731.15			PO BOX 31217		ROCHESTER	NY	14600	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				2372.00			PO BOX 61317		ROCHESTER	NY	14603	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/10/2013	Y	12/10/2013	40645.4			1403 S HILL STREET		ROCHESTER	NY	14614	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/15/2014	Y	1/10/2017	9000			PO BOX 24130		SAINT LOUIS	MO	63146	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/14/2013	Y	3/14/2013	21004.6			PO BOX 28130		SAINT LOUIS	MO	63146	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				54664.06			PO BOX 28130		SAINT LOUIS	MO	63146	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Purchased Under State Contract				11564.21			PO BOX 800		SCOTTSVILLE	IL	14646	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/10/2017	N		8372.32			SCOTTSVILLE		SCOTTSVILLE	IL	14646	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	10/14/2007	N		25945.75			PO BOX 900		SCOTTSVILLE	IL	14646	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Purchased Under State Contract				26138.20			1236 MAIN STREET		BUFFALO	NY	14209	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				7929.57			PO BOX 14002		ALBANY	GA	30613	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/10/2016	Y	3/10/2016	11564.4			1403 S HILL STREET		ROCHESTER	NY	14614	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/10/2016	Y	3/10/2016	21000			955 S HILL STREET		ROCHESTER	NY	14614	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Non-Competitive Bid	3/1/2007	N		22530.00			22530.00		955 S HILL STREET	ROCHESTER	NY	14614	USA
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	3/10/2006	Y	3/10/2006	1454.50			955 S HILL STREET		ROCHESTER	NY	14614	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				12352.75			955 S HILL STREET		ROCHESTER	NY	14614	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Purchased Under State Contract				174.1			955 S HILL STREET		ROCHESTER	NY	14614	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Purchased Under State Contract				7382.20			PO BOX 643561		PITTSBURGH	PA	15204	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Purchased Under State Contract				88262.50			PO BOX 643561		PITTSBURGH	PA	15204	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Purchased Under State Contract				14643.0000			PO BOX 643561		PITTSBURGH	PA	15204	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Purchased Under State Contract				19904.13			9 CORPORATE DRIVE		CLIFTON PARK	NY	12003	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				4994.00			1921 WILSON STREET		BUFFALO	NY	14207	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Competitive Bid	8/13/2007	Y	3/13/2010	21206.75			1721 WILSON STREET		BUFFALO	NY	14207	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				19421.44			7214 WILSON STREET		LAKEVIEW	NY	14140	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Purchased Under State Contract				37001.00			1500 WILSON STREET		ROCHESTER	NY	14614	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Non-Contract Procurement/Purchase Order				1259.30			1500 WILSON STREET		ALBANY	NY	14204	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Non-Competitive Bid	5/13/2017	N		1575			1575 BAYVIEW		BUFFALO	NY	14204	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Authority Contract - Non-Competitive Bid	4/20/2017	N		1800			1800 BAYVIEW		BUFFALO	NY	14204	USA	
ARWYN	MEASUREMENT DATA	Communications/Supplies	Design and Construction/Maintenance	4/20/2017	N		3400			3400 BAYVIEW		BUFFALO	NY	1		

[illegible]



MONROE COUNTY WATER AUTHORITY
P.O. Box 10999 • 475 Norris Drive • Rochester, New York 14610-0999
Phone: (585) 442-2000 Fax (585) 442-0220

CERTIFICATION

I certify that the purchases of Neptune water meters; Foxboro pressure transmitters; IDEXX Colilert products; Allen-Bradley programmable controllers; Hach turbidimeters, chlorine meters, and colorimeters; and Blue-chek style pump packing without competitive bidding were reviewed and complied with the Monroe County Water Authority's Procurement Guidelines regarding standardization of certain products.

Nicholas Noce

NICHOLAS NOCE
EXECUTIVE DIRECTOR

3/23/18

DATE



Memorandum

TO: Kathleen Prestidge, Director of Finance & Business Services Date: April 8, 2015
From: Ron Habecker, Supervisor of Meter Services *RRH* File:
Subject: Standardization of Small Meters Copies:

On June 6, 2012, Wayne Zyra presented a recommendation that MCWA should continue with its use of the Automatic Meter Reading (AMR) system. Based on the study by the Amawalk Consulting Group, it was recommended that MCWA standardize its procurement of 5/8-inch to 2-inch meters with Neptune Technology Group.

