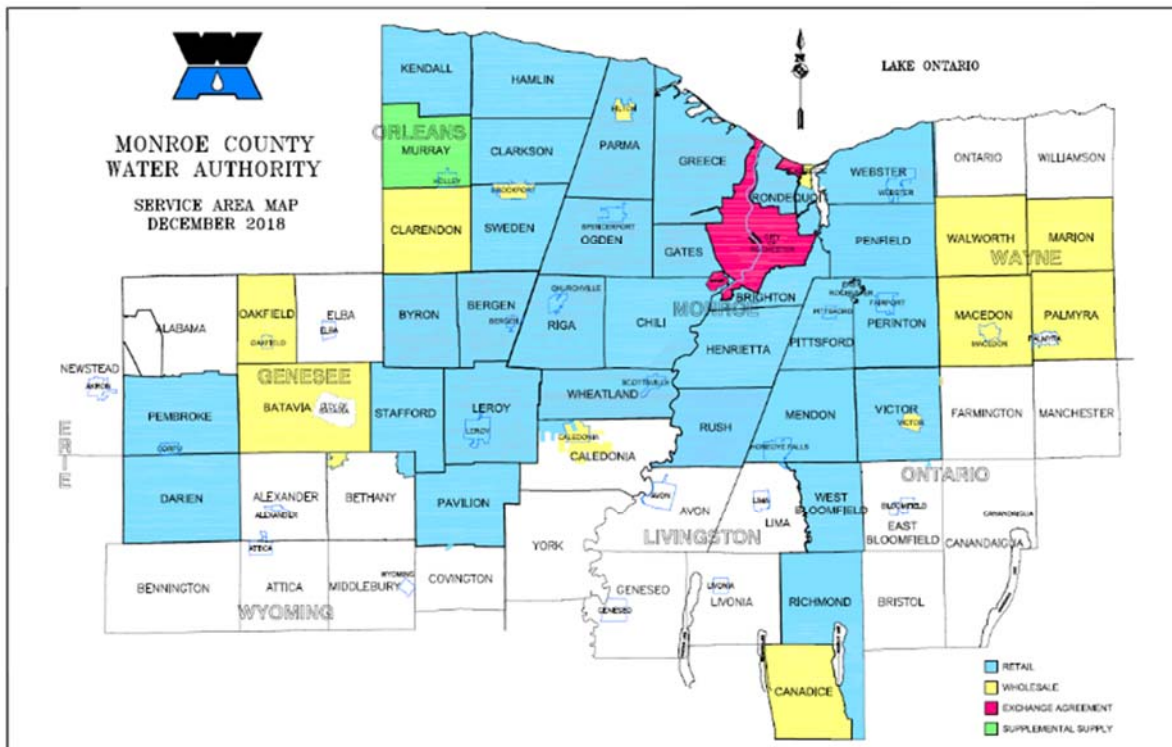


OPERATIONS OF THE MONROE COUNTY WATER AUTHORITY

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 3,350 miles of transmission and distribution mains, ranging in diameter from 2-inch to 60-inch. The water system operates 51 pumping stations to provide the pressure to distribute water to storage facilities and customers. The system includes two reservoirs and 49 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 2019 to achieve the projected revenues to cover total budgeted expenses.

Summary of Operating Revenues

	<u>2019</u>
Water Sales:	
Residential/Quarterly	\$56,586,731
Large Commercial/Monthly	6,643,643
Water Districts/Wholesale	<u>3,847,792</u>
Total Water Sales	\$67,078,166
Other Water and Operating Revenue	<u>4,077,183</u>
Total Operating Revenue	\$71,155,349

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

	2019
Administration	\$4,149,022
Production/Transmission	13,275,283
Engineering	3,422,885
Facilities, Fleet & Operations	13,045,688
Finance & Business Services	6,961,498
Total Functional Expenses	<u>\$40,854,376</u>

LONG-TERM DEBT ADMINISTRATION

The Authority has six water revenue bond series outstanding totaling \$125,890 as of December 31, 2019.

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 in July of 2019 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.