

**MINUTES** of the **AUDIT COMMITTEE MEETING** of the **ERIE COUNTY WATER AUTHORITY** held in the office, 350 Ellicott Square Building, Buffalo, New York, on the 24th day of March, 2016.

**PRESENT:** Earl L. Jann, Chairman  
Jerome D. Schad, Vice Chairman  
Robert Anderson, Treasurer  
Robert F. Gaylord, Executive Director  
Joseph T. Burns, Secretary to the Authority  
Robert J. Lichtenthal, Jr., Deputy Director  
Russell Stoll, Executive Engineer  
Ashley W. Johnson, Deputy Associate Attorney  
Daniel J. NeMoyer, Director of Human Resources  
Karen A. Prendergast, Comptroller  
Steven V. D'Amico, Budget and Financial Analyst  
Terrence McCracken, Director of Employee Relations  
Paul Whittam, Director of Water Quality  
John Mogavero, Chemist/Chief WPTO  
Susan Rinaldo, Cash Manager  
Joyce Tomaka, Asst. Manager of Accounting Services

**ATTENDEES:** Sean Dwyer  
Luke Malecki  
Thomas Malecki  
John Jennings

## **CALL TO ORDER**

## **PLEDGE TO THE FLAG**

## **I. - ROLL CALL**

## **II. - READING OF MINUTES**

Motion by Mr. Anderson seconded by Mr. Schad and carried to waive the reading of the Minutes of the Audit Committee Meeting held on November 19, 2015.

## **III. - APPROVAL OF MINUTES**

Motion by Mr. Anderson seconded by Mr. Schad and carried to approve the Minutes of the Audit Committee Meeting held on November 19, 2015.

#### **IV. - REPORTS**

##### **A) 2015 Audit by Drescher & Malecki LLP**

Drescher & Malecki distributed a summary of the 2015 audit. Tom Malecki proceeded to give a presentation to the Committee of the 2015 audit.



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# ERIE COUNTY WATER AUTHORITY

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December 31, 2015 Audit



MARCH 24, 2016

# Erie County Water Authority

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- Basic Financial Statements
- Schedule of Overhead Percentage
- Schedule of Cash and Investments and Schedule of Income from Cash and Investments
- Management Letter
- Auditor Communications
- Comprehensive Annual Financial Report



# Drescher & Malecki LLP Opinion

Drescher & Malecki LLP  
383 Main Street, Suite 3  
Oneonta, New York 14227  
Telephone: 716.563.2299  
Fax: 716.563.2201  
Certified Public Accountants



## INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
Erie County Water Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of the Water Authority (the "Authority"), as of and for the years ended December 31, 2015 and 2014, and the related statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**  
The Authority's 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, and for the design, implementation, and maintenance of internal control that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2015 and 2014, 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.

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 financial position of the business-type activities of the Authority, as of December 31, 2015 and 2014, 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.

# Auditor Communications

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- Our responsibility under GAAS
- Significant accounting policies
- Significant accounting estimates
- Independence
- Other matters



## Condensed Financial Information

### Condensed Statements of Net Position

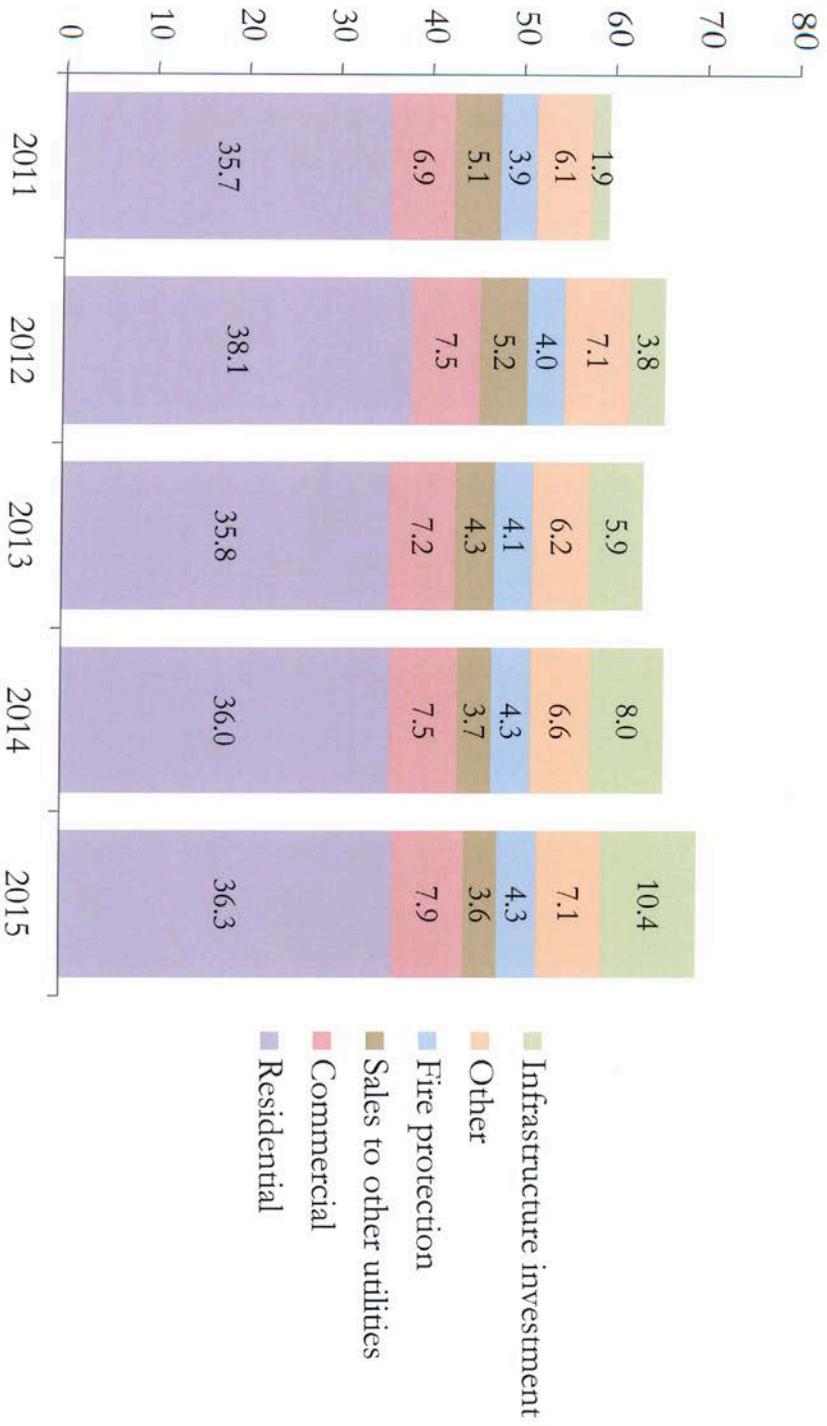
|  | December 31,          |                       |
|--|-----------------------|-----------------------|
|  | 2015                  | 2014                  |
| <b>Assets:</b>                                 |                       |                       |
| Current assets                                 | \$ 48,260,946         | \$ 44,186,699         |
| Noncurrent assets                              | <u>382,296,651</u>    | <u>379,656,663</u>    |
| Total assets                                   | <u>430,557,597</u>    | <u>423,843,362</u>    |
| <b>Deferred Outflow of Resources:</b>          |                       |                       |
| Post-measurement date retirement contributions | 1,946,395             | 2,246,850             |
| Changes in retirement system assumptions       | <u>554,028</u>        | -                     |
| Total deferred outflows of resources           | <u>2,500,423</u>      | <u>2,246,850</u>      |
| <b>Liabilities:</b>                            |                       |                       |
| Current liabilities                            | 17,674,779            | 18,367,368            |
| Noncurrent liabilities                         | <u>92,168,147</u>     | <u>98,753,442</u>     |
| Total liabilities                              | <u>109,842,926</u>    | <u>117,120,810</u>    |
| <b>Net Position:</b>                           |                       |                       |
| Net investment in capital assets               | 293,189,072           | 278,715,700           |
| Restricted                                     | 11,255,102            | 11,234,946            |
| Unrestricted                                   | <u>18,770,920</u>     | <u>19,018,756</u>     |
| Total net position                             | <u>\$ 323,215,094</u> | <u>\$ 308,969,402</u> |

**Condensed Financial Information**  
**Condensed Statements of Revenues, Expenses and**  
**Changes in Net Position**

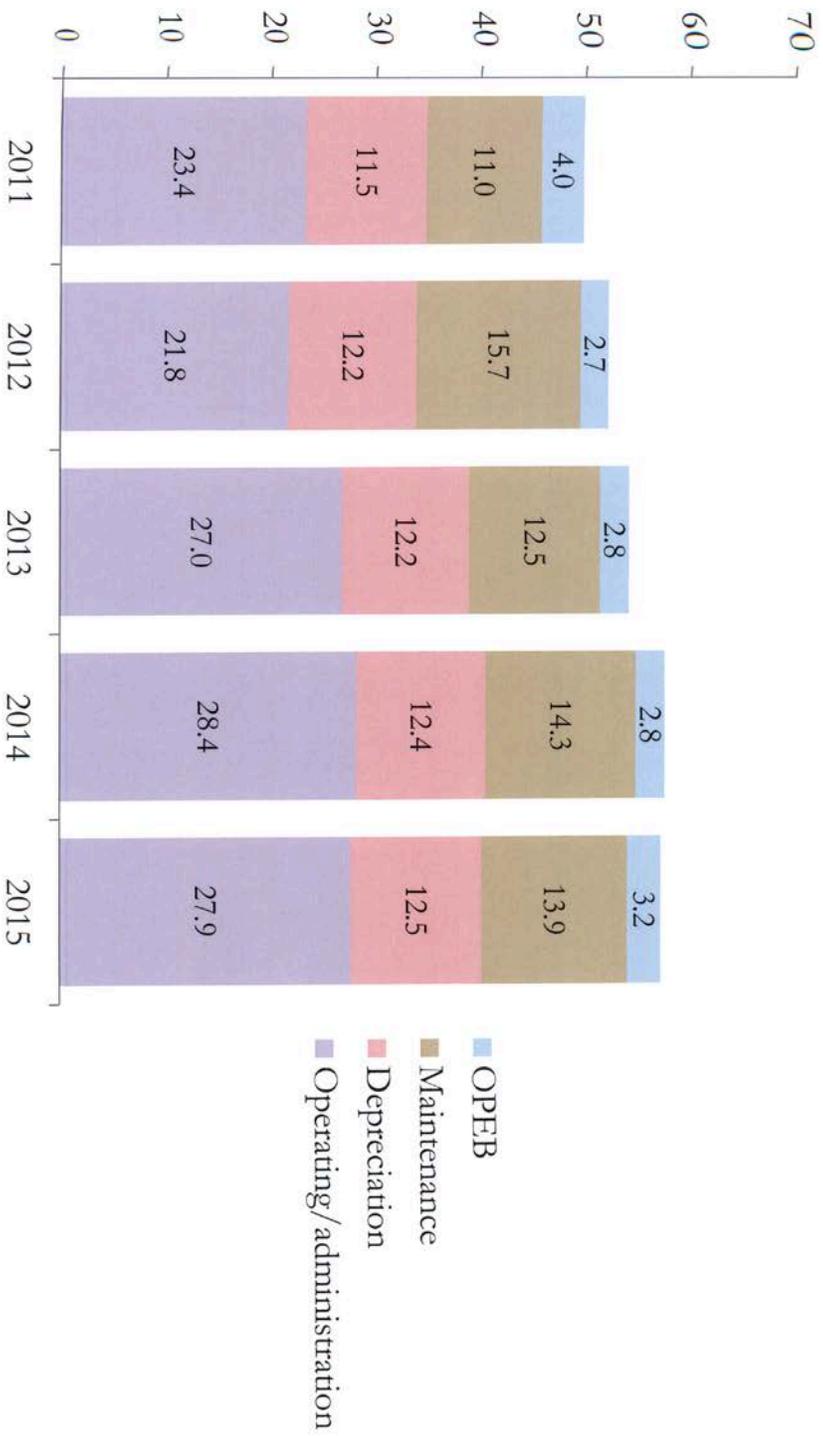
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|                                      | December 31,  |               |
|--------------------------------------|---------------|---------------|
|                                      | 2015          | 2014          |
| Operating revenue                    | \$ 69,595,215 | \$ 65,908,808 |
| Operating expenses                   | (57,435,644)  | (58,151,500)  |
| Nonoperating revenues and expenses   | (2,047,899)   | (2,554,433)   |
| Contributions in aid of construction | 4,134,020     | 1,464,688     |
| Change in net position               | \$ 14,245,692 | \$ 6,667,563  |

### Operating Revenues (\$ millions)



## Operating Expenses (\$ millions)





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# OBSERVATIONS

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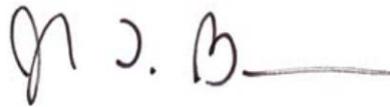
**V. - COMMUNICATIONS AND BILLS**

**VI. - UNFINISHED BUSINESS (NONE)**

**VII. - NEW BUSINESS (RESOLUTIONS)**

**VIII. - ADJOURNMENT**

Motion by Mr. Anderson, second by Mr. Schad and carried that the meeting adjourn.

A handwritten signature in black ink, appearing to read "J. T. Burns", followed by a horizontal line.

Joseph T. Burns  
Secretary to the Authority

SLZ

3/24/16