At the time of the recommendation, MCWA had installed approximately 32 thousand Neptune AMR meters in its system. We currently are now over 70 thousand AMR meters. That brings the total financial commitment of MCWA funds to just under \$10 million excluding installation costs. The plan is to continue to replace 10 thousand residential meters per year until we have the whole system converted to Neptune AMR meters. The cost of replacing 10 thousand meters a year will be approximately \$1.5 million plus installation costs.

Since we started installing Neptune AMR meters in 2006, there have been two separate incidents where we have had minor register failures. Both times, Neptune Technology Group helped identify and correct the problem. Neptune stood behind their product by replacing the failed registers at no cost and also reimbursed MCWA for the labor costs involved with changing out the registers. As with any new product, I believe that there will always be challenges, and I am very comfortable and confident in Neptune's meters and how they have corrected these problems.

It is my recommendation that we continue with the standardization of the use of AMR meters with Neptune Technology Group.

/kl

MONROE COUNTY WATER AUTHORITY
REGULAR MEETING – June 11, 2015

FURTHER RESOLVED, that public interests will be prejudiced by delay and, accordingly, the Executive Director, or any agent he may designate, is authorized to petition the court for immediate possession and right of entry pursuant to EDPL §402 (B) (6); and it is

FURTHER RESOLVED, that the Executive Director, or any agent he may designate, shall retain the authority to negotiate the purchase of the Easements on terms determined reasonable by him during the pendency of the condemnation action should that course of action be deemed by him to be feasible and desirable; and it is

FURTHER RESOLVED, that the Executive Director, or any agent he may designate, shall execute any and all documents necessary in the opinion of counsel to the Authority to give effect to the resolutions made herein; and it is

FURTHER RESOLVED, that the Executive Director shall have the authority to take such other actions as he deems advisable and necessary in relation to obtaining the Easements.

On a motion made by Mr. Rulison, seconded by Mr. Nasca, and duly put to a vote on roll call, the foregoing resolution #15-136 unanimously carried. AYES: 5 (Quattrone, Magguilli, Nasca, Bleier-Mervis, Rulison); NAYS: 0.

* * *

Presented for Board Members' informational/notification purposes:

- Update to the Board on Third-Party Credit Card Processing. Kathleen Prestidge, Dir. of Finance & Business Services, provided a presentation to the Board on the new water bill payment feature available to MCWA customers.
- In Board folders for review:
 - Staff recommendation to continue with the current standardization on small meters.
 - Any routine monthly updates.

EXECUTIVE SESSION

#15-ES 9:50 a.m. Chairman Quattrone requested a motion to enter executive session under attorney-client privilege to discuss collective bargaining negotiations currently underway. Moved by Mr. Rulison, seconded by Mr. Nasca, and put to a vote on roll call, the Board unanimously agreed to enter executive session. AYES: 5 (Quattrone, Magguilli, Nasca, Bleier-Mervis, Rulison); NAYS: 0.

10:18 a.m. On a motion made by Mr. Rulison, seconded by Ms. Bleier-Mervis, the Board unanimously agreed to conclude executive session. Chairman Quattrone called this Regular Meeting back in open session. No formal action taken.

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There being no further business to come before the Authority, Chairman Quattrone adjourned the meeting at 10:19 a.m.

Resolution #12-123

**RESOLUTIONS REGARDING RESIDENTIAL STANDARDIZING PURCHASES OF
SMALL METERS BY THE MONROE COUNTY WATER AUTHORITY**

WHEREAS, the Monroe County Water Authority (the "Authority") has initiated a program to accelerate the replacement of water meters that have been in service for more than 20 years, since, on average, meters tend to develop measurement inaccuracies as they reach 20 years of service life; and

WHEREAS, accurate measurement of water usage is important for determining overall system water losses and, ultimately, for properly setting water rates; and

WHEREAS, on January 14, 2010, the Authority adopted resolution #10-008 standardizing its source of large meters; and

WHEREAS, the Authority recently conducted a study to determine whether it could benefit from standardizing its source of small water meters; and

WHEREAS, the Authority also considered the results of a 2010 study of the water system conducted by the Authority's consultant, Amawalk Consulting Group, which included a recommendation that the Authority continue its use of automatic meter reading ("AMR") systems; and

WHEREAS, the Meter Services Department evaluated AMR meters from six different manufacturers for compliance with the Authority's criteria for standardizing small water meters, i.e., local conditions, compatibility and uniformity (the "Criteria"); and

WHEREAS, based upon the findings and recommendations of the Meter Services Department, the Authority has determined that Neptune brand AMR technology small water meters will best meet its small meter requirements and satisfy the Criteria.

