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**Regular Session of the
Niagara Falls Water Board
April 22, 2019 5:00 PM at
Michael C. O’Laughlin Municipal Water Plant**

1. Attendance and Preliminary Matters

Forster ___ Kimble ___ Larkin ___ Leffler ___ O’Callaghan ___

- a. Letters and Communications
- b. Public Comment (All speakers must register with the Chairperson prior to roll call and are limited to three minutes per person – total time for all speakers may not exceed one hour)
- c. Approval of Minutes from March 25, 2019

2. From the Executive Director

- a. WWTP Power Outage Update

3. Superintendent

4. Engineering

- a. Updated Draft Capital Improvement Plan

5. Director of Administrative Services – Personnel Items

- a. Staff Requested:
 - i. Motion to Approve Personnel Actions and Report.

6. Information Technology (IT)

7. Director of Financial Services – Financial Reports

- a. 2018 Audit

8. Other Reports

- a. Questions Regarding Monthly O&M Report (if any)
- b. Safety

9. General Counsel and Secretary

10. From the Chairman

11. Resolutions

**2019-04-001 – AUTHORIZING SETTLEMENT OF CLAIM BY
VERONICA GRIGGS**

- a. Notice of Claim (\$62.50)

2019-04-002 – AWARD CAULKING BID

- a. CPL Recommendation
- b. Bid Tally

**2019-04-003 – APPROVING AND ACCEPTING INDEPENDENT AUDIT
AND INVESTMENT REPORTS**

- a. Audit Report
- b. Investment Report

**2019-04-004 – GRANTING THE STATE OF NEW YORK AUTHORITY
TO PERFORM AN ADJUSTMENT OF NIAGARA FALLS
WATER BOARD FACILITIES AND AGREEMENT TO MAINTAIN
FACILITIES ADJUSTED VIA THE STATE-LET CONTRACT,
PROJECT IDENTIFICATION NO. 5761.9B**

- a. Utility Work Agreement Packet

**2019-04-005 – POWER CENTER SIX DUAL-SOURCE SWITCH
REPLACEMENT**

- a. April 16, 2019 Ferguson Quote PL 19943

**2019-04-006 – INSTALLATION OF NEW ELECTRICAL FEED
FROM POWER CENTER TWO TO POWER CENTER THREE**

- a. April 16, 2019 Ferguson Quote PL 17746

**2019-04-007 – FUNDS FOR AECOM TO COMPLETE BIOLOGICAL
TREATABILITY TESTING AND CHEMICAL OPTIMIZATION
STUDIES**

- a. April 12, 2019 AECOM Proposal

12. Unfinished Business

13. New Business & Additional Items for Discussion

14. Executive Session (if needed)

15. Adjournment of Meeting



**Regular Session of the
Niagara Falls Water Board
March 25, 2019 5:00 PM at
Michael C. O’Laughlin Municipal Water Plant**

1. Call to Order & Pledge of Allegiance: *Meeting was called to order at 5:01 p.m.*

1. Roll Call:

Forster *absent* Kimble *arrived 5:19 p.m.* Larkin *P* Leffler *P*
O’Callaghan *P*

2. Letters and Communications

There were no letters and communication to discuss at this time.

3. Approval of Minutes:

1. February 25, 2019

Motion by Ms. Larkin and seconded by Ms. Leffler to approve

Forster absent Kimble absent Larkin Y Leffler Y O’Callaghan Y

Motion was carried 3-0

2. March 7, 2019

Motion by Ms. Leffler and seconded by Ms. Larkin

Forster absent Kimble absent Larkin Y Leffler Y O’Callaghan Y

Motion was carried 3-0

4. From the Executive Director

1. Shimadzu Service Agreement

Mr. Fama discussed preventive maintenance for the laboratory equipment at the water treatment plant. He would like to extend the current contract the NFWB has with Shimadzu to a 3 year contract with a 20% savings.

5. Personnel Items

1. Personnel Actions and Reports dated March 25, 2019

*Motion by Ms. Leffler and seconded by Ms. Larkin to approve the personnel actions
Forster _absent___Kimble __absent __Larkin__Y__ Leffler__Y__ O'Callaghan__Y__
Motion was carried 3-0*

5. Information Technology (IT) Dept.

There was nothing new to discuss at this time.

7. Financial Reports

1. Audit Update

*Ms. Walker states the PARIS report is approximately 85% complete, once all the
financials are completed, the submissions will take place.*

*Discussion was had regarding two trailers the NFWB currently possesses. An
individual is interested in purchasing these trailers from the NFWB for \$50 per trailer,
and the NFWB would receive \$25 per trailer to scrap them for materials. Mr. Costello
states he will review the procedure for disposal of this type of property and further
discuss this matter with Ms. Walker.*

*Engineering discussion was had regarding the RFP for the Lasalle flow monitoring.
Mr. Williamson states two proposals were received on Friday March 22nd from CPL
and Arcadis. Dan Seider from Arcadis was present to answer any additional questions
the Board may have regarding this project.*

8. Other Reports

1. O&M Report
2. Safety

*Ms. Senia states the annual fire extinguisher servicing took place at the WWTP and an
electronic submission was submitted to Mr. Rowe.*

9. Attorney/Legal

*Mr. Costello states resolutions 10, 11 and 12 will require an open floor for
nominations, once dully nominated, the board has the ability to vote as a slate.*

10. From the Chairman

Nothing new from the Chairman at this time.

The board voted to enter into executive session prior to voting on the resolutions, to further discuss a matter related to the hiring, appointment, or retention of a particular individual.

Motion by Ms. Larkin and seconded by Ms. Leffler to enter into executive session at 5:18 p.m.

Forster _absent_ Kimble _absent_ Larkin _Y_ Leffler _Y_ O'Callaghan _Y_

Motion was carried 3-0

Ms. Kimble arrived at 5:19 p.m. and joined the executive session.

Motion by Ms. Leffler and seconded by Ms. Larkin to adjourn from executive session at 5:46 p.m.

Forster _absent_ Kimble _Y_ Larkin _Y_ Leffler _Y_ O'Callaghan _Y_

Motion was carried 4-0

11. Resolutions

2019-03-002 – REQUIRING REQUEST FOR PROPOSALS OR REQUEST FOR QUALIFICATIONS FOR PROFESSIONAL SERVICES AGREEMENTS

Motion by Ms. Larkin and seconded by Ms. Leffler to approve

Forster _absent_ Kimble _Y_ Larkin _Y_ Leffler _Y_ O'Callaghan _Y_

Motion was carried 4-0

2019-03-003 – AUTHORIZING CONTRACTUAL ASSISTANCE – GRADE 4 LICENSE

a. March 12, 2019 GHD Proposal

Motion by Ms. Larkin and seconded by Ms. Kimble to approve

Forster _absent_ Kimble _Y_ Larkin _Y_ Leffler _Y_ O'Callaghan _Y_

Motion was carried 4-0

2019-03-004 – AWARD BID FOR REPLACEMENT OF VALVE AT WALNUT AVENUE AND SECOND STREET

a. Bid Tabulation and Award Recommendation

Motion by Ms. Leffler and seconded by Ms. Larkin to approve

Forster _absent_ Kimble _Y_ Larkin _Y_ Leffler _Y_ O'Callaghan _Y_

Motion was carried 4-0

2019-03-005 – AUTHORIZING TRANSFER OF CERTAIN AGING ACCOUNTS TO BAD DEBT

a. List of Accounts and Balances

Motion by Ms. Kimble and seconded by Ms. Larkin to approve

Forster _absent___ Kimble __Y__ Larkin __Y__ Leffler __Y__ O’Callaghan __Y__

Motion was carried 4-0

2019-03-006 – CLOUD BACKUP AND STORAGE SERVICES

a. Cloud Backup and Storage Invoice

Motion by Ms. Larkin and seconded by Ms. Kimble to approve

Forster _absent___ Kimble __Y__ Larkin __Y__ Leffler __Y__ O’Callaghan __Y__

Motion was carried 4-0

2019-03-007 – AUTHORIZING LOCAL GOVERNMENT RECORDS MANAGEMENT IMPROVEMENT FUND GRANT APPLICATION

Motion by Ms. Larkin and seconded by Ms. Leffler to approve

Forster _absent___ Kimble __Y__ Larkin __Y__ Leffler __Y__ O’Callaghan __Y__

Motion was carried 4-0

2019-03-008 -- ADOPTING PRIORITIES FOR FUNDING REQUESTS

a. NFWB Priorities for Funding Requests

Motion by Ms. Kimble and seconded by Ms. Larkin to approve

Forster _absent___ Kimble __Y__ Larkin __Y__ Leffler __Y__ O’Callaghan __Y__

Motion was carried 4-0

2019-03-009 – ACCEPTING ENGINEERING PROPOSAL FOR ENGINEERING ANALYSIS OF LASALLE SEWER FLOWS

Motion by Ms. Leffler and seconded by Ms. Larkin to approve the Resolution to accept the March 22, 2019 proposal by Arcadis for \$68,300.

Forster _absent___ Kimble __Y__ Larkin __Y__ Leffler __Y__ O’Callaghan __Y__

Motion was carried 4-0

2019-03-010 – ELECTION OF OFFICERS

Board Chairman: Ms. Larkin nominates Mr. O’Callaghan, seconded by Ms. Kimble

Vice Chairman: Ms. Larkin nominates Ms. Kimble, seconded by Ms. Leffler

Treasurer: Ms. Larkin nominates Ms. Leffler, seconded by Ms. Kimble

Secretary: Ms. Kimble nominates Mr. Costello, seconded by Ms. Larkin

Motion by Ms. Larkin and seconded by Ms. Leffler to approve the resolution with the slate of officers as nominated.

Forster _absent___Kimble __Y___ Larkin__Y___ Leffler__Y___ O'Callaghan__Y___

Motion was carried 4-0

2019-03-011 – FINANCE AND AUDIT COMMITTEE MEMBERSHIP AND MEETINGS

Ms. Larkin nominates Ms. Leffler as chairperson, seconded by Ms. Kimble

Motion by Ms. Larkin and seconded by Ms. Kimble to approve with Ms. Leffler as chairperson.

Forster _absent___Kimble __Y___ Larkin__Y___ Leffler__Y___ O'Callaghan__Y___

Motion was carried 4-0

2019-03-012 – GOVERNANCE COMMITTEE MEMBERSHIP AND MEETINGS

Ms. Kimble nominates Ms. Larkin as chairperson, seconded by Ms. Leffler.

Motion by Ms. Leffler and seconded by Ms. Kimble to approve

Forster _absent___Kimble __Y___ Larkin__Y___ Leffler__Y___ O'Callaghan__Y___

Motion was carried 4-0

2019-03-013 – AUTHORIZING SETTLEMENT OF CLAIM BY FRANCO TALLARICO

a. Notice of Claim

Motion by Ms. Larkin and seconded by Ms. Kimble to approve

Forster _absent___Kimble __Y___ Larkin__Y___ Leffler__Y___ O'Callaghan__Y___

Motion was carried 4-0

2019-03-014 – AUTHORIZING SHIMADZU SERVICE AGREEMENT

Motion by Ms. Kimble and seconded by Ms. Larkin to approve

Forster _absent___Kimble __Y___ Larkin__Y___ Leffler__Y___ O'Callaghan__Y___

Motion was carried 4-0

2019-03-015 – ACCEPTING PROPOSAL FOR WATER AND SEWER SERVICE LINE PROTECTION PROGRAM PROVIDER

Motion by Ms. Kimble and seconded by Ms. Larkin

Forster _absent___Kimble __Y___ Larkin__Y___ Leffler__Y___ O'Callaghan__Y___

Motion was carried 4-0

2019-03-016 – AUTHORIZING EMPLOYMENT CONTRACT WITH JAMES PERRY

a. Proposed Employment Agreement

Motion by Ms. Leffler and seconded by Ms. Larkin to approve

Forster _absent___Kimble __Y__ Larkin__Y__ Leffler__Y__ O'Callaghan__Y__

Motion was carried 4-0

2019-03-017 – AUTHORIZING EMPLOYMENT CONTRACT WITH PATRICK FAMA

a. Proposed Employment Agreement

Mr. O'Callaghan states that the NFWB received a number of applications for the Executive Director position. Mr. O'Callaghan did not feel the need to continue the national search when he believes Mr. Fama has demonstrated while in the capacity of Acting Executive Director that he is a valuable asset to this entity.

Ms. Kimble states that Ms. Fama has 25 years of experience at the NFWB, with a mutual respect between himself and staff. Ms. Kimble states she is thankful for his commitment to this organization.

Ms. Larkin states she is impressed with the knowledge Mr. Fama has and she believes he is the most qualified candidate.

Motion by Ms. Kimble and seconded by Ms. Larkin to approve

Forster _absent___Kimble __Y__ Larkin__Y__ Leffler__Y__ O'Callaghan__Y__

Motion was carried 4-0

Walk-On Resolution

2019-03-018 – WWTP AIR SCOUR BLOWER REPLACEMENT – PROJECT 8

Motion by Ms. Kimble and seconded by Ms. Larkin to waive the resolution deadline policy and to consider the walk-on resolution

Forster _absent___Kimble __Y__ Larkin__Y__ Leffler__Y__ O'Callaghan__Y__

Motion was carried 4-0

Motion by Ms. Kimble and seconded by Ms. Larkin to approve

Forster _absent___Kimble __Y__ Larkin__Y__ Leffler__Y__ O'Callaghan__Y__

Motion was carried 4-0

12. Unfinished Business

There was no unfinished business to discuss at this time.

13. New Business & Additional Items for Discussion

There was no new business to discuss at this time.

14. Executive Session (if needed)

No further Executive Session was held.

15. Adjournment of Meeting

Motion by Ms. Kimble and seconded by Ms. Larkin to adjourn at 6:05 p.m.

Forster _absent___ Kimble __Y__ Larkin __Y__ Leffler __Y__ O'Callaghan __Y__

Motion was carried 4-0

DRAFT



NFWB 5 YEAR CAPITAL IMPROVEMENT PLAN (2019 - 2023)

(WORK IN PROGRESS, 4-18-19 UPDATE)

ITEM	NO.	PROJECT NAME	PROJECT DESCRIPTION	PROJECT JUSTIFICATION	FORECASTED EXPENDITURES					
					2019	2020	2021	2022	2023	Deferred
COMBINED PROJECTS (WATER AND WASTEWATER) - C										
C	1	IT Plan Implementation	Develop & implement IT solution	Efficiencies and cost savings	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
C	2	Meter Replacement & Upgrades	Replace inaccurate & old meters	To insure meter accuracy and automated reading	\$130,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000
C	3	Fleet Replacement	Replenish fleet	Replace aging and unsafe vehicle stock	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
C	4	Water/sewer GIS/GPS Mapping	Document system assets	Better asset management with CMMS	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
C	5	Combined Projects - Miscellaneous	Projects not forecasted or arise based on an emergency situation	Necessary for continued operation	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SUBTOTALS (Annual Coverage Transfer Only)					\$345,000	\$285,000	\$285,000	\$285,000	\$285,000	\$285,000
WASTEWATER TREATMENT PLANT INFRASTRUCTURE PROJECTS - WWTP										
WWTP	1	WWTP Rehab Phase 4A - Sed. Basins & Scum	Project no.1 of the NYSDEC Order on Consent	NYSDEC Order on Consent R9-20170906-129, Schedule A, Item 18 Work	\$550,000	\$1,500,000	\$1,500,000	\$1,650,000		\$0
					\$1,100,000	\$3,000,000	\$3,000,000	\$3,300,000		
					\$550,000	\$1,500,000	\$1,500,000	\$1,650,000		
WWTP	2	WWTP Rehab Phase 4B - GPS Rehabilitation	Project no.2 of the NYSDEC Order on Consent	NYSDEC Order on Consent R9-20170906-129, Schedule A, Item 18 Work	\$500,000	\$1,500,000				\$0
					\$1,000,000	\$3,000,000				
					\$500,000	\$1,500,000				
WWTP	3	WWTP Rehab Phase 4C - Polymer & Dewatering Controls	Project no.3 of the NYSDEC Order on Consent	NYSDEC Order on Consent R9-20170906-129, Schedule A, Item 18 Work	\$900,000					\$0
					\$1,800,000					
					\$900,000					
WWTP	4	WWTP Rehab Phase 4D - Carbon & Support Gravel	Project no.4 of the NYSDEC Order on Consent	NYSDEC Order on Consent R9-20170906-129, Schedule A, Item 18 Work		\$1,000,000				\$0
						\$2,000,000				
						\$1,000,000				
WWTP	5	WWTP Rehab Phase 4E - Electrical Improvements	Project no.5 of the NYSDEC Order on Consent	NYSDEC Order on Consent R9-20170906-129, Schedule A, Item 18 Work	\$312,500	\$312,500				\$0
					\$625,000	\$625,000				
					\$312,500	\$312,500				
WWTP	6	WWTP Rehab Phase 4F - Chemical Improvements	Project no.6 of the NYSDEC Order on Consent	NYSDEC Order on Consent R9-20170906-129, Schedule A, Item 18 Work		\$1,800,000				\$0
						\$3,600,000				
						\$1,800,000				
WWTP	7	WWTP Rehab Phase 4G - HVAC Improvements	Project no.7 of the NYSDEC Order on Consent	NYSDEC Order on Consent R9-20170906-129, Schedule A, Item 18 Work	\$281,250	\$281,250				\$0
					\$562,500	\$562,500				
					\$281,250	\$281,250				
WWTP	8	WWTP Rehab Phase 4H - Backwash Blower & Piping	Project no.8 of the NYSDEC Order on Consent	NYSDEC Order on Consent R9-20170906-129, Schedule A, Item 18 Work	\$170,000					\$0
					\$340,000					
					\$170,000					
WWTP	9	WWTP Rehab Phase 4I - Piping Improvements	Project no.9 of the NYSDEC Order on Consent	NYSDEC Order on Consent R9-20170906-129, Schedule A, Item 18 Work		\$275,000				\$0
						\$550,000				
						\$275,000				
WWTP	10	WWTP SCADA Improvements	Project no.10 of the NYSDEC Order on Consent	NYSDEC Order on Consent R9-20170906-129, Schedule A, Item 18 Work	\$125,000	\$125,000	\$125,000	\$125,000		\$0
					\$250,000	\$250,000	\$250,000	\$250,000		
					\$125,000	\$125,000	\$125,000	\$125,000		
WWTP	11	Outfalls	Relocation of WWTP and CSO Outfalls	NYSDEC Order on Consent R9-20170906-129, Schedule A, Item 18 Work						\$8,000,000
WWTP	12	WWTP Roof Repairs	Replace & repair large sections of the WWTP roofs	Necessary for facility protection and longevity						\$1,800,000
WWTP	13	WWTP Chemical Tanks	Removal of old chemical tanks that are not used	Better utilize space for sludge storage	\$125,000					\$0
WWTP	14	WWTP Structural/Masonry Repairs	Repair aging and failing structural components	Restore structural integrity						\$554,000
WWTP	15	WWTP Flood Hazard Mitigation Grant Projects	Harden utility infrastructure against extreme weather	Prevent rainfall-related impacts and damage	\$2,619,277.50					\$0
					\$1,549,346.25					
					\$5,717,970					
					\$1,549,346.25					
WWTP	16	WWTP Standby Generator	Replace and upgrade WWTP power generator	Improve reliability	\$150,000					\$0
WWTP	17	WWTP Infrastructure Projects - Miscellaneous	Repairs / replacements not associated with Phased Projects	Necessary for continued operation	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
					Phase I NYS WWTP Funding	\$2,838,750	\$6,793,750	\$1,625,000	\$1,775,000	\$0
					Phase II NYS WWTP Funding	\$1,549,346	\$0	\$0	\$0	\$0
					FEMA Grant	\$2,619,277.50	\$0	\$0	\$0	\$0
					Annual Coverage Transfer	\$4,763,096	\$6,893,750	\$1,725,000	\$1,875,000	\$100,000
					SUBTOTALS	\$11,770,470	\$13,687,500	\$3,350,000	\$3,650,000	\$100,000
SEWER INFRASTRUCTURE PROJECTS - S										
S	1	GPS Elevator	Replace and upgrade GPS elevator	Improve reliability	\$600,000					\$0
S	2	Sanitary Lift Station Electrical Upgrades	Provide standby power generation and SCADA to lift stations	Improve reliability	\$250,000					\$0
S	3	LaSalle Area Sewer Improvements (SSO)	Sewer repairs to mitigate SSO's	DEC mandated regulatory requirement	\$200,000	\$170,000	\$590,000	\$355,000	\$500,000	\$4,000,000
S	4	Combined Sewer Overflow Long Term Control Plan (CSO LTCP) Implementation	Implement sewer improvements to mitigate CSO's	DEC mandated regulatory requirement	\$10,000					\$0
S	5	CSO Outfall Structural Repairs	Repairs to CSO outfalls on lower river	Restore structural integrity						\$4,000,000
S	6	Tunnel Inspection	Inspect large diameter conveyance systems	Plan repairs prior to failures						\$350,000
S	7	Falls Street Tunnel Regulator Repairs	Electrical and air leak repairs to the FST regulators	Necessary for proper operation of sewer system during wet weather	\$50,000					\$0
S	8	Sewer/GPS Infrastructure Projects - Miscellaneous	Sewer/GPS projects not forecasted or arise based on an emergency situation	Necessary for continued operation	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SUBTOTALS (Annual Coverage Transfer Only)					\$1,210,000	\$270,000	\$690,000	\$455,000	\$600,000	\$8,450,000



