



**ONONDAGA COUNTY WATER AUTHORITY**

**OPERATIONS & ACCOMPLISHMENTS**

**YEAR ENDED DECEMBER 31, 2012**

## ONONDAGA COUNTY WATER AUTHORITY

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### OPERATIONS & ACCOMPLISHMENTS

Year Ended December 31, 2012

#### Introduction

Onondaga County Water Authority's (OCWA) Operations & Accomplishments Report for the fiscal year ended December 31, 2012, provides an introduction to the major activities that had an effect on the operations of the Authority and it also addresses the financial performance and status of OCWA.

#### Operational Highlights

Service Area: The Water System supplies water for domestic, commercial and industrial uses and for fire protection in part or all of thirty-two towns and fifteen villages in Onondaga County (outside the City of Syracuse), and in parts of the Counties of Oswego, Madison and Oneida.

The area served in Onondaga County includes the major portion of the Towns of Camillus, Cicero, Geddes and Salina, as well as parts of the Towns of Clay, DeWitt, Elbridge, Lysander, Manlius, Marcellus, Onondaga, Lafayette, Pompey, Tully, Van Buren, Otisco, Spafford, and Skaneateles. Additionally the Authority serves the Villages of Camillus, Fayetteville, Liverpool, Manlius, Minoa, North Syracuse, Baldwinsville, East Syracuse, Marcellus, and Solvay. In Oswego County the Authority serves the Village of Central Square and the Towns of Hasting, West Monroe, Constantia, Granby, Minetto, Oswego, Volney and Schroepfel. The Authority also has provides intermittent service in Oswego County to the City of Fulton, the Town of Scriba and the Village of Phoenix. In Madison County the Authority serves the Villages of Canastota and Chittenango and parts of the Towns of Lenox and Sullivan. In Oneida County the Authority serves the Village of Sylvan Beach and parts of the Towns of Vienna, Verona and Annsville.

As of January 30, 2013, the Authority provided water services directly to 92,236 residential, 6,397 commercial accounts, 49 industrial accounts, and 16 wholesale accounts. The Authority also has 1,354 accounts related to fire services and fire hydrants. The estimated population of the residential units served was 278,000 persons as of such date. There has been substantial residential growth (primarily via acquisition of systems serving existing homes) within the service area over the last few years; however, projected growth for new homes in 2012 and 2013 has dropped correspondingly with the national economic woes. Projected growth is expected to be limited to providing service existing residents served by small water system or those served by private wells. Current potential of this nature is estimated to be 1,000 new accounts over the next two years.

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The fifteen largest industrial customers within these areas, served directly by the Water System in order of usage, are:

<u>Customer</u>	<u>Consumption (gallons)</u>	<u>% of Sales</u>
Anheuser Busch	728,344,000	6.13%
Solvay Paperboard	670,600,000	5.65%
Crucible Steel	236,651,000	1.99%
Sunoco, Inc. R&M	212,964,000	1.79%
Tri-Gen Syracuse	181,764,000	1.53%
Bristol Labs	165,380,000	1.39%
Clinton Ditch	107,680,000	0.91%
Queensboro Farms	64,790,000	0.55%
Community General	56,520,000	0.48%
Frazer & Jones	34,420,000	0.29%
Carr Street (Co-Gen)	31,300,000	0.26%
Covanta Onondaga LP	30,910,000	0.26%
Lockheed Martin	29,740,000	0.25%
Crouse Hinds	25,210,000	0.21%
Ameripride	18,010,000	0.15%

Source of Supply: For 2012 45.11% of the water supply of the Water System was drawn from the Authority's source at Otisco Lake, 49.44% was purchased from the Metropolitan Water Board's filtered Lake Ontario supply, and 3.76% was purchased from the City of Syracuse's Skaneateles Lake supply.

The Metropolitan Water Board ("MWB") was created by the Onondaga County Legislature and it operates the Onondaga County Water District, which is a wholesale supplier of water to the Authority.

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The following tabulation shows, for recent years, the average daily quantity of water from the various sources of supply.

**WATER OBTAINED FROM SOURCES OF SUPPLY**  
(Average Gallons Per Day)

<u>YEAR</u>	<u>OTISCO LAKE</u>	<u>LAKE ONTARIO VIA METRO WATER BOARD</u>	<u>CITY OF SYRACUSE SOURCES</u>	<u>TOTAL</u>
1999	16,239,000	27,276,000	676,000	44,191,000
2000	17,759,000	25,832,000	378,000	43,969,000
2001	17,030,783	25,807,835	385,463	43,233,394
2002	17,104,885	25,768,219	435,485	43,315,128
2003	16,953,989	24,320,961	499,005	41,780,348
2004	17,187,000	22,605,806	482,016	40,341,743
2005	17,632,897	26,381,390	529,506	44,550,662
2006	16,772,679	21,263,156	482,810	38,524,849
2007	16,671,945	23,305,208	562,342	40,599,057
2008	16,516,595	21,568,024	453,729	38,545,505
2009	15,994,000	19,595,000	1,226,000	36,815,000
2010	16,778,016	19,203,734	1,306,120	37,287,870
2011	17,283,745	18,538,652	1,410,433	37,239,698
2012	17,246,609	19,816,303	1,163,298	38,226,210

1. In 2009, the City of Syracuse, the MWB and the Authority agreed to modify their respective responsibilities for the operation and maintenance of certain regional water facilities (the Southern Branch system), with the Authority assuming responsibility for the operation and maintenance and the parties agreeing the Authority would purchase water directly from the City rather than from MWB (who had purchased the water from the City under the prior arrangements). As a result, the amount of water purchased from MWB decreased and the amount purchased from the City increased by an equal amount, but the source of the water had not changed.

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Condition of Properties: Inspections of the visible physical plant of the Water System show it generally to be in good operating condition and well maintained. All structures are of substantial construction. The chemical properties of Otisco Lake Reservoir water are such that corrosion and tuberculation of underground piping is practically non-existent, and pipes in the ground for over 75 years have almost the same carrying capacities today as when new. Water System water losses are low, indicating a tight system with proper maintenance and control of leakage.

Adequacy of System: Since the acquisition of the Water System by the Authority in December 1955, improvements have been made to keep pace with demands. The Water System has adequate capacity to meet the peak demands of the Water System. The Authority's Capital Reinvestment Program is designed to address problem areas in a prioritized manner as identified on an ongoing basis.

Quality Control: The Authority has been at the forefront of the industry being proactive in taking steps to improve and maintain the quality of the water above the state and federal mandates. The Authority has received numerous awards attesting to the exceptional quality of their water.