NOW, THEREFORE, BE IT RESOLVED that:

1. In order to accomplish the objectives described above, the Authority hereby requires that all purchases of small water meters sized 5/8 inches to 2 inches (including any required ancillary equipment) must be made through the Neptune Technology Group. All standardized purchases shall include Neptune's AMR technology as currently configured in the E-CODER R900i model, including future upgrades.
2. The Officers of the Authority are hereby authorized and directed for and on behalf of the Authority and in its name to do all acts and things required or as may be necessary, or in the opinion of the officer so acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Authority with all of the provisions of the foregoing resolutions.



MEMORANDUM

TO: Nicholas A. Noce

FROM: Richard Metzger, P.E.

SUBJECT: Standardization – Foxboro Pressure Transmitters

DATE: November 30, 2016

Foxboro Pressure Transmitters have been incorporated into our monitoring and control systems for decades. MCWA has previously standardized on Foxboro Pressure Transmitters and this standardization was last approved by the Board in December 2013.

Staff has determined that Foxboro Pressure Transmitters are the most efficient and economic pressure transmitter currently available for the Monroe County Water Authority (MCWA) for the following reasons:

- ***Design and Construction:*** Pressure Monitoring is one of our most important control parameters. The standardization on a single brand of pressure transmitter allows for a quick and easy replacement of a failed unit due to the fact that the wiring and process piping connections would use an identical transmitter. This is a rugged and proven pressure transmitter that performs well in our rough environments, especially in our underground valve and tank vaults. Reliability has been outstanding with the Foxboro pressure transmitters.
- ***Compatibility:*** Foxboro pressure transmitters have become the standard for pressure transmitters at both the Shoremont and Webster Treatment Plants, at remote pump stations, and storage tanks. Foxboro Pressure Transmitters are used for suction and discharge pressure monitoring at our booster pump stations and tank level monitoring in our distribution system.
- ***Economical:*** Staff recently updated an informal cost comparison on pressure transmitters using Foxboro and others vendors such as Rosemount, Siemens and Endress & Hauser. We found the quotes of Foxboro to be lower than its competitors in most cases. Additionally, the amount of money spent each year to replace existing units that have failed or have become obsolete is minimal, under \$15,000 per year. Installation at a new pump station costs approximately \$1,600 to monitor the suction and discharge pressures. A new storage tank approximately \$800 to monitor the tank level. When used for flow-rate applications the cost is about \$1,600.

- ***Inventory:*** The Shoremont Instrumentation Group maintains at least one spare transmitter for each of our three gauge pressure ranges and two transmitters for our differential pressure ranges. Adding a second brand of pressure transmitters will require additional the Authority to maintain a larger inventory of spare pressure transmitters.
- ***Trained Employees:*** The Instrumentation Maintenance staff is trained in the installation, configuration and calibration of Foxboro pressure transmitters, which includes the specific software used to calibrate and configure these units. Installing a different transmitter will require training in the configuration and calibration procedures required for the new transmitter. Mean time to repair is minimized due to staff understanding this transmitter.

MONROE COUNTY WATER AUTHORITY
REGULAR MEETING – January 12, 2017

For Item #17-018, Mr. Noce addressed the Board for purchase authorization. He explained that due to the recent restructuring of the Inter-Municipal Agreement with Monroe County for Safety & Security Services, which deleted certain services and ongoing future purchases, the Authority will utilize the NYS OGS Contract with Technical Systems Group, Inc. (TSG) to provide security equipment & services for 2017.

#17-018 Authorize the **purchase of security equipment, including various items of hardware, software and related servicing and installation** from Technical Systems Group, Inc. (TSG), under New York State OGS contract number PT64310, for an estimated cost of \$150,000 through year 2017.

On a motion made by Mr. Bernstein, seconded by Mr. Nasca, and duly put to a vote on roll call, the foregoing resolution #17-018 unanimously carried. AYES: 6 (Magguilli, Volpe, Nasca, Bernstein, Bleier-Mervis, Rulison); NAYS: 0.

#17-019 The Members of the Authority expressly make the following determinations for all awards of Procurement Contracts made during this meeting: (i) the proposed awardee has been found to be responsible; (ii) the proposed awardee complied with the State Finance Law provisions regarding Permissible Contacts (as defined in the Authority's Procurement Disclosure Policy); (iii) the proposed awardee has (or will prior to the final award being effective) complied with the State Finance Law provisions that require disclosure of all information required to be in the Authority's Solicitation Materials (as such term is defined in the Authority's Procurement Disclosure Policy); and (iv) the procurement process did not involve conduct that is prohibited by the Public Officers Law, the Authority's Procurement Disclosure Policy, and the Authority's Code of Ethics and Conflict of Interest Policies.