NFWB 5 YEAR CAPITAL IMPROVEMENT PLAN (2019 - 2023)

(WORK IN PROGRESS, 4-18-19 UPDATE)

ITEM	NO.	PROJECT NAME	PROJECT DESCRIPTION	PROJECT JUSTIFICATION	FORECASTED EXPENDITURES						
					2019	2020	2021	2022	2023	Deferred	
WATER TREATMENT PLANT INFRASTRUCTURE PROJECTS - WTP											
WTP	1	WTP Pump Replacements	Replacement of old WTP pumps necessary to process drinking water	Maintain treatment plant integrity	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$100,000	
WTP	2	Automation & Security Upgrades at WTP	Automate WTP operations and perform necessary VA identified upgrades	Maintain facility security	\$70,000					\$500,000	
WTP	3	WTP Vent Line Replacement	Replace corroding process vent piping	Maintain treatment plant integrity						\$100,000	
WTP	4	WTP Laboratory Instrumentation	New instruments for sample analysis	Regulation-driven water testing						\$100,000	
WTP	5	WTP Caulking	Repair aging and failing structural components	Restore structural integrity	\$125,000					\$0	
WTP	6	WTP Building Improvements	WTP renovations necessary for operation	Necessary for continued operation						\$150,000	
WTP	7	Water Treatment Plant Infrastructure Projects - Miscellaneous	WTP projects not forecasted or arise based on an emergency situation	Necessary for continued operation	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	
SUBTOTALS (Annual Coverage Transfer Only)					\$325,000	\$130,000	\$130,000	\$130,000	\$130,000	\$1,050,000	
WATER INFRASTRUCTURE PROJECTS - W											
W	1	Hydrant Replacement	Hydrant Replacement - old and inoperable hydrants	Fire protection reliability	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	
W	2	Beech Avenue Tank Replacement	Tank Replacement - existing water storage tank	Distribution system operation & reliability						\$6,000,000	
W	3	Large Valve Replacement	Valve Replacement - water valves >12"	System reliability	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	
W	4	Buffalo Avenue Water Valves	Valve Replacement - water valves that are damaged	Road reconstruction opportunity						\$1,250,000	
W	5	Leak Detection / Distribution Modeling	Water Distribution Study - Identify and control system losses	Resolve water quality & pressure issues; better asset management						\$200,000	
W	6	Abandon 20" Victory Pipe WM	Water Main Abandon - unnecessary and failing watermain	Victory pipe, potential for breaks						\$170,000	
W	7	Loop "D" Street Main - Falls Street to Gill Creek	Water Main New - Install & loop with new main	Eliminate dead end and blow-off						\$70,000	
W	8	Loop Niagara Avenue Main to Parkview Drive	Water Main New - Install & loop with new main	Eliminate dead end and blow-off						\$110,000	
W	9	10th Street and Michigan Avenue Mains - Lockport Street to Ontario Avenue (8") and 10th Street to 11th Street (8")	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks			\$394,000 \$788,000 \$394,000			\$0	
W	10	18th Street Main - Ontario Avenue to Whitney Avenue (14" PE Sliplining)	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks			\$554,800 \$1,109,600 \$554,800			\$0	
W	11	77th Street Main - Stephenson Avenue to Niagara Falls Boulevard (8")	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks			\$584,000 \$1,168,000 \$584,000			\$0	
W	12	80th Street - Niagara Falls Blvd. to Rick Manning Drive	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks	\$300,000					\$0	
W	13	81st Street Main - Frontier Avenue to Pine Avenue	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks						\$850,000	
W	14	Bollier Avenue Main - 82nd Street to Military Road	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks	\$240,000 \$500,000 \$260,000					\$0	
W	15	College Terrace - Madison to College Avenue	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks	\$155,000					\$0	
W	16	LaSalle Avenue Main - Hyde Park Blvd to 11th Street	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks						\$1,600,000	
W	17	Laughlin Drive Main - 82nd Street to Bollier Ave	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks		\$610,592				\$0	
W	18	McKoon Avenue Main - DeVeaux Avenue to James Avenue	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks			\$878,302			\$0	
W	19	Military Road Main - Jacob Place to Bollier Avenue	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks		\$105,100 \$210,200 \$105,100				\$0	
W	20	Military Road Main - Jacob Place to Cayuga Drive	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks						\$210,000	
W	21	Ontario Avenue Main - 13th Street to Main Street	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks		\$763,633				\$0	
W	22	Pierce Avenue Main - 11th Street to 18th Street	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks						\$570,000	
W	23	Pierce Avenue Main - 18th Street to Hyde Park Blvd.	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks						\$750,000	
W	24	Rivershore Drive Main - S.86th Street to 91st Street	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks						\$280,000	
W	25	Van Rensselaer Ave - 900 Block	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks	\$100,000					\$0	
W	26	Welch Avenue Main - 19th Street to 24th Street (16")	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks						\$600,000	
W	27	Whitney Avenue Main - 11th Street to Hyde Park Blvd.	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks			\$1,109,600 \$2,219,200 \$1,109,600			\$0	
W	28	Willow Avenue Main - 11th Street to 17th Street (8")	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks						\$460,000	
W	29	Witkop Avenue and 85th Street Loop (all 8")	Water Main Replacement - replace main and install new services	Replacement of watermain due to frequent breaks		\$718,978				\$0	
W	30	Water Infrastructure Projects - Miscellaneous	Water Projects - not forecasted or arise based on an emergency situation	Necessary for continued operation	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$100,000	
NOTES:					EFC Grants	\$240,000	\$105,100	\$2,642,400	\$0	\$0	\$13,350,000
					NYSEFC SRF Loan	\$0	\$2,198,303	\$3,520,702	\$0	\$0	
					Annual Coverage Transfer	\$1,115,000	\$250,000	\$250,000	\$250,000	\$250,000	
					SUBTOTALS	\$1,355,000	\$2,553,403	\$6,413,102	\$250,000	\$250,000	
TOTALS					\$15,005,470	\$16,925,903	\$10,868,102	\$4,770,000	\$1,365,000	\$33,589,000	

- 1 Phase I NYS WWTP funding - \$13.5 million award through State DASNY grant, \$13.5 million remainder to be sought in loan with low or no interest rate from EFC, according to CPL memo (3/14/19)
- 2 Phase II NYS WWTP funding - \$6.5 million award through State DASNY grant, currently waiting on NYSDEC approval of funds to be used for the WWTP-14 WWTP Flood Hazard Mitigation Grant Project
- 3 LaSalle Area Sewer Improvements (SSO) - Engineering Planning Grant program exists to help with costs to prepare engineering report (up to \$100K grant with 25% NFWB match)
- 4 NYS Water Infrastructure Improvement Act ("WIIA") grant from EFC - \$2.76 million awarded for 5 watermain replacement projects that were identified in 2018 application, NFWB to provide remaining \$2.735 million.
- i. 77th Street Main - Stephenson Avenue to Niagara Falls Boulevard
- ii. 18th Street Main - Ontario Avenue to Whitney Avenue
- iii. Whitney Avenue Main - 11th Street to Hyde Park Blvd.
- iv. 10th Street and Michigan Avenue Mains - Lockport Street to Ontario Avenue and 10th Street to 11th Street
- v. Military Road Main - Jacob Place to Bollier Avenue
- 5 NYSEFC SRF Loans are to be applied for by the end of July 2019 by CPL for several potential watermain but are not currently in place.

Fund Sources Total	2019	2020	2021	2022	2023	Sum 2019 - 2023
Annual Coverage Transfer	\$7,758,096	\$7,828,750	\$3,080,000	\$2,995,000	\$1,365,000	\$23,026,846
Bonded	\$0	\$0	\$0	\$0	\$0	\$0
EFC Grants (see note #4)	\$240,000.00	\$105,100	\$2,642,400	\$0	\$0	\$2,987,500
FEMA Grant (WWTP Flood Hazard Mitigation Grant Project)	\$2,619,277.50	\$0	\$0	\$0	\$0	\$2,619,278
Phase I NYS WWTP Funding from DASNY (see note #1)	\$2,838,750	\$6,793,750	\$1,625,000	\$1,775,000	\$0	\$13,032,500
Phase II NYS WWTP Funding from DASNY (see note #2)	\$1,549,346	\$0	\$0	\$0	\$0	\$1,549,346
NYSEFC SRF Loan (application due at end of July 2019) (see note #5)	\$0	\$2,198,303	\$3,520,702	\$0	\$0	\$5,719,005
TOTALS	\$15,005,470	\$16,925,903	\$10,868,102	\$4,770,000	\$1,365,000	\$47,569,475
	\$0	\$0	\$0	\$0	\$0	

AMOUNT
\$13,500,000
\$6,500,000

**Niagara Falls Water Board
Personnel Actions and Report
Monday, April 15, 2019**

Recommended Moves by the Director of Administrative Services

I. PERSONNEL ACTIONS RECOMMEND TO HIRE				
Line Item Number	Position	Department/Location	Pay Rate or Grade	ADDITIONAL INFORMATION
1.1	Painter	Inside Maintenance both plants	\$25.90/Hr	General building and other professional painting work
1.2	Seasonal Summer help	Outside Water / Maint	\$ 12.00/ hr	Painting hydrants and annual summer work

II. RECOMMENDED PROMOTION / MOVE / APPOINTMENT				
Line Item Number	Position	Type of labor move	Change in pay rate or grade	ADDITIONAL INFORMATION
1.1				

IV. BOARD NOTIFICATION OF OTHER MOVEMENT (CBA BID, MCSB APPOINTMENT, LEGAL STATUS CHANGE)				
Name	Position & type of labor move	Department/Location	Pay Rate or Grade	ADDITIONAL INFORMATION / AUTHORITY

V. OTHER ACTIVITY OTHER PERSONNEL ACTIVITY FOR BOARD NOTIFICATION				
V.1.	Jerry Godlewski	Award CMT position/WWTP Inside Maint.	In accordance with CBA	As previously approved by the NFWB in March
V.2.	Martin Schebel	Award CMT position/ WTP Inside Maint.	In accordance with CBA	As previously approved by the NFWB in March

NIAGARA FALLS WATER BOARD RESOLUTION # 2019-04-001

AUTHORIZING SETTLEMENT OF CLAIM BY VERONICA GRIGGS

WHEREAS, on or about October 4, 2018, Claimant, Veronica Griggs, filed a Notice of Claim for damage to a wheel allegedly resulting from a collision with a catch basin that had shifted; and

WHEREAS, Water Board General Counsel Sean W. Costello, Esq., advises that the Water Board has defenses to the claim but recommends that the matter be compromised and settled for \$64.80 to buy the Water Board's peace and to avoid litigation;

NOW THEREFORE BE IT

RESOLVED, that the Niagara Falls Water Board be and is hereby authorized to pay the sum of \$64.80 to Veronica Griggs, Claimant, as settlement in full of the Notice of Claim filed on or about October 4, 2018, on the condition that Veronica Griggs execute a general release acknowledging that neither party admits fault for the underlying incident.

Water Board Personnel Responsible for Implementation of this Resolution:
General Counsel

Water Board Budget Line or Capital Plan Item with Funds for this Resolution:
FA.1930.0000.0449.599

On April 22, 2019, the question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	Yes	No	Abstain	Absent
Board Member Forster	[]	[]	[]	[]
Board Member Kimble	[]	[]	[]	[]
Board Member Larkin	[]	[]	[]	[]
Board Member Leffler	[]	[]	[]	[]
Chairman O'Callaghan	[]	[]	[]	[]

Signed By:

Vote Witnessed By:

Daniel T. O'Callaghan, Chairperson

Sean W. Costello, Secretary to the Board



NIAGARA FALLS WATER BOARD

5815 Buffalo Avenue
Niagara Falls, NY 14304

NOTICE OF CLAIM FORM FOR PERSONAL INJURY, DAMAGE TO PROPERTY OR LOSS OF PROPERTY

NOTE: NO NOTICE OF CLAIM WILL BE ACCEPTED IF FILED LATER THAN 90 DAYS FROM THE DATE OF LOSS. YOUR CLAIM MUST PROVIDE VALID PROOF OF ALLEGED DAMAGES AND PROOF OF THE VALUE OF ANY PROPERTY ALLEGEDLY DAMAGED.

UNDER NEW YORK LAW, ANY PERSON WHO PRESENTS A FALSE OR FRAUDULENT CLAIM TO A LOCAL GOVERNMENT FOR PAYMENT IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES INCLUDING RECOVERY OF THREE TIMES THE AMOUNT OF DAMAGES SUSTAINED BY SUCH LOCAL GOVERNMENT.

CLAIM INVESTIGATION BY THE NIAGARA FALLS WATER BOARD WILL TAKE BETWEEN 6 TO 8 WEEKS

1. Name of Claimant: Veronica Briggs
2. Address of Claimant: 533 17th Street
Niagara Falls NY 14301
3. Claimant's telephone number: 716 (471.0326)
4. Owner of damaged or lost property: Veronica Briggs
5. Owner's address: 533 17th Street Level #1
Niagara Falls N.Y. 14301
6. Owner's telephone number: (716) 471.0326
7. Date of Loss: 8/22/2018
8. Time when loss occurred: 650 ☒ AM ☐ PM
9. Exact location of loss (i.e. house address, nearest cross street): 533
17th Street Niagara Falls NY 14301 Between
Walnut & Ferry

10. Police report number (if any) n/a

11. Describe how loss occurred: Catch Bassin ~~catch~~
to sticking out into the Road to
much if it catches the tire of
the car.

12. List all items of property damage ascertained to date (attach two original

estimates of repair or replacement and all paid original

receipts): 2012 Cruze Front drivers
side tire. Total \$64.80

Claim must be notarized

THE UNDERSIGNED DECLARES, UNDER PENALTIES OF PERJURY, THAT HE/SHE IS THE CLAIMANT, THAT HE/SHE HAS READ THE FOREGOING NOTICE OF CLAIM, THAT TO THE BEST OF HIS/HER KNOWLEDGE THE INFORMATION CONTAINED HEREINABOVE IS TRUE AND CORRECT.

[Signature]
Signature of Claimant

Sworn to before me this 24th

day of October, 2018

[Signature]
Notary Public/Commissioner of Deeds

RENETTA J. HASLIP
No. 01HA6057386
Notary Public, State of New York
Qualified in Niagara County
My Commission Expires 4/16/2019

NIAGARA FALLS WATER BOARD RESOLUTION # 2019-04-002

AWARD CAULKING BID

WHEREAS, the Niagara Falls Water Board (“Water Board”) Water Treatment Plant (“WTP”) requires that certain caulked wall panel, door, window, and other joints be replaced, as the existing caulking is failing due to its age; and

WHEREAS, on behalf of the Water Board, Clark Patterson Lee engineers prepared bid specifications and an invitation to bid for the required caulking work; and

WHEREAS, four bids were received, and Clark Patterson Lee recommends awarding the bid to Raymond E. Kelly, Inc., as the lowest responsible bidder with a total base bid of \$101,680;

NOW THEREFORE BE IT

RESOLVED, that on behalf of the Niagara Falls Water Board, it Executive Director hereby is authorized to contract with Raymond E. Kelly, Inc., for Water Treatment Plant caulking work, for a total amount not to exceed \$101,680 without further Water Board authorization.

Water Board Personnel Responsible for Implementation of this Resolution:
Executive Director

Water Board Budget Line or Capital Plan Item with Funds for this Resolution:
Capital Line WTP-5 WTP Caulking

On April 22, 2019, the question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	Yes	No	Abstain	Absent
Board Member Forster	[]	[]	[]	[]
Board Member Kimble	[]	[]	[]	[]
Board Member Larkin	[]	[]	[]	[]
Board Member Leffler	[]	[]	[]	[]
Chairman O’Callaghan	[]	[]	[]	[]

Signed By:

Vote Witnessed By:

Daniel T. O’Callaghan, Chairperson

Sean W. Costello, Secretary to the Board

Sean Costello

From: Jay Meyers <JMeyers@CPLteam.com>
Sent: Friday, April 05, 2019 3:33 PM
To: Sean Costello; Douglas Williamson; Pat Fama; Robert Rowe; Joseph Argona
Cc: Dave Jaros
Subject: WTP Caulking
Attachments: Official Bid Tab.xlsx

Attached is the bid tab spreadsheet for the caulking project. RE Kelley is the low bidder. I am recommending that they be awarded the contract. Let me know if you have any questions. If not I will contact them to get their required paperwork compiled so we can put the contract books together. Thanks



Jay Meyers, P.E.

Direct: 716.880.1264

ARCHITECTURE. ENGINEERING. PLANNING.

CPLteam.com

		RAYMOND E KELLY		PATTERSON
ITEM-1	MOBILIZATION		\$200.00	
ITEM-2	WINDOW			
	2500	\$7.15	\$17,875.00	\$15.00
ITEM-2	DOOR			
	1500	\$7.15	\$10,725.00	\$13.00
ITEM-3	Pre-CAST			
	5000	\$9.90	\$49,500.00	\$18.00
ITEM-4	LIFT			
	2	\$1,690.00	\$3,380.00	\$3,500.00
ITEM-5	CONTING			
	1	\$20,000.00	\$20,000.00	
TOTAL			\$101,680.00	

W-STEVE	HIGHLAND MASONRY		FSR CONTRACTING	
\$10,000.00		\$11,625.00		\$1,720.00
\$37,500.00	\$7.50	\$18,750.00	\$10.60	\$26,500.00
\$19,500.00	\$7.00	\$10,500.00	\$9.80	\$14,700.00
\$90,000.00	\$7.50	\$37,500.00	\$11.50	\$57,500.00
\$7,000.00	\$2,500.00	\$5,000.00	\$21,825.00	\$43,650.00
\$20,000.00		\$20,000.00		\$20,000.00
\$184,000.00		\$103,375.00		\$164,070.00

NIAGARA FALLS WATER BOARD RESOLUTION # 2018-04-006

**APPROVING AND ACCEPTING INDEPENDENT
AUDIT AND INVESTMENT REPORTS**

WHEREAS, the Niagara Falls Water Board engaged EFPR Group LLP (“EFPR”), Certified Public Accountants, to perform an independent audit of its financial statements for the years ending December 31, 2018 and December 31, 2017; and

WHEREAS, the Water Board also engaged EFPR to prepare its annual investment report as required by Section 2925 of the Public Authorities Law; and

WHEREAS, the Water Board is in receipt of the independent auditors’ audit and investment reports dated April 15, 2019, and Water Board management has advised that it has reviewed and responded to audit findings;

NOW THEREFORE BE IT

RESOLVED, that the Niagara Falls Water Board approves and accepts the April 15, 2019 independent auditors’ report prepared by EFPR Group LLP, Certified Public Accountants, for the years ending December 31, 2018 and December 31, 2017 and the 2018 investment report dated April 15, 2019.