Water demand is illustrated by a comparison of water sales, revenues and physical plant of the Water System in 1985, 1995 and 2012 as shown in the following table:

<u>ITEM</u>	<u>1985</u>	<u>1995</u>	<u>PERCENT INCREASE (DECREASE)</u>	<u>2012</u>	<u>PERCENT INCREASE (DECREASE)</u>
Average Metered Water Sales	41.76 MGD	39.13 MGD	(6.2%)	32.76 MGD	(16.27%)
Operating Revenue	\$13,648,129	\$17,546,000	28.5%	\$39,452,758	124.85%
Miles of Mains Owned & Leased	875.5	1,332.72	52.2%	1,891.12	41.90%
Active Accounts	44,603	69,445	55.7%	93,512	34.65%
Fire Hydrants	4,563	7,765	70.1%	12,078	55.44%

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Average daily quantity of water sales and yearly totals of metered water sales by the Water System during the twelve months ended December 31, 2012 were as follows:

<u>CLASSIFICATION</u>	AVERAGE DAILY SALES (1000 gallons)	YEARLY TOTALS (1000 gallons)
Residential & Commercial	17,612	6,446,036
Industrial	7,261	2,657,538
Wholesale	<u>7,580</u>	<u>2,774,495</u>
TOTAL	32,453	11,878,069

	WATER METERED & BILLED (in Million Gallons)					
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Projected 2013</u>
Residential & Commercial	6,338	6,191	6,318	6,267	6,446	6,999
Industrials	3,199	2,636	2,717	2,539	2,658	2,657
Wholesale	<u>2,685</u>	<u>2,624</u>	<u>2,649</u>	<u>2,720</u>	<u>2,774</u>	<u>2,082</u>
Total	12,222	11,451	11,683	11,526	11,878	11,738

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### OPERATIONS & ACCOMPLISHMENTS

Year Ended December 31, 2012

#### Financial Highlights

OCWA's 2012 water revenues increased by \$2,068,152 (5.7%) over 2011. Rate increases implemented January 1, 2012 played part in the overall increase in revenue. For 2012 Residential and Commercial rates were increased 2.47%, Wholesale rates were increased 2.31% and Industrial rates were increased 2.38%. Fire Protection rates were retained at the same level for the second straight year. The warm, dry year experienced throughout Central New York also played a major part in increased sales. Residential and Commercial sales increased 178.7 million gallons (MG) with most of the increase coming during the summer months. Wholesale use increased 54.36 MG, however the increase was mitigated somewhat as the Town of Dewitt lost a major customer with the closing of New Venture Gear. Additionally, Industrial use increased 118.6 MG with Anheuser Busch use increasing by 150.6 MG which offset decreased or flat use by the remaining industrial users. It should be noted that not all decreased industrial use was due to declining production or the economy. For example, Crucible Steel's use decreased by 70.6 MG through a concerted effort to address water losses throughout the plant.

OCWA's 2012 total customer account base increased by 553 (0.59%) over the year-end total for 2011. The North Shore Water District construction in the Towns of West Monroe and Constantia accounted for 112 of the new customers. The balance of customers added were spread throughout the 32 towns and 13 villages served by the system.

On the expense side of the Authority's operation, total expenses for 2012 increased by \$904,215 (2.42%) over 2011. Depreciation increased by \$237,319 (4.7%) for the year, primarily due to the completion 20 MG finished water storage facility located in Manlius, replacing the open reservoir formerly owned by the Metropolitan Water Board (MWB). The tank project was regulatory driven by the promulgation of the Long Term 2 – Enhanced Surface

Labor, for 2012, increased by \$179,885 (2.4%) and benefit costs were up \$476,701 (10.47%). Wages were up, in part due to contractual obligations with OCWA's personnel who are members of the Teamsters (3% increase) and CSEA (2% increase). No new employees were added during the year and several vacancies were held open while negotiations with the Town of Camillus were underway regarding lease of the Camillus Consolidated Water System. Additionally, overtime was down due to fewer main breaks during the winter months due to mild weather.

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#### Financial Highlights – Continued

The increase in Employee Benefits totaled \$476,701 (10.47%) over 2011 is primarily attributed to a \$231,392 required increased contribution to the New York State Retirement System. Health insurance costs increased \$224,817 (9.04%) over 2011. Overall increased health insurance premiums were offset somewhat by increased employee contributions by all OCWA employees.

The cost of purchased water for 2012 increased by \$380,548 over 2011, with the total volume of water purchased increasing by 351.857 million gallons. The overall increase is attributed in part to increased customer demand due to the warm, dry weather experienced throughout the year and in part due to a rate increase of 4 cents per 1,000 gallons for Metropolitan Water Board (effective 1/1/12). The Syracuse Water Department did not increase rates during 2012 and their sales to OCWA declined after completion of the West Hill Pump Station allowed for purchased water from Syracuse to be replaced by Otisco Lake Water provided by OCWA.

One item of major consequence relates to Bond Interest and Principal. In 2010 OCWA's 20 MG Western Reservoir in Van Buren was added to the list of projects in New York State eligible to receive principal forgiveness through the American Recovery and Reinvestment Act of 2009 (ARRA). With the tank project completed, audited and found to be in compliance with ARRA rules, the OCWA 2009 Series A Water Revenue Bond for \$33,000,000 issued through the New York State Environmental Facilities Corporation received principal forgiveness in the amount of \$5,696,270, which was applied in 2012. In addition to the principal forgiveness, unspent proceeds in the amount of \$2,121,260 were applied to the 2009 Bonds. These two items and the associated reduction of the bond reserve in the amount of \$714,635 reduced the 2009 Series A Water Revenue Bond from \$33,000,000 to \$24,467,835. This will result in considerable savings for the remaining life of the bond series. In 2012 the Authority's Bond Interest Expense was \$312,027 less than in 2011.