On a motion made by Mr. Rulison, seconded by Mr. Nasca, and duly put to a vote on roll call, the foregoing resolution #17-019 unanimously carried. AYES: 6 (Magguilli, Volpe, Nasca, Bernstein, Bleier-Mervis, Rulison); NAYS: 0.

EXECUTIVE SESSION

#17-ES 9:58 a.m. Chairman Magguilli requested a motion to enter executive session under attorney-client privilege to discuss collective bargaining negotiations currently underway. Moved by Mr. Rulison, seconded by Ms. Bleier-Mervis, and put to a vote on roll call, the Board unanimously agreed to enter executive session. AYES: 6 (Magguilli, Volpe, Nasca, Bernstein, Bleier-Mervis, Rulison); NAYS: 0.

10:25 a.m. Motion to conclude executive session: Moved by Mr. Rulison, seconded by Mr. Nasca, the Board upon voice vote unanimously agreed to conclude executive session. Chairman Magguilli called this Regular Meeting back in open session. No formal action taken.

* * *

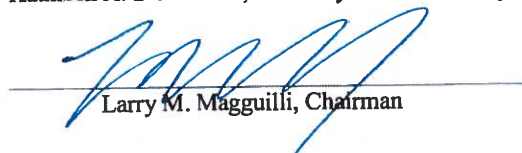
Presented for Board Members' informational purposes:

- Notification of employee status change only part-time to full-time: J. Papineau (Office Clerk IV).
- Notification of proposed recipients of Requests for Qualifications (RFQs) for 2017 Corrosion Control Consultant Services.
- In Board folders for review (along with any routine monthly informational updates):
 - Annual Report to the Board on Service Area Contacts – 2016.
 - MCWA Loss Analysis Report – Period Ending December 31, 2016.
 - Staff recommendation (memorandum Nov. 2016) to continue with the current standardization on Foxboro Pressure Transmitters.
 - Expenditures summary for year 2016 on sole-source vendor, Technical Systems Group (TSG).

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There being no further business to come before the Authority, Chairman Magguilli adjourned the meeting at 10:26 a.m.


Kathleen A. Eisenmann, Secretary to the Authority


Larry M. Magguilli, Chairman



MEMORANDUM

TO: Nicholas A. Noce

FROM: Richard Metzger, P.E. *ROM*

SUBJECT: Standardization – IDEXX Colilert Products

DATE: February 27, 2017

The following documents the analysis by staff for confirmation for the standardization on IDEXX products for microbiological testing.

Regulatory agencies require the Authority to perform bacteriological testing to confirm compliance with water quality regulations. Our laboratory staff evaluated the USEPA approved products and the processes required to acquire Environmental Laboratory Accreditation Program (ELAP) approval to use them. This standardization was last approved by the Board in September 2015 (Resolution 15-183).

Staff has determined that IDEXX products for microbiological testing are still the most efficient and economical system currently available for the Water Authority for the following reasons:

- *Economical:* We have to maintain NYS ELAP Certification for the bacteriological procedures that we use. Although the various enzyme substrate products available are all supposed to be equivalent, ELAP requires separate approvals for each manufacturer. The procedure to change annually to the low bid product or maintain multiple certifications for multiple products is in effect unworkable and would increase the chance of losing the lab's certification for Coliform testing, requiring contracting the testing out at considerable expense.
 - Changing certification requires two successive external proficiency tests at least fifteen days a part. In practice, this would take a month to complete and a week or longer to score before we could switch to a low bid product. During this period we would need to maintain certification for the method in use, which would require annual satisfactory proficiency testing results. Under ELAP rules, a failing test result in either the existing approved procedure, or the one we would be trying to switch to would result in losing the certification for both.
 - Coliform positives require significant labor follow-up (resampling, additional reporting) and MCL violations are negative high profile events. Our staff is very familiar with IDEXX enzyme substrate products which very reliable and used by the majority of our industry. This reliability and familiarity goes a

long way in avoiding the significant costs, and public image problems associated with false-positives.

- *Uniformity and back-up supply:* MCDOPH and RWW both use IDEXX enzyme substrate products exclusively. Different products all capture slightly different populations as Coliform positive which could complicate data comparisons and confirmations. Also using the same reagent system as MCDOPH and RWW provides a readily available back-up supply.
- *Employee Training:* There are significant training issues associated with switching to multiple reagent systems that are all slightly different in color response and procedure. The operating staff's familiarity with IDEXX enzyme substrate products and the simplicity of the methods has allowed us to perform certified on-site testing at the Webster Plant lab without additional staff or daily sample transport to the Shoremont Lab.
- *Endangerment:* The proven reliability of this product line as an industry standard and our staff's familiarity with it contributes greatly to the quality of our monitoring program and helps avoid the potential health risk associated with false-negatives and costs of false-positives.
- *Market share as an indicator of a superior product:* IDEXX still controls about 80% of the drinking water market.