Water Board Personnel Responsible for Implementation of this Resolution:
Director of Financial Services

Water Board Budget Line or Capital Plan Item with Funds for this Resolution:
Not applicable.

On April 22, 2019, the question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	Yes	No	Abstain	Absent
Board Member Forster	[]	[]	[]	[]
Board Member Kimble	[]	[]	[]	[]
Board Member Larkin	[]	[]	[]	[]
Board Member Leffler	[]	[]	[]	[]
Chairman O’Callaghan	[]	[]	[]	[]

Signed By:

Vote Witnessed By:

Daniel T. O’Callaghan, Chairperson

Sean W. Costello, Secretary to the Board

NIAGARA FALLS WATER BOARD

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report
December 31, 2018 and 2017

NIAGARA FALLS WATER BOARD

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* * * * *

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Niagara Falls Water Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the Niagara Falls Water Board (the Board) as of and for the years ended December 31, 2018 and 2017, and the related notes to financial statements, which collectively comprise the Board'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 audits. We conducted our audits 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 audits 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 Board'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 Board'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Niagara Falls Water Board, as of December 31, 2018 and 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in note 1(d) to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, and the required supplementary information as listed in the table of contents on pages 44 through 46 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 audits 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Niagara Falls Water Board's basic financial statements. The accompanying other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 15, 2019, on our consideration of the Board'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's 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 Board's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
April 15, 2019

NIAGARA FALLS WATER BOARD
Management's Discussion and Analysis
December 31, 2018 and 2017

As management of the Niagara Falls Water Board (the Board), we offer readers of the Board's financial statements this narrative and analysis of the financial activities of the Board for the years ended December 31, 2018 and 2017.

Following this Management's Discussion and Analysis (MD&A) are the financial statements of the Board together with the notes thereto. Please read the MD&A in conjunction with the Board's financial statements and the accompanying notes in order to obtain a full understanding of the Board's financial position and results of operations.

The Board was created by an Act of the State of New York, as more fully described in note 1 to the financial statements, and commenced operations on September 25, 2003. In accordance with an agreement with the City of Niagara Falls, New York (the City) the Board received all assets, liabilities and operating activities (including all personnel) of the City's former Water and Sewer Funds. In return, the Board issued debt, which was used to defease outstanding City bonded debt relating to its Water and Sewer Funds.

Financial Highlights

- The assets and deferred outflows of the Board exceeded its liabilities and deferred inflows by \$(4,121,136) and \$55,546,505 (net position) at December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, \$(62,040,700) and \$1,679,945 (unrestricted net position), respectively, may be used to meet the Board's ongoing obligations.
- The Board's operating income for the years ended December 31, 2018 and 2017 was \$2,049,284 and \$937,446, respectively.
- The Board's total bond indebtedness decreased by \$4,044,754 during the current fiscal year, as a result of principal payments made of \$3,915,000 and premium amortization of \$129,754.
- The Board reflected a liability for postemployment benefits of \$87,609,060 and \$27,393,994 at December 31, 2018 and 2017, respectively.
- The Board implemented Governmental Accounting Standards Board (GASB) Statement No 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This resulted in a restatement of net position of \$58,986,686.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements which include the financial activities of the Board, and its blended component unit, the Niagara Falls Public Water Authority (the Authority). The reasons for blending the financial activities are explained in note 1 to the financial statements. An overview of the responsibilities of the Board and the Authority is presented as follows.

NIAGARA FALLS WATER BOARD
Management's Discussion and Analysis, Continued

<u>Board</u>	<u>Authority</u>
* Owns the System	* Issues debt
* Operates and maintains the System	* Provides proceeds of debt for construction and improvements
* Responsible for System improvements	* Provides oversight regarding adequacy of revenues and System conditions
* Sets rates and collects revenues	
* Pays debt service on bonds	

The financial statements are designed to provide readers with a broad overview of the Board's finances in a manner similar to a private-sector business, and are organized as follows:

- The statement of net position presents information on all of the Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.
- The statement of revenue, expenses and changes in net position presents information on how the Board's net position changed during the reporting period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows for future fiscal periods (e.g., uncollected water and sewer rents, earned but unused vacation and postemployment benefits).
- The statement of cash flows presents information depicting the Board's cash flow activities for the reporting period and the effect that these activities had on the Board's cash and equivalent balances.
- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 16 through 41 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Board's financial position. Assets and deferred outflows exceeded liabilities and deferred inflows by \$(4,121,136) at December 31, 2018, as compared to \$55,546,505 at December 31, 2017, as presented as follows:

<u>Niagara Falls Water Board's Net Position</u>				
	December 31,		Increase/(Decrease)	
	<u>2018</u>	<u>2017</u>	<u>Dollars</u>	<u>Percent</u>
Current assets	\$ 31,479,515	33,805,510	(2,325,995)	(6.9%)
Noncurrent assets	<u>152,335,662</u>	<u>152,388,407</u>	<u>(52,745)</u>	(0.1%)
Total assets	<u>183,815,177</u>	<u>186,193,917</u>	<u>(2,378,740)</u>	(1.3%)
Deferred outflows	<u>1,821,720</u>	<u>1,415,110</u>	<u>406,610</u>	28.7%

NIAGARA FALLS WATER BOARD
Management's Discussion and Analysis, Continued

	December 31,		Increase/(Decrease)	
	<u>2018</u>	<u>2017</u>	<u>Dollars</u>	<u>Percent</u>
Current liabilities	\$ 11,710,927	9,890,152	1,820,775	18.4%
Noncurrent liabilities	<u>175,566,392</u>	<u>120,932,772</u>	<u>54,633,620</u>	45.2%
Total liabilities	<u>187,277,319</u>	<u>130,822,924</u>	<u>56,454,395</u>	43.2%
Deferred inflows	<u>2,480,714</u>	<u>1,239,598</u>	<u>1,241,116</u>	100.1%
Net investment in capital assets	26,040,626	20,904,136	5,136,490	24.6%
Restricted	31,878,938	32,962,424	(1,083,486)	(3.3%)
Unrestricted	<u>(62,040,700)</u>	<u>1,679,945</u>	<u>(63,720,645)</u>	(3,793.0%)
Total net position	\$ <u>(4,121,136)</u>	<u>55,546,505</u>	<u>(59,667,641)</u>	(107.4%)

The Board's net investment in capital assets, is a surplus net position of \$26,040,626 and \$20,904,136 at December 31, 2018 and 2017, respectively. This results from the timing of the amortization of the Board's capital debt, as outstanding principal for most of the Board's serial bonds is not paid until late into the life of the debt, while depreciation occurs annually.

The Board's unrestricted net position was \$(62,040,700) and \$1,679,945 at December 31, 2018 and 2017, respectively. These assets are not limited as to how and for what they may be used. The restricted debt service portion of the Board's net position \$4,795,231 and \$3,799,654 at December 31, 2018 and 2017, respectively, represents funds that are set aside to be used towards debt service. The restricted capital projects portion of the Board's net position \$12,672,427 and \$13,617,444 at December 31, 2018 and 2017, respectively, represents funds that are set aside primarily for the reconstruction of the Falls Street Tunnel. The restricted debt reserve fund portion of the Board's net position \$9,182,488 and \$8,822,394 at December 31, 2018 and 2017, respectively, represents funds for future debt service payments. The restricted operating and maintenance reserve fund portion of the Board's net position was \$5,228,792 and \$6,722,932 at December 31, 2018 and 2017, respectively, represents funds to pay the cost of extraordinary repairs to and maintenance of the system.

The Board's unrestricted net position is the remainder of total net position after taking net investment in capital assets, restricted for capital projects, restricted for operations and maintenance and restricted for debt related reserves into account. Unrestricted net position decreased in 2018 by \$63,720,645 because of an increase in net investment in capital assets of \$5,136,490, a decrease of \$1,083,486 in restricted, a loss of \$680,955 and a restatement for other postemployment benefits of \$59,986,686.

A comparison of current assets to current liabilities of the Board at December 31, 2018 and 2017 follows:

	<u>2018</u>	<u>2017</u>
Current assets	\$ 31,479,515	33,805,510
Current liabilities	<u>11,710,927</u>	<u>9,890,152</u>
Ratio of current assets to current liabilities	2.69	<u>3.42</u>

NIAGARA FALLS WATER BOARD
Management's Discussion and Analysis, Continued

The Board's total net position decreased by \$59,667,641 during the year ended December 31, 2018, as compared to a decrease of \$2,047,362 for the year ended December 31, 2017. Key elements of the current year's decrease in net position are as follows:

<u>Niagara Falls Water Board's Changes in Net Position</u>			
	<u>2018</u>	<u>2017</u>	Increase/ (decrease)
Total operating revenue	\$ 31,259,913	30,152,829	1,107,084
Total operating expenses	(29,210,629)	(29,215,383)	4,754
Operating income	2,049,284	937,446	1,111,838
Total non-operating revenue (expenses)	(2,730,239)	(2,984,808)	254,569
Change in net position, before restatement	(680,955)	(2,047,362)	1,366,407
GASB No.75 implementation	(58,986,686)	-	(58,986,686)
Change in net position, after restatement	\$ (59,667,641)	(2,047,362)	(57,620,279)

The Board's major sources of operating revenue are charges for water and sewer services which comprise approximately 99% of total operating revenue. These revenues combined comprise an approximate \$1.1 million increase in operating revenue in 2018. These revenues are dependent upon rates charged for these services, with such rates being determined by the Board. Please see the section entitled "Economic Factors and Next Year's Rates" within this MD&A for a listing of the rates charged during 2018 and approved rates for 2019.

The Board's largest operating expense area relates to its employees. Together, personnel costs (salaries) and employee benefits approximate 44% of all operating expenses. In 2018, these costs totaled approximately \$12.9 million as compared to \$14.2 million in 2017, representing an approximate \$1.3 million decrease in this area. This decrease is due to amortization of other postemployment benefits liability in 2017.

Within the non-operating revenue (expenses) category, interest expense is by far the largest expense item and represents the cost of carrying serial bonds totaling \$91,380,000 and \$95,295,000, at December 31, 2018 and 2017, respectively.

The following is a summary of the Board's cash flow activities for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Cash flows provided by (used in):		
Operating activities	\$ 10,269,567	11,176,527
Capital and related financing activities	(14,032,042)	(10,866,428)
Investing activities	<u>1,731,313</u>	<u>5,701,260</u>
Change in cash and equivalents	(2,031,162)	6,011,359
Cash and equivalents at beginning of year	<u>23,422,740</u>	<u>17,411,381</u>
Cash and equivalents at end of year	\$ <u>21,391,578</u>	<u>23,422,740</u>

NIAGARA FALLS WATER BOARD
Management's Discussion and Analysis, Continued

The Board's available cash and equivalents decreased by \$2,031,162 during the year ended December 31, 2018, as compared to an increase of \$6,011,359 during the year ended December 31, 2017. Cash provided by operating activities reflected a positive balance of \$10,269,567 for the year ended December 31, 2018.

Capital Assets and Debt Administration

Capital Assets - The Board's investment in capital assets (net of accumulated depreciation) as of December 31, 2018, amounted to \$120,456,724, as compared to \$119,425,983 at December 31, 2017. This includes land, plant and transmission (infrastructure type assets), machinery and equipment, and construction in progress. The Board's greatest investment in capital assets comes in the form of infrastructure. Significant factors affecting capital assets during the reporting period include:

- The Board recorded total additions to capital assets of \$7,483,243.
- Additions to construction in progress totaled \$7,483,243. Completed capital projects transferred to depreciable asset categories totaled \$11,290,530.
- The Board recorded total depreciation of \$6,452,502 and \$6,111,206 for the years ended December 31, 2018 and 2017, respectively.

A summary of capital assets, net of depreciation where applicable, is as follows:

	<u>2018</u>	<u>2017</u>
Nondepreciable assets:		
Land	\$ 463,713	463,713
Construction in progress	3,184,153	6,991,440
Depreciable assets:		
Plant and transmission assets (water system)	46,875,435	47,712,419
Plant and transmission assets (wastewater system)	64,822,543	60,173,970
Machinery and equipment	<u>5,110,880</u>	<u>4,084,441</u>
Total	\$ <u>120,456,724</u>	<u>119,425,983</u>

Construction in progress represents ongoing capital construction which will be transferred to the appropriate asset category (and begin to be depreciated) upon completion.

More detailed information about the Board's capital assets is presented in the notes to financial statements.

Serial Bonds - At December 31, 2018, the Board had outstanding serial bonds totaling \$91,380,000 as compared to \$95,295,000 at December 31, 2017. During the year ended December 31, 2018, the Board made principal payments of \$3,915,000 on these bonds.

The Board used bond debt to finance the original purchase of the assets (net of liabilities and including the water, sewer and storm water systems) from the City. In the future, the Board may utilize bond debt issuances as a primary source of funds for construction, renovations and system improvements.

NIAGARA FALLS WATER BOARD
Management's Discussion and Analysis, Continued

Postemployment Benefits - Upon retirement, the Board's employees are entitled to continuous health insurance coverage. At December 31, 2018 and 2017, the liability recorded for these benefits amounted to \$87,609,060 and \$27,393,994, respectively. This increase is due to the implementation of GASB Statement No. 75.

Compensated Absences - Upon separation, Board employees are entitled to payment of unused sick and vacation time. The total liability relating to these payments at December 31, 2018 is \$709,411, compared to December 31, 2017 is \$701,680. The timing of the payments relating to compensated absences is dependent upon many factors, including the retirement or separation from service, and is therefore difficult to predict; however, the Board estimates that \$35,471 of such liability is current at December 31, 2018.

Economic Factors and Next Year's Rates

As noted earlier, the Board's largest sources of operating revenues are water and sewer rents from customers. These revenues result from rates charged based on water usage by the individual customer. Rates can be adjusted accordingly in order to help meet the expenses of the Board. When considering rate changes, the Board utilizes the services of a rate consultant to help forecast the magnitude and effects of potential changes. As required by law, the general public's opinions are also taken into consideration, through public hearings, when contemplating a change in rates charged for services. Water rates charged for 2018 and approved rates to be charged for 2019 are as follows:

	<u>2018</u>		<u>2019</u>	
	Amount to be charged (per 100 cubic feet)		Amount to be charged (per 100 cubic feet)	
<u>Amount Consumed</u>	Inside <u>city</u>	Outside <u>city</u>	Inside <u>city</u>	Outside <u>city</u>
First 20,000 cubic feet per quarter	3.35	8.95	3.42	9.13
Next 60,000 cubic feet per quarter	2.90	7.81	2.96	7.97
Next 120,000 cubic feet per quarter	2.46	6.51	2.51	6.64
Over 200,000 cubic feet per quarter	2.04	5.48	2.08	5.59
Minimum charge for water consumption per quarter	43.55	116.35	44.40	118.68

NIAGARA FALLS WATER BOARD
Management's Discussion and Analysis, Continued

In addition to the above schedule of rates for water consumed, a demand charge is assessed for each user's meter, as set forth below:

<u>Size and Type</u>	<u>2018 Rate (per quarter)</u>	<u>2019 Rate (per quarter)</u>
Under 1" Disc	\$ 3.70	3.70
1" Disc	25.00	25.00
2" Disc	40.00	40.00
2" Compound	40.00	40.00
3" Compound	50.00	50.00
4" Compound	100.00	100.00
6" Compound	220.00	220.00
8" Compound	250.00	250.00
10" Compound	275.00	275.00
12" Compound	400.00	400.00

In addition to charging for water consumption and services, the Board also charges users with respect to sewer and wastewater services provided. All users have been divided into two "user classes" - Commercial/Small Industrial/Residential Users (CSIRU) and Significant Industrial Users (SIU).

Sewer rates for the CSIRU class are determined by the total metered water consumption in each quarter. Rates charged for 2018 and rates to be charged during 2019 are as follows:

<u>Amount Consumed</u>	<u>2018</u>	<u>2019</u>
Minimum charge per quarter (up to 1,300 cubic feet)	\$ 57.64	58.79
Additional usage in excess of 1,300 cubic feet (\$/cubic feet)	4.43	4.52

Sewer rates for the SIU class are determined each quarter based on the actual measured quantities and composition of wastewater flow. Such rates are determined by the Board and are based upon five representative 24-hour composite samples taken quarterly. Rates for the SIU class for the year ended December 31, 2018 and approved for 2019 were \$3,115 per million gallons for wastewater flow; \$1.00 per pound for all suspended solids discharged; and \$1.73 per pound for all soluble organic carbon compounds discharged. In addition, SIU's are charged fees, as needed, for certain other "substances of concern" which are discharged in their wastewater.

Contacting the Board's Financial Management

This financial report is designed to provide taxpayers, customers, and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Kendra Walker, Michael O'Laughlin Municipal Water Plan, 5815 Buffalo Avenue, Niagara Falls, New York 14304.

NIAGARA FALLS WATER BOARD
Statements of Net Position
December 31, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and equivalents	\$ 21,391,578	23,422,740
Accounts receivable, net of allowance for uncollectible accounts	8,740,792	8,669,935
Due from other governments, net of allowance for uncollectible accounts	1,250,223	1,340,184
Prepaid expenses	<u>96,922</u>	<u>372,651</u>
Total current assets	<u>31,479,515</u>	<u>33,805,510</u>
Noncurrent assets:		
Restricted cash and investments - capital projects	12,672,427	13,617,444
Restricted cash and investments - debt service fund	4,795,231	3,799,654
Restricted cash and investments - debt service reserve fund	9,182,488	8,822,394
Restricted cash and investments - operating and maintenance reserve	5,228,792	6,722,932
Capital assets:		
Land	463,713	463,713
Waste and waste water system	179,692,253	170,159,589
Machinery and equipment	10,079,046	8,321,180
Construction in progress	3,184,153	6,991,440
Less accumulated depreciation	<u>(72,962,441)</u>	<u>(66,509,939)</u>
Total capital assets, net of accumulated depreciation	<u>120,456,724</u>	<u>119,425,983</u>
Total noncurrent assets	<u>152,335,662</u>	<u>152,388,407</u>
Total assets	<u>183,815,177</u>	<u>186,193,917</u>
<u>Deferred Outflows of Resources</u>		
Pensions	<u>1,821,720</u>	<u>1,415,110</u>
		(Continued)

See accompanying notes to financial statements.

NIAGARA FALLS WATER BOARD
Statements of Net Position, Continued

<u>Liabilities</u>	<u>2018</u>	<u>2017</u>
Current liabilities:		
Accounts payable	\$ 2,855,551	1,679,879
Accrued liabilities	2,178,090	2,262,617
Overpayments	4,850	3,000
Current portion of noncurrent liabilities:		
Compensated absences	35,471	35,084
Total OPEB liability	2,581,965	1,994,572
Bonds payable	<u>4,055,000</u>	<u>3,915,000</u>
Total current liabilities	<u>11,710,927</u>	<u>9,890,152</u>
Noncurrent liabilities:		
Compensated absences	673,940	666,596
Total OPEB liability	85,027,095	25,399,422
Bonds payable	89,390,249	93,575,003
Net pension liability - proportionate share - ERS System	<u>475,108</u>	<u>1,291,751</u>
Total noncurrent liabilities	<u>175,566,392</u>	<u>120,932,772</u>
Risk management and contingent liabilities (note 11)	<u> </u>	<u> </u>
Total liabilities	<u>187,277,319</u>	<u>130,822,924</u>
<u>Deferred Inflows of Resources</u>		
Pensions	1,509,865	207,754
Gain on refunding	<u>970,849</u>	<u>1,031,844</u>
Total deferred inflows of resources	<u>2,480,714</u>	<u>1,239,598</u>
<u>Net Position</u>		
Net investment in capital assets	26,040,626	20,904,136
Restricted for capital projects	12,672,427	13,617,444
Restricted for debt service fund	4,795,231	3,799,654
Restricted for debt service reserve fund	9,182,488	8,822,394
Restricted for operating and maintenance	5,228,792	6,722,932
Unrestricted	<u>(62,040,700)</u>	<u>1,679,945</u>
Total net position	<u>\$ (4,121,136)</u>	<u>55,546,505</u>

See accompanying notes to financial statements.

NIAGARA FALLS WATER BOARD
Statements of Revenue, Expenses and Changes in Net Position
Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenue:		
Water rents and charges	\$ 10,772,298	10,201,166
Sewer rents and charges	20,019,512	19,430,827
Licenses and permits	222,950	227,396
Other services	<u>245,153</u>	<u>293,440</u>
Total operating revenue	<u>31,259,913</u>	<u>30,152,829</u>
Operating expenses:		
Personnel costs	6,065,718	5,432,579
Contractual expenses	9,902,911	8,928,037
Employee benefits	6,789,498	8,743,561
Depreciation expense	<u>6,452,502</u>	<u>6,111,206</u>
Total operating expenses	<u>29,210,629</u>	<u>29,215,383</u>
Operating income	<u>2,049,284</u>	<u>937,446</u>
Non-operating revenue (expenses):		
Use of money and property	647,827	459,709
Gain on sale of property	8,783	11,039
Interest expense	<u>(3,386,849)</u>	<u>(3,455,556)</u>
Total non-operating revenue (expenses)	<u>(2,730,239)</u>	<u>(2,984,808)</u>
Change in net position	<u>(680,955)</u>	<u>(2,047,362)</u>
Net position at beginning of year, before restatement	55,546,505	57,593,867
Cumulative effect of change in accounting principle (note 14)	<u>(58,986,686)</u>	<u>-</u>
Net position at beginning of year, as restated	<u>(3,440,181)</u>	<u>57,593,867</u>
Net position at end of year	<u>\$ (4,121,136)</u>	<u>55,546,505</u>

See accompanying notes to financial statements.

NIAGARA FALLS WATER BOARD
Statements of Cash Flows
Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 31,280,867	30,701,932
Payments to suppliers	(9,418,908)	(8,686,164)
Payments to employees	<u>(11,592,392)</u>	<u>(10,839,241)</u>
Net cash provided by operating activities	<u>10,269,567</u>	<u>11,176,527</u>
Cash flows from capital and related financing activities:		
Gain on sale of property	8,783	11,039
Acquisition of capital assets	(6,515,845)	(3,736,530)
Amortization of deferred gain on refunding	(60,995)	(60,996)
Amortization of premium on capital debt	(129,754)	(129,753)
Principal paid on capital debt	(3,915,000)	(3,780,000)
Interest paid on capital debt	<u>(3,419,231)</u>	<u>(3,170,188)</u>
Net cash used in capital and related financing activities	<u>(14,032,042)</u>	<u>(10,866,428)</u>
Cash flows from investing activities:		
Interest earned	647,827	459,709
Change in restricted cash and investments - capital projects	945,017	1,680,000
Change in restricted cash and investments - debt service fund	(995,577)	19,106,877
Change in restricted cash and investments - debt service reserve fund	(360,094)	(8,822,394)
Change in restricted cash and investments - operating and maintenance	<u>1,494,140</u>	<u>(6,722,932)</u>
Net cash provided by investing activities	<u>1,731,313</u>	<u>5,701,260</u>
Change in cash and equivalents	(2,031,162)	6,011,359
Cash and equivalents at beginning of year	<u>23,422,740</u>	<u>17,411,381</u>
Cash and equivalents at end of year	<u>\$ 21,391,578</u>	<u>23,422,740</u>

(Continued)

See accompanying notes to financial statements.

NIAGARA FALLS WATER BOARD
Statements of Cash Flows, Continued

	<u>2018</u>	<u>2017</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,049,284	937,446
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	6,452,502	6,111,206
Changes in:		
Accounts receivable	(70,857)	251,125
Due from other governments	89,961	122,756
Prepaid expenses	275,729	(5,591)
Note receivable	-	172,222
Accounts payable	208,274	247,464
Accrued liabilities	(52,145)	40,683
Overpayments	1,850	3,000
Compensated absences	7,731	(96,431)
Total OPEB liability	1,228,380	3,251,599
Net pension liability - proportionate share - ERS System	(816,643)	(865,491)
Deferred outflows of resources - pensions	(406,610)	1,069,948
Deferred inflows of resources - pensions	1,302,111	(63,409)
Total adjustments	<u>8,220,283</u>	<u>10,239,081</u>
Net cash provided by operating activities	<u>\$ 10,269,567</u>	<u>11,176,527</u>
Supplemental schedule of cash flow information - adjustment for capital assets financed by accounts payable	<u>\$ 1,840,594</u>	<u>873,196</u>

See accompanying notes to financial statements.

NIAGARA FALLS WATER BOARD

Notes to Financial Statements

December 31, 2018 and 2017

(1) Summary of Significant Accounting Policies

The financial statements of the Niagara Falls Water Board (the Board) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Included in the Board's reporting entity is a blended component unit, the Niagara Falls Public Water Authority (the Authority).

(a) Reporting Entity

The Board was created by Chapter 325 of the Laws of 2002 of the State of New York (the State), codified as Sections 1231-a of Title 10-C of Article 5 of the Public Authorities Law of the State, as amended (the Board Act). The Authority was created by Chapter 275 of the Laws of 2002 of the State, constituting the Niagara Falls Public Water Authority Act, codified as Sections 1230-a through 1230-aa of Title 10-B of Article 5 of the Public Authorities Law of the State, as amended (the Authority Act).

The Board is a corporate municipal instrument of the State consisting of five members primarily responsible for the jurisdiction, control, possession, supervision and use of water, wastewater and storm water systems within the City of Niagara Falls, New York (the City).

The Authority is a public benefit corporation consisting of three members and is primarily responsible for obtaining financing for water, wastewater and storm water systems within the City.

Board members for both the Board and Authority are appointed pursuant to the enabling legislation.

Pursuant to the Board Act and the Authority Act, the Board, the Authority and the City executed an acquisition agreement effective September 25, 2003 whereby the Authority issued bonds enabling the Board to purchase all of the assets, net of liabilities, of the City's public water, wastewater and storm water systems. The Board began operations of these systems on that date.

Currently there are approximately 19,536 residential, 329 commercial and 24 large industrial type customers. Total population served by the water system is estimated at 51,000. The average daily demand is 23.1 million gallons per day. The Board's wastewater system generally covers the same service area and customer base as the water system. The wastewater treatment plant processes approximately 29.3 million gallons of wastewater per day.

Blended Presentation of Component Unit - Although they are legally separate entities, blended component units are, in substance, part of the government's operations. The following is a brief description of the blended component unit included in the primary government.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Reporting Entity, Continued

Niagara Falls Public Water Authority - Among the powers given to the Authority is the ability to borrow money and issue negotiable or non-negotiable notes, bonds or other obligations for the acquisition, renovation and improvement to the regional water system.

The Authority may also apply for licenses, permits and approval of plans associated with the acquisition, renovation and improvement of the regional water system. In the process of borrowing funds to improve facilities, professional consultants may be retained to offer technical services and advice for the purpose and benefit of acquiring or improving the systems.

The Authority has entered into an agreement with the Board to make payments for the debt service required by these bonds. The Board is also required to make payments for Authority expenses. The obligation to make debt service is a general obligation to which its full faith and credit are pledged.

The Authority is considered a component unit since the Board is obligated to pay debt service and fund other accounts of the Authority. Thus, the Authority is “fiscally dependent” upon the Board to establish rates and collect fees necessary to pay these debts. Further, the Authority is “blended” with the Board in the financial statements because the Authority exists solely to provide services that predominantly benefit the Board.

(b) Measurement Focus and Basis of Accounting

The financial statements of the Board have been prepared in accordance with GAAP as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles.

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

Revenues from providing water and sanitary sewer services are reported as operating revenues. Transactions which are capital, financing or investing related are reported as non-operating revenues. All expenses related to operating systems are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

(c) Budgets

The annual budget is the financial plan for the effective operation of the Board and the Authority. The Board uses the budget as a management tool for internal control purposes and to assist in setting of appropriate user charges.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

- Cash and Equivalents - The Board's cash and equivalents represent cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.
- Restricted Cash and Investments - Capital Projects - In 2007, the Board received \$19,000,000 from the New York State Power Authority (the Power Authority) which is restricted for capital improvement projects including, but not limited to, the Falls Street Tunnel. At December 31, 2018 and 2017, the total amount restricted for capital projects amounted to \$12,672,427 and \$13,617,444, respectively.
- Restricted Cash and Investments - Debt Service Fund - As a result of the purchase of the water and sewer systems from the City, certain bond covenants, as disclosed in note 5, were established requiring resources (consisting of cash and investments) to be maintained for specific purposes necessary to operate the water and sewer systems. At December 31, 2018 and 2017, the total amount restricted for debt service fund amounted to \$4,795,231 and \$3,799,654, respectively.

Cash has been deposited into various trust funds with a fiscal agent to satisfy certain covenants. Further, the amounts have been invested into various short-term investments in compliance with the Board's investment policy. Certain funds were used for their intended purposes and are no longer available for investment.

- Restricted Cash and Investments - Debt Service Reserve Fund - This fund was established to fulfill the debt service reserve requirements on the outstanding bonds as and when they become due. At December 31, 2018 and 2017, the total amount restricted for debt service reserve fund amounted to \$9,182,488 and \$8,822,394, respectively.
- Restricted Cash and Investments - Operating and Maintenance - This fund is restricted to pay the cost of extraordinary repairs to and maintenance of the system. At December 31, 2018 and 2017, the total amount restricted for operating and maintenance amounted to \$5,228,792 and \$6,722,932, respectively.

- Fair Value Measurements and Disclosures

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Board has the ability to access.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, Continued

- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the assets or liabilities; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2018.

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds and equities - Valued at the closing price reported on the active market in which the individual securities are traded.

Corporate and government bonds - Valued at the closing price reported on the active markets in which the individual securities are traded.

The Board assess the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

- Accounts Receivable - All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Board has adopted a policy of recognizing water and sewer revenues in the period in which the services are provided. Billings to customers generally consist of revenues earned from the prior three months for quarterly billed customers, and revenues earned from the prior month for monthly billed customers.

The collection of current water and sewer charges is performed by the Board. The City, acting as collecting agent for the Board, collects delinquent water and sewer charges.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, Continued

- Prepaid Expenses - Prepaid expenses reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.
- Capital Assets - Capital assets acquired by the Board as part of the September 25, 2003 acquisition agreement with the City were reported at fair value on the acquisition date. Capital assets acquired by the Board subsequent to the initial acquisition are stated at cost including interest capitalized during construction, where applicable. Costs include material, direct labor and other items such as supervision, payroll taxes, employee benefits, transportation, and certain preliminary legal, engineering and survey costs. The costs of repairs and maintenance are expensed as incurred. Contributed fixed assets are recorded at fair market value at the date received.

Construction projects are conducted on a continuing basis in order to maintain or enhance the systems. Preliminary legal, engineering and survey costs include studies conducted prior to the actual construction period that directly result in specific construction projects. While capital projects are in process, all associated costs are recorded as construction in progress. Once completed, all costs, including legal, engineering, survey and construction costs, are reclassified to their respective asset categories and depreciated according to their useful lives.

Depreciation has been recorded using the straight-line method of depreciation. The estimated useful lives of the Board's major classes of depreciable assets are based on the utility of the respective assets. The estimated useful lives of depreciable fixed assets are as follows:

<u>Assets</u>	<u>Years</u>
Land	N/A
Plant and transmission assets	25 - 50
Machinery and equipment	5 - 20

- Compensated Absences - Board employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, all union employees are entitled to payment for accumulated vacation and compensatory time limited to amounts defined under their respective collectively bargained agreements. All non-union employees are entitled to similar benefits as defined by their respective contracts with the Board.

Payments of vacation and sick leave and compensatory time are dependent upon many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payments of vacation leave and compensatory time when such payments become due.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, Continued

- During the year ended December 31, 2018, the Board adopted provisions of GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). See note 7 and note 14 of the financial statements for the impact of the implementation on the financial statements.

In addition to providing pension benefits, the Board provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the Board's employees may become eligible for these benefits if they reach normal retirement age while working for the Board. Health care benefits are provided through the Board's self-insurance plan. The Board pays 100% of the cost for retiree's health care insurance, excluding co-pays which are the sole responsibility of the retirees. Survivor beneficiaries reimburse the Board monthly for 100% of the calculated premiums. The Board recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

- Bond and Note Discounts/Premiums - Discounts and premiums are presented as components of bonds or notes payable. The discounts/premiums are amortized over the life of the bonds and notes on a method that approximates the effective interest method.
- Long-term Obligations - Long-term debt obligations are reported as liabilities in the accompanying Statements of Net Position.
- Retirement Plan - The Board provides retirement benefits for substantially all of its regular, full-time employees through contributions to the New York State Employees' and Local Employees' Retirement System (ERS). The ERS provides various plans and options, some of which require employee contributions, as described in note 8.
- Deferred Outflows of Resources and Deferred Inflows of Resources - 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/expenditure) until then. The Board has two items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the Board's proportion of the collective net pension liability and difference during the measurement period between the Board's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is the Board contributions to the pension systems subsequent to the measurement date.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, Continued

Deferred inflows of resources represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two items that qualify for reporting in this category. The first is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the Board's proportion of the collective net pension liability and difference during the measurement periods between the Board's contributions and its proportion share of total contributions to the pension systems not included in the pension expense. The second item is the deferred gain the Board incurred on its debt refunding transaction.

(e) Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(f) Income Taxes

The Board is a public benefit corporation of the State of New York. As such, income earned in the exercise of its essential government functions is exempt from State and Federal income taxes.

(g) Subsequent Events

The Board has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(2) Cash and Equivalents and Investments

The Board's investment policies are governed by State statute. Board monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Board is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand deposits and certificates of deposit in an amount equal to or greater than the amount of all deposits not covered by FDIC insurance coverage. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(2) Cash and Equivalents and Investments, Continued

The Board's cash and equivalents at December 31, 2018 and 2017 include the following captions on the statements of net position:

	<u>2018</u>	<u>2017</u>
Cash and equivalents	\$ 21,391,578	23,422,740
Restricted cash and investments:		
Capital projects	12,672,427	13,617,444
Debt service fund	4,795,231	3,799,654
Debt service reserve fund	9,182,488	8,822,394
Operating and maintenance	<u>5,228,792</u>	<u>6,722,932</u>
Total	\$ <u>53,270,516</u>	<u>56,385,164</u>

Cash and equivalents are comprised of the following:

	<u>2018</u>	<u>2017</u>
Petty cash (uncollateralized)	\$ 100	100
Deposits	25,248,079	47,461,390
Investments	<u>28,022,337</u>	<u>8,923,674</u>
Total	\$ <u>53,270,516</u>	<u>56,385,164</u>

Custodial Credit Risk - Deposits - In the case of deposits, this is the risk that, in the event of a bank failure, the Board's deposits may not be returned to it. As noted above, by State statute, all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2018 and 2017, all uninsured bank deposits were fully collateralized with securities held by the pledging financial institution's trust department or agent in the Board's name.

Custodial Credit Risk - Investments - For investments, this is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments that are in the possession of an outside party. At December 31, 2018 and 2017, all of the Board's restricted cash in the form of investments was registered in the Board's name and was invested in U.S. Government backed securities.

The Board's investments at December 31, 2018, consist of the following:

<u>Investments</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Treasuries Notes	1/31/19 - 11/1/41	\$ 11,603,121
Federal Home Mortgage Corp.	1/14/19 - 5/28/20	12,931,227
Certificates of Deposit	4/30/18 - 12/2/20	<u>3,487,989</u>
Total investments		\$ <u>28,022,337</u>

These investments are classified as Level 1.

Maturity Schedule

Less than one year	\$ 18,908,759
More than one year	<u>9,113,578</u>
	\$ <u>28,022,337</u>

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(2) Cash and Equivalents and Investments, Continued

The Board's investments at December 31, 2017, consist of the following:

<u>Investments</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Treasuries	3/1/18 - 11/1/41	\$ 1,229,466
Federal Home Mortgage Corp.	1/16/18 - 2/1/18	7,415,018
Federal Farm Credit Bank	3/20/18	<u>279,190</u>
Total investments		\$ <u>8,923,674</u>

These investments are classified as Level 1.

Maturity Schedule

Less than one year	\$ 8,024,002
More than one year	<u>899,672</u>
	\$ <u>8,923,674</u>

Concentration Credit Risk - For investments, this is the risk of loss attributable to the quantity of the government's investment in a single issuer. Investments in single issuers that equal or exceed 5% of total investments have a reportable concentration of credit risk. At December 31, 2018, the Board held 46%, 42% and 12% of its investment balance in Federal Home Mortgage Corp., U.S. Treasury Notes, and Certificates of Deposit, respectively.

(3) Receivables

Major revenues accrued by the Board at December 31, 2018 and 2017 include the following:

(a) Accounts Receivable

Accounts receivable primarily represents amounts due from customers for current and delinquent water and wastewater services provided, including penalties, unpaid bill charges, collection fees and shut-off charges.

Customers are billed either on a monthly or quarterly basis depending on the type of user (industrial or residential), and the level of water and sewer usage. Customers may make payments without penalty on current charges up until 20 days after receiving their bill. Any unpaid balances remaining after these 20 days are subject to a penalty of 6%, and those customers receive an unpaid bill notice. If balances still remain unpaid after 30 additional days, final unpaid notices are mailed. The customers are then given 10 days to remit payment, after which the property is tagged, and shut-off procedures begin.

During the first week of December of every year, unpaid balances are transferred to the City tax roll for collections through the subsequent year's tax levy or in-rem property sales. Any amounts relating to unpaid water and wastewater balances collected by the City through these means are delivered to the Board.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(3) Receivables, Continued

(a) Accounts Receivable, Continued

As of December 31, 2018, \$1,307,973 was included in allowance for uncollectible accounts to account for receivable balances that may not be collected. As of December 31, 2017, \$1,278,723 was included in allowance for uncollectible accounts to account for receivable balances that may not be collected.

(b) Due from Other Governments

Due from other governments represents amounts due from the City for the tax transfer. Amounts accrued at December 31, 2018 and 2017 consist of \$1,250,223 and \$1,340,184, respectively.

The tax transfer represents uncollected water and sewer charges that have been turned over to the City for collection in conjunction with the City's property tax levy. The City remits these charges to the Board each January and July for collections it receives for the previous six-month period. This amount includes collected but not yet remitted charges at year-end. Charges from all previous years' water and sewer operations transferred to the City that are not collected totaled \$6,286,360 and \$6,115,063 at December 31, 2018 and 2017, respectively. Management has recorded an allowance for uncollectible accounts with respect to these balances of \$5,036,137 and \$4,774,879 at December 31, 2018 and 2017, respectively.

(4) Capital Assets

The Board's capital assets activity for the years ended December 31, 2018 and 2017 is summarized as follows:

	Balance <u>1/1/2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2018</u>
Capital assets, not being depreciated:				
Land	\$ 463,713	-	-	463,713
Construction in progress	<u>6,991,440</u>	<u>7,483,243</u>	<u>(11,290,530)</u>	<u>3,184,153</u>
Total capital assets not being depreciated	<u>7,455,153</u>	<u>7,483,243</u>	<u>(11,290,530)</u>	<u>3,647,866</u>
Capital assets, being depreciated:				
Plant and transmission costs:				
Water system	87,610,212	2,102,630	-	89,712,842
Wastewater system	82,549,377	7,430,034	-	89,979,411
Machinery and equipment	<u>8,321,180</u>	<u>1,757,866</u>	<u>-</u>	<u>10,079,046</u>
Total capital assets being depreciated	<u>178,480,769</u>	<u>11,290,530</u>	<u>-</u>	<u>189,771,299</u>

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(4) Capital Assets, Continued

	Balance <u>1/1/2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2018</u>
Less accumulated depreciation:				
Plant and transmission costs:				
Water system	\$ (39,897,793)	(2,939,614)	-	(42,837,407)
Wastewater system	(22,375,407)	(2,781,461)	-	(25,156,868)
Machinery and equipment	<u>(4,236,739)</u>	<u>(731,427)</u>	<u>-</u>	<u>(4,968,166)</u>
Total accumulated depreciation	<u>(66,509,939)</u>	<u>(6,452,502)</u>	<u>-</u>	<u>(72,962,441)</u>
Total being depreciated, net	<u>111,970,830</u>	<u>4,838,028</u>	<u>-</u>	<u>116,808,858</u>
Capital assets, net	\$ <u>119,425,983</u>	<u>12,321,271</u>	<u>(11,290,530)</u>	<u>120,456,724</u>
	Balance <u>1/1/2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2017</u>
Capital assets, not being depreciated:				
Land	\$ 463,713	-	-	463,713
Construction in progress	<u>7,466,615</u>	<u>4,045,931</u>	<u>(4,521,106)</u>	<u>6,991,440</u>
Total capital assets not being depreciated	<u>7,930,328</u>	<u>4,045,931</u>	<u>(4,521,106)</u>	<u>7,455,153</u>
Capital assets, being depreciated:				
Plant and transmission costs:				
Water system	87,488,822	121,390	-	87,610,212
Wastewater system	78,730,158	3,819,219	-	82,549,377
Machinery and equipment	<u>7,650,108</u>	<u>671,072</u>	<u>-</u>	<u>8,321,180</u>
Total capital assets being depreciated	<u>173,869,088</u>	<u>4,611,681</u>	<u>-</u>	<u>178,480,769</u>
Less accumulated depreciation:				
Plant and transmission costs:				
Water system	(37,006,083)	(2,891,710)	-	(39,897,793)
Wastewater system	(19,764,275)	(2,611,132)	-	(22,375,407)
Machinery and equipment	<u>(3,628,375)</u>	<u>(608,364)</u>	<u>-</u>	<u>(4,236,739)</u>
Total accumulated depreciation	<u>(60,398,733)</u>	<u>(6,111,206)</u>	<u>-</u>	<u>(66,509,939)</u>
Total being depreciated, net	<u>113,470,355</u>	<u>(1,499,525)</u>	<u>-</u>	<u>111,970,830</u>
Capital assets, net	\$ <u>121,400,683</u>	<u>2,546,406</u>	<u>(4,521,106)</u>	<u>119,425,983</u>

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(5) Bond Indebtedness

The Authority issues debt to provide for the acquisition of the water and sewer systems and for the initial funding of operating and maintenance and debt reserves.

The proceeds of Series 2012B amounted to \$6,607,122 - Clean Water issue were used to payoff the EFC Note used to fund North Gorge Interceptor Capacity Restoration Project.

In 2013, the Board issued \$74,240,000 in general obligation bonds with an average interest rate of 4.72% and received an additional premium of \$142,002. The bonds were used for an advanced refunding of \$63,535,000 of 2003 Bonds with an average interest rate of 3.79%. The net proceeds of approximately \$64 million were deposited in a trust with an agent to provide for future debt service payments on the bonds. As a result, the bonds are considered defeased and the liability for those bonds has been removed from the Board's financial statements. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately \$1.7 million.

During 2014 net proceeds of the Series B bonds were used to entirely refund the Series 2004 Serial Bonds of \$4,095,000, specifically reducing the interest to be paid by approximately \$610,000.

During 2015, net proceeds of the Series D bonds were used to entirely refund the Series 2005A&B Serial Bonds of \$4,380,000 specifically reducing the interest to be paid by approximately \$550,000. As a result, the bonds are considered defeased and the liability for these bonds has been removed from the Board's financial statements. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately \$450,000.

During 2016, net proceeds of the Series A bonds were used to entirely refund the Series 2005 bonds of \$23,115,000 specifically reducing the interest to be paid by approximately \$4,100,000. As a result, the bonds are considered defeased and the liability for these bonds has been removed from the Board financial statements. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately \$4.1 million. The accounting gain on this refunding was originally \$1,097,923 which will be amortized through 2034. The unamortized gain on refunding amounted to \$970,849 and \$1,031,844 at December 31, 2018 and 207, respectively

Serial bond activity for the year ended December 31, 2018 is presented on the following page:

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(5) Bond Indebtedness, Continued

Serial Bond Activity:

	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Interest Rate %</u>	<u>Original Amount</u>	<u>Principal Outstanding 1/1/2018</u>	<u>Issued</u>	<u>Paid</u>	<u>Principal Outstanding 12/31/2018</u>
Niagara Falls Public Water Authority Bonds:								
Series 2013A Bonds	2013	2034	3.0 - 5.0	\$ 36,060,000	35,200,000	-	310,000	34,890,000
Series 2013B Bonds	2013	2024	4.309	8,415,000	5,460,000	-	825,000	4,635,000
Series 2016A Bonds	2016	2034	3.13 - 5.0	20,130,000	20,130,000	-	-	20,130,000
New York State Environmental Facilities Corporation Water Revolving Funds Revenue Bonds:								
Series 2013B - Clean Water	2013	2033	3.88 - 5.05	14,030,000	11,865,000	-	575,000	11,290,000
Series 2013B - Drinking Water	2013	2023	4.75 - 4.91	5,580,000	5,580,000	-	-	5,580,000
Series 2013B - Drinking Water	2013	2019	5.14 - 5.59	6,770,000	2,240,000	-	1,240,000	1,000,000
Series 2013B - Drinking Water	2013	2019	5.14 - 5.59	3,385,000	1,120,000	-	620,000	500,000
Series 2015D - Drinking Water	2015	2034	3.81 - 4.57	4,380,000	4,055,000	-	-	4,055,000
Series 2014B - Drinking Water	2014	2021	5.40	4,095,000	4,095,000	-	175,000	3,920,000
Series 2012B - Clean Water	2012	2041	0.26 - 4.27	6,607,122	5,550,000	-	170,000	5,380,000
Totals				<u>\$ 109,452,122</u>	<u>95,295,000</u>	<u>-</u>	<u>3,915,000</u>	<u>91,380,000</u>
Reconciliation to statements of net position:								
Principal outstanding					\$ 95,295,000			91,380,000
Unamortized premium on bonds					2,195,003			2,065,249
					<u>\$ 97,490,003</u>			<u>93,445,249</u>
Current portion of bonds payable					3,915,000			4,055,000
Noncurrent portion of bonds payable					<u>93,575,003</u>			<u>89,390,249</u>
					<u>\$ 97,490,003</u>			<u>93,445,249</u>

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(5) Bond Indebtedness, Continued

The annual maturities of long-term debt as of December 31, 2018 are as follows:

<u>Year</u>	<u>Premium on bonds</u>	<u>Serial bonds</u>	<u>Total</u>
2019	\$ 129,754	4,055,000	4,184,754
2020	129,754	4,135,000	4,264,754
2021	129,754	4,280,000	4,409,754
2022	129,754	4,430,000	4,559,754
2023	129,754	4,575,000	4,704,754
2024-2028	648,770	27,215,000	27,863,770
2029-2033	648,770	33,140,000	33,788,770
2034-2038	118,939	8,305,000	8,423,939
2039-2041	-	1,245,000	1,245,000
	<u>\$ 2,065,249</u>	<u>91,380,000</u>	<u>93,445,249</u>

Annual interest payments due on serial bonds as of December 31, 2018 are as follows:

2019	\$ 3,132,360
2020	3,228,716
2021	2,741,537
2022	2,939,642
2023	2,527,988
2024-2028	11,377,764
2029-2033	5,490,759
2034-2038	507,131
2039-2041	<u>100,474</u>
Total	\$ <u>32,046,371</u>

Financing Agreement Covenants

The financing agreement between the Authority and the Board relating to all current and future bonding contain various covenants pertaining to the use and maintenance of the trust funds established from the proceeds of each bonding. At December 31, 2018, management believes the Board was in compliance with the following loan covenants:

The Board is required to establish and collect rates, fees and charges sufficient in each fiscal year at least equal to the sum of:

- (1) 115% of the estimated aggregate debt service and projected debt service payable in such fiscal year;
- (2) 100% of Board operating expenses and Authority expenses payable in such fiscal year;
and
- (3) 100% of the amount necessary to pay the required deposits for such fiscal year.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(5) Bond Indebtedness, Continued

The Board shall review the adequacy of fees, rates and charges at least semi-annually.

The Board shall enforce the payment of any and all amounts owed for the use of the systems.

The Board shall (unless required by law) not furnish or supply, or cause to be furnished or supplied, any product, use or service of the systems, free of charge.

The debt service fund balance, beginning with the first day of each calendar month, shall receive all revenues until the balance in the debt service fund equals the minimum monthly balance. The minimum monthly balance is defined as an amount equal to the sum of the aggregate amounts of debt service that have accrued with respect to all series of bonds, calculating the debt service that has accrued as an amount equal to the sum of:

- (1) The interest on the bonds that has accrued and is unpaid and that will have accrued by the end of the then calendar month; and
- (2) The portion of the next due principal installment for the bonds that would have accrued (as deemed to accrue in the manner interest accrues) by the end of the then calendar month.

(6) Compensated Absences

As explained in note 1, the Board reports the value of compensated absences as a liability. The annual budgets of the operating funds provide funding for these benefits as they become payable. The payment of compensated absences is dependent on many factors; therefore, the timing of future payments is not readily determinable. The current portion payable is estimated at 5% of the total compensated absences liability. The current portion of the liability amounted to \$35,471 and \$35,084 at December 31, 2018 and 2017, respectively. The long-term portion of the liability amounted to \$673,940 and \$666,596 at December 31, 2018 and 2017, respectively.

(7) Other Postemployment Benefits (OPEB)

Plan Description and Benefits

Plan Description - The Board provides continuation of medical, prescription drug, dental, vision and chiropractic coverage for employees who retire and are at least age 50 and have an age, plus years of service, of at least 70. All retirees and future retirees hired prior to June 1, 2006 have no contribution requirements for both individual and family coverage. All future retirees hired after June 1, 2006 are required to pay 20% of the individual and family premiums. The Board currently pays for postemployment health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(7) Postemployment Benefits, Continued

The Board provides certain health care benefits for retired employees. Substantially all of the employees may become eligible for these benefits if they reach the normal retirement age and have the required minimum age plus years of service working for the Board. At December 31, 2018 and 2017, the current portion of the postemployment benefits liability was \$2,581,965 and \$1,994,572, respectively. The noncurrent portion of the postemployment benefits liability amounted to \$85,027,095 and \$25,399,422 at December 31, 2018 and 2017, respectively.

Employees covered by benefit terms

At December 31, 2018, the following employees were covered by the benefit terms:

Current retirees	97
Active employees	<u>88</u>
	<u>185</u>

Total OPEB Liability

The Board's total OPEB liability of \$87,609,060 was measured as of December 31, 2018 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.0%
Discount rate	3.8%
Inflation	2.60%
Healthcare cost trend rates	7.0% for 2018, decreasing to an ultimate rate of 5.0% for 2024

Mortality rates were based on the Society of Actuaries Mortality Improvement Scale MP-2018.

Changes in the Total OPEB Liability

Original OPEB liability as of January 1, 2018 (under GASB 45)	\$ 27,393,994
Cumulative effect of change in accounting principle (required by GASB 75)	<u>58,986,686</u>
Total OPEB liability as of January 1, 2018	<u>86,380,680</u>
Changes for the year:	
Service cost	540,656
Interest	3,234,085
Benefit payments	<u>(2,546,361)</u>
Total changes	<u>1,228,380</u>
Total OPEB liability as of December 31, 2018	\$ <u>87,609,060</u>

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(7) Postemployment Benefits, Continued

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.8%) or 1-percentage-point higher (4.8%) than the current discount rate:

	1% Decrease (2.8%)	Current Discount Rate (3.8%)	1% Increase (4.8%)
Total OPEB liability	\$ <u>105,269,459</u>	<u>87,609,060</u>	<u>74,388,584</u>

Sensitivity of the total OPEB liability to changes in the healthcare costs trend rates

The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ <u>72,723,841</u>	<u>87,609,060</u>	<u>107,037,190</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Board recognized OPEB expense of \$3,774,741. At December 31, 2018, the Board reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

The Board implemented GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" effective for its fiscal year beginning January 1, 2018. With the implementation of GASB No. 75, the method of calculating and recording the OPEB liability has changed significantly and therefore the Board has determined the presentation of GASB No. 45 information for the prior year is not warranted.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(8) Pension Plans

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The Board participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Authority (the Authority), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Board and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public 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 Board 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/inex.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>
2018	\$ 583,405
2017	659,383
2016	646,238

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

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

At December 31, 2018 and 2017, the Board reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2018 and 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Board's proportionate share of the net pension liability was based on a projection of the Board's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the Board. At December 31, 2018, the Board's proportion was 0.0147209%, which was an increase of 0.0009733 from its proportion measured as of March 31, 2017.

Measurement date	3/31/2018	3/31/2017
Board's proportionate share of the net pension liability	\$ 475,108	1,291,751
Board's proportion of the Plan's net pension liability	0.0147209%	0.0137476%

For the year ended December 31, 2018 and 2017, the Board recognized pension expense of \$662,236 and \$800,430 for ERS, respectively. At December 31, 2018 and 2017 the Board's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2018</u>		<u>2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 169,456	140,032	32,370	196,160
Changes of assumptions	315,036	-	441,309	-
Net difference between projected and actual earnings on pension plan investments	690,057	1,362,104	258,015	-
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	229,698	7,729	185,704	11,594
Board's contributions subsequent to the measurement date	<u>417,473</u>	<u>-</u>	<u>497,712</u>	<u>-</u>
Total	\$ <u>1,821,720</u>	<u>1,509,865</u>	<u>1,415,110</u>	<u>207,754</u>

Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

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

<u>Year ending</u>	<u>ERS</u>
2019	\$ 189,560
2020	132,756
2021	(295,210)
2022	(132,724)
	\$ (105,618)

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

Actuarial valuation date	April 1, 2017
Measurement date	March 31, 2018
Investment rate of return (net of investment expense, including inflation)	7.0%
Salary increases	3.8%
Inflation rate	2.5%
Cost-of-living adjustments	1.3%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense 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 each the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized as follows:

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

Measurement date

March 31, 2018

	Long-term expected real rate of return*	Target allocation
Asset type:		
Domestic equity	4.55%	36.00%
International equity	6.35%	14.00%
Private equity	7.50%	10.00%
Real estate	5.55%	10.00%
Absolute return strategies	3.75%	2.00%
Opportunistic portfolio	5.68%	3.00%
Real assets	5.29%	3.00%
Bonds and mortgages	1.31%	17.00%
Cash	(0.25%)	1.00%
Inflation - indexed bonds	1.25%	4.00%

* The real rate of return is net of the long-term inflation assumption of 2.50%.

(d) Discount Rate

The discount rate used to calculate the total pension liability was 7.0% in 2018 and 2017. 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 determined. Based upon those assumptions, the System'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.

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Board's proportionate share of the net pension asset (liability)	\$ (3,594,798)	(475,108)	2,164,024

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)	
Measurement date	3/31/2018	3/31/2017
Employers' total pension liability	\$(183,400)	(177,400)
Fiduciary net position	<u>180,173</u>	<u>168,004</u>
Employers' net pension liability	\$ <u>(3,227)</u>	<u>(9,396)</u>
Ratio of fiduciary net position to the employers' total pension liability	98.24%	94.70%

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of December 31, 2018 and 2017 represent the projected employer contribution for the period of April 1, 2018 through March 31, 2019 and April 1, 2017 through March 31, 2018, respectively based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements.

(9) Net Position

The Board's financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted for debt service, restricted for capital projects and unrestricted.

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

The Board's investment in capital assets, net of related debt is in a surplus position of \$26,040,626 and \$20,904,136 at December 31, 2018 and 2017, respectively. The surplus results from the amortization of the Board's capital debt, as outstanding principal for the majority of Board's serial bonds is not paid until late into the life of the debt while depreciation occurs ratably over the life of the assets.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(9) Net Position, Continued

Restricted Net Position - This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Restricted for Capital Projects:

Amounts restricted for capital projects is \$12,672,427 and \$13,617,444 at December 31, 2018 and 2017, respectively. In 2007, the Board received \$19,000,000 from the Power Authority under a "Relicensing Settlement Agreement." The Agreement provided for the creation of a "Niagara Falls Water Board Capital Improvement Fund." These funds are restricted for future use related to capital improvements of the Board including but not limited to any specific project including the Falls Street Tunnel project.

Restricted for Debt Service Fund:

Board restrictions at December 31, 2018 and 2017 of \$4,795,231 and \$3,799,654, respectively, are for debt service.

Restricted for Debt Service Reserve Fund:

Amounts restricted for the debt service reserve fund is \$9,182,488 and \$8,822,394 at December 31, 2018 and 2017, respectively. These funds are controlled by bond trustee. The required minimum balance is the less of maximum future annual debt service requirement or 125% of the average future annual debt service requirements for all outstanding bonds. The required minimum balance was \$6,707,955 and \$7,179,698 at December 31, 2018 and 2017, respectively. This resulted in excess reserves of \$2,474,533 and \$1,642,696 at December 31, 2018 and 2017, respectively.

Restricted for Operations and Maintenance:

Amounts restricted for operations and maintenance is \$5,228,792 and \$6,722,932 at December 2018 and 2017, respectively. These reserves may be used to pay the cost of extraordinary repairs to and replacements of the system. Surplus amounts on deposit at the end of the fiscal year may be used for any purpose determined by the Board to be beneficial for the system unless the Authority notifies the Board that it does not concur with such application of surplus and expenditures. At December 31, 2018 and 2017, there was excess reserves of \$359,561 and \$2,021,941, respectively. The required minimum balance is 1/6th of prior year operating expenses which equates to \$4,869,231 and \$4,700,991 at December 2018 and 2017, respectively.

Unrestricted Net Position - This category represents net position of the Board not restricted for any project or other purpose. Additions of \$5,136,490 to net investment in capital assets and decreases of \$1,083,486 to net position decreased unrestricted net position by \$4,053,004. The total loss for the year of \$680,955 also decreased unrestricted net position. Net position at the beginning of the year decreased by \$58,986,686 due to the implementation of GASB Statement No. 75.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(10) Labor Relations

The majority of the Board's employees are represented by various unions under four collective bargaining units agreements, with the balance governed by Board policies. Contracts for all of the bargaining units covered a six year term which expired on December 31, 2010. The Board has started negotiated new contracts with the bargaining units as of June 2017.

(11) Risk Management and Contingent Liabilities

Risk management and contingent liabilities at December 31, 2018 and 2017 are detailed as follows:

(a) Insurance

The Board is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; injuries to employees; and natural disasters, for which the Board carries commercial insurance. There were no settlements that significantly exceeded insurance coverage for the years ended December 31, 2018 and 2017.

(b) Litigation

The Board is involved in litigation arising in the ordinary course of its operations. The Board believes that its ultimate liability, if any, in connection with these matters will not have a material effect on its financial condition or results of operations.

(12) Significant Events

(a) Management Restructuring

In February 2017 the Board underwent significant management restructuring. As part of the restructuring three Directors and general counsel to the Board were replaced. Additionally, the Director of Financial Services resigned prior to December 31, 2016 and was replaced in 2017.

(b) New York Office of the State Comptroller Audit

The New York Office of the State Comptroller (OSC) released an audit of the Water Board for the period of January 1, 2013 through April 30, 2015. Issues noted by OSC were addressed through the additions of schedule 1 and 2 on pages 42 - 43 and reserves analysis noted in note 9.

(c) Environmental

As a result of alleged discharges from the waste water treatment plant during the Summer of 2017, the New York State Department of Environmental Conservation (NYSDEC) and the Board entered into a Consent Order on December 19, 2017 (R9-20170906-129). This Consent Order required the Board to pay a civil penalty in the amount of \$50,000 and to implement a schedule of enumerated actions over the following fifteen (15) months. The Board is now in the process of implementing these actions under the supervision of the NYSDEC.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(13) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83 - "Certain Asset Retirement Obligations." This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning January 1, 2019 for the Board. This Statement is not expected to have a material effect on the financial statements of the Board.

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning January 1, 2019 for the Board. This Statement is not expected to have a material effect on the financial statements of the Board.

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, requires 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. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020 for the Board. Management is in process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Board.

GASB Statement No. 88 - "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement, issued in April of 2018, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning January 1, 2019 for the Board. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the Board.

NIAGARA FALLS WATER BOARD
Notes to Financial Statements, Continued

(13) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020 for the Board. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Board.

GASB Statement No. 90 - "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61." This Statement, issued in August 2018, seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and sets parameters as to whether a majority equity interest is to be reported as an investment or component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning January 1, 2019 for the Board. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Board.

(14) Cumulative Effect of Change in Accounting Principle

For the year ended December 31, 2018, the Board implemented GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other postemployment benefits. The Board's net position at December 31, 2017 has been restated as follows:

Net position at beginning of year, as previously stated	\$ 55,546,505
GASB Statement No. 75 implementation:	
Beginning total OPEB liability	(86,380,680)
Less: Net other postemployment benefits obligations under GASB Statement No. 45	<u>27,393,994</u>
Net position at beginning of year, as restated	\$ <u>(3,440,181)</u>

NIAGARA FALLS WATER BOARD
 Niagara Falls Water Authority (a Blended Component Unit)
 Other Supplementary Information
 Statements of Net Position
 December 31, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets - cash and equivalents	\$ 133,829	78,959
Noncurrent assets - due from Water Board	<u>94,676,932</u>	<u>98,787,551</u>
Total assets	<u>94,810,761</u>	<u>98,866,510</u>
<u>Liabilities</u>		
Current liabilities - bonds payable	<u>4,055,000</u>	<u>3,915,000</u>
Noncurrent liabilities - bonds payable	<u>89,390,249</u>	<u>93,575,003</u>
Risk management and contingent liabilities (note 11)	<u> </u>	<u> </u>
Total liabilities	<u>93,445,249</u>	<u>97,490,003</u>
<u>Deferred Inflows of Resources</u>		
Gain on refunding	<u>970,849</u>	<u>1,031,844</u>
<u>Net Position</u>		
Unrestricted	<u>\$ 394,663</u>	<u>344,663</u>

Schedule 2

NIAGARA FALLS WATER BOARD
Niagara Falls Water Authority (a Blended Component Unit)
Other Supplementary Information
Statements of Revenue, Expenses and Changes in Net Position
Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating transfers in	\$ 50,000	-
Change in net position	50,000	-
Net position at beginning of year	<u>344,663</u>	<u>344,663</u>
Net position at end of year	<u>\$ 394,663</u>	<u>344,663</u>

NIAGARA FALLS WATER BOARD
Required Supplementary Information
Schedule of Changes in the Board's
Total OPEB Liability and Related Ratios
December 31, 2018

Total OPEB liability	
Service cost	\$ 540,656
Interest	3,234,085
Benefit payments	<u>(2,546,361)</u>
Net change in total OPEB liability	1,228,380
Total OPEB liability - beginning	<u>86,380,680</u>
Total OPEB liability- ending	<u><u>\$ 87,609,060</u></u>
Covered payroll	\$ 3,900,691
Total OPEB liability as a percentage of covered payroll	2,245.99%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each

2018 3.80%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

NIAGARA FALLS WATER BOARD
Required Supplementary Information
Schedule of Board's Proportionate Share of the Net Pension Liability
Years ended December 31, 2018 and 2017

	NYSERS Pension Plan			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Board's proportion of the net pension liability	0.0147209%	0.0137476%	0.0134405%	0.0141606%
Board's proportionate share of the net pension liability	\$ 475,108	1,291,751	2,157,242	478,381
Board's covered payroll	\$ 4,374,241	4,719,361	4,397,005	4,082,614
Board's proportionate share of the net pension liability as a percentage of its covered payroll	10.86%	27.37%	49.06%	11.72%
Plan fiduciary net position as a percentage of the total pension liability	98.29%	94.70%	90.70%	97.95%

* This schedule is presented to illustrate the requirements to show information for 10 years. However, information is presented for those years that are available.

NIAGARA FALLS WATER BOARD
 Required Supplementary Information
 Schedule of Employer Pension Contributions
 Years ended December 31, 2018 and 2017

	NYSERS Pension Plan					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 583,405	659,383	646,238	725,071	864,054	900,289
Contributions in relation to the contractually required contribution	<u>583,405</u>	<u>659,383</u>	<u>646,238</u>	<u>725,071</u>	<u>864,054</u>	<u>900,289</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Board's covered payroll	\$ 4,374,241	4,719,361	4,397,005	4,082,614	4,483,962	4,442,277
Contributions as a percentage of covered payroll	13.34%	13.97%	14.70%	17.76%	19.27%	20.27%

* This schedule is presented to illustrate the requirements to show information for 10 years. However, information is presented for those years that are available.

**INDEPENDENT AUDITORS' 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**

The Board of Directors
Niagara Falls Water Board:

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 financial statements of the Niagara Falls Water Board (the Board), as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated April 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 Board's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 one instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2018-001.

The Board's Response to Finding

The Board's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
April 15, 2019

NIAGARA FALLS WATER BOARD
Schedule of Findings and Responses
Year ended December 31, 2018

(2018-001) PARIS Filing

Condition - The Board did not file the independent audit report within 90 days after the end of the fiscal year ended December 31, 2018 via the Public Authorities information System (PARIS).

Criteria - Pursuant to Section 2800 of Public Authorities Law, the Board is required to submit their annual report via PARIS within 90 days after the end of each fiscal year.

Effect - The Authorities Budget Office has the authority to “publicly warn and censure authorities for non-compliance” with this requirement and to recommend the “suspension or dismissal of officers or directors, based on information that is, or is made, available to the public under law.”

Cause - The auditors could not complete their work within the required timeframe because the Board was unable to obtain all information necessary for capital assets and other postemployment benefit liability timely enough to allow filing by the statutory filing deadline.

Recommendation - We recommend that the Board submit the independent audit report to PARIS as soon as possible.

Management’s Correction Action - The Board has approved the independent audit report and will file with PARIS upon receipt of the final reports.

NIAGARA FALLS WATER BOARD
Status of Prior Year Audit Findings
Year ended December 31, 2018

(2017-001) PARIS Filing

Condition - The Board did not file the independent audit report within 90 days after the end of the fiscal year ended December 31, 2017 via the Public Authorities information System (PARIS).

Cause - The auditors could not complete their work within the required timeframe because the Board was unable to obtain all information necessary for capital assets timely enough to allow filing by the statutory filing deadline.

Status - The PARIS filing deadline was not met for the year ended December 31, 2017 due to the timeliness of capital assets accounting was not completed to allow the independent auditors to complete their work.

REPORT TO THE BOARD

April 15, 2019

The Board of Directors
Niagara Falls Water Board

Dear Board Members:

We have audited the financial statements of the Niagara Falls Water Board (the Board) as of and for the year ended December 31, 2018, and have issued our report thereon dated April 15, 2019. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in note 1 to the financial statements. As described in note 1(d) to the financial statements, the Board adopted Governmental Accounting Standards Board (GASB) Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," during the year ended December 31, 2018. We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Collection of accounts receivable
- Useful lives used to depreciate capital assets
- Estimated unbilled receivables

- Compensated absences
- Postemployment benefits
- Pension plans

For the year ended December 31, 2018, we evaluated the key factors and assumptions used by management in determining accounting estimates and were reasonable in relation to the financial statements taken as a whole.

Sensitive Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Bond indebtedness (note 5)
- Postemployment benefits (note 7)
- Pension plans (note 8)
- Risk management and contingent liabilities (note 11)

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no material uncorrected misstatements detected as a result of our audit procedures.

Disagreements with Management

For purposes of this report, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Board’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Board’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. During our annual audit of the Board, we noted a compliance and other matter which is described in the schedule of findings and responses as item (2018-001).

Other Information in Documents Containing Audited Financial Statements

With respect to the required supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the required supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

* * * * *

This information is intended solely for the use of the Board of Directors and management of the Niagara Falls Water Board and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve as your auditors. Please contact us at your convenience if you would like to meet with us to discuss our findings in further detail or to review any other questions that you might have.

Very truly yours,

EFPR Group, CPAs, PLLC

EFPR GROUP, CPAs, PLLC

April 15, 2019

CONFIDENTIAL

The Board of Directors
Niagara Falls Water Board

Dear Board Members:

We have completed our audit of the financial statements of the Niagara Falls Water Board (the Board) for the year ended December 31, 2018. Considering the test character of our audit, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against irregularities which a test examination may not disclose.

This report is intended solely for the information and use of the Board of Directors, management and others within the Board.

We now present for your consideration our comments and recommendations based upon observations made during our audit.

Disaster Recovery Plan

During our audit, we noted that there was no disaster recovery plan to provide a comprehensive method for the restoration of operations or an alternate processing location if needed.

The lack of a comprehensive plan and a more frequent backup of the Board's data could likely result in lost information and inefficiencies in restoring Board operations in the event of a disaster. We recommended that the Board review its backup process to minimize the potential loss of information and develop a comprehensive plan for restoration of Board information systems in the event of a disaster.

Previous Recommendations

We reviewed the disposition of recommendations included in our letter dated April 23, 2018. The following is a summary of the action taken by the Board with regard to our recommendations.

Monthly Financial Close - During the course of the 2017 audit, it was noted that internal financial reports were not prepared for the Board on a monthly basis. Significant adjustments were made at year-end by management that were not reflected in internally prepared financial reports throughout the year. In 2018, monthly budget to actual and uses were prepared for the Board meetings. These included month end journal entries to properly reflect financial activity. This comment is considered cleared.

Plant Fund General Ledger - The Board does not maintain adequate accounting records for the plant fund. No general ledger or supporting cash receipts or cash disbursement journals were maintained. In order to properly account for transactions and prepare accurate financial statements, we recommended that the Board maintain a general ledger and cash receipts and cash disbursement journals for the plant fund similar to how the other funds are maintained. Management will continue to develop these procedures.

* * * * *

We take this opportunity to thank the staff of the Niagara Falls Water Board for the courtesy and cooperation extended to us during the audit. If you have any questions regarding the foregoing comments or wish any assistance in their implementation, please contact us at your convenience.

Very truly yours,

EFPR Group, CPAs, PLLC

EFPR GROUP, CPAs, PLLC

NIAGARA FALLS WATER BOARD
ANNUAL INVESTMENT REPORT
December 31, 2018

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
SECTION 201.3 of TITLE TWO OF THE OFFICIAL COMPILATION OF
CODES, RULES AND REGULATIONS OF THE STATE OF NEW YORK**

To the Board of Directors
Niagara Falls Water Board
Niagara Falls, New York

We have examined Niagara Falls Water Board's (the Board) compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules and Regulations of the State of New York (Section 201.3) during the year ended December 31, 2018. Management is responsible for the Board's compliance with those requirements. Our responsibility is to express an opinion on the Board's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements referenced above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Board's compliance with Section 201.3.

In our opinion, the Board complied, in all material respects, with the requirements of Section 201.3 for the year ended December 31, 2018.

In accordance with Government Auditing Standards, we have issued our report dated April 15, 2019, in which we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws and regulations that have a material effect on the Board's compliance with Section 201.3 and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our

examination to express an opinion on whether the Board complied with the aforementioned requirements and not for the purpose of expressing an opinion on the effectiveness of internal control over compliance with those requirements or other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board's management, the Governing Board, the New York State Office of the State Comptroller, and the New York State Authority Budget Office and is not intended and should not be used by anyone other than those specified parties.

EFPR Group, CPAs, PLLC

Williamsville, New York
April 15, 2019

NIAGARA FALLS WATER BOARD

Annual Investment Report

December 31, 2018

The following represents the annual investment report as required by Section 2925 of Public Authorities Law:

Permitted Investments

Pursuant to GML Section 11, the Board is authorized to invest moneys not required for immediate expenditures for terms not to exceed its projected cash flow needs in the following type of investments:

- Obligations of the United States of America;
- Obligations guaranteed by agencies of the United States of America where payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Special time deposit accounts;
- Certificates of deposits;
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments;
- Obligations issued pursuant to Local Finance Law Section 24.00 or 25.00 (with approval of State Comptroller) by any municipality, school district or district corporation other than City of Niagara Falls; and
- Eligible Investments, as defined in the Indenture between Board, Manufacturers and Traders Trust Company and Bank on Buffalo, as Trustees as amended from time to time.

Amendments Made to Investment Guidelines

None

Safeguards

Investments are held subject to an indenture between the Board, Manufacturers and Traders Trust Company and Bank on Buffalo, as Trustees.

Eligible securities used for collateralizing deposits shall be held by a third party bank, trust company or trust department of the bank subject to security and custodial agreements at the discretion of the Board.

The security and custodial agreements shall provide that securities held by the bank or trust company or agent of and the custodian for, the Board, will be kept separate and apart from the general assets of the custodial bank trust company.

NIAGARA FALLS WATER BOARD

Annual Investment Report

December 31, 2018

The security and custodial agreement shall provide that eligible securities are being pledged to secure the Board deposits and investments together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default.

Authorized Financial Institutions and Dealers

The Board shall maintain a list of financial institutions and dealers, approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the local government conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition at the request of the Board. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with New York Federal Reserve Bank, as primary dealers. The Executive Director or Chairman is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

Provisions for Reporting on Investments

The Board retains an independent accountant to provide an examination report of all investment practices on an annual basis.

Fees Related to Investment Services

The Board paid \$36,734 for fees related to investment services for the year ended December 31, 2018.

Investments

The Board's investments at December 31, 2018, consist of the following:

<u>Investments</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Treasuries	1/31/19 - 11/1/41	\$ 11,603,121
Federal Home Mortgage Corp.	1/14/19 - 5/28/20	12,931,227
Certificates of deposit	4/30/18 - 12/2/20	<u>3,487,989</u>
Total investments		\$ <u>28,022,337</u>

These investments are classified as Level 1.

Maturity Schedule

Less than one year	\$ 18,908,759
More than one year	<u>9,113,578</u>
	\$ <u>28,022,337</u>

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN EXAMINATION OF THE ANNUAL INVESTMENT REPORT PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Niagara Falls Water Board
Niagara Falls, New York

We have examined, in accordance with the attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States, the annual investment report of the Niagara Falls Water Board (the Board), as of and for the year ended December 31, 2018, and have issued our report thereon dated April 15, 2019.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's annual investment report is 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 annual investment report amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an examination performed in accordance with Government Auditing Standards in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
April 15, 2019

**GRANTING THE STATE OF NEW YORK AUTHORITY
TO PERFORM AN ADJUSTMENT OF NIAGARA FALLS WATER BOARD
FACILITIES AND AGREEMENT TO MAINTAIN FACILITIES
ADJUSTED VIA THE STATE-LET CONTRACT,
PROJECT IDENTIFICATION NO. 5761.9B**

WHEREAS, the New York State Department of Transportation is engaged in a project related to removal of the Robert Moses Parkway and associated improvements to the adjacent area; and

WHEREAS, the State will include as part of the above-mentioned project adjustments to water valve boxes and replacement of sewer lines pursuant to Section 10, Subdivision 24, the State Highway Law, as shown on the contract plans relating to the project and meeting the requirements of the owner; and

WHEREAS, the service life of the relocated and/or replaced utilities has not been extended; and

WHEREAS, the State will provide for the reconstruction of the above-mentioned work, as shown on the contract plans relating to the above-mentioned project;

NOW THEREFORE BE IT

RESOLVED, that the Niagara Falls Water Board approves the adjustments to water valve boxes and replacement of sewer lines and the above mentioned work to be performed on the project and shown on the contract plans relating to the project and that the Niagara Falls Water Board will maintain or cause to be maintained the adjusted facilities performed as above-stated and as shown on the contract plans; and

BE IT FURTHER RESOLVED, that the Water Board's Director of Technical and Regulatory Services has the authority to sign, with the concurrence of the Board of Directors, any and all documentation that may become necessary as a result of this project as it relates to the Niagara Falls Water Board; and

* CONTINUED ON NEXT PAGE *

BE IT FURTHER RESOLVED, that the Secretary to the Niagara Falls Water Board is hereby directed to transmit five (5) certified copies of the foregoing resolution to the New York State Department of Transportation.

Water Board Personnel Responsible for Implementation of this Resolution:
Director of Technical and Regulatory Services

On April 22, 2019, the question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	Yes	No	Abstain	Absent
Board Member Forster	[]	[]	[]	[]
Board Member Kimble	[]	[]	[]	[]
Board Member Larkin	[]	[]	[]	[]
Board Member Leffler	[]	[]	[]	[]
Chairman O'Callaghan	[]	[]	[]	[]

Signed By:

Vote Witnessed and Certified By:

Daniel T. O'Callaghan, Chairperson

Sean W. Costello, Secretary to the Board



Department of
Transportation

ANDREW M. CUOMO
Governor

FRANK P. CIRILLO, SR/WA
Regional Director

April 11, 2019

Douglas S. Williamson, P.E., Director of Tech. and Reg. Services
Niagara Falls Water Board
5815 Buffalo Avenue
Niagara Falls, NY 14304

**RE: REMOVAL OF THE NIAGARA SCENIC (ROBERT MOSES) PARKWAY, IMPROVEMENTS TO THE PARKLAND AND ADJACENT AREA, RECONSTRUCTION OF DISCOVERY WAY, THE TROLLEY PATH, AND CONSTRUCTION OF NEW BICYCLE/PED PATHS CITY OF NIAGARA FALLS, NIAGARA COUNTY
PIN 5761.9B, D263805**

Dear Mr. Williamson:

Enclosed is an electronic copy of the proposed contract plans for the above-referenced project. The Niagara Falls Water Board has existing sewer and water facilities at various locations within the project limits. The Niagara Falls Water Board's involvement in this project consists of replacement of sewer lines and adjustment of water valve boxes. The details of the adjustment are shown on the Project Plans included with this letter.

Also enclosed are four (4) sets of documents which include the Utility Work Agreement (HC-140) and the Coordination Note. Each of the four (4) HC-140 forms must be duly executed by an authorized representative of the Niagara Falls Water Board. **Work included in the State's contract and performed by the State contractor will be done at no expense to the Niagara Falls Water Board.**

The agreement requires four (4) copies of a Certified Resolution by your governing body as stated in Section VI – References, of the Utility Work Agreement (HC-140). Each copy must be signed and have a seal affixed to it.

Enclosed is an example of a Certified Resolution granting the State of New York authority to perform the facility adjustments, agreeing to maintain facilities, and authorizing a municipal official to enter agreements with the State of New York.

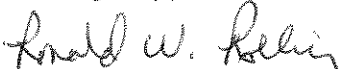
Please return four (4) original sets of the signed Agreements, Coordination Note, and Certified Resolutions to Mr. Ronald Rolling, Regional Utilities Engineer, at 100 Seneca Street, Buffalo, NY 14203 by **May 15, 2019**. One (1) copy of the fully executed agreement will be returned to you for your records.

Any questions regarding work to be done may be directed to Mr. Douglas Ackerman, Design Job Manager, at (716) 847-3227 or via e-mail at Douglas.Ackerman@dot.ny.gov. Questions regarding these forms can be directed to Mr. Ronald Rolling, Regional Utilities Engineer, at (716) 847-3954 or via e-mail at Ronald.Rolling@dot.ny.gov.

Douglas S. Williamson, P.E., Director of Tech. and Reg. Services
PIN 5761.9B, D263805
April 11, 2019
Page 2 of 2

Sincerely,

William P. Zimmerman, P.E.
Engineering Support Unit Manager

By: 
Ronald W. Rolling, P.E.
Regional Utilities Engineer

WPZ/RWR/EJC/KJM/htd

Enclosures: Project Plans, Utility Work Agreement (HC-140), Coordination Note, and
Certified Resolution sample

Resolution Granting the State of New York Authority to Perform the Adjustment for the Owner
and Agreeing to Maintain Facilities Adjusted Via State-let Contract

RESOLUTION

Resolution # _____

WHEREAS, the New York State Department of Transportation proposes the construction, reconstruction, or improvement of state project name from cover letter in the name of municipality located in county name county, PIN enter PIN, and

WHEREAS, the State will include as part of the construction, reconstruction, or improvement of the above mentioned project the work to be done pursuant to Section 10, Subdivision 24, of the State Highway Law, as shown on the contract plans relating to the project and meeting the requirements of the owner, and

WHEREAS, the service life of the relocated and or replaced utilities has not been extended, and

WHEREAS, the State will provide for the reconstruction of the above mentioned work, as shown on the contract plans relating to the above mentioned project.

NOW, THEREFORE,

BE IT RESOLVED: That the name of municipality approves of the work to be done and the above mentioned work performed on the project and shown on the contract plans relating to the project and that the name of municipality will maintain or cause to be maintained the adjusted facilities performed as above stated and as shown on the contract plans.

BE IT FURTHER RESOLVED: that name has the authority to sign, with the concurrence of the board, any and all documentation that may become necessary as a result of this project as it relates to the name of municipality, and

BE IT FURTHER RESOLVED: That the clerk of the name of municipality is hereby directed to transmit five (5) certified copies of the foregoing resolution to the New York State Department of Transportation.

Moved By:
Seconded By:
Vote:

I, _____, duly appointed and qualified _____, do hereby CERTIFY that the foregoing resolution was adopted at a meeting duly called and held in the office of _____, a quorum being present on the _____ day of _____, and that said copy is a true, correct and compared copy of the original resolution so adopted and that the same has not been revoked or rescinded.

WITNESSETH, my hand and seal this _____ day of _____

Name, title

Instructions: fill in the red prompts with information from the cover letter.

**NEW YORK STATE DEPARTMENT OF TRANSPORTATION
UTILITY WORK AGREEMENT**

Since the construction, reconstruction, or maintenance of the transportation project described below, identified as:

Project Identification No.: 5761.9B	F.A. Project No.:
ROW Declaration No.:	Map Nos.:
Parcel Nos.:	County of: Niagara
Contract No: D263805	

Project Description: REMOVAL OF THE NIAGARA SCENIC (ROBERT MOSES) PARKWAY AND IMPROVEMENTS TO THE PARKLAND AND ADJACENT AREA, RECONSTRUCTION OF DISCOVERY WAY, RECONSTRUCTION OF THE TROLLEY PATH, AND CONSTRUCTION OF NEW BICYCLE/PEDESTRIAN PATHS.
CITY OF NIAGARA FALLS

necessitates the adjustment of utility facilities as hereinafter described, the owner, **Niagara Fall Water Board**, of said facilities herewith agrees with the State of New York acting through the Commissioner of Transportation that this agreement shall apply to the accommodation of these utility facilities. Any adjustment of said facilities will be accomplished under the terms of this agreement, in accordance with the Rules and Regulations Governing the Accommodation of Utilities within the State Highway Right-of-Way, in compliance with the attached Special Note "Coordination with the Utility Schedule, and in accordance with the contract plans, specifications, proposal, amendment(s) or change order(s).

I. Existing Facilities (describe type, size, capacity, location, etc.)

Niagara Falls Water Board has existing sewer and water facilities at various locations within the project limits.

Facilities presently located on **City of Niagara Falls and New York Power Authority Right-of- Way**, as shown on the plans for the proposed transportation project, are to be adjusted as follows: (describe type, size, capacity, location, etc.)

replacement of sewer lines and adjustment of water valve boxes, per contract documents.

for an estimated \$ N/A

**NEW YORK STATE DEPARTMENT OF TRANSPORTATION
UTILITY WORK AGREEMENT**

II. Financial Responsibility (check appropriate boxes):

- ☐ () The facilities to be adjusted under the terms of this agreement are subject to Section 52 of the State Highway Law, and the cost of this adjustment is the sole responsibility of the owner.
- ☒ X Subdivision 24 of Section 10 of the State Highway Law enables the Commissioner of Transportation to provide at the expense of the State, for adjustment to a municipally owned utility when such work is necessary as a result of State highway work. (Municipal Agreement if required.)
- ☐ () Subdivision 24-b of Section 10 of the State Highway Law enables the Commissioner of Transportation to participate in the necessary expenses incurred for adjustment of privately, publicly or cooperatively owned facilities, municipal utility facilities, or facilities of a corporation organized pursuant to the State Transportation Corporations Law. (Privately Owned Property Agreement or Reimbursement Agreement required.)
- ☐ () Subdivision 27 of Section 10 of the State Highway Law enables the Commissioner of Transportation, upon the request of a municipality, to perform for and at the expense of such municipality specified work to be included within a State-let contract. (Betterment Resolution required.)
- ☐ () Subdivision 33 of Section 10 of the State Highway Law enables the Commissioner of Transportation, upon the request of a public utility corporation, to perform for and at the expense of such public utility corporation specified work to be included within a State-let contract.
- ☐ () Subdivision 13 of Section 30 of the State Highway Law enables the Commissioner of Transportation to enter into an agreement to reimburse with public funds the owner for necessary expenses incurred as a result of this adjustment, or to replace the facilities in kind.
- ☐ () The owner will develop and keep a record of costs in accordance with the New York State Department of Transportation (NYSDOT) Reimbursement Procedures, and when federal funds participate in the cost, the Federal Highway Administration (FHWA) Federal-Aid Policy Guide Part 645, or as indicated below:

**NEW YORK STATE DEPARTMENT OF TRANSPORTATION
UTILITY WORK AGREEMENT**

III. Physical Adjustment Method (check appropriate boxes):

The actual adjustment or design engineering will be performed by the following method (s):

☒ Contract let by the Commissioner. (If the municipality or their contractor is doing the work unselect this.)

☐ Contract let by the Owner, (check applicable statement, i.e., a or b)

☐ a. Best Interests of State.

☐ b. Utility not sufficiently staffed or equipped.

☐ By the Owner's forces. (If the municipality or their contractor is doing the work select this.)

IV. Betterment, Salvage, and Depreciation Credits Due the Project (check appropriate boxes):

☒ There will be no extension of service life, improved capacity nor any other betterment of the facility (as defined by the NYSDOT Utility Reimbursement Procedures and by FHWA Federal-Aid Policy Guide Part 645) as a result of the adjustments made pursuant to this agreement.

☐ There is betterment described as follows:

☐ The owner will not claim reimbursement for that betterment portion of the work, but will duly account for it as required by applicable NYSDOT and FHWA procedures.

☐ The owner hereby agrees to deposit with the Comptroller of the State of New York the amount of \$_____ to cover the cost of the betterment as described above.

☐ The owner agrees to comply with the requirements of the NYSDOT Utility Reimbursement Procedure and FHWA Federal-Aid Policy Guide Part 645 with the respect to salvage and depreciation credits when applicable.

V. General Covenants

The owner hereby agrees to accept full title and responsibility for the adjusted facility in writing upon satisfactory completion of the work. Such acceptance will acknowledge the owner's responsibility to maintain the facility in accordance with all applicable codes, standards and regulations, including his obligation, where applicable, to remove any or all of the facility from the highway at the order of the Commissioner of Transportation, all in accordance with the Rules and Regulations Governing the Accommodation of Utilities within the State Highway Right-of-Way. All compensable claims covered by this agreement will be included in one of the following:

- A. Privately Owned Property Agreement executed prior to the performance of the work.
- B. Municipal Agreement executed prior to performance of the work.
- C. Reimbursement Agreement executed prior to performance of the work.
- D. Such other agreement as approved by NYSDOT Office of Legal Affairs.

NEW YORK STATE DEPARTMENT OF TRANSPORTATION
UTILITY WORK AGREEMENT

VI. References

The following documents are herewith incorporated in this agreement by reference (check appropriate boxes)

☒ Federal Highway Administration's Federal-Aid Policy Guide Part 645.

☒ Contract documents: Contract number _____
PIN: 5761.9B
Plan sheets No. _____

☐ Owner's plan sheets _____

☐ Owner's estimate sheets form No. _____

☒ Resolution dated _____, by _____

☒ Granting the State of New York authority to perform the adjustment for the owner.

☒ Agreeing to maintain facilities adjusted via State-let contract.

☐ Authorizing deposit of funds by the owner.

☒ Certification by the owner or his agent that he has the legal authority to enter into this agreement.

(Print/Type Name) Owner or Agent	(Signature)	Title	Date
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Cathy Nusca, P.E., For the NYSDOT Commissioner of Transportation,		Statewide Utilities Engineer Title	Date
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SPECIAL NOTE**COORDINATION WITH THE UTILITY SCHEDULE**

The contractor must coordinate their schedule of operations with the various utility owners involved with the project and shall verify utility information found in the contract documents. Utility revisions required by the various utility owners in connection with this project include:

Niagara Falls Water Board – Water and Sewer**Utility Field Contact:**

Douglas S. Williamson, P.E., Director of Tech. and Reg. Services
Niagara Falls Water Board
5815 Buffalo Avenue
Niagara Falls, NY 14304
Phone: (716) 283-9770 Ext. 229
Email: dwilliamson@nfwb.org

Niagara Falls Water Board has existing waterlines and sewer lines throughout the project limits.

Reimbursable work to be done by the State's contractor:

The project requires adjustment of water valve boxes and replacement of sewer lines.

The work is to be done by the State's contractor and paid by contract items.

The State's contractor must give two (2) full working days notice to utility owner before commencing work on their facilities.

The State's Engineer-In-Charge will provide record plans to Niagara Falls Water Board.

Additional Notes

1. The Contractor is governed by and must adhere to the provisions of 16 NYCRR Part 753 (Protection of Underground Facilities).
2. The utility relocation time frame(s), as stated above, have been mutually established by the New York State Department of Transportation (NYSDOT) and the utility owners based upon the recommended sequence of construction. Alterations to the recommended sequence of construction may affect the time schedules for relocating utility facilities. The contractor should expect that additional time may be required by the utility owner for planning and material procurement.
3. The State's contractor shall verify utility information found in the contract documents. The State's contractor shall notify the State's Engineer-In-Charge of any discrepancies that are found.
4. In addition to the above-itemized facility adjustments, other adjustments may become necessary during the construction phase as a result of more precise location data or other changes that might develop.

5. If the State's Engineer-In-Charge determines that additional utility facility adjustments will be necessary, the provisions of the Standard Specifications, Section 102-03 Cooperation between Contractors and Section 105-06 Cooperation with Utilities and Other Contractors shall apply.
6. Any additional adjustments shall be performed by the utility owners and/or the State's contractor upon direction by the State's Engineer-In-Charge.
7. Suitable time frames for the additional work shall be coordinated between the State's Engineer-In-Charge, the State's contractor, and the affected utility owners. Such time frames shall not be included within previously established time frames.
8. **The utility owner must obtain a High Work Permit from the NYSDOT Region 5 Utility Unit prior to beginning any work. Only work required for the subject project is allowed under this permit. If the utility owner wishes to perform work not related to this project, a separate permit from the Resident Engineer is required.**

The current permit application form (PERM 32) can be found online at <https://www.dot.ny.gov/divisions/operating/oom/transportation-systems/traffic-operations-section/highway-permits/utility-permits>

END OF COORDINATION WITH THE UTILITY SCHEDULE

NIAGARA FALLS WATER BOARD RESOLUTION # 2019-04-005

POWER CENTER SIX DUAL-SOURCE SWITCH REPLACEMENT

WHEREAS, as a result of a suspected lightning strike on April 14, 2019 at the Niagara Falls Water Board (“Water Board”) Wastewater Treatment Plant (“WWTP”), the dual-source 15,000 volt switch associated with Power Center 6 was damaged and rendered non-functional; and

WHEREAS, to maintain continued operations at the WWTP it is necessary to replace that switch; and

WHEREAS, Ferguson Electric, pursuant to a pre-bid indefinite quantity/indefinite delivery contract, has presented a quote dated April 16, 2019 to replace the dual-source 15,000 volt switch associated with Power Center 6 for \$96,000;

NOW THEREFORE BE IT

RESOLVED, that the Niagara Falls Water Board be and is hereby authorized to pay to Ferguson Electric, Inc., up to \$96,000 to replace the dual-source 15,000 volt switch associated with Wastewater Treatment Plant Power Center 6.

Water Board Personnel Responsible for Implementation of this Resolution:
Executive Director

Water Board Budget Line or Capital Plan Item with Funds for this Resolution:

On April 22, 2019, the question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	Yes	No	Abstain	Absent
Board Member Forster	[]	[]	[]	[]
Board Member Kimble	[]	[]	[]	[]
Board Member Larkin	[]	[]	[]	[]
Board Member Leffler	[]	[]	[]	[]
Chairman O’Callaghan	[]	[]	[]	[]

Signed By:

Vote Witnessed By:

Daniel T. O’Callaghan, Chairperson

Sean W. Costello, Secretary to the Board

April 16, 2019

Service Division

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- Electrical preventive maintenance programs
- 24-hour emergency service
- Troubleshooting and repair

Niagara Falls Water Board
5815 Buffalo Avenue
Niagara Falls, NY 14304

Attention: Mr. Joseph Argona

Re: Power Center 6 – Dual source switch replacement,
FES#PL19943

Dear Mr. Argona,

We are pleased to submit this proposal for the replacement of the failed dual source 15,000volt switch associated with Power Center 6

We will:

- De-energize, lock-out, ground, or otherwise secure the switch for safe access.
- Remove the existing dual source 15,000volt switch and furnish and install a new switch.
- Prepare the existing cables and test for integrity.
- Remove the visible (above ground) defective section of the cable and extend with new.
- Provide new terminations and terminate the cables.
- Re-test cables prior to energization.
- Test and commission the switches and provide a report

Our budgetary price for the above is **NINETY-SIX THOUSAND DOLLARS (\$96,000.00)**. Our price is subject to all applicable sales tax unless otherwise directed by your order to proceed. Our price is based on performing the work during normal business hours, 7:00 a.m. – 3:30 p.m., Monday through Friday, excluding holidays.

Notes:

- We will perform all work strictly according to Article 70E of the NFPA dealing with the Arc Flash Protection.
- Our price does not include replacing the underground section of cable should the cable be found defective.
- Switches have a 3 week lead time ARO.
- Our price does not include and temporary power or generator rental.



We appreciate the opportunity to work with **Niagara Falls Water Board.**

We await your written authorization of acceptance so that we may begin work on this project in a timely, satisfactory manner.

If there are questions, please do not hesitate to contact me.

Respectfully Submitted,

FERGUSON ELECTRIC SERVICE CO., INC.

A handwritten signature in black ink, appearing to read "Dan Schultz", is written over a horizontal line.

Daniel R. Schultz
Electrical Services Specialist

**INSTALLATION OF NEW ELECTRICAL FEED
FROM POWER CENTER TWO TO POWER CENTER THREE**

WHEREAS, as a result of a suspected lightning strike on April 14, 2019, Niagara Falls Water Board (“Water Board”) Wastewater Treatment Plant (“WWTP”), Power Center 3 was damaged and rendered non-functional; and

WHEREAS, a tractor-trailer mounted portable generator is providing temporary power to the areas and processes typically supplied with electricity through Power Center 3; and

WHEREAS, Water Board staff and consultants have determined that it will be possible to supply electricity to Power Center 3 by installing a new 480 volt, 800 amp feed from Power Center 2 to Power Center 3; and

WHEREAS, expeditiously installing the new feed from Power Center 2 to Power Center 3 will minimize the fuel and rental costs associated with using a portable generator to maintain operations; and

WHEREAS, Ferguson Electric, pursuant to a pre-bid indefinite quantity/indefinite delivery contract, has presented a quote dated April 16, 2019 to complete the necessary installation of a new 480 volt, 800 amp feed from Power Center 2 to Power Center 3 for \$183,000;

* CONTINUED ON NEXT PAGE *

NOW THEREFORE BE IT

RESOLVED, that the Niagara Falls Water Board be and is hereby authorized to pay to Ferguson Electric, Inc., up to \$183,000 to complete the work described in the April 16, 2019 proposal to install a new 480 volt, 800 amp feed from Wastewater Treatment Plant Power Center 2 to Power Center 3.

Water Board Personnel Responsible for Implementation of this Resolution:
Executive Director

Water Board Budget Line or Capital Plan Item with Funds for this Resolution:

On April 22, 2019, the question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	Yes	No	Abstain	Absent
Board Member Forster	[]	[]	[]	[]
Board Member Kimble	[]	[]	[]	[]
Board Member Larkin	[]	[]	[]	[]
Board Member Leffler	[]	[]	[]	[]
Chairman O'Callaghan	[]	[]	[]	[]

Signed By:

Vote Witnessed By:

Daniel T. O'Callaghan, Chairperson

Sean W. Costello, Secretary to the Board

April 16, 2019

Service Division

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- Electrical preventive maintenance programs
- 24-hour emergency service
- Troubleshooting and repair

Niagara Falls Water Board
5815 Buffalo Avenue
Niagara Falls, NY 14304

Attention: Mr. Joseph Argona

Re: Power Center 3 – New 480volt feed,
FES#PL19946

Dear Mr. Argona,

We are pleased to submit this proposal for the installation of a new 480volt 800amp feed from Power Center 2 to Power Center 3 as recommended by GHD's engineering team.

We will:

- De-energize, lock-out, ground, or otherwise secure the switch for safe access.
- Furnish and install parallel 500MCM copper feeders from Power Center 2 to Power Center 2 through the indoor tunnel system.
- Furnish and install PVC coated GRC type conduit.
- Terminate the cables on an existing spare breaker in Power Center 2.
- Re-sue the existing main breaker located in the indoor MCC of Power Center 3.
- Test voltage and verify phasing.

We include all project management, field supervision, engineering, materials, and field labor to complete the scope of work, as described above.

Our budgetary price for the above is **ONE HUNDRED EIGHTY-THREE THOUSAND DOLLARS (\$183,000.00)**. Our price is subject to all applicable sales tax unless otherwise directed by your order to proceed. Our price is based on performing the work during normal business hours, 7:00 a.m. – 3:30 p.m., Monday through Friday, excluding holidays.

Notes:

- We will perform all work strictly according to Article 70E of the NFPA dealing with the Arc Flash Protection.
- We have included an aerial lift for our above scope.
- Our price does not include and temporary power or generator rental.
- We did not include disposal or removal of the existing 15kV unit substation at Power Center 3.



We appreciate the opportunity to work with **Niagara Falls Water Board.**

We await your written authorization of acceptance so that we may begin work on this project in a timely, satisfactory manner.

If there are questions, please do not hesitate to contact me.

Respectfully Submitted,

FERGUSON ELECTRIC SERVICE CO., INC.

Daniel R. Schultz
Electrical Services Specialist

NIAGARA FALLS WATER BOARD RESOLUTION # 2019-04-007

**FUNDS FOR AECOM TO COMPLETE
BIOLOGICAL TREATABILITY TESTING
AND CHEMICAL OPTIMIZATION STUDIES**

WHEREAS, the Niagara Falls Water Board (“Water Board”) pursuant to NYS Department of Environmental Conservation Consent Order R9-20170906-129 agreed as Consent Order Item 11 to evaluate alternative treatment technologies for the Wastewater Treatment Plant (“WWTP”), including utilization of biological treatment processes, and pursuant to Consent Order Items 6, 7, and 10 to study optimization of the existing WWTP; and

WHEREAS, AECOM has been performing work related to these Consent Order items, including biological treatability testing and studies related chemical optimization for the existing WWTP facility; and

WHEREAS, AECOM has presented an April 12, 2019 proposal to complete its work on Consent Order Items 6, 7, 10, and 11 for an additional \$371,847;

NOW THEREFORE BE IT

RESOLVED, that the Niagara Falls Water Board be and is hereby authorized to pay to AECOM an additional \$371,847 in addition to the previously appropriated sum of \$310,000 to complete the scope of work related to Consent Order items 6, 7, 10, and 11 that is described in AECOM’s April 12, 2019 proposal.

Water Board Personnel Responsible for Implementation of this Resolution:
Executive Director

Water Board Budget Line or Capital Plan Item with Funds for this Resolution:

On April 22, 2019, the question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	Yes	No	Abstain	Absent
Board Member Forster	[]	[]	[]	[]
Board Member Kimble	[]	[]	[]	[]
Board Member Larkin	[]	[]	[]	[]
Board Member Leffler	[]	[]	[]	[]
Chairman O’Callaghan	[]	[]	[]	[]

Signed By:

Vote Witnessed By:

Daniel T. O’Callaghan, Chairperson

Sean W. Costello, Secretary to the Board



April 12, 2019

Mr. Patrick Fama, Executive Director
Niagara Falls Water Board
5815 Buffalo Avenue
Niagara Falls, NY 14304

**Re: Proposal for Consent Order: Item 11 (Biological Treatability Testing) and
Items 6, 7, 10 Chemical Optimization of Existing WWTP**

Dear Mr. Fama:

AECOM USA, Inc. (AECOM) is pleased to submit this proposal to the Niagara Falls Water Board (NFWB) for continuing engineering assistance related to the Niagara Falls Water Board Wastewater Treatment Plant (WWTP) Consent Order R9-20170906-129 (CO). These services are a continuation of AECOM's work related to the incident of July 29, 2017 and the resulting Consent Order; and pertain to the ongoing biological treatability testing associated with the alternative WWTP evaluation (CO Item 11) and CO Items 6, 7, 10, the optimization of the existing wastewater treatment plant.

As I mentioned to you in an email dated March 26, 2019, it will be necessary for AECOM to request additional funds for our ongoing work related to operation of the biological treatability studies (CO Item 11) and WWTP optimization studies (CO Items 6, 7, and 10). These two efforts have thus far been conducted under two separate prior NFWB Board authorizations. Prior authorizations were put in place to meet and discuss work scope with the NYSDEC, perform necessary up-front engineering, and to develop work plans. Specific caveats and exclusions were stated in prior proposals. Each of the two work areas is discussed separately below along with justification for the projected expenditures.

CO Item 11 Alternative Treatment Technology Evaluation (Biological Treatability Work)

The CO Item 11 Treatability Studies are being performed in accordance with AECOM's March 6, 2018 scope (Document provided in 3/26/19 email: AECOM Consent Order Services 3 16 18 COMPLETE.PDF). The proposal included \$310,000 for CO Item 11 and \$185,000 for CO Item 14 (Alternative Outfall Evaluation). At this point the Alternative Outfall study (CO Item 14) is done and completed at budget. Regarding the CO Item 11 proposal, assumptions that were included in our proposal were as follows:

1. Two sub consultants were included, Suez Water Technologies (\$100,000) and Test America (\$20,000). Others were not included because they could not be estimated at the time the proposal was prepared.
2. Labor for operation and maintenance of the pilot scale equipment was excluded, i.e. the day-to-day operation and monitoring of the treatability systems because it was premature as the experimental design /test protocols had not yet been developed.

Please keep in mind that this proposal was written in March 2018 at a time when the NYSDEC was pressuring the NFWB to submit a proposal to take advantage of the promised \$500,000 K grant money for performing CO Item 11 (Alternative Treatment Technology Evaluation) and CO Item 14 (Alternative Outfalls) studies. The treatability plant operation started on November 6, 2018 and has been running for a little over 5 months. Prior to that significant effort was required to develop work plans, design and construct systems, procure equipment and supplies, and establish subcontracts with four (4) vendors

AECOM
257 West Genesee Street
Suite 400
Buffalo, NY 14202-2657
aecom.com



Mr. Patrick Fama

April 12, 2019

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(World Water Works, Suez Environmental, Test America, and Pine Environmental). The start-up of the two (2) pilot plants was delayed due to the formalization of the \$500,000 NYSDEC grant, and execution of a contract between AECOM and the NFWB. As a result we were not able to capture “warm weather” operating data, but we did successfully capture the cold winter months which will likely set the “design basis” for the system due to the low temperature biological kinetics. AECOM does however feel strongly that we should also collect warm weather data to be as complete as possible. AECOM would like to continue to operate the treatment plants through July 15, 2019.

To this point, AECOM has staffed the treatability studies internally. We found we could do it cheaper than teaming with SUNY Buffalo. Jeff Tudini (AECOM) has designed the experimental set up and is responsible for overall O&M of the system. He has been assisted by Megan Kuczka and Ryan Delamere (both also with AECOM). We are on-site 7 days a week operating and maintaining the system along with collecting extensive data 5 days per week. Although there was never a formal work plan submission to the NYSDEC for the treatability testing, the attached document describes the testing protocols we are following (Document provided in 3/26/19 email: NFWB Biological Pilot Test Protocol_2018_10_15.PDF). The protocol should be considered a guide as it has evolved considerably since it was written. Generally, testing consists of the following tests run on BOTH the MBR and MBBR treatment plant’s influent and effluent (i.e. times 4):

Routine Pilot Plant Analytical Testing

Testing Location	Frequency	Parameters
Onsite (AECOM Staff)	5 days/week (M-F)	Total COD, soluble COD, O-P, TSS, Turbidity
	3 days/week (Tues-Thus)	NH ₃ , NO ₃ , NO ₂ , TKN, S ² , VSS
	2 days/week (M/F)	Pilot effluent’s Cl demand Full-scale primary effluent – total COD, soluble COD, TSS
Test America	2 days/week (Tues/Thurs)	“Standard Parameters”: O-P, TP, NH ₃ , NO ₃ , NO ₂ , TKN (total and soluble), Alkalinity, total BOD, soluble BOD
	1 time/month (first week of each month)	Industrial permit effluent parameters (i.e., Phenols, Hg, BHCs, etc.)

Where possible, we are using the NFWB WWTP lab for some analyses including bacterial testing and split sampling for BHCs.

AECOM has also invested a considerable amount of money in equipment, pumps, and supplies. Supplies to date, to construct the facilities has amounted to \$36,277 and includes about \$8,000 in testing equipment to enable us to run the analyses identified above on-site (Hach COD block heater, HACH Spectrophotometer, DO probe, etc.). This equipment ultimately saved significant money on analytical testing costs. All materials, equipment, and remaining supplies purchased as part of this project will be turned over to the NFWB upon completion of the work.



Mr. Patrick Fama

April 12, 2019

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Ongoing recurring costs also are significant for equipment rental, consumables, and test equipment rental. We also have equipment rental costs for both the MBR (Suez Environmental) and MBBR (World Water Works) pilot scale biological reactors. We have utilized Pine Environmental for equipment rental (composite samplers, DO, ORP, turbidity monitoring equipment, etc.). Our approximate rate of expenditure for other direct costs (lab testing, rental costs, consumables) is about \$21,300 per month, broken down as follows (does not include 5% markup):

Recurring Monthly Other Direct Costs

Test America	Samples/week	Monthly Total	Unit Cost	Monthly Cost
Standard parameters	2	8	\$876	\$7,008
Industrial parameters		1	\$1,250	\$1,250
Rental Equip. (Pine Environmental)	No.		Monthly Unit Cost	Monthly Cost
Composite Sampler	2		\$269.12	\$538.24
Turbidity Meter	1		\$143.84	\$143.84
TYSI Multi meter	1		\$537.44	\$537.44
Pilot Units	No.		Monthly Unit Cost	Monthly Cost
Suez*	1		\$8,000	\$8,000
World Water Works	1		\$3,000	\$3,000
Consumables				
HACH tests, TSS and 0.45 filters, gloves, etc.				\$800
Total Monthly ODC				\$21,278

* After 6 months the Suez rental decreases to \$6,000/month

Please note, we have also recently added additional testing of the primary effluent as a means of characterizing what our blended effluent will be when we have wet weather (100 foot weir flow) blended effluent discharges from the biological treatment facility. This testing is necessary as part of the alternative treatment plant evaluation.

Amounts expended to date on the biological treatability studies and the projected rate of expenditure to complete the project is included in Table1. Based on operational experience to date, AECOM is expending \$37,500 per month on labor to operate the equipment (approximately 80 man hours per week). In addition to 4 months of operation, AECOM will have the following estimated labor costs to complete the project:



Mr. Patrick Fama

April 12, 2019

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Demobilization \$ 6,351

Report Preparation \$ 110,000

Including a contingency of \$10,000 into the project cost, the balance to finish (as of March 22, 2019, when Table 1 was prepared) will be \$369,155. Recognizing that as of March 22, 2019 we are \$2,691 in arrears, AECOM is requesting \$371,847 in funds to complete the biological treatability studies and prepare the report for the NYSDEC.

The amount above for report preparation is a preliminary estimate at this time, considering it is a preliminary design of a “nine-figure” wastewater treatment plant along with development of planning level cost estimates.

Because the potential cost of a full scale biological treatment facility will be very high AECOM believes that this expenditure while significant, represents a wise investment. Also keep in mind that up until now the full cost of this effort was paid for under the NYSDEC’s \$500,000 grant.

Items 6, 7, 10 Chemical Optimization of Existing WWTP

Consent Order Items 6, 7, and 10 were addressed in a work plan submitted to the NYSDEC on September 19, 2018 and approved in January 2019 (Document provided in 3/26/19 email: NFWB CO Item 6 7 10 Work Plan 2018-09-19.PDF). AECOM’s scope related to this work was included in our “Continuing Consent Order Services” proposal dated October 12, 2018 (Included in, and a part of document provided in 3/26/19 email: Executed Continuing CO Services Agreement 1 23 19.PDF, and NYSDEC approval is contained in document provided in 3/26/19 email: 2019-1-9 NFWB Order Items 6-7-9-10Conditional Approval Letter.PDF). The scope included in the prior proposal was for planning, discussions with the NYSDEC, work plan preparation, etc. and did not include execution of the work plan as approved by the NYSDEC. The amount of testing that was included in the work plans was not considered in AECOM’s proposal. Much of this testing will be by subcontractors but will also include a number of onsite tests. We have already identified approximately \$30,000 in contract analytical testing with Brooks Applied Labs and Test America. The work with Brooks is very specialized and involves iron speciation (Fe^{+2} vs Fe^{+3}) testing.

Please keep in mind, that there will likely be a need to construct temporary facilities such as chemical storage tanks, feed pumps, etc. as part of this effort that is also not included in this effort. Potentially all efforts done under this item are reimbursable under the DEC’s \$20 million grant capital funding as they were included in the capital projects listing as Project 6. There are a couple other things to note:

- In addition to all of the above, we continue to assist the plant with running jar tests of sedimentation basins, dewatering, chlorine demand testing, etc.... as the need arises and to help with process operation.
- We are using NFWB staff to the extent that they are able to assist (lab analysis) but we do not see any areas where we can make further use of NFWB staff to assist in these studies.

At this time, our best estimate for the work to be done under this effort is presented in Table 2. AECOM estimates that \$178,744 will be necessary to carry out the testing identified in the Item 6, 7, 10



Mr. Patrick Fama

April 12, 2019

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work plan as approved by the NYSDEC. Included in the above amount is a \$15,000 contingency to manage unforeseen circumstances. If AECOM is successful in significantly reducing the amount of sulfide generated in the existing WWTP, the chemical savings in the first year of operation will more than pay for the costs of this effort!

Conclusion

As you know AECOM has been very busy working for and on the behalf of the NFWB. We value our relationship and the trust you have put in us to do the right thing for the NFWB. The improvements that have been made to date at the WWTP are truly remarkable. Finishing up these two studies are critical towards developing a plan for the future of the NFWB WWTP, be it an alternative treatment facility, or optimization of the existing facility.

The required funding request is as follows:

CO Item 11 Alternative Treatment Plant (Biological Treatability Testing)	\$371,847
CO Item 6, 7, 10 Optimize Existing WWTP per Approved Work Plan	\$178,744
TOTAL	\$550,591

Personnel anticipated to work on this project and current direct labor rates are listed below:

• John Goeddertz, Ph.D. Sr. Project Manager	\$72
• Tom McPherson, P.E. Project Principal	\$77
• Jeff Tudini, Senior Project Engineer	\$54
• Ryan Delamere, Project Engineer	\$29
• Jordan Radomski, Project Engineer	\$23
• Casey Blumberg, Project Engineer	\$23
• CAD Operators (Approximate. Rate may vary depending upon personnel availability.)	\$25-30

Personnel not listed above may be used depending upon their expertise and availability. All project billings will identify the individual working on the project, their title, billing rate, and hours worked listed by week ending date. The following assumptions were made when preparing this proposal:

1. Labor – Direct salary times a 2.6 labor multiplier.
2. Other Direct Costs: Cost plus 5% (includes mileage at the IRS rate, blueprints, photocopying, etc.)
3. Subcontractors: Cost plus 5%.
4. Detailed design (i.e. preparation of contract documents suitable for competitive bidding) is NOT included in AECOM's scope of services.

However, assistance with scoping and equipment selection for activities undertaken by maintenance staff or IDIQ contractors (Mollenberg Betz, Ferguson) will be included as we have done with a number of other in-house upgrades. For portions of this work that require a detailed design to be prepared by others, AECOM will contribute and assist as necessary to ensure that activities are consistent with the best interests of the NFWB and its long term operation of the WWTP.



Mr. Patrick Fama

April 12, 2019

Page 6

5. AECOM has included mileage costs in our other direct costs. Mileage will be billed at the current IRS rate.
6. No subcontractor services are anticipated under this project other than analytical testing.

The NFWB may approach the NYSDEC about potentially funding this effort from capital projects or possibly additional grant funding.

Thank you for your continued trust in AECOM to help shape the future of the NFWB's WWTP. If you have any questions as you review this proposal please feel free to contact AECOM.

Sincerely,

AECOM USA, Inc.

John G. Goeddertz, Ph.D.
Project Manager

Thomas M. McPherson, P.E., VP
Project Principal

ATTACHMENTS:

Table 1 NFWB Alternative Treatment Plant Biological Treatability Studies and Report Expenditures to Date (3/22/19) and Estimate to Complete

Table 2 Consent Order Item 6, 7, 10 Phys/Chem Plant Optimization Testing Budget Estimate

REFERENCED DOCUMENTS (Provided in 3/26/19 email Goeddertz to Fama)

AECOM Consent Order Services 3 16 18 COMPLETE.PDF

NFWB Biological Pilot Test Protocol_2018_10_15.PDF

NFWB CO Item 6 7 10 Work Plan 2018-09-19.PDF

Executed Continuing CO Services Agreement 1 23 19.PDF

2019-1-9 NFWB Order Items 6-7-9-10 Conditional Approval Letter.PDF

Table 1

NFWB Alternative Treatment Plant Biological Treatability Studies and Report

Expenditures to Date (3/22/19) and Estimate to Complete

Total June 22, 2018 - March 22, 2019			Pilot Operation November 6, 2018 - March 22, 2019		
9 months			4.4 Months		
LABOR			LABOR		
Person	Hours	Billable	Person	Hours	Billable
Blumberg	0		Blumberg	0	0
Delamere	340.5	\$ 27,878	Delamere	340.5	\$ 27,878
Gehan	-2	\$ (148)	Gehan		
Goeddertz	20	\$ 4,165	Goeddertz		
Kuczka	450.25	\$ 27,029	Kuczka	444.75	\$ 26,708
Lyman-Pedro	0	\$ -	Lyman-Pedro		
McGovern	0	\$ -	McGovern		
Moeller	0	\$ 0	Moeller		
Orwat	4	\$ 265	Orwat		
Tudini	1090	\$ 163,292	Tudini	731	\$ 110,127
TOTAL	1904.75	\$ 222,629	TOTAL	1516	\$ 164,713
OTHER DIRECT COSTS	Cost		Total/Month	345	\$ 37,435
Misc Supplies - Danielle	\$ 26,331.38	Initial Equipment Purchases Initial Equipment Purchases One Time One Time Initial Equipment Purchases Ongoing Ongoing Ongoing Ongoing			
Misc Supplies - Jeff	\$ 8,975.32				
Misc Supplies - Megan	\$ 12.65				
Misc Supplies - John	\$ 65.84				
Misc Supplies - Grainger	\$ 893.13				
Pine Env.	\$ 6,395.11				
Test America	\$ 22,338.00				
World Water Works	\$ 20,762.50				
Mileage - Jeff	\$ 177.44				
Sub-Total	\$ 85,773.93				
Markup 5%	\$ 4,288.70				
TOTAL	\$ 90,062.63				
Total Spent to Date (3/22/19): \$ 312,691.35 Labor and Other Direct Costs					

Projected Amount to Finish Project (After March 22, 2019)

4 months operation of Pilot Plant March 22, 2019 - July 15, 2019

	Cost/month	Cost to Finish
Labor	\$ 38,000	\$ 152,000
Supplies - Test America	\$ 8,300	\$ 33,200
Supplies - Consumables	\$ 1,000	\$ 4,000
Rentals		\$ -
Pine Env.	\$ 1,320	\$ 5,280
World Water Works ¹	\$ 3,000	\$ 12,500
Suez ²	\$ 8,000	\$ 60,000
Sub Total ODCs	\$ 21,620	\$ 86,480
Markup 5%	1081	\$ 4,324
TOTAL ODCs	\$ 22,701	\$ 90,804
Equipment Demob		
AECOM Labor		\$ 6,351
Report Preparation		
AECOM Labor		\$ 110,000
Contingency		\$ 10,000
TOTAL TO FINISH		\$ 369,155

NOTES:

1 World Water Works, includes 3 additional months rental (5 months paid) @\$3,000/month, \$3,500 return shippin

2 Suez has yet to invoice anything. Include 6 months at \$8,000, 2 months at \$6,000 = \$60,000.

Original Project Budget	\$ 310,000
Amount Left in Project Budget	\$ (2,691)
Amount to Finish	\$ 369,155
Requested Additional Funds	\$ 371,847
Final Project Budget	\$ 681,847

Table 2
Consent Order Item 6, 7, 10 Phys/Chem Plant Optimization Testing
Budget Estimate

Labor	Testing			Coordination, Calculations, Reporting		
	Rate	Hours	Cost	Rate	Hours	Cost
Jeff Tudini	\$ 152.54	200	\$ 30,508	\$ 152.54	200	\$ 30,508
Ryan Delamere	\$ 82.51	200	\$ 16,502	\$ 82.51	80	\$ 6,601
Megan Kuczka	\$ 61.12	200	\$ 12,224	\$ 61.12	40	\$ 2,445
Goeddertz, John	\$ 202.19	80	\$ 16,175	\$ 202.19	80	\$ 16,175.20
TOTAL		680	\$ 75,409		400	\$ 55,729

Other Direct Costs	Description	Cost	Markup	Total
Brooks Applied Labs	Iron speciation testing	\$ 20,842	\$ 1,042	\$ 21,884
Test America	Conventional testing	\$ 7,000	\$ 350	\$ 7,350
Disposables & consumables	Sample supplies, gloves, filters, miscellaneous	\$ 1,000	\$ 50	\$ 1,050
HACH/LaMotte test Kit Supplies	Consumable test kit supplies	\$ 2,000	\$ 100	\$ 2,100
Milage	Milage to/from site, lab, etc beyonfd normal commute milage		\$ -	\$ -
	500 miles at 0.58/mile	240	\$ 12	\$ 252
			\$ -	\$ -
			\$ -	\$ -
	TOTAL	\$ 31,082	\$ 1,554	\$ 32,636

SUMMARY:	Labor:	\$ 131,138
	Other Direct Costs:	\$ 32,636
	Contingency:	\$ 15,000
	TOTAL:	\$ 178,774