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**ONONDAGA COUNTY WATER AUTHORITY****OPERATIONS & ACCOMPLISHMENTS**

Year Ended December 31, 2012

**Summary of Statements of Net Assets****TABLE 1**

	<b>2011</b>	<b>2012</b>
<b>ASSETS</b>		
Cash	\$ 147,588	\$ 264,705
Accounts Receivable	6,923,515	7,282,158
Materials, Supplies and Prepaid Expenses	2,393,097	2,454,272
Restricted Assets	30,250,954	26,709,423
Unamortized Bond Issuance Costs	782,973	739,459
Plant and Water Rights, Net	<u>214,248,554</u>	<u>217,069,946</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 254,746,681</u></u>	<u><u>\$ 254,519,963</u></u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 3,167,246	\$ 3,355,579
Liabilities Payable from Restricted Assets	2,398,589	1,678,009
Bonds Payable	80,191,925	69,090,939
OPEB Liability	7,527,257	10,315,671
Capital Lease Obligations	<u>442,125</u>	<u>356,475</u>
Total Liabilities	93,727,142	84,796,673
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	133,614,504	147,622,532
Restricted Net Assets	24,394,225	21,679,207
Unrestricted Net Assets	<u>3,010,810</u>	<u>421,550</u>
Total Net Assets	<u>161,019,539</u>	<u>169,723,289</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 254,746,681</u></u>	<u><u>\$ 254,519,962</u></u>

**OPERATIONS & ACCOMPLISHMENTS**

Year Ended December 31, 2012

**Summary of Statements of Net Assets – Continued**

Total assets decreased by \$226,718 in 2012 as a result of the following items:

- The increase in cash of \$117,117 is due to the higher balance in the Authority's operations and maintenance fund at year-end.
- Materials, supplies and prepaid expenses increased by \$61,175 2.6% over 2011 levels. Inventory increased by \$289,517 due to increased prices and higher quantities required for jobs in progress or starting in the near future. Prepaid expenses went down by \$217,105 primarily due to the decrease in the value of water plant filter media which is being expensed over a period of five years and a service contract on the Authority's billing system was deemed no longer necessary.
- Accounts receivable have increased by \$358,643 or 5.2%. There are three components that make up most of this increase. The first is accounts receivable for water that has been billed to customers. Accounts Receivable – Water increased by \$177,577 (4.6%). The second component is for estimated revenue that has been accrued on accounts that are billed on a quarterly or longer basis. Accrued Utility Revenue increased by \$71,800 or 2.2% over the year-end 2011 balance. The increases are related to water rate which were raised by 2.31% - 2.47% for the various customer classes except fire protection which was not increased. The third component is Accounts Receivable – Miscellaneous which is used for the billing of non-water related projects that the Authority will be paid for in full. This account increased by \$97,532 over the 2011 balance.
- Restricted assets decreased by \$3,541,531 (11.7%) in 2012. This decrease is due to the net effect of several factors. One is that the amounts in various construction funds decreased by a total of \$5.4 million. \$2.1 million of the construction fund decrease was the application of unspent proceeds of the 2009 Bonds to the principal of those bonds. Also, due to the receipt and application of nearly \$5.7 million and the \$2.1 million of unspent proceeds described above, the debt service reserve fund related to the 2009 bonds was able to be reduced by \$714,635. Offsetting a portion of those decreases is the total increase of over \$2.0 million in money in the General Authority, Renewal and Replacement and General Funds.
- Plant and water rights increased due to additional capital projects either completed or in progress at the end of 2012. A detailed outline of the additions is located just after Table 4 "Capital Assets at Year End" later in this analysis.

**OPERATIONS & ACCOMPLISHMENTS**

Year Ended December 31, 2012

**Summary of Statements of Net Assets – Continued**

Total liabilities decreased by approximately \$8.9 million in 2012 as a result of the following items:

- Liabilities Payable from Restricted Assets decreased by \$720,235 (30.0%) as compared to 2011 due to the combination of several factors. Amounts due to contractors for work performed in 2012, for which payment was not made until 2013, was \$222,630 less than in the same period of the previous year. Retainage held at the end of 2012 was \$679,670 less than at the end of 2011. Customer deposits increased by \$179,101 and finally, accrued interest on bonds decreased by \$37,261.
- The Bonds Payable balance decreased most significantly due to reduction of the principal on the 2009 Bonds by over \$8.5 million. This is attributable to the Authority's receipt of ARRA Principal Forgiveness in the amount of \$5.7 million, the application of unspent proceeds in the amount of \$2.1 and the associated reduction of the required reserve fund by \$.7 million. The Bonds Payable balance was also affected by principal payments totaling \$2,465,000 which were made during 2012.
- GASB Statement No. 45 establishes guidance for the financial reporting of OPEB cost over a period that approximates employees' years of service. Under GASB Statement No. 45, based on an actuarial valuation, an annual required contribution ("ARC") is determined by the Authority. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. To the extent that the Authority contributes an amount less than the ARC, a net incremental OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB Statement No. 45 does not require that the unfunded liability actually be funded, only that the Authority account for unfunded accrued liability. The financial statements at December 31, 2012 include a liability in the amount of \$10.3 million that represents the Authority's unfunded liability.

- Capital lease obligations decreased by \$85,650 due to principal payments made on various leases.

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**OPERATIONS & ACCOMPLISHMENTS**

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**Review of Revenues****TABLE 2**

	<b>2011</b>	<b>2012</b>
Residential/Commercial Sales	\$ 26,331,938	\$ 27,938,716
Industrial Sales	4,188,937	4,561,502
Municipal (Water Utility) Sales	4,580,244	4,642,380
Fire Protection	1,147,516	1,174,189
Miscellaneous Revenue	1,152,060	1,135,972
ARRA Principal Forgiveness	0	5,696,270
Interest from Investments Held in Trust	21,324	16,642
Gain (Loss) on Disposals of Fixed Assets	(25,063)	(13,483)
<b>TOTAL REVENUES</b>	<b>\$ 37,396,956</b>	<b>\$ 45,152,188</b>

- OCWA implemented rate increases for all customer classes except fire protection during 2012. Residential and commercial rates were increased 2.47%, industrials 2.38% and municipals 2.38%. The increases, which were determined in late 2011, were based on the projected requirements for 2012 and took into account changes that were expected to have an effect on 2012 operations. The rate increases took effect on January 1, 2012.

Total water revenues for 2012 increased by \$2,068,152 (5.7%) over the previous year. Residential and commercial sales increased by \$1,606,778 (6.1%), industrial sales by \$372,565 (8.9%), municipal sales by \$62,136 (1.4%) and fire protection by \$26,673 (2.3%). Residential and Commercial sales increased by more than the rate increase would indicate because of the added consumption customers had due to the nice (hot & dry) summer experienced in 2012. Industrial consumption increased by 118,564,000 gallons (4.7%) over 2011.

- In 2012 the Authority received \$5,696,270 principal forgiveness on its 2009 Series A Water Revenue Bonds which were issued in the amount of \$33,000,000. In 2010 OCWA's 20MG Western Reservoir in Van Buren was added to the list of projects in New York State eligible to receive principal forgiveness through the American Recovery and Reinvestment Act of 2009 (ARRA). After completion of the project and associated documentation, the eligible amount was determined to be the figure noted above.