MONROE COUNTY WATER AUTHORITY
REGULAR MEETING – March 9, 2017

* * *

Presented for Board Members' informational purposes:

- Notification of proposed recipients of Requests for Qualifications/Proposals (RFQ/P) for Rate Consultant Services. The RFQ/P will also be posted on the Authority's website.
- In Board folders for review (along with any routine monthly informational updates):
 - Staff recommendation memorandums to continue with the current standardizations on:
 - IDEXX Colilert Products.
 - Allen-Bradley Programmable Controllers.
 - NYS Comptroller's Office Report: *Drinking Water Systems in New York – The Challenges of Aging Infrastructure* (February 2017).

* * *

There being no further business to come before the Authority, Chairman Magguilli adjourned the meeting at 10:20 a.m.


Kathleen A. Eisenmann, Secretary to the Authority


Larry M. Magguilli, Chairman



MEMORANDUM

TO: Nicholas A. Noce

FROM: Richard Metzger, P.E. *RM*

SUBJECT: Standardization: Allen-Bradley Programmable Controllers

DATE: February 27, 2017

cc: G Hanley, D. Driffill

The following documents the analysis by staff for confirmation for the standardization on Allen-Bradley Programmable Controllers. Allen-Bradley is a brand of Rockwell Automation.

Allen Bradley controllers and ancillary equipment (power supplies, I/O cards, cabling and displays) were uniformly incorporated into our SCADA control system that was designed and built in the late 1990's. Since then, MCWA has standardized on Allen-Bradley programmable controllers and this standardization was last approved by the Board in October 2014 (Resolutions 14-188).

Staff has determined that Allen-Bradley programmable controllers and ancillary equipment are still the most efficient and economical system currently available for the Water Authority for the following reasons:

- *Economical:* We currently have a significant spare parts inventory (circuit boards, power supplies, etc.) for the Allen-Bradley programmable controller system. We also own the software licenses required to program this system. Purchasing a different programmable system would require us to purchase a new inventory of spare parts along with new software licenses.
- *Design and Construction:* The standardization on a single manufacturer allows for quick and easy replacement of failed equipment and compatibility with our existing SCADA design. The Webster Water Treatment Plant and the Lake Water Pump Station were both constructed with the next generation of Allen-Bradley programmable controllers.
- *Uniformity:* Consistent layout, wiring and control logic software for our programmable controller systems simplifies the troubleshooting and understanding of these systems.

- *Employee Training:* We have invested a considerable amount of time training staff in the Allen-Bradley system. A second programmable controller system would be more difficult to troubleshoot and repair, negatively impacting reliability. Repair time is minimized due to the maintenance staff's familiarity with one brand of instrument. The selection of competitive products would require additional training and knowledge for the operations, maintenance and laboratory staff.
- *Resources:* Allen-Bradley programmable logic controllers have a large presence in the Rochester and North American market and this creates a significant and competitive pool of trained technical and engineering resources available to assist us.

The regional sole source vendor for Allen-Bradley equipment is Horizon Solutions (letter and Rockwell Automation/ Allen-Brady website confirmation attached).

updated

Matthew Robie
300 Red Creek Drive; Suite 100
Rochester, NY 14623
Tel 585-487-2700
mdrobie@ra.rockwell.com

**Rockwell
Automation**

October 2, 2015

Douglas Hartman
Monroe County Water Authority
4799 Dewey Ave
Rochester, New York 14612

Doug,

Horizon Solutions located at 175 Josons Drive, Rochester, NY 14623 and at 1300 College Ave, Elmira, NY 14901 is the only authorized Rockwell Automation / Allen-Bradley distributor for the following counties:

- Genesee (partial)
- Livingston
- Monroe
- Ontario
- Schuyler
- Seneca
- Tompkins
- Wayne
- Wyoming (partial)
- Yates
- Chemung
- Steuben
- Tioga (partial)

Best regards,



Matt Robie
Rockwell Automation

**Rockwell
Automation**

LISTEN. THINK. SOLVE.

**Rockwell
Automation**

Allen-Bradley • Rockwell Software

Our Brands


Building Our Legacy of Integrity

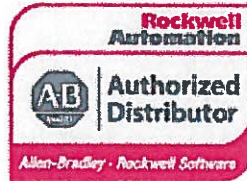
Rockwell Automation is built on a strong foundation of integrity. Our reputation for quality, reliability and innovation is represented by the brands our products, software and services carry. As we increase our offerings, we remain keenly focused on enhancing our unique technology differentiation — and delivering integrated, value-added solutions.

Our **strategic brands** provide the foundation for our product, software and services offering:

 Allen-Bradley	Allen-Bradley Automation components and integrated control systems. www.ab.com
Rockwell Software	Rockwell Software Information, visualization and control software. www.rockwellsoftware.com
Rockwell Automation	Rockwell Automation Solutions and services that complement our product offering – and maximize production throughout the automation lifecycle. www.rockwellautomation.com

Our **extended family of brands** expands our solutions to address specific industry challenges:

	ACP Leading provider in centralized thin client, remote desktop and server management software.
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PSM
2/27/17

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Distributor	City	State	Distance to
Horizon Solutions LLC	Rochester	NY	13 mi.



MONROE COUNTY WATER AUTHORITY
REGULAR MEETING – March 9, 2017

* * *

Presented for Board Members' informational purposes:

- Notification of proposed recipients of Requests for Qualifications/Proposals (RFQ/P) for Rate Consultant Services. The RFQ/P will also be posted on the Authority's website.
- In Board folders for review (along with any routine monthly informational updates):
 - Staff recommendation memorandums to continue with the current standardizations on:
 - IDEXX Colilert Products.
 - Allen-Bradley Programmable Controllers.
 - NYS Comptroller's Office Report: *Drinking Water Systems in New York – The Challenges of Aging Infrastructure* (February 2017).

* * *

There being no further business to come before the Authority, Chairman Magguilli adjourned the meeting at 10:20 a.m.


Kathleen A. Eisenmann, Secretary to the Authority


Larry M. Magguilli, Chairman



MEMORANDUM

TO: Nicholas Noce

FROM: Richard Metzger, P.E. *RM*

SUBJECT: Standardization Update – Hach turbidimeters, chlorine meters, colorimeters

DATE: April 17, 2017

The following documents the updated standardization analysis by staff for Hach Company turbidimeters, portable chlorine meters, colorimeters, and associated reagents. In October 2014, the Board approved standardizing on Hach for turbidimeters and certain lab supplies (#14-174).

For many years, Hach equipment was available under a State Contract. However they do not currently have a State Contract, so a separately requested Board resolution will allow the Authority to continue to purchase these products.

Regulatory agencies require the Authority to monitor and report turbidity, chlorine residual and various water quality testing parameters to confirm compliance with water quality and operational regulations. The turbidimeters, portable chlorine meters, colorimeters, and associated reagents manufactured by Hach are the most accurate, efficient, reliable and economical systems for this purpose for the following reasons:

- *Economical:* Standardization on one manufacturer of turbidimeters, portable chlorine meters, colorimeters, and associated reagents allows the staff to stock only the spare parts and calibration standards for that manufacturer's instruments. The addition of a second manufacturer would necessitate purchasing and maintaining a second set of spare parts and calibration standards.
- *Design and Construction:* The standardization on a single manufacturer allows for quick and easy replacement of a failed instrument due to the fact that the wiring and process piping connections would not change.
- *Compliance:* Hach Company Instruments are EPA-certified for reporting purposes. Proper turbidity and chlorine residual monitoring is required by the Federal EPA and the New York State Department of Health. Hach Company turbidimeters, portable chlorine meters, colorimeters, and associated reagents are the overwhelming choice of domestic water suppliers.

- *Uniformity:* Selection of competitive products, although they would be certified as "equivalent", may yield slightly different results which can lead to operational, calibration and other data comparison problems.
- *Employee Training:* Staff is trained in the operation, maintenance and calibration procedures of Hach Company turbidimeters, portable chlorine meters and colorimeters. Repair time is minimized due to the maintenance staff's familiarity with one brand of instrument. The selection of competitive products would require additional training and knowledge for the operations, maintenance and laboratory staff.
- *Inventory:* The Authority currently has an extensive inventory of Hach Company instruments, including 40 online turbidimeters, 3 bench turbidimeters, and more than 20 portable residual meters, all of which are manufactured by Hach Company.