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**OPERATIONS & ACCOMPLISHMENTS**

Year Ended December 31, 2012

**Review of Expenses**

**TABLE 3**

	<b>2011</b>	<b>2012</b>
Operations	\$ 8,638,883	\$ 8,793,022
Purchased Water	8,509,089	8,889,637
General and Administrative	6,289,454	6,918,433
Less: Burden Applied	(844,895)	(942,346)
Depreciation	5,047,924	5,285,243
Bond Amortization	(61,153)	(76,663)
Water District Lease Amortization	545,493	534,157
Maintenance	5,744,997	5,689,182
Other Expense	<u>3,348,778</u>	<u>3,032,120</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 37,218,570</u></u>	<u><u>\$ 38,122,785</u></u>

Total expenses for 2012 were up by \$904,215 (2.4%) compared to fiscal year 2011. Areas of expense that experienced significant changes, both plus and minus, in 2012 including: labor, health insurance, pensions, OPEB, purchased water, electric/natural gas, depreciation and bond interest expense are discussed below.

**Labor Changes Impacting Operations, Maintenance, and General and Administrative Expenses**

Labor expenses in operations, maintenance and general and administrative accounts increased by \$179,885 (2.4%) during 2012 as compared to 2011. This increase matches up well with employee rate increases. Both the Teamsters and CSEA contracts included wage increases effective January 1, 2012. The rates for the CSEA employees increased by 2.0% and Teamsters rates increased by 3.0%.

Due to the warm winter (January – March 2012), OCWA was required to repair 12% fewer water main breaks in 2012 than in 2011. This allowed the Authority to perform more preventive maintenance than in the previous year. Specifically, the number of hydrants serviced went from 8,873 in 2011 to 13,735 in 2012, an increase of 54%. Also, OCWA operated almost three times as many valves in 2012 as compared to 2011 (3,326 vs. 1,181).

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#### Notable Expense Changes (Other Than Labor)

Group health insurance increased by \$224,817 (9.0%) as compared to 2011 for the Authority's employees and retirees. Insurance coverage is contractual and it should be noted that both employees and retirees contribute toward the cost of their coverage.

For pensions, OCWA's employees are covered under the New York State and Local Employees' Retirement System. OCWA's expense for contributions made to the system was \$1,552,196, an increase of \$231,392 (17.5%) over the 2011 amount.

OPEB expense for 2012 increased by \$100,767 (3.75%) over the 2011 amount. This is due to the results of an actuarial review which must be completed every three years.

OCWA also experienced a \$149,719 (17.6%) decrease to its electric and natural gas charges for 2012 as compared to 2011 amounts. This is due in part to rates and in part due to more energy efficient facilities.

Purchased water cost increased by \$380,548 (4.5%) for 2012. The Authority purchased 489,112,000 more gallons from the Metropolitan Water Board in 2012 as compared to 2011. Also, the Metropolitan Water Board raised its rates by \$0.04 per 1000 gallons effective 1/1/12. The Authority's purchases from the City of Syracuse decreased in 2012 as compared to 2011.

The amount credited to Burden Applied increased by \$97,451 or 11.5% in 2012 as compared to 2011. This figure is attributable to the increased number of hours that Authority employees charged to capital work during the year which was 3,258 more than in 2011..

Depreciation increased by \$237,319 (4.7%) in 2012 over 2011 figures. This is a reflection of the fact that OCWA added nearly \$7.5 million to Water Plant in Service in 2011 as well as over \$18.0 million in 2012.

There was a decrease of \$316,658 (9.5%) in Other Expense in 2012. The most significant part of this change is the decrease of over \$450,000 in interest expense on the 2009 Bonds. The interest expense decreased due to reduction of the principal on the 2009 Bonds by over \$8.5 million, due to the Authority's receipt of ARRA Principal Forgiveness in the amount of \$5.7 million, the application of unspent proceeds in the amount of \$2.1 and the associated reduction of the required reserve fund by \$.7 million. Another factor that influenced other expense is that the 2011 bonds were in place for a full year in 2012 as opposed to only nine months in 2011. This increased the interest expense on the 2011 bonds by over \$200,000.

**OPERATIONS & ACCOMPLISHMENTS**

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**Summary of Overall 2012 Operations**

In 2012 OCWA experienced a net income before capital contributions of \$7,029,403, an increase of \$6,851,017 from the net income of \$178,386 for the fiscal year ended December 31, 2011. This increase was caused by the principal forgiveness, increased water revenue as well as other factors mentioned above.

**OCWA Budget Process**

Each year the Authority's department managers prepare comprehensive draft budgets, one for operations and maintenance and one for capital projects. The executive staff combines the budgets and prepares a recommendation for the Authority's Board to review in early October of each year. The Board, in turn, conducts a budget workshop with executive management and a final recommendation is made for approval by the Board at its October meeting. Per the implementation of New York State's Public Authorities Accountability Act, OCWA's annual budget process must be completed by the end of October. Copies of the approved budget are then forwarded to elected officials at the County and State level in accordance with PAAA guidelines.

Executive management, also in accordance with OCWA's trust indenture, provides a copy of the budgets to the Authority's consulting engineer for review and approval. Executive management and the consulting engineer meet to review both budgets prior to the consulting engineer submitting their letter acknowledging satisfactory review.

The operations and maintenance budget is generally not amended once it has been approved by the Board. On a monthly basis, each Authority department manager completes a budget variance, which is in turn submitted to the Executive Director. Also on a monthly basis, a summary budget variance report is provided to the Board and extraordinary variances (plus and minus) are explained.

With respect to the capital budget, specific projects for the year are approved at the preceding year's October board meeting. It should also be noted that although the October budget approval encompasses all approved projects for the coming year, each project must be submitted to the Board for approval of the project's work authorization prior to the start of the project.

Executive management also prepares 20-year capital budgets and 20-year operations and maintenance budgets for the Authority. Both budgets include a list of assumptions that are used to prepare the long-range projections. It should be noted that both long-range budgets are updated regularly and submitted to the OCWA Board for review and are ultimately added to the Authority's annual business plan.

**OPERATIONS & ACCOMPLISHMENTS**

Year Ended December 31, 2012

**System Growth**

Areas of growth included the following:

- For 2012 system growth included the installation of 25 developer / individual main extensions, totaling 28,393 feet of main.
- The recently completed West Monroe / Constantia water system continues to add customers, with 112 new connections added in 2012.
- The Town of Hastings continues to develop and add small districts
- OCWA and Onondaga County continue to work proactively to attract industrial customers to the County, using the availability and cost of water as a selling point.

**Areas of growth, 2013 and beyond:**

- The Town of Granby continues to work on the development of new water supply districts. The proposed Water District #6 was defeated on February 26, 2013 so now the town is now investigating the prospect of a smaller water district in the southwestern part of the town. Additionally, the Town Supervisor continues to seek additional funding from any and all sources.
- The Town of Hastings is investigating a small water district in the north-eastern portion of the Town, east of Route 81.
- The Town of Constantia is working on design and funding for it Bernard's Bay Water System which will extend water lines to the east, coming close to the western border of the Village of Cleveland.
- Demand for developer main extensions remains soft. For 2012 twenty-five main extension contracts were completed adding 28,393 feet of main or 1,135 feet average per contact. OCWA completed 22 system improvement projects replacing 22,354 feet of main and adding 10,109 feet of main, all aimed at better serving existing customers.
- OCWA essentially now serves all the towns and villages within its potential service territory, which covers a very large geographic footprint in the Four Counties (Onondaga, Oswego, Madison and Oneida). Collectively OCWA serves 32 towns and 13 villages on a retail basis. With the lease of the Camillus Consolidated Water System being effective January 2, 2013 OCWA now wholesales water to two towns on a regular basis and has another seven wholesale connections that are used on an intermittent basis. Future growth, with respect to retail sales will be tied to infill in the 32 towns served throughout the four county region.

**ONONDAGA COUNTY WATER AUTHORITY**

**OPERATIONS & ACCOMPLISHMENTS**

Year Ended December 31, 2012

**Capital Assets at Year End (Net of Depreciation)**

**TABLE 4**

	<b>Governmental Activities</b>		<b>Total Percent Change</b>
	<b>2011</b>	<b>2012</b>	<b>2011-2012</b>
Water Plant in Service	\$ 251,845,495	\$ 270,101,414	7.25%
Water Rights - Source	5,250,000	5,250,000	0.00%
Construction Work-in-Progress (I&E)	13,348,277	3,252,721	-75.63%
Water District Lease	23,169,890	23,169,890	0.00%
Pre-Survey and Investigation	296,041	153,584	-48.12%
Jobbing in Progress	326,289	403,840	23.77%
Allowance for Depreciation	(63,552,664)	(68,295,200)	7.46%
Accumulated Amortization/Water Districts	(11,165,276)	(11,699,433)	4.78%
Residual Amortization/Water Rights	(5,250,000)	(5,250,000)	0.00%
Deferred Charge - Capital Interest on FP	(19,498)	(16,870)	-13.48%
<b>Total</b>	<u><u>\$ 214,248,554</u></u>	<u><u>\$ 217,069,946</u></u>	1.32%

Increase to Water Plant in Service Highlights

- Eastern Reservoir (20MG) covered storage tank – \$8,704,610
- Northern Concourse – Roof, Siding and HVAC improvements at OCWA’s Headquarters Facility – \$2,271,202
- System Betterment Myers Rd – install approximately 5,515 ft of 6” & 8” pipe – \$298,552
- System Betterment Supply to East Syracuse – install approximately 3,150 ft of 12” pipe - \$234,523
- The purchase of water meters in the amount of \$522,364 as part of OCWA’s ongoing meter replacement project
- The completion of various additional water main projects – \$4,080,889
- The installation of new and replacement water services – \$750,908
- The installation of new and replacement hydrants – \$573,575
- The replacement of vehicles in its fleet as part of OCWA’s asset management program

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## ONONDAGA COUNTY WATER AUTHORITY

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### OPERATIONS & ACCOMPLISHMENTS

Year Ended December 31, 2012

#### Capital Assets at Year End (Net of Depreciation) – Continued

##### Construction Work-In-Progress Highlights

Construction Work-In-Progress decreased by \$10,095,556 during 2012, from \$13,348,277 at the beginning of the year, to \$3,252,721 at year end. Of that amount, \$2,201,463 is related to the following six projects:

- New West Hill Pump Station to serve West Hill Water District and surrounding areas - \$574,383
- Linda Road Tank Improvements and Renovations – \$450,807
- Customer Information System Upgrade – \$358,260
- West Hill Tank Improvements and Renovations - \$301,667
- Seneca Street Pump Station Upgrade - \$278,796
- Thurber Street Pump Station Upgrade - \$237,550

##### Pre-Survey and Investigation Highlights

Pre-survey and investigation costs capture costs related to studies undertaken related to potential additions and improvements to the OCWA system. This account decreased due to factors including the transfer of project costs to Construction Work-in-Progress and/or Water Plant in Service.

##### Jobbing in Progress

Jobbing in progress captures costs associated with activities for which an individual or developer will pay for the job in full. The installation of new hydrants and large services within certain areas of OCWA's system are examples of this. A deposit for the job is taken. When the project is completed, the Authority will either bill the developer if the actual cost is more than the deposit or refund a portion of the deposit if the cost is less. "Job Orders" are also used to capture costs associated with repairing or replacing assets, generally hydrants and services, which are hit and damaged by individuals. The Authority then bills the individual or the individual's insurance for the repair cost. The account is also used to track the cost of contract operations and of maintenance agreements with various water systems. The balance in this account had increased by \$77,551 at the end of 2012 as compared to the previous year end.

**OPERATIONS & ACCOMPLISHMENTS**

Year Ended December 31, 2012

**Long-Term Debt Administration**

The Authority has three General Water System Revenue Bond issues and two E.F.C. Drinking Water Bond issues outstanding with a remaining principal totaling \$67,397,835 as of December 31, 2012. OCWA's most recent bonds were issued in April 2011.

On April 5, 2011, the Authority issued \$16,910,000 in General Water System Revenue Bonds Series 2011. The bonds bear interest at rates ranging from 2.5% to 5.0% and have a final maturity date of September 15, 2028. The bonds were issued for capital improvements to the water system including construction of a third covered water storage tank, two large pump stations, one small pump station and various other capital projects. The first principal payment in the amount of \$565,000 is due on September 15, 2015.

The General Water System Revenue Bonds, Series 2010A have a remaining principal balance of \$3,980,000 as of December 31, 2012. This amount reflects a principal payment of \$995,000 made in September 2012. The required principal payment on the bond in 2013 is \$1,025,000. The bonds bear interest at rates ranging from 3.0% to 5.0% and have a final maturity date of September 15, 2025. The bonds were issued to provide funds to redeem all outstanding 2001 Series A Bonds maturing after 2010 as well as provide funds for capital improvements.

The E.F.C. Drinking Water Bonds, 2009 Series A have a remaining principal balance of \$23,552,835 as of December 31, 2012. This amount includes ARRA principal forgiveness in the amount of \$5,696,270, the application of \$2,121,260 in unspent proceeds and a reduction of \$714,635 in the bond reserve requirement. The debt service schedules were revised to reflect the aforementioned changes. The remaining balance also reflects a principal payment of \$400,000 made in June 2012. The required principal payment on the bond in 2013 is \$420,000. The interest rate is 4.8721%. Bonds mature serially in varying annual amounts and have a final maturity date of June 15, 2038.

The E.F.C. Drinking Water Installment Bonds, 2008 Series A were issued in the amount of \$14,226,510 has a remaining principal balance of \$12,740,000 as of December 31, 2012. This amount reflects a principal payment of \$510,000 made in October 2012. The required principal payment on the bond in 2013 is \$525,000. The 2008 Bonds mature serially in varying annual amounts through 2029, with an interest rate of 4.27%, one third of which is subsidized by E.F.C. (New York State Environmental Facilities Corporation).

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**ONONDAGA COUNTY WATER AUTHORITY**

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**OPERATIONS & ACCOMPLISHMENTS**

Year Ended December 31, 2012

**Long-Term Debt Administration – Continued**

The other revenue bond issue that the Authority has outstanding is the General Water System Revenue Bonds, 2005 Series A which has a remaining principal balance of \$10,215,000 as of December 31, 2012. This amount reflects a principal payment of \$560,000 made in September 2012. The required principal payment on the bond in 2013 is \$580,000. As is the case with all of the bonds, one twelfth of the required amount is set aside monthly. The 2005 bonds mature serially in varying annual amounts through 2025, with interest rates ranging from 3.5% to 5.00%, payable semi-annually.

Pursuant to a Trust Indenture, all revenues collected by the Authority are pledged to the payment of principal and interest on the bonds. All such revenues are deposited in the name of a trustee for allocation to funds set up in accordance with the Trust Indenture.

<b>Series Bonds</b>	<b>Bonds Outstanding as of December 31, 2012</b>
2011 Series Bonds	\$ 16,910,000
2010 Series A Bonds	3,980,000
2009 E.F.C. Bonds	23,552,835
2008 E.F.C. Bonds	12,740,000
2005 Series A Bonds	<u>10,215,000</u>
Total	<u>\$ 67,397,835</u>

**OCWA Bond Rating**

In July of 2012, Moody's Investors Service downgraded the Authority's rating to Aa3 from Aa2 affecting the previously-issued parity revenue bonds outstanding.

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## ONONDAGA COUNTY WATER AUTHORITY

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### OPERATIONS & ACCOMPLISHMENTS

Year Ended December 31, 2012

#### Looking Forward

For 2013 OCWA implemented a 2% rate increase for all customer classifications with the exception of rates for fire protection accounts, which were not increased. Anticipating the favorable application of the American Recovery and Reinvestment Act of 2009 (ARRA) funding related to the bonds issued to construct the 20 MG Western Reservoir in the Town of Van Burn, the base fee portion of rates was not increased for 2012. The overall increase was placed on the commodity rates for all water purchased by all customers. The ongoing annual rate increases are in accordance with the Authority's 2001 Bond Indenture, whereby OCWA's Board is required to review rates on an annual basis and adjust them accordingly. Rate increases since 2001 and up to and including 2013 are listed below:

<b>Year</b>	<b>Residential / Commercial</b>	<b>Wholesale</b>	<b>Industrial</b>	<b>Fire Protection</b>
2013	2.0%	2.0%	2.0%	0.0%
2012	2.47%	2.31%	2.38%	0.0%
2011	9.0%	9.0%	9.0%	0.0%
2010	12.0%	10.0%	10.0%	3.25%
2009	15.0%	15.0%	9.9%	3.25%
2008	7.7%	7.7%	6.7%	3.25%
2007	9.8%	9.8%	6.75%	4%
2006	6%	6%	4%	4%
2005	8%	8%	5%	5%
2004	15%	15%	3%	3%
2003	2%	2%	2%	2%
2002	2%	2%	2%	2%

- For 2013 the Metropolitan Water Board elected to not to raise rates. Also, the Syracuse Water Department, which is on a July 1 – June 30 budget cycle, did not raise rates during 2012. OCWA's 2013 O&M Budget takes both into account. For 2012 OCWA purchased 51.84% (up from 49.78% in 2011) of its water from MWB. The purchase of water from the City of Syracuse decreased to 3.03%, down from 3.79% in 2011. Total water purchased for 2012 increased to 54.88% for 2011, up from 53.59% in 2011. The completion of the new West Hill Pump Station in the spring 2012 resulted in the decrease of water purchased from the Syracuse Water Department. However, the overall increase in purchased water is generally attributed to the warm, dry weather experienced for most of 2012. For 2012, purchased water costs represent 30.03% of the Authority's operating expense, before depreciation and amortization.

**OPERATIONS & ACCOMPLISHMENTS**

Year Ended December 31, 2012

**Looking Forward – Continued**

- OCWA intends to add three new employees to its roster during 2013. An Instrumentation Technician will be added to Distribution Operations. A Data Base Administrator will be added to the Information Technology Department. Finally, a Meter Repair Worker will be added to the Customer Service Department. All three positions are being added as a result of growth of the water system and increasing demands on day to day operations. Once all three positions have been filled OCWA's complement of full time personnel will total 134.
- With respect to chemical costs for 2013, projected costs should increase 13% after two years of stable, flat pricing. OCWA's cost of electric and natural gas costs should see an increase after two years of decreased rates; however energy efficiency improvements at the Marcellus Water Treatment Plant and OCWA's Northern Concourse headquarters will continue to offset some of the increased energy costs. Further, once the improvements to the two Southern Branch pump stations are completed (slated for mid-2013) additional energy savings should be realized.
- After several years with major capital construction projects in the works, the pace should be slowing down in 2013 to a more traditional level. The Manlius 20MG covered tank was completed in 2012, as was construction of the new West Hill Water District, where customers once supplied water purchased from the Syracuse Water Department are now supplied treated water from Otisco Lake. For 2013 the largest project on the docket is the completion of the two Southern Branch pipeline pump stations. Pumps, motors, controls and auxiliary power for both stations are being replaced with newer, more energy efficient equipment. Additionally each station will be fitted with a new, more energy efficient heating system and energy efficient roofing system.
- In addition to the aforementioned major capital projects, OCWA's ongoing annual capital budget for 2013 is projected to be \$4,079,658. The capital budget will address the increasing demand for meter replacements and upgrades, replacement of water main hydrants and valves. The budget also addresses the need for ongoing replacement of vehicles and heavy equipment. Additionally the capital budget addresses building and facilities improvements ranging from control pit repairs to two storage tank rehabilitation projects. All approved projects are in keeping with OCWA's ongoing asset management efforts, whereby operating and engineering staff continually review and prioritize the overall needs related to replacement and or enhancement of all assets throughout the system.

**OPERATIONS & ACCOMPLISHMENTS**

Year Ended December 31, 2012

**Request for Information**

This report is presented as a broad overview of the financial condition of the Onondaga County Water Authority. Questions related to the report or the Authority in general should be sent to the Executive Director, Onondaga County Water Authority, PO Box 4949, Syracuse, New York 13221-4949. Questions can also be directed to the Executive Director via the Authority's web site at [www.ocwa.org](http://www.ocwa.org).

DESCRIPTION	CURRENT MONTH:			YEAR TO DATE:		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES:</b>						
WATER REVENUES	\$3,020,662	\$2,903,354	(\$117,308)	\$38,044,572	\$38,316,786	\$272,214
MISC REVENUES	\$61,936	\$73,537	\$11,601	\$1,090,360	\$1,135,972	\$45,612
PRINCIPAL FORGIVENESS	\$0	\$5,696,270	\$5,696,270	\$0	\$5,696,270	\$5,696,270
INVESTMENT INCOME	\$1,625	\$1,968	\$343	\$19,500	\$16,643	(\$2,857)
	\$3,084,223	\$8,675,128	\$5,590,905	\$39,154,432	\$45,165,671	\$6,011,239
<b>EXPENSES:</b>						
LABOR	\$620,725	\$761,237	(\$140,512)	\$7,804,588	\$7,665,551	\$139,037
EMPLOYEE BENEFITS	\$399,260	\$423,340	(\$24,080)	\$5,043,200	\$5,029,597	\$13,603
PURCHASED WATER	\$644,695	\$685,097	(\$40,402)	\$8,677,905	\$8,889,637	(\$211,732)
CHEMICALS	\$38,623	\$38,954	(\$331)	\$575,147	\$557,866	\$17,281
ELECTRIC (GAS)	\$69,091	\$70,154	(\$1,063)	\$830,832	\$700,300	\$130,532
O/S PROFESSIONAL SERVICES	\$18,101	\$44,132	(\$26,031)	\$231,918	\$234,959	(\$3,041)
O/S CONTRACTORS	\$85,816	\$187,068	(\$101,252)	\$1,792,358	\$1,436,718	\$355,640
SUPPLIES	\$61,074	\$83,114	(\$22,040)	\$1,009,600	\$904,588	\$105,012
TRANSPORTATION	\$61,831	\$95,383	(\$33,552)	\$788,732	\$804,511	(\$15,779)
OTHER EXPENSES	\$260,868	\$412,891	(\$152,023)	\$3,128,089	\$3,993,547	(\$865,458)
MISC. ADMIN. EXPENSES	(\$55,034)	(\$82,767)	\$27,733	(\$689,420)	(\$869,343)	\$179,923
NET OPERATING EXPENSES	\$2,205,050	\$2,718,603	(\$513,553)	\$29,192,949	\$29,347,930	(\$154,981)
BOND INTEREST EXPENSE	\$253,802	\$247,441	\$6,361	\$3,101,009	\$3,009,737	\$91,272
OTHER INTEREST	\$10	\$10	\$0	\$22,383	\$22,383	\$1
DEPRECIATION & AMORTIZATION	\$567,609	\$188,048	\$379,561	\$6,481,308	\$5,756,219	\$725,089
TOTAL FIXED EXPENSES	\$821,421	\$435,499	\$385,922	\$9,604,700	\$8,788,339	\$816,361
TOTAL EXPENSES	\$3,026,471	\$3,154,102	(\$127,631)	\$38,797,649	\$38,136,269	\$661,380
<b>NET REVENUE</b>	<b>\$57,752</b>	<b>\$5,521,026</b>	<b>\$5,463,274</b>	<b>\$356,783</b>	<b>\$7,029,402</b>	<b>\$6,672,619</b>
PLUS: NON-CASH FIXED CHARGES	\$321,090	\$321,090	(\$0)	\$6,481,308	\$5,756,219	(\$725,089)
LESS: BOND PRINCIPAL ALLOCATION AND LEASE PAYMENTS	\$215,417	\$212,500	(\$2,917)	\$2,617,056	\$2,582,874	(\$34,182)
<b>NET REVENUE (CASH BUDGET)</b>	<b>\$163,425</b>	<b>\$5,629,616</b>	<b>\$5,466,191</b>	<b>\$4,221,035</b>	<b>\$10,202,747</b>	<b>\$5,981,712</b>

**Budget Report for Onondaga County Water Authority**

**Run Date: 03/18/2013**

**Fiscal Year Ending 12/31/2013**

**Status: CERTIFIED**

<u>Budget &amp; Financial Plan:</u>	<u>Budgeted Revenues, Expenditures, And Changes In Current Net Assets</u>					
	Last Year (Actual) 2011	Current Year (Estimated) 2012	Next Year (Adopted) 2013	Proposed 2014	Proposed 2015	Proposed 2016
<b><u>REVENUE &amp; FINANCIAL SOURCES</u></b>						
<b>Operating Revenues</b>						
Charges for services	\$36,248,635	\$38,162,121	\$39,273,071	\$40,843,994	\$42,477,754	\$43,964,475
Rentals & Financing Income	\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Revenues	\$1,152,060	\$1,098,574	\$1,106,806	\$1,117,874	\$1,129,053	\$1,140,343
<b>Nonoperating Revenues</b>						
Investment earnings	\$21,324	\$16,516	\$18,000	\$18,000	\$18,000	\$18,000
State subsidies / grants	\$0	\$0	\$0	\$0	\$0	\$0
Federal subsidies / grants	\$0	\$0	\$0	\$0	\$0	\$0
Municipal subsidies / grants	\$0	\$0	\$0	\$0	\$0	\$0
Public authority subsidies	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Proceeds from the issuance of debt	\$16,910,000	\$0	\$0	\$0	\$0	\$0
<b>Total Revenues &amp; Financing Sources</b>	<b>\$54,332,019</b>	<b>\$39,277,211</b>	<b>\$40,397,877</b>	<b>\$41,979,868</b>	<b>\$43,624,807</b>	<b>\$45,122,818</b>
<b><u>EXPENDITURES</u></b>						
<b>Operating Expenditures</b>						
Salaries and Wages	\$7,485,666	\$7,576,087	\$8,040,437	\$8,364,050	\$8,614,972	\$8,933,421
Other Employee Benefits	\$4,552,896	\$5,003,020	\$5,416,742	\$5,747,163	\$5,965,555	\$6,192,247
Professional Services Contracts	\$232,937	\$203,174	\$227,855	\$232,412	\$237,060	\$241,802
Supplies and Materials	\$861,199	\$810,369	\$1,062,331	\$1,083,578	\$1,105,249	\$1,127,354
Other Operating Expenditures	\$15,204,832	\$15,059,413	\$15,941,655	\$16,335,463	\$16,759,275	\$17,174,404
<b>Nonoperating Expenditures</b>						
Payment of principal on bonds and financing arrangements	\$2,608,875	\$2,550,650	\$2,633,650	\$2,736,485	\$2,685,925	\$2,795,925
Interest and other financing charges	\$3,449,364	\$3,053,025	\$2,960,960	\$2,864,278	\$2,752,162	\$2,648,711
Subsidies to other public authorities	\$0	\$0	\$0	\$0	\$0	\$0
Capital asset outlay	\$16,821,720	\$9,700,000	\$8,329,658	\$5,935,919	\$6,826,638	\$7,319,171
Grants and Donations	\$0	\$0	\$0	\$0	\$0	\$0
Other Non-Operating Expenditures	\$25,063	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
<b>Total Expenditures</b>	<b>\$51,242,552</b>	<b>\$43,985,738</b>	<b>\$44,643,288</b>	<b>\$43,329,348</b>	<b>\$44,976,836</b>	<b>\$46,463,035</b>
Capital Contributions	\$1,856,794	\$7,500,000	\$1,250,000	\$1,365,780	\$1,393,096	\$1,420,958
<b>Excess (deficiency) of revenues and capital contributions over expenditures</b>	<b>\$4,946,261</b>	<b>\$2,791,473</b>	<b>(\$2,995,411)</b>	<b>\$16,300</b>	<b>\$41,067</b>	<b>\$80,741</b>

The authority's budget, as presented to the Board of Directors, is posted on the following website: <http://www.ocwa.org/o23.html>

Additional Comments:

Onondaga County Water Authority  
Measurements for NYS-ABO Annual Report<sup>1</sup>:  
Year Ending December 31, 2012

Board:

1. **OCWA Mission Statement review, and revision (if needed). Distributed annually in conjunction with Organizational Meeting. No changes for 2012**
2. **Ethic Policy Compliance: Policy distributed and reviewed annually. Review January 18, 2012. Most recently reviewed January 16, 2013. Acknowledgements collected from all Members of Board.**
3. **Board Member Training: All Board Member training is current. One newly appointed Board Member (2/5/13) is scheduled for training during 2013.**

Finance:

1. **OCWA Bond Rating Status currently Aa3 / Moody's**
  - a. **Bond Rating downgraded from Aa2 to Aa3 on July 9,2012**
  - b. **Bond Rating of Aa3 confirmed per 2013 Bond Issue to refund 2005 Bond Issue.**
2. **Debt Service Coverage (Required, Goal and Actual)**
  - a. **Required – 1.25x**
  - b. **Goal – 1.75x**
  - c. **Actual – 1.84x**
3. **Debt per Customer**
  - a. **Year-end 2012 - \$720 (Debt \$67,397,835 / Customers 93,512)**
  - b. **Year-end 2011 - \$843 (Debt \$78,395,000 / Customers 92,963)**
  - c. **Fitch's AA median - \$1,615**
4. **Monthly Budget Variances**
  - a. **All departmental variance completed for 2012**
5. **Annual Budget Fulfillment**
  - a. **The Net Income Before Capital Contributions of \$7,029,403 was significantly higher than the budgeted amount of \$356,783 primarily due to ARRA principal forgiveness of \$5,696,240 (related to the construction of OCWA's 20 MG western reservoir) and higher than anticipated water revenue related to weather related increased water sales.**
6. **Quarterly and Annual Investment Activity**
  - a. **The 2012 annual report and four quarterly investment reports have all been accepted by the Board of Directors.**

Onondaga County Water Authority  
Measurements for NYS-ABO Annual Report<sup>1</sup>:  
Year Ending December 31, 2012

Operations:

1. **Water Quality Compliance**
  - a. **One reporting violation – Failed to complete Chlorine Dioxide test for water leaving the Marcellus Water Treatment Plant on September 23, 2012.**
  
2. **Metered Ratio**
  - a. **2012 year-end Meter Ratio = 85.61% (a 0.14% decrease from 2011)**
  - b. **Water Production – 13,991,140,000 (38.33 mgd)**
  - c. **Water Sales -- 11,977,825,000 (32.73 mgd)**
  
3. **Water Main Breaks**
  - a. **Total Repairs - 369 main breaks (decrease of 50 from 2011)**
  - b. **Total Located by OCWA Leak Detection Personnel - 148**
  - c. **Leaks per Mile of Main – Total – 0.194 breaks per mile of main**
  - d. **Leaks per Mile of Main – Total less leaks found by Leak Detection Crew. - 0.116 breaks per mile of main without total detected.**
  
4. **Condition of OCWA Facilities – Annual Facilities Inspection by Consulting Engineer**
  - a. **Final Report completed and delivered in December 2012 by Consulting Engineer – O’Brien & Gere**
  - b. **One-third of all facilities inspected annually, all facilities inspected every three years.**
  
5. **Customer Statistics:**
  - a. **Total Accounts = 93,512**
  - b. **Total Metered Accounts = 92,152**
    - 1.. **Residential = 85,975**
    2. **Commercial = 6,100**
    3. **Municipal = 17**
    4. **Industrial = 47**
  
5. **Employee Statistics:**
  - a. **Total Full Time Equivalent Employees as of 12/31/2012 = 127**
  - b. **Accounts Served per Employee = 736**
  
5. **Employee Turnover Rate for 2012**
  - a. **Number of Employees Separated – Total of 3**
  - b. **Percent of Staff Separated - 2.0%**
  - c. **Percent separated per retirement - 2.0%**
  - d. **Percent separated voluntarily - 0.0%**
  - e. **Percent separated involuntary - 0.0%**
  
6. **Employee Development Contact Hours (Total and per employee)**
  - a. **Total Development Hours - 2,676.50 Contact Hours**
  - b. **Development Hours per Employee - 21.10 Contact Hours / Employee**