MONROE COUNTY WATER AUTHORITY
REGULAR MEETING – May 11, 2017

- #17-116 The Members of the Authority expressly make the following determinations for all awards of Procurement Contracts made during this meeting: (i) the proposed awardee has been found to be responsible; (ii) the proposed awardee complied with the State Finance Law provisions regarding Permissible Contacts (as defined in the Authority's Procurement Disclosure Policy); (iii) the proposed awardee has (or will prior to the final award being effective) complied with the State Finance Law provisions that require disclosure of all information required to be in the Authority's Solicitation Materials (as such term is defined in the Authority's Procurement Disclosure Policy); and (iv) the procurement process did not involve conduct that is prohibited by the Public Officers Law, the Authority's Procurement Disclosure Policy, and the Authority's Code of Ethics and Conflict of Interest Policies.

On a motion made by Mr. Bernstein, seconded by Mr. Rulison, and duly put to a vote on roll call, the foregoing resolution #17-116 unanimously carried. AYES: 7 (Magguilli, Volpe, Nasca, Hurlbut, Bernstein, Bleier-Mervis, Rulison); NAYS: 0.

For Item #17-117, Ms. Prestidge addressed the Members in discussion of this report which was enclosed in their packets of information on agenda items distributed in advance of meeting date for their prior review.

- #17-117 Approve the Authority's 1st Quarter Investment Report for the period ending March 31, 2017, as presented.

On a motion made by Mr. Rulison, seconded by Mrs. Volpe, and duly put to a vote on roll call, the foregoing resolution #17-117 unanimously carried. AYES: 7 (Magguilli, Volpe, Nasca, Hurlbut, Bernstein, Bleier-Mervis, Rulison); NAYS: 0.

For Item #17-118, Ms. Prestidge again addressed the Members in discussion of this report which was also enclosed in their packets of information on agenda items distributed in advance of meeting date for their prior review.

- #17-118 Approve the Authority's 1st Quarter Financial Report for the period ending March 31, 2017, as presented.

On a motion made by Mr. Hurlbut, seconded by Mr. Bernstein, and duly put to a vote on roll call, the foregoing resolution #17-118 unanimously carried. AYES: 7 (Magguilli, Volpe, Nasca, Hurlbut, Bernstein, Bleier-Mervis, Rulison); NAYS: 0.

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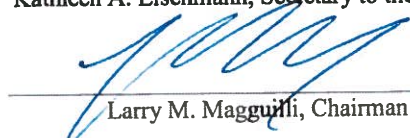
Presented for Board Members' informational purposes:

- Notification of proposed recipients of Requests for Qualifications and Proposals (RFQ/P) for Laboratory Analytical Services. The RFQ/P will also be posted on the Authority's website.
- In Board folders for review:
 - Staff memorandum on Standardization Update for Hach turbidimeters, chlorine meters, colorimeters, and associated reagents.
 - Notification of hiring Temporary Student Interns at this time.
 - Any other routine monthly informational reports and/or updates.

* * *

There being no further business to come before the Authority, Chairman Magguilli adjourned the meeting at 9:58 a.m.


Kathleen A. Eisenmann, Secretary to the Authority


Larry M. Magguilli, Chairman



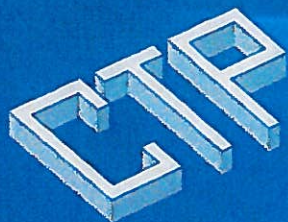
Memorandum

To: Nicholas A. Noce
From: Richard J. Metzger, P.E. *ROM*
Subject: Standardization – Blue-chek C8600 Style Pump Packing
Date: August 18, 2017
CC: Steven Keller, Michael Mahns

The following documents the analysis by staff for the standardization of Blue-chek style pump packing. Blue-chek is a brand of Calkins Technical Products. The annual amount of pump packing purchases is approximately \$5,000. Staff has determined that Blue-chek C8600 style pump packing is the most durable and wear resistant pump packing currently available to MCWA for the following reasons:

- ***Design and Construction:*** Pump packing is very important to the operation and sealing the shaft of a pump. This is a rugged and proven pump packing that performs well in extreme conditions. The reliability has been outstanding with the Blue-chek pump packing.
- ***Compatibility:*** The standardization on a single manufacturer allows for the MCWA to purchase one type of pump packing; when replacing the packing there will be no compatibility issues of what packing brand goes in what pump. Blue-chek C8600 is used as the pump packing at both the Shoremont, Webster Water Treatment Plants, and at many remote booster pump stations.
- ***Less Maintenance:*** With the past use of Blue-chek packing there has been less maintenance on pumps. The pumps see less shaft sleeve wear and tear. With the pump sleeves not showing premature wear there is no extended pump down time as there is a long lead times for sleeve or shaft replacement.
- ***Inventory:*** The MCWA maintains at least ten pounds of pump packing of the most common sizes. Having multiple brands would require the MCWA to maintain a larger inventory of pump packing. Also there will need to be an inventory of which pumps have what brand of packing. (See compatibility above)
- ***Uniformity:*** Selection of competitive products, may yield different results which can lead to more maintenance, longer lead times on worn parts particularly shaft sleeves, and less durable products.

The sole source vendor and manufacturer for Blue-chek packing material is Calkins Technical Products (letter attached).



CALKINS TECHNICAL
PRODUCTS, INC.
Since 1980

95 Alliance Drive
Rochester, NY 14623

Phone: 800-900-0679
585-424-7325

Fax: 585-424-5823

Email: sales@calkinstech.com

Web: www.calkinstech.com

**To: Michael Mahns
Monroe County Water Authority
4799 Dewey Avenue
Rochester, NY 14612**

Date: 8/18/2017

Re: Blue-cheK Packing

To Whom It May Concern:

This letter is to acknowledge that Calkins Technical Products, Inc. is the exclusive supplier of all **Blue-cheK® Packing** products in New York State and Pennsylvania.

As always, Calkins Technical Products, Inc. appreciates your business and looks forward to supplying you with the finest sealing and pump related equipment available.

Best Regards,

Dominick Lucisano
CALKINS TECHNICAL PRODUCTS, Inc.
Dlucisano@calkinstech.com



MONROE COUNTY WATER AUTHORITY
REGULAR MEETING – September 14, 2017

In discussion of Item #17-189, Mr. Metzger further briefed the Members on this item in addition to their having received his memorandum in advance of this meeting in detailing justification for the Standardization for Blue-chek pump packing. He indicated that Blue-chek is a brand of Calkins Technical Products and the annual amount of pump packing purchases is approximately \$5,000.

#17-189 **WHEREAS**, the Authority has over 100 process pumps that require pump packing in our treatment plants and distribution system; and

WHEREAS, the Authority has studied whether it should now standardize the pump packing material in order to achieve improved efficiency, inventory cost control and parts compatibility within the Authority's pumps; and

WHEREAS, the Authority's staff has used the Blue-chek pump packing which has significantly reduced shaft sleeve wear; and

WHEREAS, the Authority's Purchasing and Procurement Guidelines has Appropriate Circumstances for Standardization of Goods and Services under which several provisions would be satisfied; and

NOW, THEREFORE, BE IT RESOLVED that:

1. In order to provide for the purchase or procurement of approved products for pump packing material the Authority hereby establishes the Standardization of Blue-chek pump packing.
2. The Officers of the Authority are hereby authorized and directed for and on behalf of the Authority and in its name to do all acts and things required or as may be necessary, or in the opinion of the officer so acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Authority with all of the provisions of the foregoing resolutions.

On a motion made by Mr. Rulison, seconded by Mr. Bernstein, and duly put to a vote on roll call, the foregoing resolution #17-189 unanimously carried. AYES: 6 (Magguilli, Volpe, Nasca, Bernstein, Bleier-Mervis, Rulison); NAYS: 0.

#17-190 The Members of the Authority expressly make the following determinations for all awards of Procurement Contracts made during this meeting: (i) the proposed awardee has been found to be responsible; (ii) the proposed awardee complied with the State Finance Law provisions regarding Permissible Contacts (as defined in the Authority's Procurement Disclosure Policy); (iii) the proposed awardee has (or will prior to the final award being effective) complied with the State Finance Law provisions that require disclosure of all information required to be in the Authority's Solicitation Materials (as such term is defined in the Authority's Procurement Disclosure Policy); and (iv) the procurement process did not involve conduct that is prohibited by the Public Officers Law, the Authority's Procurement Disclosure Policy, and the Authority's Code of Ethics and Conflict of Interest Policies.

On a motion made by Mr. Rulison, seconded by Mr. Bernstein, and duly put to a vote on roll call, the foregoing resolution #17-190 unanimously carried. AYES: 6 (Magguilli, Volpe, Nasca, Bernstein, Bleier-Mervis, Rulison); NAYS: 0.

For Item #17-191, Mr. Noce explained that the purpose of this resolution is in updating the Standard Work Day and Reporting in compliance with requirements by the NYS Office of State Comptroller, applicable to Authority Board Members who participate in the NYS Retirement System. It is being updated at this time as the Members were recently reappointed.

#17-191 **BE IT RESOLVED**, that the Monroe County Water Authority (the "Authority") hereby establishes the following as its **standard work day for Members of the Authority**, effective October 1, 2017, and will report the following days worked to the New York State and Local Employees' Retirement System based on the record of activities maintained and submitted by these officials to the Secretary of this body: