



Board of Hudson River-Black River Regulating District
350 Northern Boulevard, Albany, New York 12204 Phone (518) 465-3491
FAX (518) 432-2485

January 25, 2008

Sandra Allen
Director, Division of Water
Department of Environmental Conservation
625 Broadway, 4th Floor
Albany, New York 12233-3500

Dear Ms. Allen:

Enclosed you will find the General Report of the Hudson River-Black River Regulating District which is submitted in accordance with Section 2131 of the Environmental Conservation Law.

This report covers the period July 1, 2006 - June 30, 2007.

In order for us to complete our records, will you kindly acknowledge receipt of this report.

Very truly yours,

A handwritten signature in cursive script that reads "Glenn A. LaFave".

Glenn A. LaFave
Executive Director

GAL:cst
Enclosure

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
350 NORTHERN BOULEVARD
ALBANY, NEW YORK 12204**

**145 CLINTON STREET
WATERTOWN, NEW YORK 13601**

**GENERAL REPORT TO BOARD OF
HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
PERIOD JULY 1, 2006 TO AND INCLUDING
JUNE 30, 2007 SECTION 15-2131
ENVIRONMENTAL CONSERVATION LAW**

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
GENERAL REPORT OF THE BOARD
HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
PERIOD OF JULY 1, 2006 TO AND INCLUDING JUNE 30, 2007
SECTION 15-2131 ENVIRONMENTAL CONSERVATION LAW**

TO THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION

In compliance with provisions of Section 15-2131 of the Environmental Conservation Law, and in conformity with the date faxed therefore by your department, this report is submitted to cover functions of the Board of Hudson River-Black River Regulating District (Hudson River Area and Black River Area) for the period July 1, 2006 to and including June 30, 2007.

SECTION 15-2131, SUBDIVISION 1.a.

AN EXHIBIT OF THE PERSONNEL OF THE BOARD, AND ALL OF
THE EMPLOYEES AND PERSONS CONNECTED WITH THE BOARD

SECTION 15-2131, 1.a.

The Secretary has caused to be prepared and there is submitted herewith the following:

Exhibit of the Personnel of the Board.

BOARD MEMBERS:

ANNE B. McDONALD, TICONDEROGA, N.Y.

Re-Appointed to the Board by Governor Pataki on May 7, 2004. Term to expire September 1, 2008. Elected Chairwoman January 9, 2007.

PAMELA S. BEYOR, BLACK RIVER, N.Y.

Appointed to the Board by Governor Pataki on November 4, 2004. Term to expire September 1, 2009.

RONALD PINTUFF, NORTHVILLE, N.Y.

Re-Appointed to the Board by Governor Pataki on May 15, 2006. Term to expire September 1, 2010.

ARTHUR E. EYRE, OLD FORGE, N.Y.

Appointed to the Board by Governor Pataki on August 18, 2005. Term to expire September 1, 2007.

PHILIP W. KLEIN, SARATOGA SPRINGS, N.Y.

Appointed to the Board by Governor Pataki on August 7, 2006. Term to expire September 1, 2011.

JOHN K. BARTOW, JR., ADAMS CENTER, N.Y.

Appointed to the Board by Governor Pataki on December 7, 2006. Term to expire December 7, 2008.

PATRICK DUGAN, EDINBURG, N.Y.

Appointed to the Board by Governor Pataki on December 22, 2006. Term to expire December 22, 2008.

NAME**TITLE****OFFICE****EXECUTIVE AND ADMINISTRATIVE PERSONNEL**

Glenn A. LaFave	Executive Director	Albany/Black River
William L. Busler	General Counsel	Albany
Richard J. Ferrara	Chief Fiscal Officer	Albany
Mary Kay Buff	Administrative Assistant V	Albany
Cheryl S. Tallman	Administrative Assistant III	Albany
Mary M. Shufelt	Administrative Assistant II	Albany/Sacandaga
Carol L. Simpson	Administrator	Black River
Kathy L. Hudson	Administrative Assistant V	Black River
Lori S. McAvoy	Administrative Assistant II	Black River
James M. Lewek	Administrator	Sacandaga(Retired 12/28/06)
Susan A. Visco	Administrative Assistant III	Sacandaga
Mark Visscher	Administrator	Sacandaga

ENGINEERING DEPARTMENT

Robert S. Foltan, PE	Chief Engineer	Albany
Michael A. Mosher	Operations Engineer	Albany
John M. Hodgson, Jr.	Engineering Assistant	Sacandaga

FIELD PERSONNEL

Albert J. Hayes	Foreman	Sacandaga
Vernon C. Duesler, III	Assistant Foreman	Sacandaga
Donald R. Town, Jr.	Field Supervisor	Sacandaga
Mark S. Martin	Sr. Field Assistant	Sacandaga
Daniel J. Kiskis	Field Assistant	Sacandaga
Stephanie V. Ruzycky	Field Assistant	Sacandaga
Owen P. Jensen	Maintenance Specialist	Sacandaga
Randy T. Palmateer	Maintenance Specialist	Sacandaga
David J. Ioele, Sr.	Maintenance Specialist	Sacandaga
Kelly A. Bovee	Principal Plant Operator	Conklingville
Eric S. Johnson	Plant Operator	Conklingville
Douglas Criss	Black River Superintendent	Stillwater
Michael A. Dicob	Sr. Plant Operator	Stillwater
Timothy R. Harwood	Plant Operator	Stillwater

PERMANENT PART-TIME

Darrin W. Harr	Resident Gate Keeper	Indian Lake
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CONTRACTUAL SERVICES

<u>NAME</u>	<u>SERVICE</u>	<u>LOCATION</u>
George W. Virgil	Gate Superintendent	Indian Lake
Peter Meneilly	Weather Observer	Big Moose
Kevin Muncy	Weather Observer	Copenhagen
Gerald Morczek	Weather Observer	Highmarket
William Hanchek	Weather Observer	Hooker
John Townsend	Weather Observer	Inlet
Dr. Harry P. O'Connor	Weather Observer	Lowville
Elect. Dept. Foreman	Weather Observer	Beaver Falls*
Brookfield Power	Weather Observer	Black River*
		Taylorville*
John A. Farney	Streamflow Gage Observer	Croghan
Gladys Whelley	Streamflow Gage Observer	Boonville

*Volunteer cooperators

CONCLUSION

A detailed report of each area as required by Section 15-2131 is included in this report.

The Board desires to express its appreciation for the cooperation by your Department in respect to the function of the Regulating District.

DATED: July 1, 2007

BY ORDER OF THE

**BOARD OF THE HUDSON RIVER-BLACK RIVER
REGULATING DISTRICT**

By: Glenn A. LaFave
Glenn A. LaFave
Executive Director

By: Anne B. McDonald
Anne B. McDonald
Chairwoman

By: Pamela S. Beyor
Pamela S. Beyor
First Vice-Chairwoman

By: Ronald Pintuff
Ronald Pintuff
Second Vice-Chairman

By: Arthur E. Eyre
Arthur E. Eyre
Board Member

By: Philip W. Klein
Philip W. Klein
Board Member

By: John K. Bartow, Jr.
John K. Bartow, Jr.
Board Member

By: EXCUSED
Patrick Dugan
Board Member

SECTION 15-2131, 1.b.

A FINANCIAL STATEMENT, SHOWING FULLY AND CLEARLY THE FINANCES OF THE DISTRICT, THE AMOUNTS AND DATES OF MATURITY OF ALL BONDS, NOTES AND CERTIFICATES OF INDEBTEDNESS, THE AMOUNT OF MONEY RECEIVED AND FROM WHAT SOURCES, AND THE AMOUNT OF MONEY PAID AND PURPOSES FOR WHICH SAME WERE PAID.

***HUDSON RIVER-BLACK RIVER
REGULATING DISTRICT***

FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT

TABLE OF CONTENTS
JUNE 30, 2007 AND 2006

	<u>Page</u>
Management's Discussion and Analysis	1-5
Independent Auditor's Report	6-7
Financial Statements:	
Statements of Net Assets	8
Statements of Revenues, Expenses and Changes in Net Assets	9
Statements of Cash Flows	10
Notes to Financial Statements	11-17
Supplemental Information	
Schedule of Revenues, Expenses and Changes in Net Assets by Area	18
Additional Reports Required by Government Auditing Standards	
Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of the Basic Financial Statements in Accordance with <i>Government Auditing Standards</i>	19-20
Current Year Findings and Recommendations	21
Prior Year Findings and Recommendations	22

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007 AND 2006

This Management Discussion and Analysis (MD&A) of Hudson River-Black River Regulating District provides an introduction to the major activities and operations of the Regulating District and an introduction and overview to the Regulating District's financial performance and statements for the fiscal years ended June 30, 2007 and 2006. The MD&A is a requirement of Governmental Accounting Standards Board Statement No. 34.

Following this MD&A are the basic financial statements of the Regulating District together with the notes thereto which are essential to a full understanding of the data contained in the financial statements. The information contained in the MD&A should be considered in conjunction with the information contained in the Financial Statements and the Notes to Financial Statements.

REGULATING DISTRICT ACTIVITIES

The Hudson River-Black River Regulating District was created in 1959 when the New York State Legislature passed legislation combining the Hudson River Regulating District, founded in 1922, and the Black River Regulating District, founded in 1919. Both were created to regulate the flow of the waters of New York State's two great neighboring watersheds.

The legislation charged the Regulating District with regulating the flow of the two rivers as required by the public welfare including health and safety. Specifically, the Regulating District's responsibilities involve reducing floods caused by excess run-off, and augmenting river flow at times of drought or other periods when normal river flows are low. Organized as a public benefit corporation, the Regulating District was given a broad spectrum of legal powers to accomplish this mission, including the authority to build and operate reservoirs, issue bonds, and apportion costs on its beneficiaries to finance construction, maintenance, and operation of its reservoirs.

Regulating District operations are conducted under two regional operating units - one for the Black River area and another for the Hudson River area - with segregated budgets. The management of both regions is vested in a seven-member Board appointed by the governor made up of three residents of the Black River area, three from the Hudson River area, and a seventh at-large member from anywhere in the State. The Board's obligations are to formulate policy for watershed management, operate and maintain reservoir facilities, regulate flow from reservoirs to minimize flooding and maintain a minimum flow to ensure water quality, operate a data-gathering system for precipitation, stream flow, snow depth and flood conditions; maintain certain specific reservoir levels in accordance with the Offer of Settlement; pay property taxes; maintain a sound financial status for maintenance of facilities and infrastructure; and promulgate rules and regulations necessary to fulfill the Regulating District's mission.

The Regulating District receives its primary funding from statutory beneficiaries, comprised of hydroelectric power generators, industrial operations and municipalities that directly benefit from augmented river flow and flood protection. These beneficiaries are annually assessed their proportional share of Regulating District operating expenses. A secondary revenue source comes from hydropower agreements that provide annual revenue in exchange for the ability to utilize headwater on Regulating District-administered state land for hydroelectric generating purposes. A third source of revenue, in the Hudson River area only, is the Sacandaga Lake Access Permit System, which generates revenue equal to the cost to operate the Great Sacandaga Lake Permit System.

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 JUNE 30, 2007 AND 2006

FACILITIES

Hudson River Area Facilities: The Regulating District administers the lands of the State of New York that constitute the Great Sacandaga Lake (Sacandaga Reservoir) as well as its shoreline, and issues annual revokable permits to eligible property owners for access to the lake across State land. The lake, impounded behind the Conklingville Dam, is the heart of Regulating District operations in the 8,300 square mile Hudson-Sacandaga area. The Regulating District also owns and operates Indian Lake Reservoir and Dam.

Black River Area Facilities: In the Black River drainage area of 1,916 square miles, the Regulating District operates reservoirs and dams at Stillwater, Old Forge, and Sixth Lake.

Administrative Offices: The Regulating District's main office occupies leased space in Albany. A Regulating District owned building in Mayfield houses the branch office for the Hudson-Sacandaga area. A branch office for the Black River area occupies rented space in Watertown.

OPERATIONS SUMMARY

During 2007, the financial statements for 2006 were restated to reflect accumulated depreciation and depreciation expense on dam structures which had not been previously provided for. The operations and balance sheet summaries that follow have been restated to conform to that change in accounting policy. (Financial statements footnote 1).

The Regulating District's scope of operations and concomitant costs tend to be relatively stable from year to year:

	Black River Area		Hudson River Area		District Totals	
	<u>2006-2007</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2005-2006</u>
Total Operating Revenue	\$ 969	\$ 880	\$ 5,798	\$ 5,452	\$ 6,767	\$ 6,332
Total Operating Expenses	<u>930</u>	<u>677</u>	<u>5,456</u>	<u>5,369</u>	<u>6,386</u>	<u>6,046</u>
Operating Income	39	203	342	83	381	286
Net Non-Operating						
Revenue (expense)	<u>179</u>	<u>(87)</u>	<u>153</u>	<u>(459)</u>	<u>332</u>	<u>(546)</u>
Net Income (loss)	<u>\$ 218</u>	<u>\$ 116</u>	<u>\$ 495</u>	<u>\$ (376)</u>	<u>\$ 713</u>	<u>\$ (260)</u>

The consolidated Regulating District revenues are derived from three primary sources. The financing of the two areas is accomplished independently because operating costs of each are recovered from two different sets of statutory beneficiaries, hydropower (or water usage) agreements and, in the Hudson River area only, the Great Sacandaga Lake Permit System. Statutory beneficiaries in both watersheds are assessed proportional shares of all other budgeted operating and overhead costs, after deducting the estimated revenue from the hydropower agreements, permit system revenue, and estimated interest income. The Sacandaga Lake Access Permit System generates revenue equal to the cost to operate the permitting system. Revenue from statutory beneficiaries, hydropower agreements, and permit holders is reliably adequate to balance the Regulating District's annual budget.

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2007 AND 2006

OPERATIONS SUMMARY (CONTINUED)

Operating expenses fall into four major categories: property taxes, personnel expenses, engineering and maintenance, and administrative overhead. While other expenses remain fairly stable, engineering and maintenance costs vary from year to year depending on a number of factors that affect our reservoirs, dams, and shoreline. These factors include, but are not necessarily limited to, weather, recreational use of facilities, environmental protection and remediation, and regulatory requirements. Since it is the dams that make possible the Regulating District's regulating of reservoir levels and river flows, and which restrain water to prevent flooding, maintenance of these dams is the Regulating District's primary activity.

The Regulating District maintains restricted reserve funds to minimize the effect that budget fluctuations would have on the statutory beneficiaries that provide its primary funding. These reserve funds absorb operating surpluses in lower expense years, and provide a means of funding operating deficits in high expense years - an effective means of assessment stabilization. Current restricted reserves represent 30% of total Regulating District reserves.

Contributing somewhat to annual imbalances between revenues and expenses has been the Regulating District's legislative mandate to adopt three-year budgets. While multi-year budgets, with revenues assessed equally for three years, serve to stabilize assessments during the budget cycle, they also tend toward surplus early in the multi-year cycle, and deficit in the final year.

BALANCE SHEET SUMMARY

	<u>2007</u>	<u>2006</u>	<u>Change</u>
Buildings	\$ 980	\$ 980	\$ -
Leasehold improvements, furniture & equipment	630	607	23
Vehicles	761	657	104
Dam structures	<u>14,753</u>	<u>14,118</u>	<u>635</u>
Cost of capital assets	17,124	16,362	762
Less accumulated depreciation	<u>(12,701)</u>	<u>(12,459)</u>	<u>(242)</u>
Book value of capital assets	4,423	3,903	520
Current assets	<u>6,219</u>	<u>6,162</u>	<u>57</u>
Total assets	10,642	10,065	577
Less liabilities	<u>(989)</u>	<u>(1,125)</u>	<u>136</u>
Net assets	<u>\$ 9,653</u>	<u>\$ 8,940</u>	<u>\$ 713</u>

This analysis reflects the Regulating District's stable financial position. Asset growth generally occurs in governmental units when 1) cash assets are accumulated, and/or 2) debt is used to finance acquisition or construction of fixed (durable) assets such as equipment, furniture, land, buildings, major improvements that extend the life of a fixed asset, or leasehold improvements.

BALANCE SHEET SUMMARY (CONTINUED)

Asset shrinkage occurs when 1) accumulated cash assets are used for expenses that exceed revenues, and/or 2) assets acquired during the year cost less than "depreciation."

The Regulating District's reserve funds for repairs and assessment stabilization are presently considered adequate, so the Regulating District is managing its financial position by currently appropriating accumulated surpluses to minimize assessment increases to statutory beneficiaries. The effect on the balance sheet is to reduce cash assets.

During the past year, the cost of assets acquired totaled more than depreciation expense, further increasing the book value of assets. Growth of fixed assets in a governmental unit is not necessarily an indicator of financial condition, nor is negative fixed asset growth necessarily an indicator of financial deterioration.

Liabilities decreased during the year, resulting in a \$134,764 increase in Net Assets.

For the Hudson River- Black River Regulating District, the stability in its balance sheet reflects the current adequacy of its fixed assets, and the conservative management of its cash assets to minimize increases in assessments and fees.

DEBT

The Board does not contemplate incurring debt in the near future.

FINANCIAL CONDITION

The financial position of the Regulating District remains stable and healthy. Likewise, operating results remain predictable and within an acceptable range of budget variance. Several issues currently exist, however, that will influence future operating results and financial statements.

During the fiscal year that will end on June 30, 2008, the Regulating District will implement new infrastructure accounting requirements imposed by Governmental Accounting Standards Board Statement No. 45 (GASB No. 45). This implementation will change the accounting for post retirement health insurance from a "pay as you go" method of recognition to an accrual-basis measurement and recognition. It is estimated that for 2008, an additional cost of \$1.3 million for post retirement health insurance will be recognized.

Despite the stability of its operations, the Regulating District is functioning in a dynamic fiscal environment. The statutory beneficiaries have remained largely unchanged since the creation of the Regulating District. However, since 2000 and every year thereafter to date, a statutory beneficiary has commenced proceedings against the Regulating District challenging the Regulating District's apportionment of cost. The statutory beneficiary argues that there are other entities benefitting from the Regulating District that are not apportioned a share of its costs. The suit seeks changes in future assessments as well as refund of allegedly over-charged assessments for previous years. As described in Note 9 in the notes to Financial Statements, this litigation may impact future operating statements, but the affect cannot now be estimated.

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2007 AND 2006

CONCLUSION

The accompanying Financial Statements are designed to provide detailed information on the Regulating District's operations to all those with an interest in the Regulating District's financial affairs. Questions concerning any of the information provided in this report, or any request for additional information, should be addressed to the Chief Fiscal Officer, Hudson River- Black River Regulating District, 350 Northern Boulevard, Albany, NY 12204.

CUSACK & COMPANY

Certified Public Accountants LLC

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AND

NEW YORK STATE SOCIETY OF

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hudson River-Black River Regulating District
Albany, New York

We have audited the accompanying financial statements of Hudson River-Black River Regulating District (the "Regulating District"), a New York State public benefit corporation, as of June 30, 2007 and 2006 as listed in the table of contents. These financial statements are the responsibility of the Regulating District's management. 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hudson River-Black River Regulating District as of June 30, 2007 and 2006, and the changes in its net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 1 through 5 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The Schedule of Revenues, Expenses and Changes in Net Assets by Area included on page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2007 on our consideration of Hudson River-Black River Regulating District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
August 16, 2007

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
STATEMENTS OF NET ASSETS
JUNE 30, 2007 AND 2006

ASSETS

	<u>2007</u>	<u>2006</u>
Current Assets:		
Cash	\$ 2,182,619	\$ 2,006,130
Investments	3,424,868	3,640,758
Accounts Receivable	127,765	3,353
Prepaid Expenses	<u>484,045</u>	<u>511,471</u>
Total Current Assets	6,219,297	6,161,712
Capital Assets, Net	<u>4,423,084</u>	<u>3,902,894</u>
	<u>\$ 10,642,381</u>	<u>\$ 10,064,606</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts Payable	\$ 34,643	\$ 85,318
Compensated Absences	417,139	266,910
Current Portion of Settlement Payable	227,333	227,333
Current Portion Due to NYS Retirement System	<u>38,048</u>	<u>39,756</u>
Total Current Liabilities	717,163	619,317
Settlement Payable, Net of Current Portion Due to New York State Retirement System, Net of Current Portion	227,334	454,667
	<u>45,109</u>	<u>50,386</u>
Total Liabilities	<u>989,606</u>	<u>1,124,370</u>
Net Assets:		
Investment in Capital Assets	4,423,084	3,902,894
Net Assets Designated for Reserves	2,259,949	2,215,000
Unrestricted Net Assets	<u>2,969,742</u>	<u>2,822,342</u>
Total Net Assets	<u>9,652,775</u>	<u>8,940,236</u>
	<u>\$ 10,642,381</u>	<u>\$ 10,064,606</u>

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Operating Revenue:		
Assessments	\$ 5,361,186	\$ 4,984,466
Water Power Service	982,212	920,765
Permit Fees	<u>423,681</u>	<u>426,801</u>
Total Operating Revenue	<u>6,767,079</u>	<u>6,332,032</u>
Operating Expenses:		
Salaries	1,731,060	1,424,906
Payroll Taxes	118,710	105,673
Pension Expense	129,122	136,210
Other Employee Benefits	342,371	365,357
Post Retirement Health Insurance	287,491	243,312
Real Estate Taxes	2,391,985	2,357,399
Depreciation	247,732	256,015
Insurance	184,526	189,922
Engineering Fees	35,414	29,520
U.S. Geological Survey Contract	75,193	102,949
Rent	52,530	52,530
Utilities	36,859	31,846
Telephone	33,074	31,412
Travel	62,466	62,703
Repairs and Maintenance	27,759	20,682
Professional Fees	425,875	466,844
Postage	11,004	10,889
Office Expense	56,242	56,079
Minor Equipment, Material and Supplies	37,006	31,872
Miscellaneous	18,376	33,678
Erosion Control/Maintenance	<u>81,620</u>	<u>36,390</u>
Total Operating Expenses	<u>6,386,415</u>	<u>6,046,188</u>
Operating Income	<u>380,664</u>	<u>285,844</u>
Non-Operating Revenue (Expenses):		
Interest and Dividend Income	318,633	256,808
Miscellaneous Income	3,014	7,023
Realized and Unrealized Gain (Loss) on Investments	10,228	(127,424)
Settlement Expense	<u>-</u>	<u>(682,000)</u>
Total Non-Operating Revenue (Expense)	<u>331,875</u>	<u>(545,593)</u>
Change in Net Assets	712,539	(259,749)
Net Assets at Beginning of Year, as Restated	<u>8,940,236</u>	<u>9,199,985</u>
Net Assets at End of Year	<u>\$ 9,652,775</u>	<u>\$ 8,940,236</u>

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities:		
Cash Received from Providing Services	\$ 6,642,667	\$ 6,458,011
Interest Collected	318,633	256,808
Cash Paid to Employees	(1,580,831)	(1,399,961)
Cash Paid for Employee Related Costs	(884,679)	(878,758)
Cash Paid for Real Estate Taxes	(2,364,559)	(2,332,613)
Cash Paid for Supplies and Other	<u>(1,412,938)</u>	<u>(1,209,107)</u>
Net Cash Provided by Operating Activities	<u>718,293</u>	<u>894,380</u>
Cash Flows from Investing Activities:		
Proceed from Sales of Investments	400,902	-
Purchase of Investments	(174,784)	(165,414)
Purchase of Capital Assets	(767,922)	(32,950)
Proceeds from Sale of Equipment	<u>-</u>	<u>3,660</u>
Net Cash Used in Investing Activities	<u>(541,804)</u>	<u>(194,704)</u>
Net Increase in Cash	176,489	699,676
Cash at Beginning of Year	<u>2,006,130</u>	<u>1,306,454</u>
Cash at End of Year	<u>\$ 2,182,619</u>	<u>\$ 2,006,130</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in Net Assets	\$ 712,539	\$ (259,749)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	247,732	256,015
Realized and Unrealized (Gain) Loss on Investments	(10,228)	127,424
Gain on Sale of Equipment	-	(3,660)
Changes in:		
(Increase) Decrease in Accounts Receivable	(124,412)	125,979
Decrease in Prepaid Expenses	27,426	24,786
Decrease in Accounts Payable	(50,675)	(55,154)
Increase (Decrease) in Settlement Payable	(227,333)	682,000
Increase in Compensated Absences	150,229	24,945
Decrease Due to NYS Retirement System	<u>(6,985)</u>	<u>(28,206)</u>
Net Cash Provided by Operating Activities	<u>\$ 718,293</u>	<u>\$ 894,380</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Hudson River-Black River Regulating District (the "Regulating District") was created in 1959 under Article 15, Title 21 of the Environmental Conservation Law, which combined two organizations, the Black River Regulating District (formed in 1919) and the Hudson River Regulating District (formed in 1922). The Regulating District is a New York State public benefit corporation that is mandated to regulate stream flows as required by public welfare, including health and safety. The regulation of stream flows into the two watershed areas is the mission of the consolidated organization. The day-to-day operation of the two areas is conducted independently, because they are not physically related or connected in any way. Accordingly, the financing of the two areas is accomplished independently, because operating costs of each are recovered from two different sets of statutory beneficiaries, hydropower (or water power) agreements and, in the Hudson River area, the Great Sacandaga Lake Permit System. Each watershed area has its own operating personnel; however, a common professional staff serves both. Overall direction is supplied by a board appointed by the Governor of New York State.

Reporting Entity

The Regulating District is a component unit of the State of New York and, as such, is included in the State's general purpose financial statements. The Regulating District's financial statements include all operations for which the Regulating District has financial accountability.

Basis of Presentation

The Regulating District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and GASB Statement No. 37 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus." Statement 34, as amended by Statement 37, established standards for external reporting for all state and local government entities. It requires the classification of net assets equity into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt* - The component of net assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* - This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Regulating District had no restricted net assets at June 30, 2007 and 2006.
- *Unrestricted fund equity* - The component of net assets consists of net assets that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles for governmental entities, as prescribed by GASB. In accordance with provisions promulgated by GASB, the Regulating District elected not to apply Financial Accounting Standards Board (FASB) pronouncements and interpretations issued after November 30, 1989.

The operations of the Regulating District are reported as a proprietary fund and, as such, are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Within this measurement focus, all assets and liabilities associated with operations are included on the balance sheet with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

Investments

The Regulating District's investment policies comply with the New York State Comptroller's guidelines for such policies. Those policies permit investments in, among other things, obligations of the U.S. Treasury and its agencies and instrumentalities, certificates of deposit and obligations of the State of New York. Investments are recorded at amortized cost, which approximates market value and investment income is recorded in the statement of revenues, expenses and changes in net assets.

Capitalization and Depreciation

Capital assets are recorded at cost. Capital assets are defined as assets with initial, individual costs exceeding a capitalization threshold of \$5,000. Depreciation is computed on the straight-line method over the following estimated useful lives:

Dam Structures	100 years
Buildings and Improvements	15-40 years
Equipment	5-7 years
Vehicles	5 years

Accrued Employee Benefits

It is the Regulating District's policy to record employee benefits, including accumulated vacation and sick leave, as a liability. Regulating District employees are granted vacation in varying amounts. Upon retirement from the Regulating District, employees are reimbursed for accumulated vacation days up to a stated maximum. In addition, upon retirement, union employees are reimbursed for fifty percent of all accumulated sick days, up to a stated maximum, as specified in the bargaining agreement.

Budgets

By legislation, the Regulating District operates on a three-year cycle. Separate budgets are developed for the Hudson River area and Black River area since the cost of their respective operations are borne by a group of designated beneficiaries in each watershed. General administration costs, including Board expenses, are allocated on a proportionate basis to the two areas. The cost of operating the Permit System at the Great Sacandaga Lake is estimated for a three-year period. This involves allocating personnel salaries and benefits, as well as portions of facility and equipment costs to permit system operations.

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assessments

Resolutions are passed by the Regulating District's Board for both the Hudson River area and Black River area annual assessments at the June Board meeting. On July 1st of each year, assessments are billed, and on November 1st, a transmittal letter is sent to each town, city, or village informing them of each statutory beneficiary in their respective community who did not pay their assessment. Also on November 1st, a letter is sent to each county where a statutory beneficiary is located requesting them to charge unpaid assessments on the County's property tax levy for the subsequent year.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH

Cash consists of the following at June 30, 2007:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Deposit Accounts	\$ 236,488	\$ 345,371
Deposits held by New York State	<u>1,946,131</u>	<u>-</u>
	<u>\$ 2,182,619</u>	<u>\$ 345,371</u>

The Regulating District's cash deposits at June 30, 2007 were secured by the Federal Depository Insurance Corporation and uncollateralized, as follows:

FDIC Insurance	\$ 155,700
Uncollateralized	<u>189,671</u>
	<u>\$ 345,371</u>

3. INVESTMENTS

New York State statutes and guidelines, and the Regulating District's own investment policies, limit the investment of funds to obligations of the U.S. Government and its agencies, certificates of deposit and obligations of the State of New York. At June 30, 2007, investments include \$3,424,868 of Government mutual funds with short-term maturities, under a managed investment arrangement with Sentinel Funds. The Regulating District's investments are carried at amortized cost, which approximates market value. At June 30, 2006, investments included \$3,640,758 under a similar investment management arrangement.

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2007 AND 2006

3. INVESTMENTS (CONTINUED)

The Regulating District's investments are categorized in accordance with criteria established by GASB to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Regulating District or its agent in the Regulating District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter parties trust department or agent in the Regulating District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter parties, or by its trust department or agent but not in the Regulating District's name. All of the Regulating District's investments are classified in Category 1.

4. CAPITAL ASSETS AND DEPRECIATION

Capital assets at June 30, 2007 and 2006 is summarized as follows:

	<u>2007</u>	<u>2006</u>
Hudson River Area:		
Dam Structures	\$ 12,739,984	\$ 12,104,830
Building	936,787	936,787
Building Improvements	43,300	43,300
Office Equipment	125,954	109,927
Other Equipment	31,208	31,208
Vehicles	<u>664,289</u>	<u>560,349</u>
	14,541,522	13,786,401
Less Accumulated Depreciation	<u>(10,737,341)</u>	<u>(10,535,350)</u>
Total Hudson River Area	<u>3,804,181</u>	<u>3,251,051</u>
Black River Area:		
Dam Structures	2,013,195	2,013,195
Leasehold improvements	406,442	406,442
Equipment	58,884	52,819
Vehicles	96,906	96,906
Office Equipment	<u>6,736</u>	<u>6,318</u>
	2,582,163	2,575,680
Less Accumulated Depreciation	<u>(1,963,260)</u>	<u>(1,923,837)</u>
Total Black River Area	<u>618,903</u>	<u>651,843</u>
Total Capital Assets	<u>\$ 4,423,084</u>	<u>\$ 3,902,894</u>

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2007 AND 2006

4. CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Depreciation expense charged to operations for the year ended June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Hudson River Area	\$ 201,991	\$ 205,197
Black River Area	<u>45,741</u>	<u>50,818</u>
	<u>\$ 247,732</u>	<u>\$ 256,015</u>

5. RETIREMENT SYSTEM

Plan Description

The Regulating District participates in the New York State and Local Employees' Retirement System (the System.) This is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security law (NYSRSSL.) As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement Systems, 110 State Street, Albany, New York 12244.

Funding Policy

The System is non-contributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of employment and nothing thereafter. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the Pension Accumulation Fund.

The Regulating District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

2007	\$ 138,925
2006	\$ 167,426
2005	\$ 195,180

The Regulating District's contributions made to the System were equal to 100% of the contributions required for 2007 and 2006.

On May 14, 2003, Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes in the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.

5. RETIREMENT SYSTEM (CONTINUED)

- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st.

On July 30, 2004, Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amounts in excess of 7 percent of employees' covered salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5 percent of employees' covered salaries.
- For SFY 2006-07, the amount in excess of 10.5 percent of employees' covered salaries.

The law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2007.

Chapter 260 of the Laws of New York State changed the annual payment due date for employers who participate in the New York State and Local Employees' Retirement System. The December 15 payment due date changed to February 1, however, employers were allowed to prepay their payment by December 15. The covered salary period (April 15-March 31) will not change for the calculation.

6. NET ASSETS DESIGNATED FOR RESERVES

The following is a description of net assets designated for reserves:

- Assessment Stabilization - \$676,667 (\$550,000 at June 30, 2006) has been designated for the purpose of stabilizing future assessments.
- Capital Projects - \$1,170,000 (\$1,470,000 at June 30, 2006) has been designated for future capital projects.
- Other - \$413,282 (\$195,000 at June 30, 2006) has been designated for legal, engineering and tax purposes.

7. POST-RETIREMENT HEALTH CARE BENEFITS

The Regulating District provides post-employment health insurance coverage to retired employees in accordance with various employment contracts and union agreements. Currently 33 retirees met those eligibility requirements. Health care benefits are provided through an insurance company. The Regulating District recognizes the cost of providing these benefits as an expense in the year paid. Post-employment health care benefits were approximately \$287,000 and \$243,000 for the years ended June 30, 2007 and 2006, respectively.

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007 AND 2006

8. HYDROPOWER (OR WATER USAGE) AGREEMENTS

In the Hudson River area, the Regulating District has a Hydropower Agreement with a hydroelectric company effective July 1, 2003 and expiring June 30, 2015, requiring an annual payment of \$850,000 increasing 3% each year.

In the Black River area, the Regulating District has a Hydropower Agreement with a hydroelectric company effective January 1, 1986 and expiring December 31, 2016, requiring an annual payment of \$30,000 increasing 3% each year.

9. CONTINGENCIES

Prior to 2006, the Regulating District was involved in litigation with two statutory beneficiaries. During 2006, a settlement was agreed to with one of the statutory beneficiaries requiring credits totaling \$682,000 to be applied to the beneficiaries' future assessments in equal installments of \$227,333 for the fiscal years ended June 30, 2007, 2008 and 2009. Additionally, the settlement requires that the District will apply \$380,000 of the existing Hudson River Stabilization Fund to reduce future budgets in equal installments of \$126,667 for the fiscal years ended June 30, 2007, 2008 and 2009. A liability and settlement expense of \$682,000 was reflected in the June 30, 2006 financial statements. As of June 30, 2007, the Regulating District continues to be sued by one major statutory beneficiary for assessment abatement that could materially affect the financial position of the Regulating District. The case has been in litigation since 2001, and accordingly, the litigant has filed challenges to their assessment for the last seven fiscal years. The litigation is now in the discovery phase and therefore the outcome is uncertain.

10. CONCENTRATION

Approximately 65% of assessment revenues and 66% of total operating revenues are provided by two statutory beneficiaries.

11. NET ASSET RESTATEMENT

The net assets as of July 1, 2006 were reduced from \$20,361,756 to \$9,199,985, or by \$11,161,771 and depreciation expense for the year ended June 30, 2006 was increased from \$113,542 to \$256,015, or \$142,473 to reflect accumulated depreciation and depreciation expense on dam structures not previously depreciated.

12. EFFECT OF FUTURE ACCOUNTING PRONOUNCEMENT

The Regulating District will be implementing Governmental Accounting Standards Board Statement No. 45 "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions" ("GASB 45"). This implementation will change the accounting for post retirement health insurance from a "pay as you go" method of recognition to an accrual-basis measurement and recognition. It is estimated that for 2008, an additional cost of \$1.3 million for post retirement health insurance will be recognized. Future years will recognize similar increases.

SUPPLEMENTAL INFORMATION

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS BY AREA
FOR THE YEAR ENDED JUNE 30, 2007

	Hudson River Area	Black River Area	Total Regulating District
Operating Revenue:			
Assessments	\$ 4,445,595	\$ 915,591	\$ 5,361,186
Water Power Service	928,818	53,394	982,212
Permit Fees	<u>423,681</u>	<u>-</u>	<u>423,681</u>
Total Operating Revenue	<u>5,798,094</u>	<u>968,985</u>	<u>6,767,079</u>
Operating Expenses			
Personnel Services and Employee Benefits	2,179,302	429,452	2,608,754
Capital Expenditures	77,592	4,028	81,620
Materials and Supplies	129,009	38,255	167,264
Real Estate Taxes	2,353,463	38,522	2,391,985
Contractual Services	691,963	197,097	889,060
Allocated General Board Expenses	(177,231)	177,231	-
Depreciation	<u>201,991</u>	<u>45,741</u>	<u>247,732</u>
Total Operating Expenses	<u>5,456,089</u>	<u>930,326</u>	<u>6,386,415</u>
Operating Income	<u>342,005</u>	<u>38,659</u>	<u>380,664</u>
Non-Operating Revenue:			
Interest and Dividend Income	145,163	173,470	318,633
Miscellaneous Income	2,940	74	3,014
Realized and Unrealized Gain on Investments	<u>4,705</u>	<u>5,523</u>	<u>10,228</u>
Total Non-Operating Revenue	<u>152,808</u>	<u>179,067</u>	<u>331,875</u>
Change in Net Assets	494,813	217,726	712,539
Net Assets at Beginning of Year	<u>6,868,655</u>	<u>2,071,581</u>	<u>8,940,236</u>
Net Assets at End of Year	<u>\$ 7,363,468</u>	<u>\$ 2,289,307</u>	<u>\$ 9,652,775</u>

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AMERICAN INSTITUTE OF
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AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Hudson River-Black River Regulating District
Albany, New York

We have audited the financial statements of Hudson River - Black River Regulating District (the "Regulating District") as of and for the year ended June 30, 2007, and have issued our report thereon dated August 16, 2007. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Regulating District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Hudson River-Black River Regulating District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and recommendations.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Regulating District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
August 16, 2007

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
CURRENT YEAR FINDINGS AND RECOMMENDATIONS
JUNE 30, 2007

1. Cash Reconciliation

The cash reconciliation of one bank account had an unreconciled difference of \$2,542. Policies and procedures must insure that cash is reconciled and that any and all discrepancies are identified and appropriately disposed of. (We were subsequently informed that the general ledger balance was correct and that the reconciliation was in error due to the system defaulting to a date other than month end, which will be corrected)

We recommend that management implement policies to insure cash is reconciled on a timely basis and that all discrepancies are identified and appropriately disposed of. Additionally, supervisor review and sign-off on bank reconciliations should be considered.

2. Prior Year Findings and Recommendations

The prior year findings and recommendations regarding audit adjustments has not been fully addressed by management.

We recommend that management development and implement procedures to formally address the finding and recommendation.

HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
JUNE 30, 2007

1. Audit Adjustments

We made seventeen audit adjustments resulting in a net expense of approximately \$890,000.

Management and the Board of Directors must be provided accurate and timely financial statements in order to effectively manage the operations of the Regulating District.

We recommend that procedures be developed and implemented to ensure all accounts are reconciled on a monthly basis and that the appropriate entries are reflected in the books and records on a timely basis.

Status: Although management did provide some analysis and proposed adjustments to us, we proposed nineteen audit adjustments, resulting in a net expense of \$118,000.

2. Qualified Audit Opinion

Prior years and audit opinions have been qualified as fixed assets acquired prior to July 1, 1992 have not been reflected in the accounts and dam structures were not depreciated. Generally accepted accounting principles allow for the values of such assets to be estimated, which if properly performed, could result in future unqualified opinions.

We recommend management consider the costs and benefits of valuing fixed assets acquired prior to July 1, 1992 and depreciating dam structures.

Status: The comment was satisfactorily addressed by management.

3. Governmental Accounting Standards Board Statement No. 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions" (GASB 45")

The current acceptable practice is to expense health care costs for retired employees on a pay-as-you-go basis. For the Regulating District, effective for its fiscal year, ending June 30, 2009, (earlier application is not only acceptable but is encouraged), GASB 45 will require the accrual basis of accounting for this liability which will report the previously unrecognized liability over a period of years, and will require the services of an actuary. This liability will be material to the Regulating District's financial statement.

We recommend that management develop and implement a plan to implement GASB 45 and consider early implementation.

Status: Management plans to implement GASB 45 at June 30, 2008.

SECTION 15-2131, SUBDIVISION 1.c.

A STATEMENT OF ANY PETITIONS RECEIVED

BY THE BOARD AND THE ACTION TAKEN THEREON:



Board of Hudson River-Black River Regulating District
350 Northern Boulevard, Albany, New York 12204 Phone (518) 465-3491
FAX (518) 432-2485

To: The Board of the Hudson River-Black River Regulating District

From: William L. Busler , General Counsel

Date: December 21, 2007

**Subject: Annual Counsel's Report
July 1, 2006 through June 30, 2007 Pursuant to Environmental
Conservation Law (ECL) section 15-2131 (1)(c) and (2)**

STATEMENT OF PETITIONS RECEIVED (ECL §15-2131 (1)(c))

1. *Niagara Mohawk Power Corp. v. Hudson River-Black River Regulating District.*

As of June 30, 2007 Niagara Mohawk Power Corporation has commenced 12 proceedings that challenge their assessments for fiscal years 2000-2001, 2001-2002, 2003-2004, 2004-2005 and 2005-2006¹. These proceedings have been filed in Fulton, Herkimer and Hamilton Counties. The essence of these Article 78 proceedings is that Niagara Mohawk Power Corporation (NiMo) asserts that there are other benefited entities that should pay a portion of the assessments that presently do not; and NiMo claims that because that it is no longer in the power generation business that it should not be considered a statutory beneficiary and should pay no assessment whatsoever.

Accordingly, NiMo claims that the District's apportionment of its operating and maintenance costs and its corresponding annual assessments for the subject years are arbitrary, capricious and unconstitutional. They seek recovery of all or part of their assessments for these years. The District's potential liability in these proceedings is the total amount of the assessments for fiscal years 2000-2006 which is approximately \$10 million. The District will continue to litigate the pending NiMo proceedings vigorously.

During the 2005-2006 reporting period, the District was represented in the NiMo by Crane Parente & Cherubin PC as Special Counsel to the District. The aforementioned law firm is located at 90 State Street, Albany, New York 12207.

¹ The petitions that challenge the 2006-2007 assessments were filed with the Regulating District on July 27, 2007 which is outside of this reporting period.

2. *Erie Boulevard Hydropower, L.P. vs. Board of the Hudson River-Black River Regulating District.*

In contrast to the NiMo litigation, Erie Boulevard Hydropower, L.P. which had commenced 11 proceedings similar to those of NiMo has settled all of its litigation filed against the District. As part of this settlement agreement, among other provisions, Erie agreed not to bring further Article 78 petitions against the District for a period of three years.

3. *Cenci v. Board of the Hudson River Black River Regulating District*

On November 6, 2006, Helen and Dante Cenci served a petition upon the Regulating District that commenced an Article 78 proceeding against the Board. The Cenci's are challenging the District's determination that required them to remove a portion of a building they own that encroaches upon lands of the State of New York that are under the jurisdiction of the Regulating District. The case is being heard in state Supreme Court in Fulton County.

OTHER MATTERS OF INTEREST (ECL § 15-2131 (2))

1. Freedom of Information Law (FOIL) Requests

During the reporting period the District received 35 FOIL requests. All of these requests were processed in accordance with the statute and the information sought, if available, was provided to the requesting party in a manner consistent with the District's statutory obligations. One appeal resulted from the 35 requests received.

Respectfully submitted,



**William L. Busler
General Counsel**

SECTION 15-2131, SUBDIVISION 1d. and 1e.

A DESCRIPTIVE STATEMENT OF THE WORK DONE DURING THE PREVIOUS YEAR
AND A STATEMENT OF THE CONDITION OF RESERVOIRS AND THE RESULTS
SECURED BY THE OPERATION THEREOF IN EACH CASE:

HUDSON RIVER AREA

SECTION 15-2131 - SUBDIVISION 1.d.

HUDSON RIVER AREA - GREAT SACANDAGA LAKE

MAINTENANCE AND OPERATION

Facility Maintenance and Operation

Regulating District personnel maintained facilities at the Conklingville, Indian Lake and Northampton field offices. Activities included building maintenance and grounds maintenance.

The field staff maintained, repaired and operated the Regulating District marine equipment, motor vehicles, construction equipment, and small machinery.

Reservoir Maintenance and Operation

Regulating District personnel performed the following operation activities and routine maintenance:

- Dam and outlet structure facility maintenance,
- Installation of shoreline stabilization and erosion control measures,
- Grounds maintenance at embankment dams,
- Administration of Access Permit System,
- Process permit renewals,
- Process new permit applications,
- Process SEQR work permits,
- Survey maintenance of 125 miles of State property line,
- Survey and delineation of permit areas,
- Preparation of permit stakes and signs,
- Posting of notice and trespassing signs,
- Clearing of property line (taking line),
- Replacement / relocation of survey monuments,
- Removal and disposal of litter and debris found on reservoir lands,
- Completion of snow surveys,
- Operation and maintenance of precipitation gauges,
- Maintenance and operation of stream gauges,
- Identifying and field investigating property encroachments,
- Clearing reservoir shoreline of stumps, driftwood and debris,
- Cutting and removal of downed tree.

Regulating District field staff placed and repositioned approximately 6492 tons (4809 cubic yards) of riprap, covering 7,136 feet of shoreline during the year to prevent shoreline erosion.

Northampton field office personnel identified and investigated State of New York property encroachments and violations of the Regulating District's rules and regulations by reservoir

access permit holders. Field office staff continually inspected the State property line (taking line) to locate, control, and eliminate property line encroachment problems.

Conklingville Dam staff performed routine maintenance work, including the reading and inspection of elevation gages at Conklingville Dam, Stewarts Bridge and Hadley.

The Regulating District collected meteorological and hydrological information at various locations within the Hudson River watershed. Data collection and precipitation station maintenance was performed in cooperation with the United States Geological Survey (USGS) and the National Weather Service (NWS). Meteorological and hydrological information collected by the Regulating District are published in National Weather Service and the United States Geological Survey documents and used by the NWS in the forecasting of flood conditions.

Collection of hydraulic data, and maintenance and operation of stream gauging stations on the Sacandaga and Hudson River watersheds, was performed in cooperation with the United States Geological Survey.

The Regulating District continued its cooperation with the United States Army Corps of Engineers (ACE), New York State Department of Environmental Conservation (DEC), and the Adirondack Park Agency (APA) in control of various construction projects, proposed by reservoir access permit holders, which occur on reservoir land within the District's jurisdiction. Under an agreement with the Board, the Department of Environmental Conservation issues a "blanket permit" to the District for certain projects requiring Article 15 approval at the Great Sacandaga Lake. This permit can then be reissued to access permit holders for reservoir-related projects involving activities that do not exceed certain environmental threshold limits. This permitting process eliminates duplication of effort by both agencies. The Board refers projects, which may require approval by the Adirondack Park Agency or the Army Corp of Engineers, to the APA or ACE for jurisdictional determination and review, prior to Regulating District approval. Field staff assisted the DEC in placing navigation buoys in the Great Sacandaga Lake.

An automated answering system containing a recorded message detailing stream flow and reservoir elevation is maintained by the Regulating District and made available to the public through a dedicated phone line. Recorded messages are updated weekly throughout the summer and fall, and weekly during the winter and spring.

The Regulating District maintained an internet web page to provide additional public access to information about the District, and its operations, and links to river flow and reservoir elevation related web sites.

The Regulating District continued the issuance of permits for access to the reservoir in accordance with the Rules and Regulations governing the use, operation and maintenance of the Great Sacandaga Lake and buffer land. A total of 4,611 access permits were renewed for the 2007 access permit season ending March 14, 2007. Additionally, there were 122 new permits issued during the period. Revenue derived from the access permit system totaled \$405,730.

SECTION 15-2131 - SUBDIVISION I.e.

STATEMENT OF CONDITION AND OPERATION OF GREAT SACANDAGA LAKE

Reservoir Elevation

The daily average elevation of the Great Sacandaga Lake (Sacandaga Reservoir) on July 1, 2006, was 773.21 feet above mean sea level. During the year ending June 2007, the reservoir elevation varied from a minimum of 749.27 feet on March 24, 2007, to a maximum of 773.21 feet on July 1, 2006. On June 30, 2007 the daily average elevation was 765.11 feet above mean sea level. Figure 1 represents the reservoir elevation over the course of the reporting year. The reservoir elevation averaged approximately 5.2 feet above the long-term average in July 2006 and averaged approximately 4.1 feet above the long-term average at the end of September 2006. Reservoir elevation was 13.9 feet higher than historic average at the end of December 2006 and 2.9 feet above historic average on March 31, 2007. The elevation of the reservoir was approximately 6.2 feet above the historic average at the end of April 2007 and averaged 1.9 feet higher than historic average during May 2007.

Precipitation and Inflow

Precipitation was approximately 28% above average during the first half of the operating year (July - December 2006). Precipitation was approximately 11% higher than historic average during the period January through June 2007.

Snow surveys conducted during January through April 2007 indicated below average snow depth and water content. The maximum average snow cover on the watershed was observed during the February 26 – February 28 survey and indicated an average snow depth of 21.4 inches and water content of 4.06 inches, or approximately 106% and 71% of historic average, respectively.

The greatest snow depth at an individual station was recorded at the Shaker Place snow survey station during the February 26 – February 28 survey, with a measured snow depth of 32.8 inches and water content of 5.98 inches.

Inflow during the period July through December 2006 was approximately 213% of historic average. Daily average inflow for the months of January through June 2007 varied from approximately 25% to 251% of historic average.

Total inflow to the reservoir was 97.14 billion cubic feet for the year ending June 2007, which was 142% of the average annual inflow of 68.26 billion cubic feet. Inflow for the period January through June was approximately 111% of historic average.

Figure 2 indicates the precipitation that occurred at Northville during the period July 2006 to June 2007. Figure 3 reflects the inflow to the reservoir during the period July 2006 to June 2007.

Reservoir Release and Storage

The release of water from the reservoir was suspended during the spring refilling period from March 28, 2007 through April 23, 2007. A maximum flow of 24,300 cubic feet per second occurred in the Hudson River at Hadley on April 24, 2007.

Figure 4 indicates the regulated flow of the Hudson River, below the confluence with the Sacandaga River, at Spier Falls. The period of peak flow regulation occurred on April 24, 2007, and resulted in a regulated flow of 24,600 cubic feet per second in the Hudson River below its confluence with the Sacandaga River. Natural flow in the Hudson River below the confluence during this period would have been approximately 47,100 cubic feet per second without river regulation. A regulated peak flow of 24,600 cubic feet per second occurred in the Hudson River below the confluence on April 24, 2007. The Sacandaga Reservoir provided approximately 23.65 billion cubic feet of storage for the period March 24 through April 28, 2007.

Table 1 - 3 detail the regulation of the Hudson River by the Sacandaga Reservoir and presents a summary of precipitation and snowfall, inflow, and regulation, respectively.

Federal Energy Regulatory Commission

The Regulating District operates the Great Sacandaga Lake under the terms of the Upper Hudson / Sacandaga River Offer of Settlement and a license (P-12252-NY) from the Federal Energy Regulatory Commission. The Offer of Settlement establishes long-term environmental protection measures that will meet, and balance, the diverse power and non-power objectives of the parties involved. The Great Sacandaga Lake will remain a federally licensed project through 2042.

Maintenance

- Monthly Dow Valve operation tests.
- Applied concrete sealer to some of the concrete surfaces,
- Applied grub and insect control to the earth and embankment, and reseeded,
- Shoreline erosion monitoring,
- Dow valve dewatering and inspection,
- Dow valve pin and bushings, resurfaced seals and liner,
- Emergency Action Plan exercise and Table Top drill.

STATEMENT OF CONDITION AND OPERATION OF INDIAN LAKE RESERVOIR

Reservoir Elevation

The elevation of Indian Lake Reservoir on July 1, 2006 was 1653.28 feet above mean sea level. During the year ending June 2007, the reservoir elevation varied from a minimum of 1637.32 feet on March 24, 2007, to a maximum of 1653.28 feet on July 1, 2006. On June 30, 2007 the reservoir elevation was 1649.06 feet above mean sea level. Figure 5 represents the reservoir elevation over the course of the reporting year.

Precipitation and Inflow

Total precipitation at Indian Lake, for the period July 2006 through December 2006, was 26.1 inches, or 120% above the historic average of 21.8 inches. Total precipitation, for the period January 2007 through June 2007, was 15.4 inches, or 84% below the historic average of 18.4 inches.

Total inflow to the reservoir was 12.64 billion cubic feet for the year ending June 2007.

Figure 6 indicates the precipitation measured at Indian Lake dam and Figure 7 presents the inflow to the reservoir during the period July 2006 to June 2007.

Reservoir Release and Storage

A minimum release of 50 cubic feet per second occurred March 27, 2007. A maximum release of 1470 cubic feet per second occurred on July 1, 2007. The Indian Lake Reservoir provided approximately 2.34 billion cubic feet of storage for the period March 24 through May 4, 2007.

Maintenance

- Developed Emergency Action Plan,
- Sealed joint on upstream face of dam,
- Routine maintenance of gates and gate hoists.

TABLE 1
HUDSON RIVER - BLACK RIVER REGULATING DISTRICT

PRECIPITATION ON SACANDAGA WATERSHED

MONTH	CONKLINGVILLE		NORTHVILLE	
	MONTHLY TOTAL	HISTORIC AVERAGE	MONTHLY TOTAL	HISTORIC AVERAGE
(INCHES)				
<u>2006</u>				
JULY	6.01	3.59	7.06	3.72
AUGUST	2.75	3.71	4.01	3.83
SEPTEMBER	2.29	3.56	2.39	4.06
OCTOBER	7.65	3.40	8.47	3.73
NOVEMBER	3.25	3.86	3.05	3.94
DECEMBER	3.66	3.60	4.42	3.77
<u>2007</u>				
JANUARY	4.49	3.42	5.28	3.58
FEBRUARY	3.42	2.83	3.13	2.86
MARCH	4.16	3.69	4.64	3.73
APRIL	6.49	3.66	6.15	3.80
MAY	2.24	3.50	2.30	3.89
JUNE	2.44	3.64	2.47	3.78
TOTAL	48.85	42.46	53.37	44.69
(Year: July - June)				

SACANDAGA WATERSHED SNOW SURVEY

DATE	AVGERAGE DEPTH	WATER CONTENT	
	OF SNOW	OF SNOW	
	(INCHES)	(INCHES)	(B.C.F.)
<u>2007</u>			
January 1 - 3	1.1	0.18	0.47
January 15 - 17	0.5	0.10	0.25
January 29 - January 31	4.0	0.53	1.38
February 12 - 14	19.3	2.58	5.99
February 26 - February 28	21.4	4.06	10.20
March 12 - 14	20.1	4.74	11.59
March 26 - 28	14.7	4.45	10.73
April 9 - 11	6.8	2.37	5.58
April 23 - 25	9.2	3.06	7.71

TABLE 2
HUDSON RIVER - BLACK RIVER REGULATING DISTRICT

INFLOW TO GREAT SACANDAGA LAKE
(FORMERLY SACANDAGA RESERVOIR)

MONTH	INFLOW (B.C.F.)	HISTORIC AVERAGE INFLOW (B.C.F.)	PERCENT OF AVERAGE (%)
<u>2006</u>			
JULY	8.40	2.15	391
AUGUST	1.66	1.39	119
SEPTEMBER	1.77	2.06	86
OCTOBER	13.06	3.86	338
NOVEMBER	10.76	5.93	181
DECEMBER	9.12	5.65	161
<u>2007</u>			
JANUARY	11.89	4.73	251
FEBRUARY	2.15	3.66	59
MARCH	9.24	9.31	99
APRIL	22.27	17.42	128
MAY	5.87	8.31	71
JUNE	0.95	3.79	25
TOTAL	97.14	68.26	142

TABLE 3
HUDSON RIVER - BLACK RIVER REGULATING DISTRICT

REGULATION OF THE HUDSON RIVER - GREAT SACANDAGA LAKE
(FORMERLY SACANDAGA RESERVOIR)

MONTH	ELEVATION OF RESERVOIR WATER SURFACE (DAILY AVERAGE) (Feet M.S.L.) (4)	MONTHLY RELEASE (AVERAGE) (C.F.S.) (1)	SPIER FALLS HYPOTHETICAL NATURAL FLOW (AVERAGE) (C.F.S.) (2)	SPIER FALLS REGULATED FLOW (AVERAGE) (C.F.S.) (3)
-------	--	---	--	---

2006

JULY	767.83	5550	7879	9890
AUGUST	763.29	2480	2343	4070
SEPTEMBER	760.72	1680	1790	2650
OCTOBER	767.94	1850	9062	6430
NOVEMBER	768.75	3930	11471	10520
DECEMBER	767.53	3920	7840	8220

2007

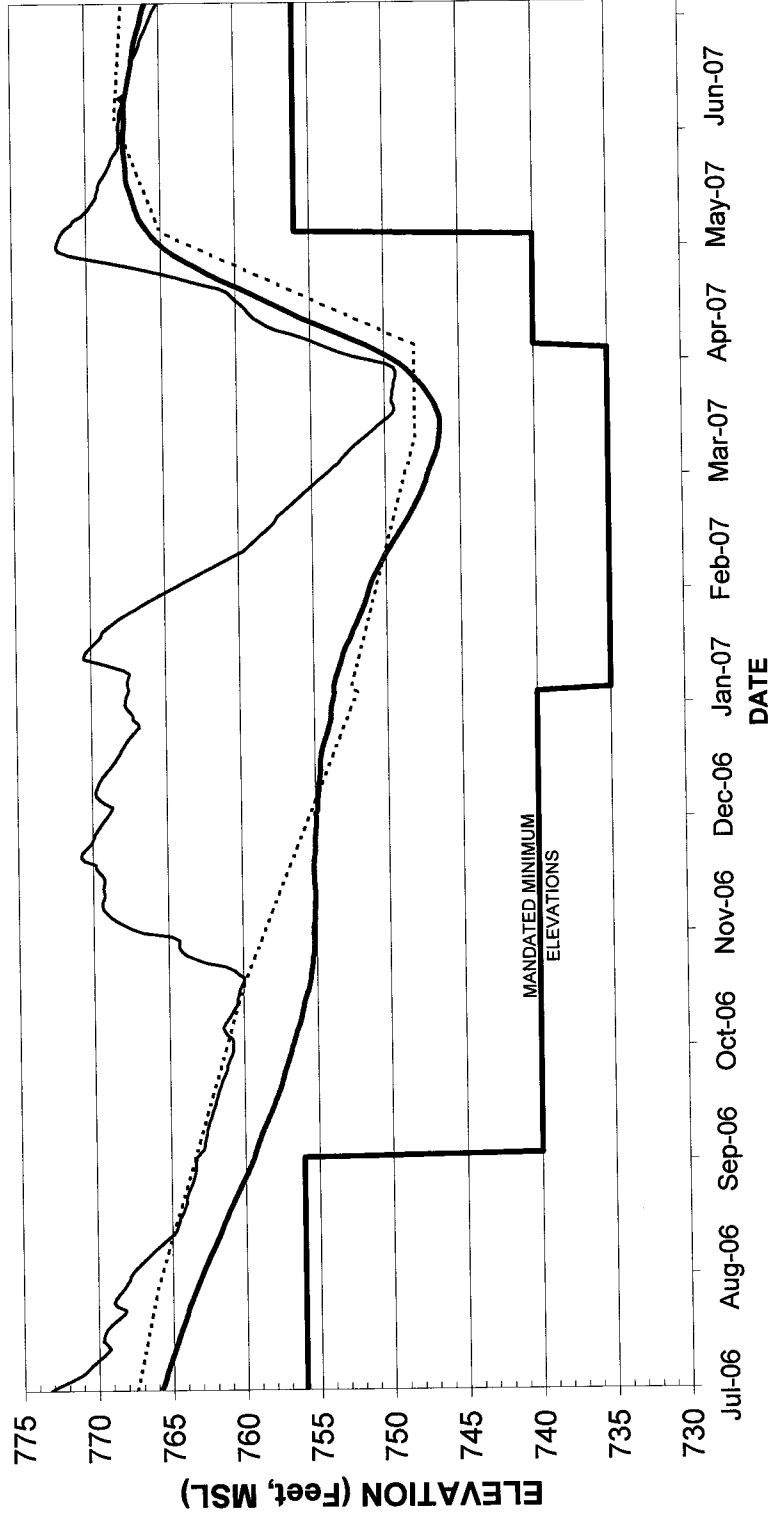
JANUARY	762.73	6470	9945	11630
FEBRUARY	753.52	4690	3579	6550
MARCH	753.69	3210	10581	6470
APRIL	771.76	1320	18861	11850
MAY	767.68	3880	6964	8390
JUNE	765.11	1530	1416	2550

- (1) This is the flow of the Sacandaga River at Stewart's Bridge near Hadley, N.Y.
(2) Includes Indian Lake Regulation; sum of GSL net inflow and Hudson River at Hadley.
(3) Sum of GSL release and Hudson River at Hadley.
(4) Daily average on last day of the month

Hudson River - Black River Regulating District

GREAT SACANDAGA LAKE

RESERVOIR ELEVATION JULY 2006 - JUNE 2007



- Great Sacandaga Lake Elevation
- Historic Average Elevation
- Mandated Minimum Elevation
- Settlement Target Elevation

Figure 1

Hudson River - Black River Regulating District

GREAT SACANDAGA LAKE

PRECIPITATION JULY 2006 - JUNE 2007

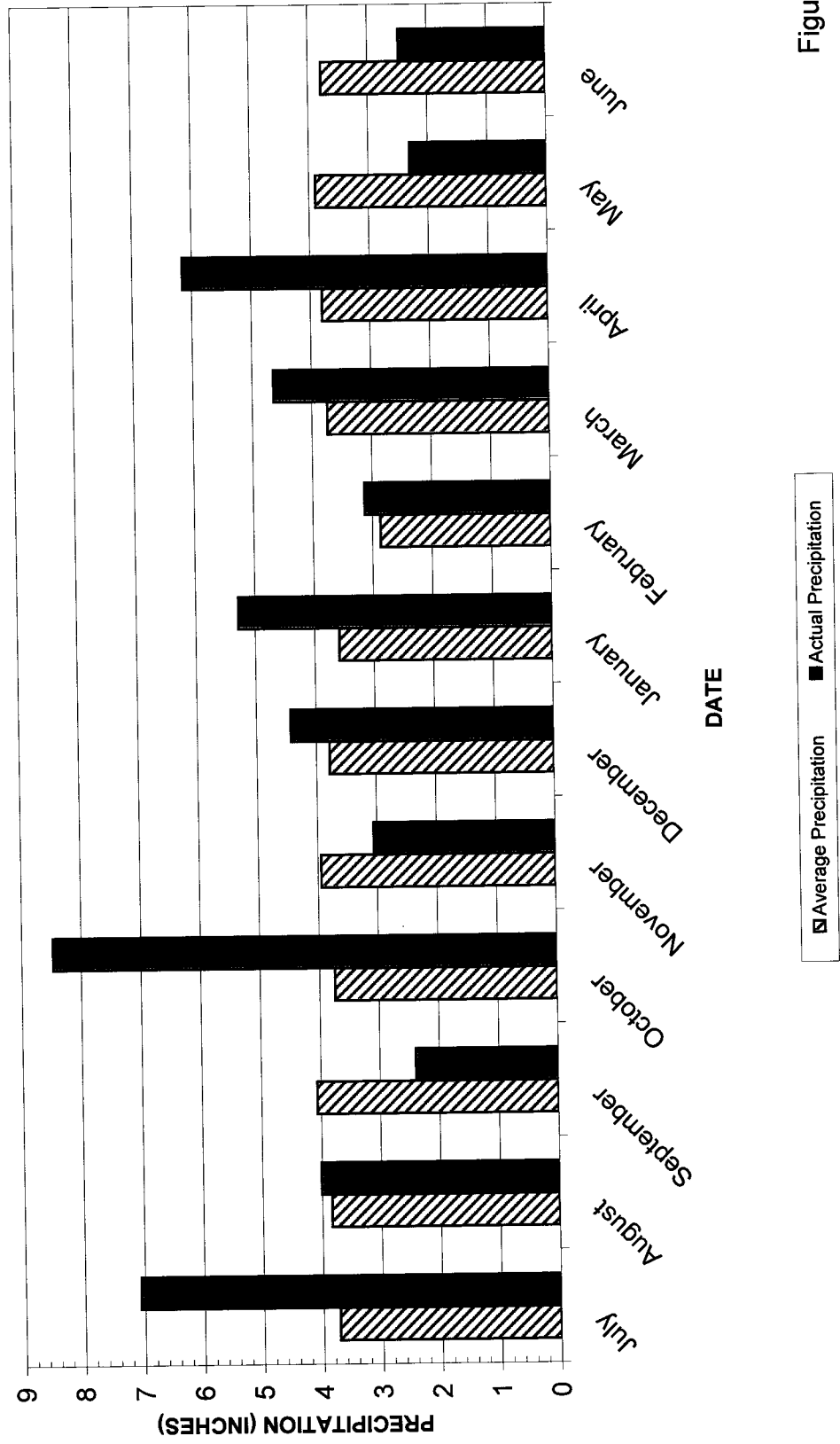


Figure 2

Hudson River - Black River Regulating District

GREAT SACANDAGA LAKE

INFLOW JULY 2006 - JUNE 2007

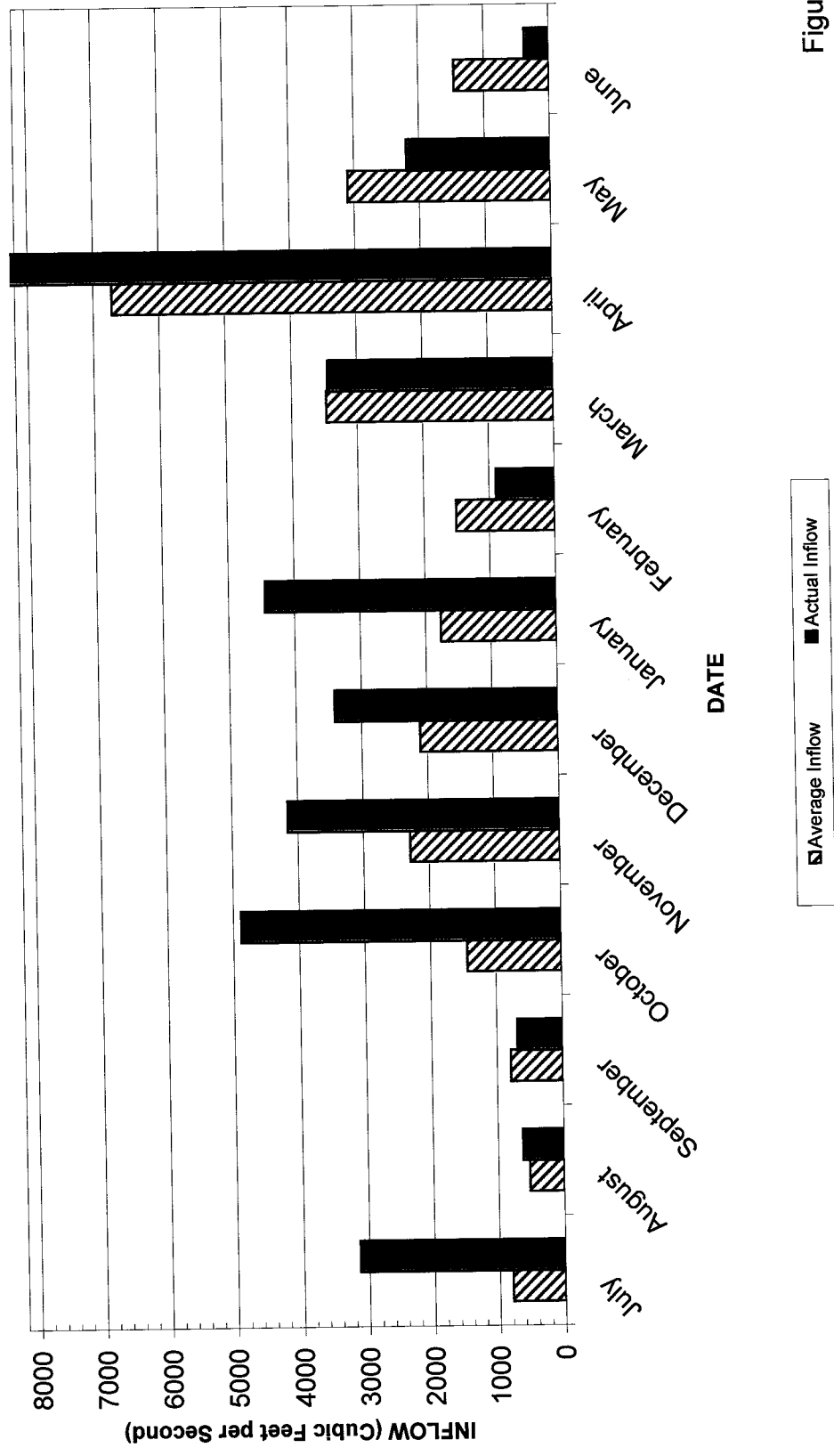


Figure 3

Hudson River - Black River Regulating District

GREAT SACANDAGA LAKE

HUDSON RIVER FLOW AT SPIER FALLS JULY 2006 - JUNE 2007

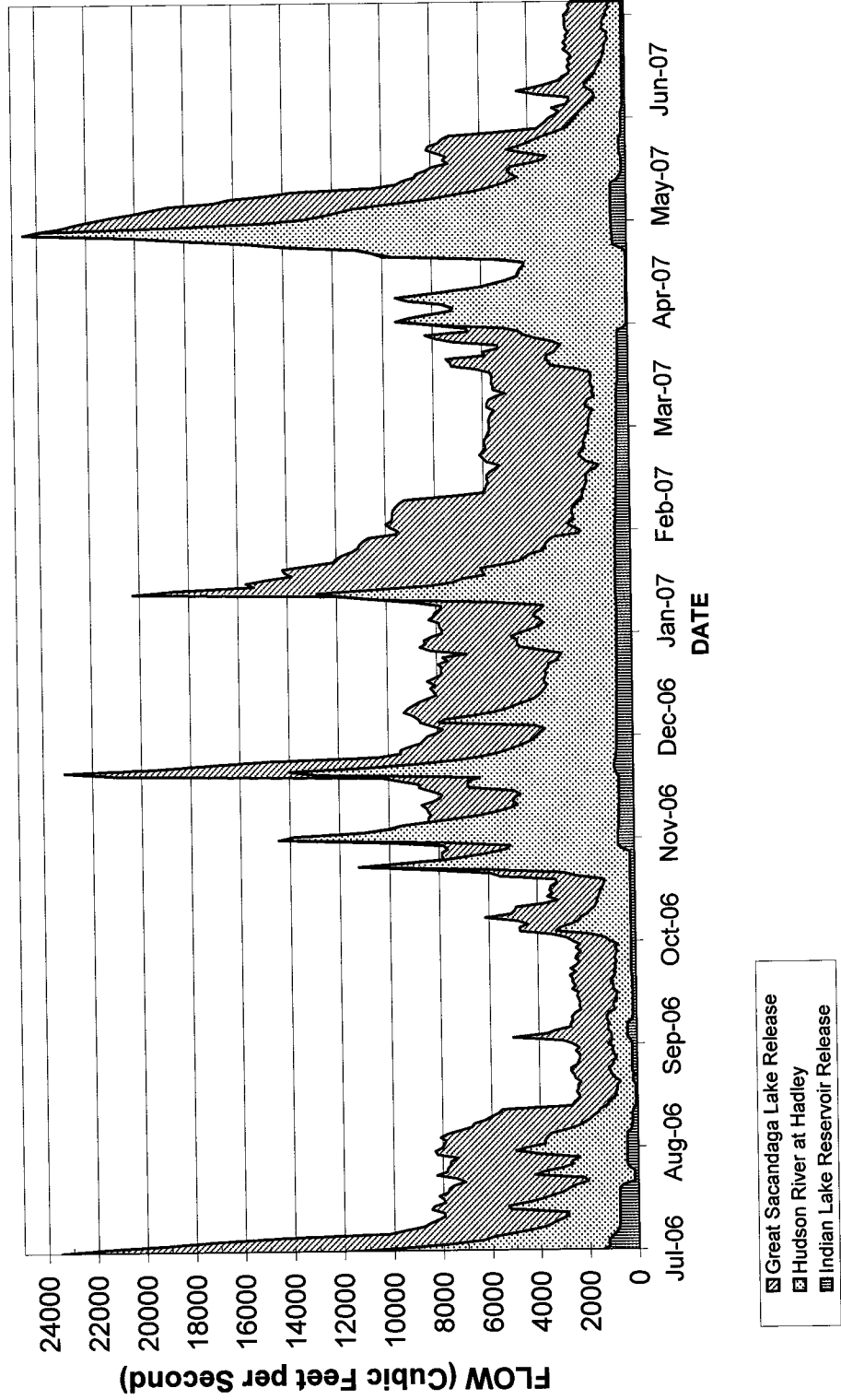
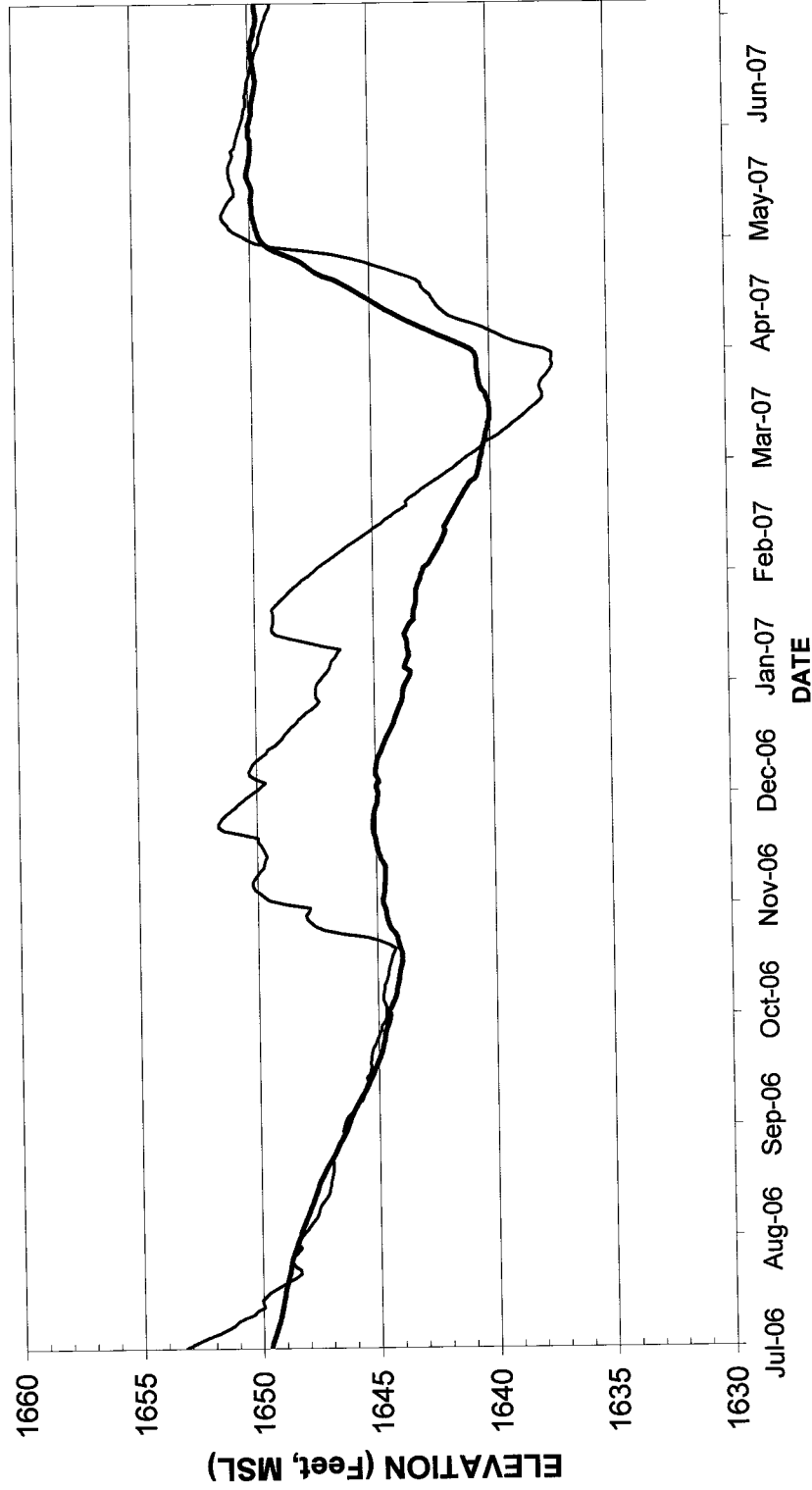


Figure 4

Hudson River - Black River Regulating District

INDIAN LAKE RESERVOIR

RESERVOIR ELEVATION JULY 2006 - JUNE 2007



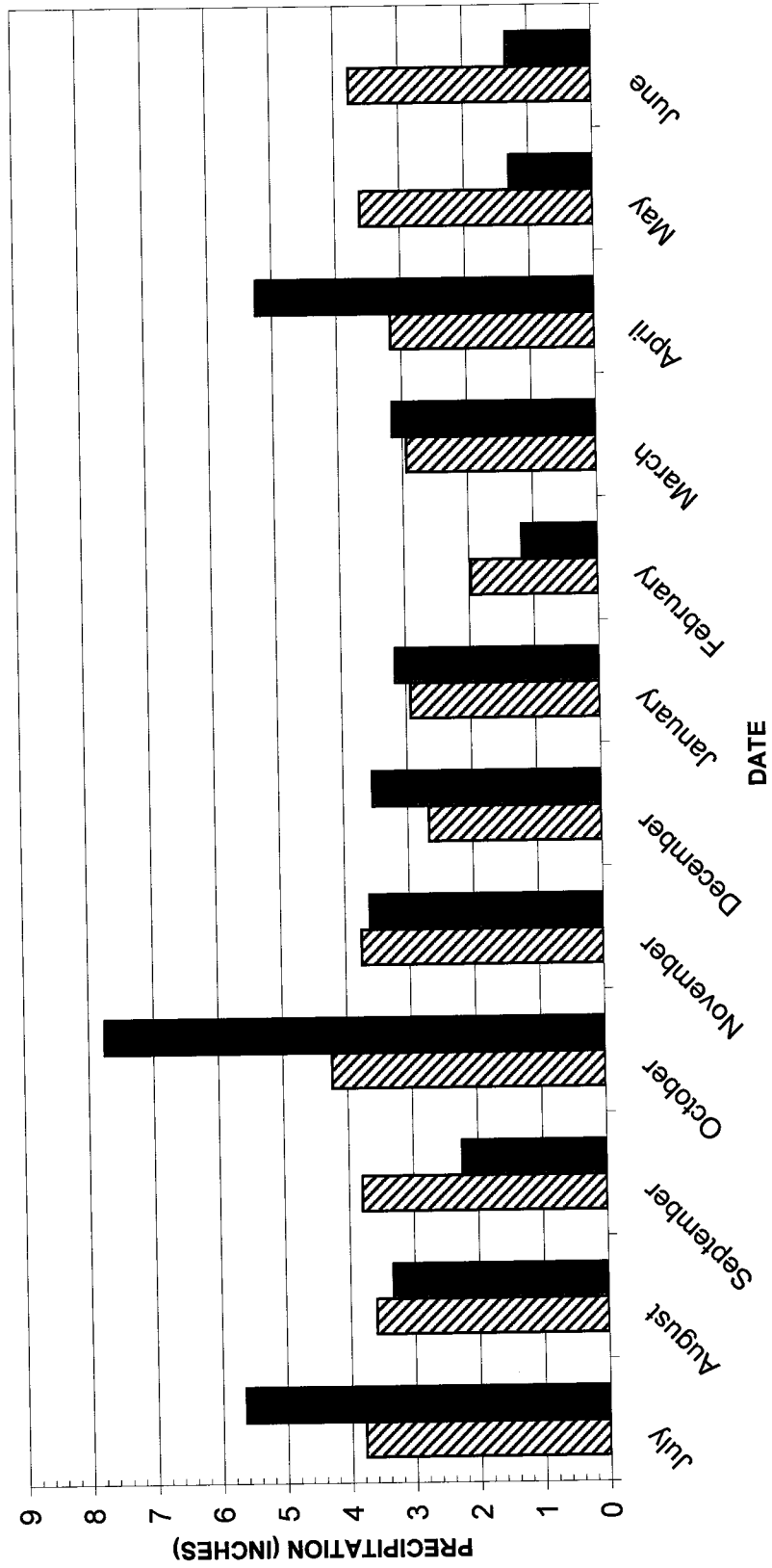
Indian Lake Elevation
Historic Average Elevation

Figure 5

Hudson River - Black River Regulating District

INDIAN LAKE RESERVOIR

PRECIPITATION JULY 2006 - JUNE 2007



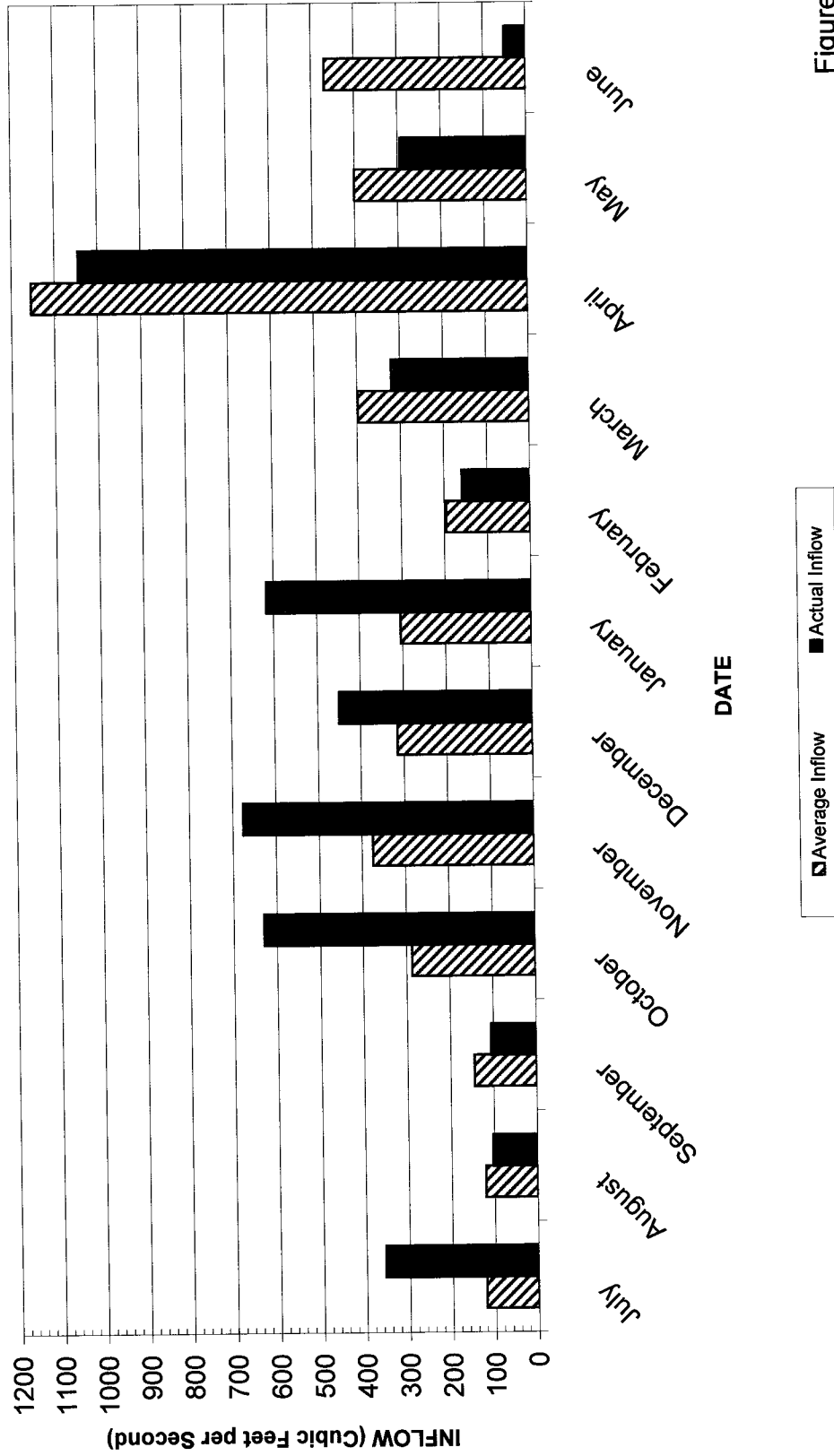
■ Average Precipitation ■ Actual Precipitation

Figure 6

Hudson River - Black River Regulating District

INDIAN LAKE RESERVOIR

INFLOW JULY 2006 - JUNE 2007



Net inflow including evaporation and transpiration

Figure 7

BLACK RIVER AREA

SECTION 15-2131 – SUBDIVISION 1.d.

BLACK RIVER AREA – STILLWATER RESERVOIR

MAINTENANCE AND OPERATION

Facility Maintenance and Operation

Regulating District personnel maintained facilities at the Stillwater Dam, Sixth Lake, Old Forge, Hawkinsville, Black River Field Office and Black River Area Office. Activities included building maintenance and grounds maintenance.

The field staff maintained, repaired and operated the Regulating District marine equipment, motor vehicles, construction equipment, small machinery and hand tools.

Black River Field Office staff performed routine maintenance work including the reading and inspection of elevation gauges at Stillwater Dam, Sixth Lake, Old Forge, McKeever, Hawkinsville, Boonville and Donnattsburg. Collection of hydrologic data, pH samples, and maintenance and operation of stream gauging stations in the Black River Watershed on the Black, Beaver and Moose Rivers as well as the Fulton Chain of Lakes was performed in cooperation with the United States Geological Survey (USGS). Meteorological, precipitation, snow accumulation and hydrological information collected by the Regulating District is published in National Weather Service and USGS documents and is used by the NWS in the forecasting of flood conditions.

Reservoir Maintenance and Operation

Regulating District personnel performed the following operation activities and routine maintenance:

- Grounds maintenance at embankment dams
- Daily observations and data collection, dam safety inspections
- Posting of notice and no trespassing signs
- Brushing and painting lines
- Removal and disposal of litter and debris found on reservoir lands
- Site maintenance at snow survey stations and completion of snow surveys
- Clearing of stumps, driftwood and debris from reservoir shoreline on District regulated property
- Cutting and removal of downed trees
- Maintenance and repair of safety equipment and structures
- Maintenance of danger buoys and log booms

Regulating District field staff repositioned the weir at the North Dike area of the Stillwater Dam to improve its performance.

Field staff placed crushed gravel on the mile long right-of-way the District maintains on the Necessary Dam Road. District filled potholes, built up low areas, and shaped and crowned the roadbed. Additionally, the District maintained the 1/8th mile road from the Evergreen Bridge to the North Dike area adjacent to the Stillwater Dam, including the placement of gravel, shaping and forming the road surface. Culverts on both roads were kept clear and maintained. Calcium chloride was spread on the right-of-way to limit dust and minimize erosion.

District personnel also responded to power outages and unscheduled shutdowns of the Mercer hydroelectric plant adjacent to the District's dam, opening gates in the dam to provide water to down-river beneficiaries until the hydroelectric facility was back online, discharging water.

District staff participated in health and safety training.

Daily elevation records were maintained to provide quarterly graphs that compare the present daily elevations to the target elevations and the long-term average (LTA) elevations.

An annual inspection of the Stillwater Reservoir was conducted by Mr. Lin of the Federal Energy Regulatory Commission on June 21, 2007. The Chief Engineer also performed dam inspections throughout the year.

SECTION 15-2131 SUBDIVISION 1.e.

STATEMENT OF CONDITION AND OPERATION OF STILLWATER RESERVOIR

Reservoir Elevation

The daily average elevation of the Stillwater Reservoir on July 1, 2006 was at 1679.48 feet. During the year ending June 2007, the reservoir elevation varied from a minimum of 1668.99 feet on October 16, 2006, to a maximum of 1679.74 feet on January 16, 2007. On June 30, 2007 the daily average elevation was 1676.07 feet above mean sea level. Figure 1 represents the reservoir elevation over the course of the reporting year. The reservoir elevation was approximately 2.1 feet above the long-term average in July 2006 and 0.7 feet above average at the end of September 2006. The Reservoir elevation was 7.7 feet higher than historic average in December 2006 and between 8.3 feet above and 5.4 feet above historic average in March 2007. The elevation of the reservoir averaged approximately 3.4 feet above historic average during the month of April 2007 and ended the month of June 1.1 feet lower than historic average.

Precipitation and Inflow

Precipitation was approximately 15% below average during the first half of the operating year (July - December 2006). Precipitation was approximately 13% lower than historic average during the period January through June 2007.

Snow surveys conducted during January through April 2007 indicated approximately 77% of average snow depth and 73% water content. The maximum average snow cover on the watershed was observed during the February 12 -14 survey and indicated an average snow depth of 26.2 inches and water content 4.6 inches, or approximately 115% and 85% of historic average, respectively.

The greatest snow depth at an individual station was recorded at the Sears Pond snow survey station during the February 12 – February 14 survey, with a measured snow depth of 44.3 inches and water content of 8.15 inches.

Inflow during the period July through December 2006 was approximately 120% of historic average. Daily average inflow for the months of January through June 2007 varied from approximately 153% to 40% of historic average, respectively.

Total inflow to the reservoir was 14.63 billion cubic feet for the year ending June 2007, which was 106% of the average annual inflow of 13.84 billion cubic feet. Inflow for the period January through June was approximately 96% of historic average.

Figure 2 indicates the precipitation that occurred at Stillwater Reservoir during the period July 2006 to June 2007. Figure 3 reflects the inflow to the reservoir during the period July 2006 to June 2007.

Reservoir Release and Storage

The release of water from the reservoir was suspended on several occasions as the Black River reached maximum target flows in October and November 2006, and in January, March, and April 2007. Unusually high inflow during October 2006 through January 2007 produced unusually high reservoir elevations throughout typical refilling period (March – June). A maximum flow of 21,500 cubic feet per second occurred in the Black River at Watertown on July 1, 2006.

Figure 4 indicates the regulated flow of the Black River at Watertown. The period of peak flow regulation occurred on November 17, 2006, and resulted in a regulated flow of 11,200 cubic feet per second in the Black River. Natural flow in the Black River at Watertown during this period would have been approximately 13,200 cubic feet per second without river regulation. A regulated peak flow of 21,500 cubic feet per second occurred in the Black River at Watertown on July 1, 2006. The Stillwater Reservoir provided approximately 1.87 billion cubic feet of storage for the period March 6 through May 2, 2007.

Table 1 - 3 details the regulation of the Black River by the Stillwater Reservoir and presents a summary of precipitation and snowfall, inflow, and regulation, respectively.

Maintenance

Daily maintenance was performed including daily dam safety inspections, reservoir elevation readings and gate changes as directed by the Chief Engineer. Piezometer and weir measurements were taken at a frequency as determined by the reservoir elevation.

District personnel also responded to power outages and unscheduled shutdowns of the Mercer hydroelectric plant adjacent to the District's dam, opening gates in the dam to provide water to down-river beneficiaries until the hydroelectric facility was back online, discharging water.

Staff installed warning and safety signs at the reservoir facilities.

STATEMENT OF CONDITION AND OPERATION OF SIXTH LAKE RESERVOIR

Reservoir Operation

The elevation of Sixth Lake Reservoir on July 1, 2006 was 1786.15 feet above mean sea level. During the year ending June 2007, the reservoir elevation varied from a minimum of 1780.71 feet on March 2, 2007, to a maximum of 1786.15 feet on July 1, 2006. On June 30, 2007 the reservoir elevation was 1785.81 feet above mean sea level. Figure 5 represents the reservoir elevation during the reporting year.

Precipitation

Total precipitation at Sixth Lake, for the period July 2006 through December 2006, was 27.0 inches, or 13% above the historic average of 23.9 inches. Total precipitation, for the period January 2007 through June 2007, was 21.1 inches, or 2% above the historic average of 20.6 inches. Figure 7 indicates the precipitation that occurred at Sixth Lake Reservoir during the period July 2006 to June 2007.

Reservoir Release and Storage

A minimum release of 3 cubic feet per second occurred August 10 – September 7, 2006. A maximum release of 294 cubic feet per second occurred on July 1, 2006. The Sixth Lake Reservoir provided approximately 0.16 billion cubic feet of storage for the period March 3 through June 1, 2007.

Maintenance

Completed concrete repairs of gate outlet structure.

Daily maintenance was performed including cleaning of debris and wildlife from trash racks, ice removal from gate intake area, daily reservoir elevation readings, and gate changes as directed by the Chief Engineer.

Staff installed warning and safety signs at the reservoir facilities.

The Chief Engineer performed annual dam safety inspections.

STATEMENT OF CONDITION AND OPERATION OF OLD FORGE RESERVOIR

Reservoir Elevation

The elevation of Old Forge Reservoir on July 1, 2006 was 1707.56 feet above mean sea level. During the year ending June 2007, the reservoir elevation varied from a minimum of 1703.40 feet on February 28, 2006, to a maximum of 1707.56 feet on July 1, 2006. On June 30, 2007 the reservoir elevation was 1706.75 feet above mean sea level. Figure 6 represents the reservoir elevation during the reporting year.

Precipitation

Total precipitation at Old Forge, for the period October 2006 through December 2006, was 15.9 inches, or 20% above the historic average of 13.2 inches. Total precipitation, for the period January 2007 through June 2007, was 23.5 inches, or 2% above the historic average of 23.1 inches. Figure 7 indicates the precipitation that occurred at Old Forge Reservoir during the period July 2006 to June 2007.

Reservoir Release and Storage

A minimum release of 3 cubic feet per second occurred May 6 – May 16, 2007. A maximum release of 426 cubic feet per second occurred on July 1, 2006. The Old Forge Reservoir provided approximately 0.45 billion cubic feet of storage for the period February 28 through June 2, 2007.

Maintenance

Daily maintenance was performed including cleaning of debris and wildlife from trash racks, ice removal from gate intake area, daily reservoir elevation readings and gate changes as directed by the Chief Engineer. Inspection, maintenance and reporting of the downstream river gauge was also performed.

Staff installed warning and safety signs at the reservoir facilities.

Staff installed a precipitation gauge at the dam.

The Chief Engineer performed annual dam safety inspections.

STATEMENT OF CONDITION AND OPERATION OF HAWKINSVILLE DAM

Reservoir Operation

The Hawkinsville Dam is operated as run-of-river facility. No management of the water impounded by the dam is required. The elevation of the Black River upstream of the dam is controlled by the discharge characteristics of a 300 foot long spillway. Impoundment elevation varies with the flow of the Black River. No storage capacity for flood protection or augmentation is available at the dam.

Maintenance

Routine maintenance and inspection activities occurred throughout the reporting year by the Area Administrator and maintenance staff. No major repairs or maintenance were necessary during the year.

Staff installed warning and safety signs at the reservoir facilities.

Staff repaired shoreline erosion caused by high flow.

STATEMENT OF OPERATION OF BLACK RIVER AREA OFFICE

District personnel at the Black River Area Office in Watertown performed the following administrative duties in support of the Black River Administrator and field personnel at the Black River Field Office:

- On a daily basis, receive data pertaining to reservoir elevations, water releases and weather observations; then record and transmit information to the Chief Engineer
- On a weekly basis, collect precipitation data from observers at Beaver Falls, Big Moose, Black River, Brown's Falls, Copenhagen, Eagle Bay, Hooker, Highmarket, Lowville, Old Forge, Stillwater and Taylorville; then compile and transmit the information to the National Weather Service. Coordinate any equipment repairs and supply needs of the weather observers with NWS.
- Monitor equipment function and notify USGS of any problems.
- Keep spreadsheets for historical records of: reservoir elevations, streamflow, piezometer readings, precipitation, pH data and snow depth data
- Review piezometer data received from the Black River Field Office and transmit to the Operations Engineer.
- Communicate with Mercer personnel regarding release changes at their hydroelectric plant at the Stillwater Reservoir as directed by the Chief Engineer. Coordinate changes with the Black River Field Office personnel. Notify Brookfield Power regarding release changes.
- Communicate with the gatekeepers at Old Forge and Sixth Lake regarding gate changes requested by the Chief Engineer.
- Procure tools, equipment and supplies for the Black River Area.
- Review bills and process checks. Keep track of expenditures and budget items for the Black River Field Office.

TABLE 1
HUDSON RIVER - BLACK RIVER REGULATING DISTRICT

PRECIPITATION ON BLACK RIVER WATERSHED

MONTH	STILLWATER RES.		BASIN AVERAGE	
	MONTHLY TOTAL	HISTORIC AVERAGE	MONTHLY TOTAL	HISTORIC AVERAGE
(INCHES)				
<u>2006</u>				
JULY	4.27	4.79	3.91	3.91
AUGUST	1.89	4.58	1.98	4.29
SEPTEMBER	4.21	5.13	5.15	4.29
OCTOBER	6.87	4.76	7.24	3.81
NOVEMBER	3.21	4.56	3.57	4.44
DECEMBER	3.27	3.81	4.64	4.22
<u>2007</u>				
JANUARY	3.98	3.77	4.79	3.51
FEBRUARY	2.50	2.78	3.28	3.17
MARCH	3.44	3.16	3.80	3.50
APRIL	3.82	3.31	4.01	3.68
MAY	2.97	4.38	2.09	3.86
JUNE	2.33	4.50	2.49	3.85
TOTAL	42.76	49.53	46.95	46.53
(Year: July - June)				

BLACK RIVER WATERSHED SNOW SURVEY

DATE	SURVEY DATA		HISTORIC AVERAGE	
	SNOW DEPTH (INCHES)	WATER CONTENT (INCHES)	SNOW DEPTH (INCHES)	WATER CONTENT (INCHES)
<u>2007</u>				
January 1 - 3	0.0	0.0	13.1	2.7
January 15 - 17	4.1	0.9	16.1	3.6
January 29 - January 31	9.8	1.8	20.0	4.9
February 12 - 14	26.2	4.6	22.8	5.4
February 26 - February 28	26.0	6.2	22.0	6.3
March 12 - 14	23.1	7.1	22.2	6.7
March 26 - 28	11.4	4.9	15.8	4.8
April 9 - 11	9.8	2.3	10.8	3.7

TABLE 2
HUDSON RIVER - BLACK RIVER REGULATING DISTRICT
INFLOW TO STILLWATER RESERVOIR

MONTH	INFLOW (B.C.F.)	HISTORIC AVERAGE INFLOW (B.C.F.) (1)	PERCENT OF AVERAGE (%)
<u>2006</u>			
JULY	1.00	0.67	149
AUGUST	0.34	0.65	52
SEPTEMBER	0.38	0.64	59
OCTOBER	1.61	1.00	161
NOVEMBER	1.84	1.36	136
DECEMBER	1.52	1.24	123
<u>2007</u>			
JANUARY	1.97	1.29	153
FEBRUARY	0.56	0.81	69
MARCH	1.48	1.45	102
APRIL	2.52	2.46	102
MAY	1.07	1.41	76
JUNE	0.35	0.87	40
TOTAL	14.63	13.84	106

(1) Period of Record 1986 - 2007

TABLE 3
HUDSON RIVER - BLACK RIVER REGULATING DISTRICT
REGULATION OF THE BLACK RIVER - STILLWATER RESERVOIR

MONTH	ELEVATION OF RESERVOIR WATER SURFACE (DAILY AVERAGE) (Feet M.S.L.) (3)	MONTHLY RELEASE (AVERAGE) (C.F.S.)	WATERTOWN COMPUTED NATURAL FLOW (AVERAGE) (C.F.S.) (1)	WATERTOWN REGULATED FLOW (AVERAGE) (C.F.S.) (2)
<u>2006</u>				
JULY	1676.81	637	5906	6170
AUGUST	1672.51	509	2227	2610
SEPTEMBER	1670.30	322	2174	2350
OCTOBER	1674.07	281	7479	7160
NOVEMBER	1677.91	354	10006	9650
DECEMBER	1677.90	574	7144	7150
<u>2007</u>				
JANUARY	1678.69	656	7789	7710
FEBRUARY	1674.09	716	2804	3290
MARCH	1672.65	655	7989	8090
APRIL	1678.48	426	11306	10760
MAY	1677.23	481	4099	4180
JUNE	1671.15	300	1513	1680

- (1) Watertown flow minus net reservoir augmentation (release minus inflow).
(2) Black River flow at Watertown (VanDuzee Street gauge).
(3) Daily average on last day of the month

Hudson River - Black River Regulating District

STILLWATER RESERVOIR

RESERVOIR ELEVATION JULY 2006 - JUNE 2007

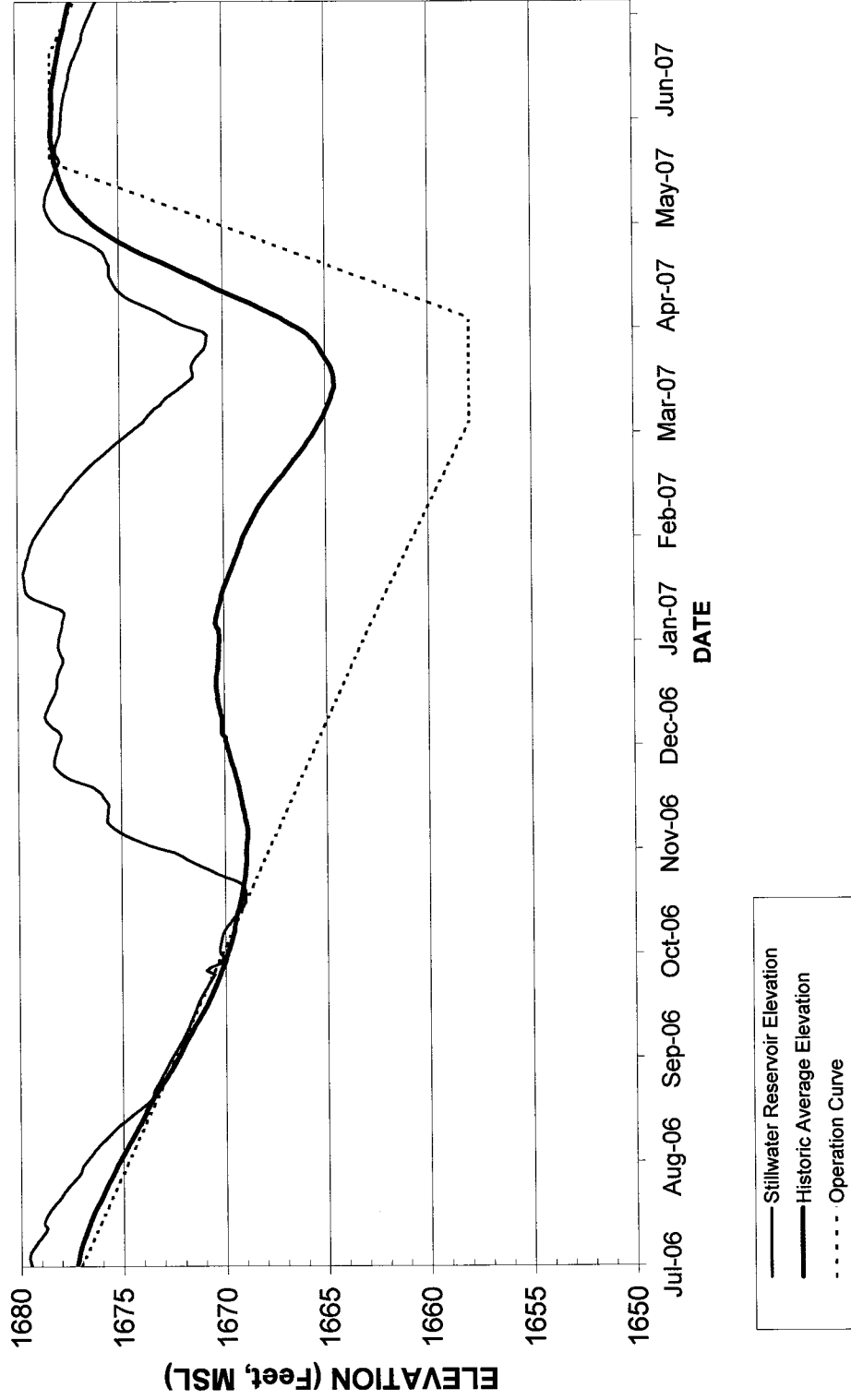
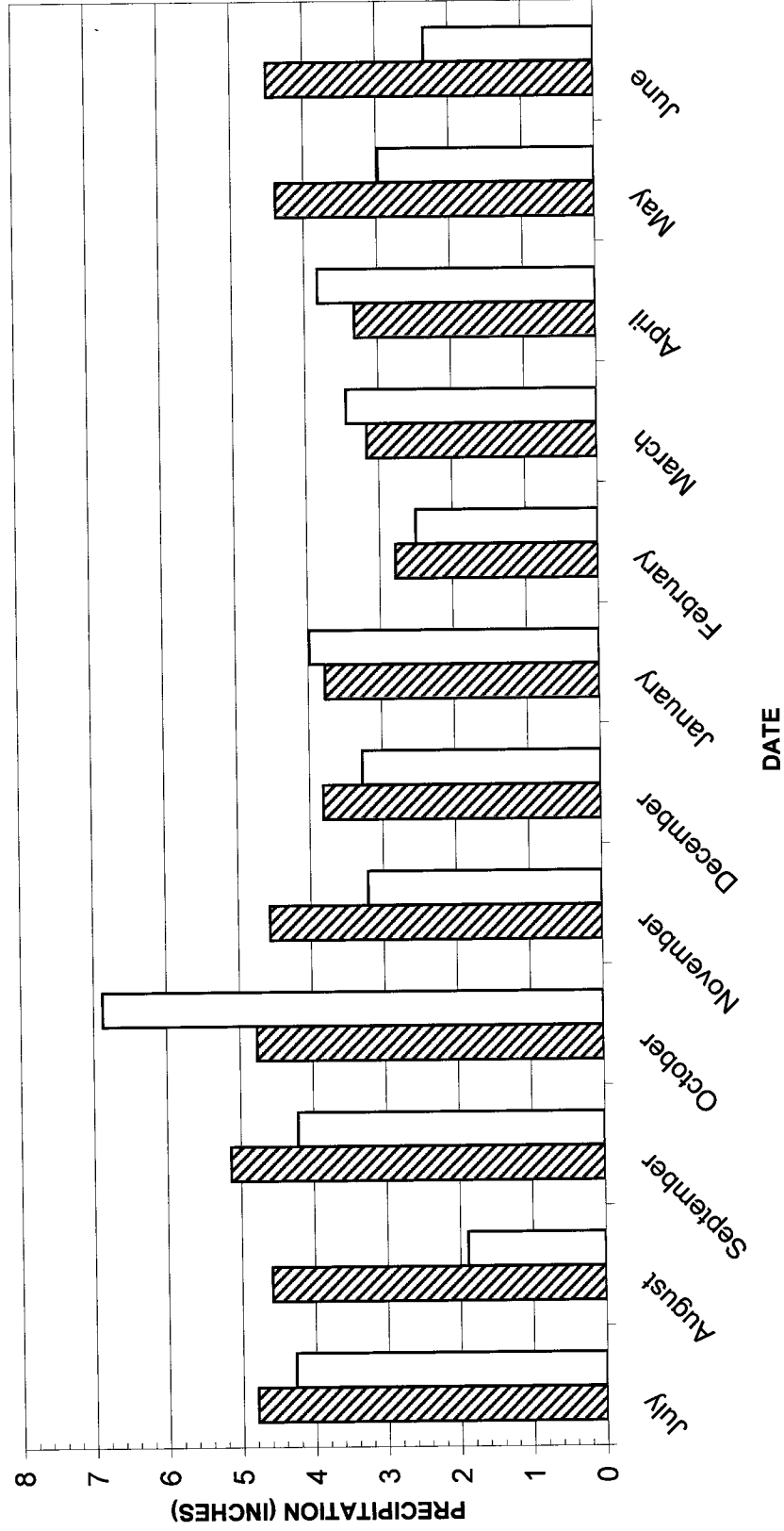


Figure 1

Hudson River - Black River Regulating District

STILLWATER RESERVOIR

PRECIPITATION JULY 2006 - JUNE 2007



▨ Average Precipitation □ Actual Precipitation

Figure 2

Hudson River - Black River Regulating District

STILLWATER RESERVOIR

INFLOW JULY 2006 - JUNE 2007

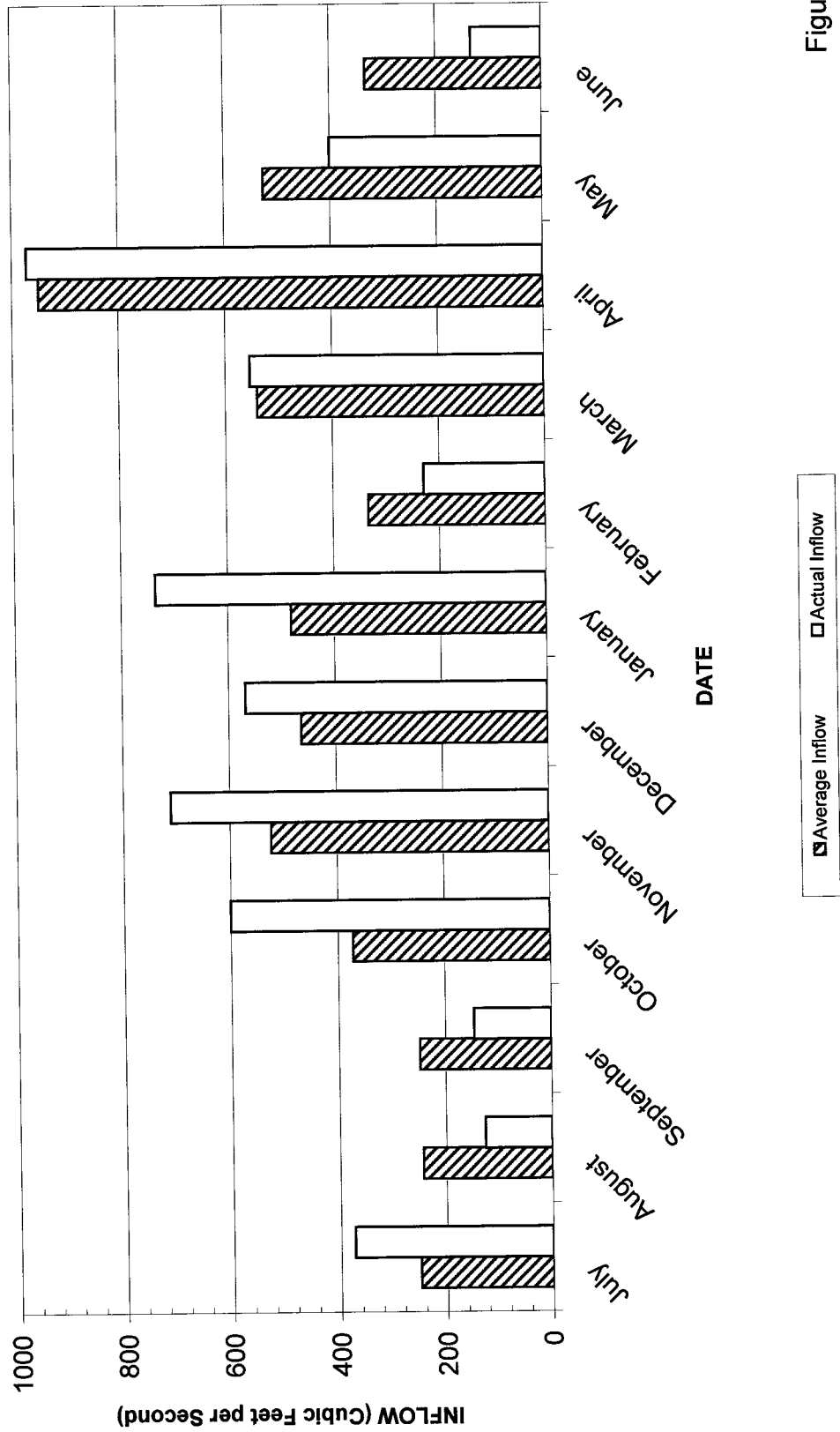


Figure 3

Hudson River - Black River Regulating District

STILLWATER RESERVOIR

BLACK RIVER FLOW AT WATERTOWN JULY 2006 - JUNE 2007

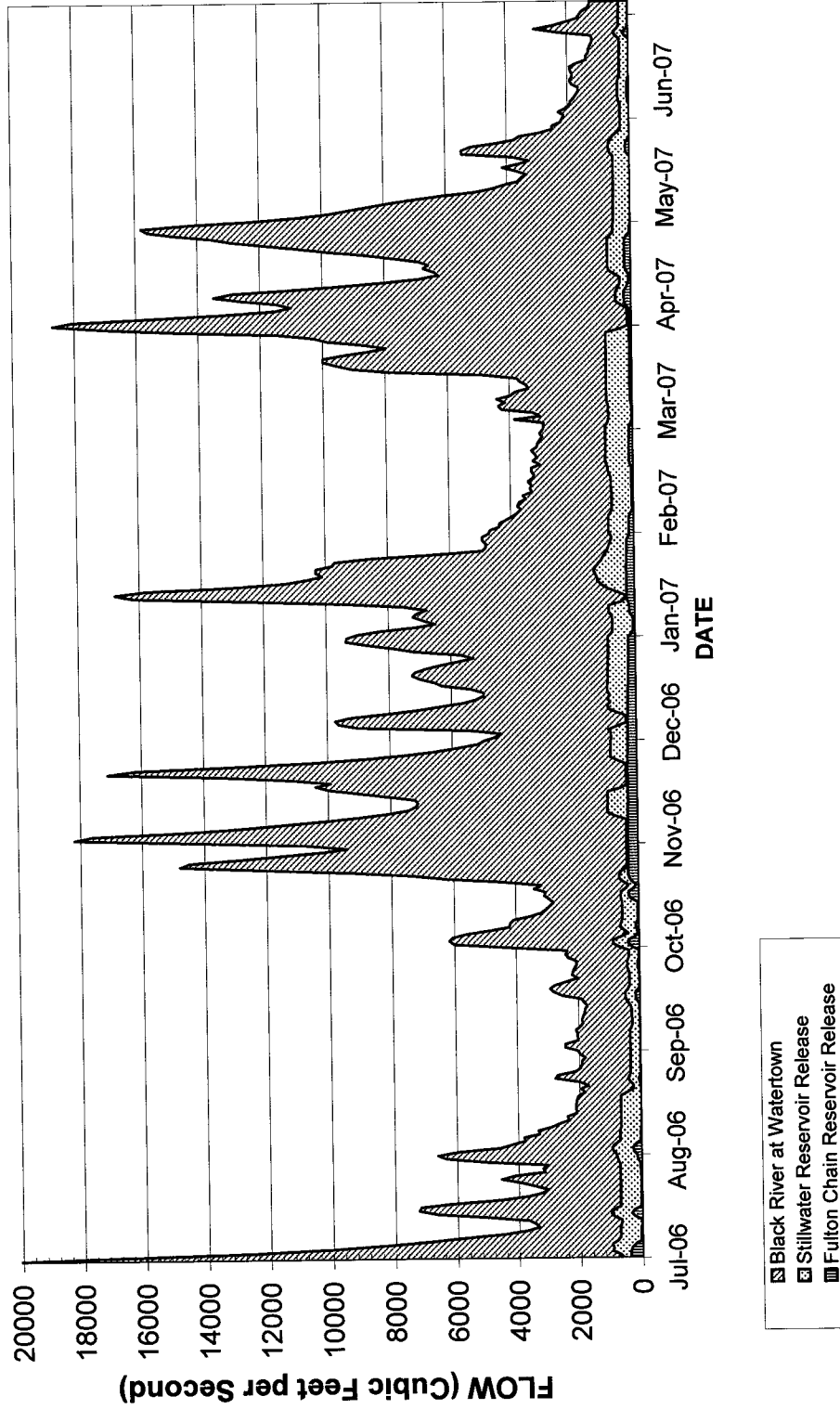
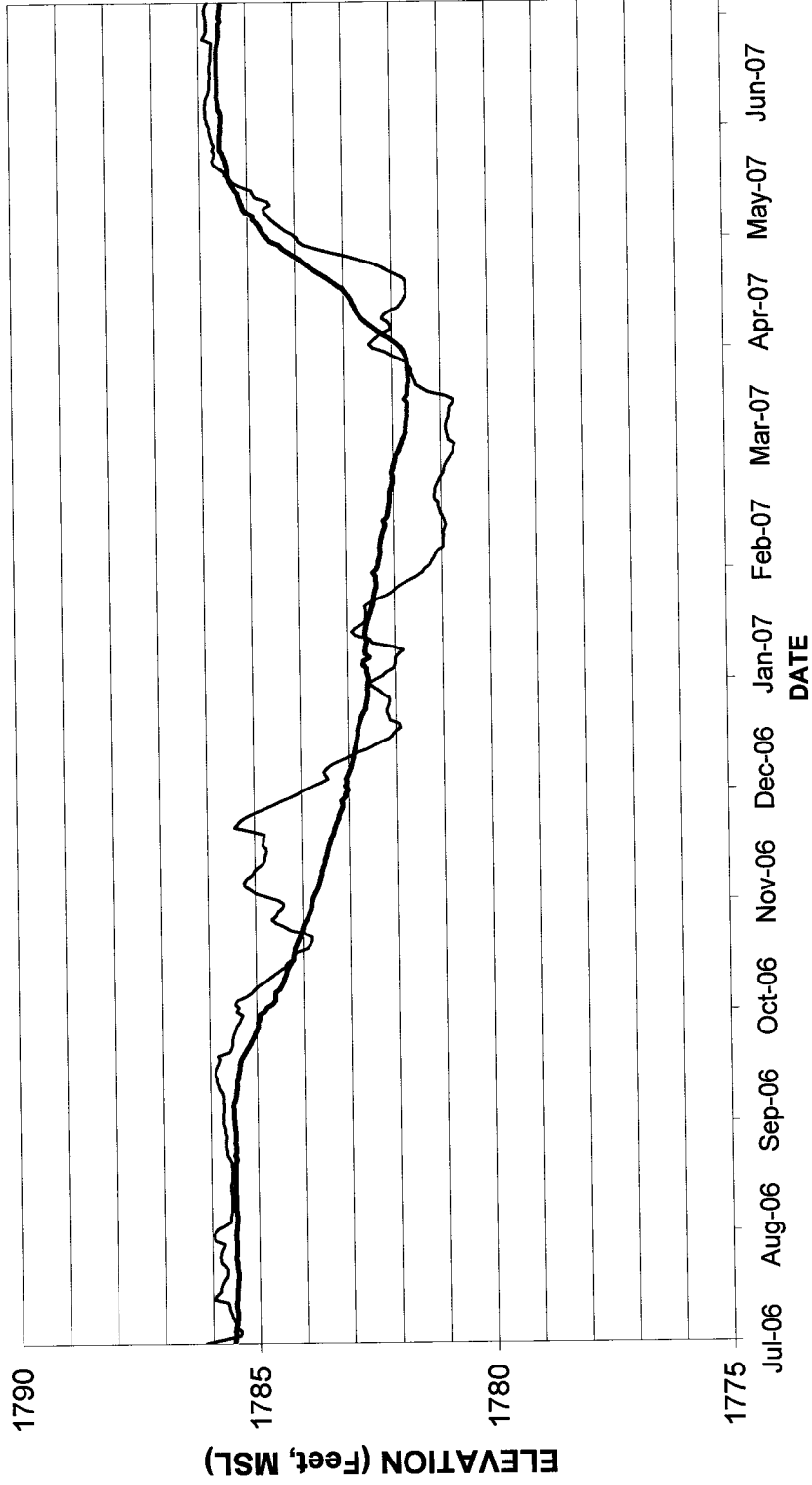


Figure 4

Hudson River - Black River Regulating District

SIXTH LAKE RESERVOIR

RESERVOIR ELEVATION JULY 2006 - JUNE 2007

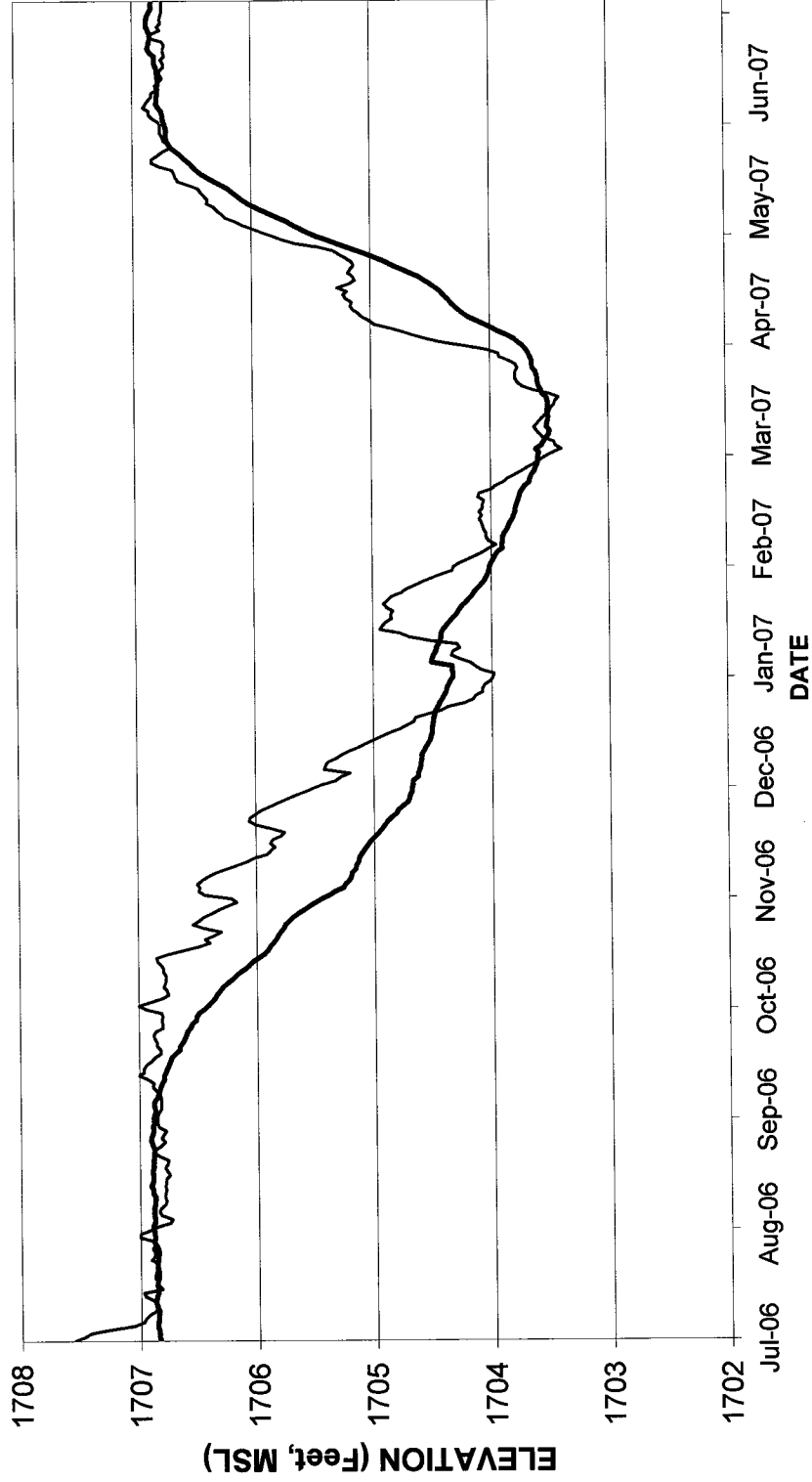


— Sixth Lake Elevation
— Historic Average Elevation

Figure 5

Hudson River - Black River Regulating District OLD FORGE RESERVOIR

RESERVOIR ELEVATION JULY 2006 - JUNE 2007



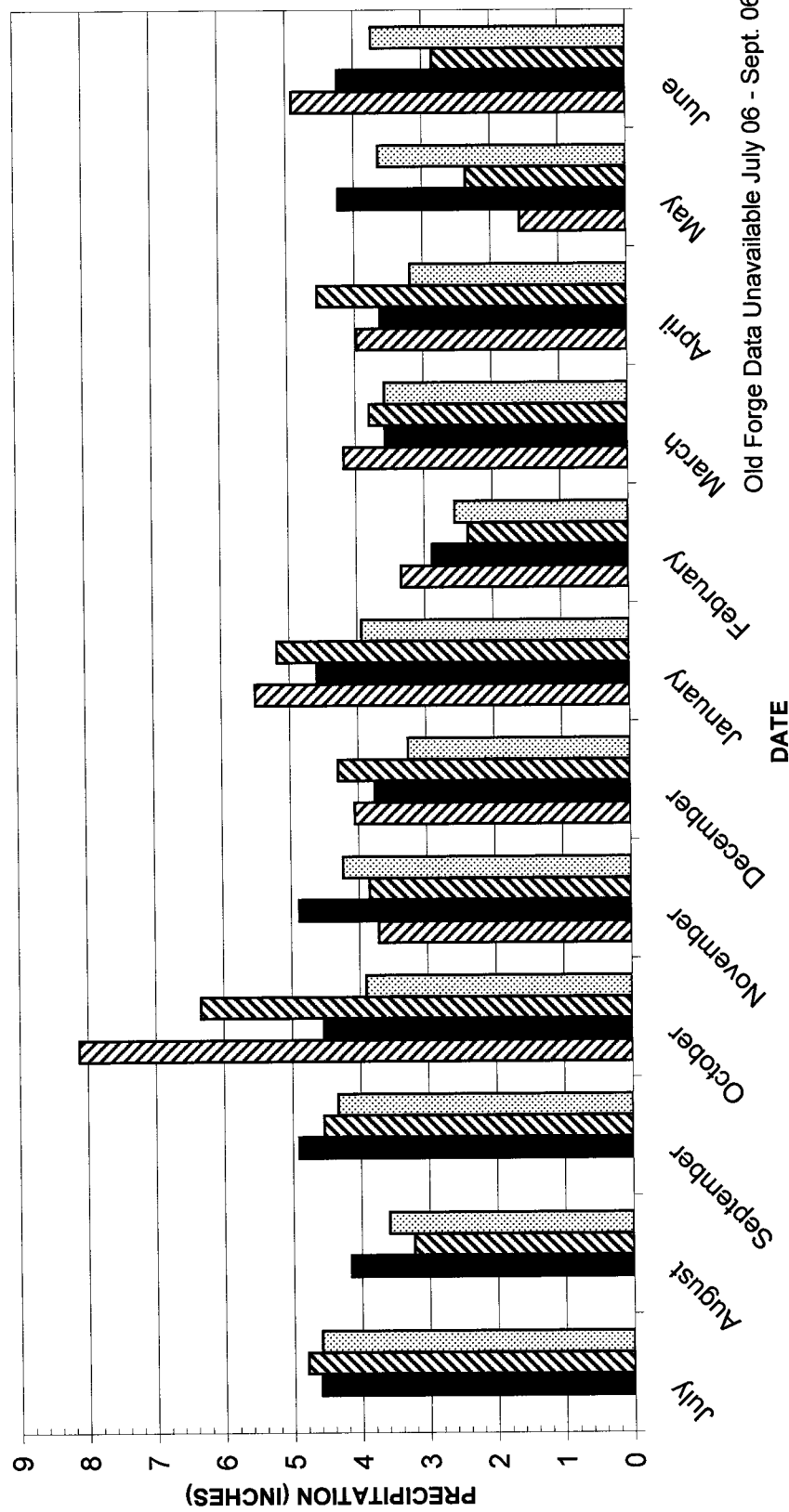
— Old Forge Elevation
— Historic Average Elevation

Figure 6

Hudson River - Black River Regulating District

FULTON CHAIN RESERVOIRS

PRECIPITATION JULY 2006 - JUNE 2007



Old Forge Data Unavailable July 06 - Sept. 06

■ Old Forge Actual Precipitation
 ■ Old Forge Average Precipitation
 ▨ Sixth Lake Actual Precipitation
 ▨ Sixth Lake Average Precipitation

Figure 7

SECTION 15-2131, SUBDIVISION 2

IN ADDITION TO THE MATTERS OUTLINED ABOVE,
THE BOARD SHALL REPORT TO THE DEPARTMENT
ON SUCH OTHER MATTERS AS OR SHALL DEEM
PROPER OR THE DEPARTMENT SHALL REQUIRE.



To: The Board of the Hudson River-Black River Regulating District

From: William L. Busler , General Counsel

Date: December 21, 2007

**Subject: Annual Counsel's Report
 July 1, 2006 through June 30, 2007 Pursuant to Environmental
 Conservation Law (ECL) section 15-2131 (1)(c) and (2)**

STATEMENT OF PETITIONS RECEIVED (ECL §15-2131 (1)(c))

1. *Niagara Mohawk Power Corp. v. Hudson River-Black River Regulating District.*

As of June 30, 2007 Niagara Mohawk Power Corporation has commenced 12 proceedings that challenge their assessments for fiscal years 2000-2001, 2001-2002, 2003-2004, 2004-2005 and 2005-2006¹. These proceedings have been filed in Fulton, Herkimer and Hamilton Counties. The essence of these Article 78 proceedings is that Niagara Mohawk Power Corporation (NiMo) asserts that there are other benefited entities that should pay a portion of the assessments that presently do not; and NiMo claims that because that it is no longer in the power generation business that it should not be considered a statutory beneficiary and should pay no assessment whatsoever.

Accordingly, NiMo claims that the District's apportionment of its operating and maintenance costs and its corresponding annual assessments for the subject years are arbitrary, capricious and unconstitutional. They seek recovery of all or part of their assessments for these years. The District's potential liability in these proceedings is the total amount of the assessments for fiscal years 2000-2006 which is approximately \$10 million. The District will continue to litigate the pending NiMo proceedings vigorously.

During the 2005-2006 reporting period, the District was represented in the NiMo by Crane Parente & Cherubin PC as Special Counsel to the District. The aforementioned law firm is located at 90 State Street, Albany, New York 12207.

¹ The petitions that challenge the 2006-2007 assessments were filed with the Regulating District on July 27, 2007 which is outside of this reporting period.

2. *Erie Boulevard Hydropower, L.P. vs. Board of the Hudson River-Black River Regulating District.*

In contrast to the NiMo litigation, Erie Boulevard Hydropower, L.P. which had commenced 11 proceedings similar to those of NiMo has settled all of its litigation filed against the District. As part of this settlement agreement, among other provisions, Erie agreed not to bring further Article 78 petitions against the District for a period of three years.

3. *Cenci v. Board of the Hudson River Black River Regulating District*

On November 6, 2006, Helen and Dante Cenci served a petition upon the Regulating District that commenced an Article 78 proceeding against the Board. The Cenci's are challenging the District's determination that required them to remove a portion of a building they own that encroaches upon lands of the State of New York that are under the jurisdiction of the Regulating District. The case is being heard in state Supreme Court in Fulton County.

OTHER MATTERS OF INTEREST (ECL § 15-2131 (2))

1. Freedom of Information Law (FOIL) Requests

During the reporting period the District received 35 FOIL requests. All of these requests were processed in accordance with the statute and the information sought, if available, was provided to the requesting party in a manner consistent with the District's statutory obligations. One appeal resulted from the 35 requests received.

Respectfully submitted,



**William L. Busler
General Counsel**

RESOLUTIONS JULY 1, 2006 - JUNE 30, 2007

<u>RESOLUTION NO.</u>	<u>TITLE</u>
06-32-07	RESOLUTION AUTHORIZING CERTAIN BUDGET TRANSFERS
06-33-07	RESOLUTION AMENDING THE REGULATING DISTRICT'S PROCUREMENT POLICY
06-34-07	RESOLUTION TO APPROVE COOL INSURING AGENCY, INC. INSURANCE PROPOSAL FOR POLICY YEAR JULY 1, 2006 THROUGH JUNE 30, 2007
06-35-07	RESOLUTION CHANGING THE TITLE OF CERTAIN REGULATING DISTRICT UNION PERSONNEL
06-36-07	RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE SEPTEMBER 11, 2006 REGULAR BOARD MEETING
06-37-09	RESOLUTION APPROVING LEGAL SERVICES IN CONNECTION TO COMPLAINT MADE BEFORE FERC AGAINST THE REGULATING DISTRICT BY FOURTH BRANCH ASSOCIATES (MECHANICVILLE)
06-38-09	RESOLUTION AWARDING THE CONTRACT FOR INTAKE REPAIR WORK AT THE CONKLINGVILLE DAM TO GOMEZ & SULLIVAN ENGINEERS
06-39-09	RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENGAGE FERGUSON & FOSS, PROFESSIONAL LAND SURVEYORS TO PROVIDE PROFESSIONAL LAND SURVEYING SERVICES
06-40-09	RESOLUTION TO ENGAGE SARATOGA ASSOCIATES LANDSCAPE ARCHITECTS, ENGINEERS AND PLANNERS, P.C. TO COMPLETE ADDITIONAL SCOPE OF WORK RELATED TO THE ADMINISTRATION OF THE GREAT SACANDAGA LAKE ACCESS PERMIT SYSTEM
06-41-09	RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE OCTOBER 2, 2006 REGULAR BOARD MEETING

PAGE TWO

RESOLUTION NO.

TITLE

06-42-10	RESOLUTION NAMING THE EXECUTIVE DIRECTOR THE REGULATING DISTRICT'S CONTRACTING OFFICER
06-43-10	RESOLUTION ADOPTING DISPOSITION OF PROPERTY GUIDELINES
06-44-10	RESOLUTION APPROVING LEGAL SERVICES IN CONNECTION TO ASSISTING IN THE COMPLETION OF AN ARBITRATION "WRITTEN STATEMENT"
06-45-10	RESOLUTION APPROVING LEGAL SERVICES TO "ORDER TO SHOW CAUSE TO PUNISH DEFENDANT FOR CIVIL CONTEMPT FOR FAILURE TO OBEY JUDGMENT" – INDEX NO: 79812
06-46-10	RESOLUTION AUTHORIZING ADDITIONAL FUNDING FOR GENERAL LEGAL MATTERS IN THE HUDSON RIVER AREA
06-47-10	RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE NOVEMBER 13, 2006 REGULAR BOARD MEETING
06-48-11	RESOLUTION AMENDING THE REGULATING DISTRICT'S PROCUREMENT POLICY
06-49-11	RESOLUTION APPROVING LEGAL SERVICES IN CONNECTION TO A NOTIFICATION TO COMMENCE ARTICLE 78 PROCEEDINGS BY HELENE AND DANTE CENCI
06-50-11	RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE DECEMBER 11, 2006 REGULAR BOARD MEETING
06-51-11	RESOLUTION APPROVING LEGAL SERVICES IN CONNECTION TO A NOTIFICATION OF CLAIM ENTITLED CHRISTINA V. CHERA AGAINST THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
06-52-11	RESOLUTION TO GRANT EASEMENT RIGHTS TO VILLAGE OF MAYFIELD

PAGE THREE

RESOLUTION NO.

TITLE

- | | |
|----------|---|
| 06-53-11 | RESOLUTION TO HIRE A PLANT OPERATOR FOR THE BLACK RIVER AREA OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT |
| 06-54-11 | RESOLUTION AUTHORIZING THE EMPLOYMENT OF MARK VISSCHER AS HUDSON RIVER AREA ADMINISTRATOR OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT |
| 06-55-11 | RESOLUTION AUTHORIZING THE EMPLOYMENT OF WILLIAM L. BUSLER AS COUNSEL OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT |
| 06-56-12 | RESOLUTION TO SATISFY ANNUAL REVIEW AND APPROVAL OF THE REGULATING DISTRICT'S INVESTMENT POLICY |
| 06-57-12 | RESOLUTION ADOPTING AMENDED BY-LAWS OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT |
| 06-58-12 | RESOLUTION AUTHORIZING APPOINTMENT OF ASSISTANT SECRETARY-TREASURER FOR THE REGULATING DISTRICT'S BLACK RIVER AREA PURSUANT TO THE REGULATING DISTRICT'S BY-LAWS |
| 06-59-12 | RESOLUTION TO APPROVE CONTRACT WITH GOMEZ & SULLIVAN TO PERFORM ENGINEERING SERVICES IN CONNECTION TO THE GATE INTAKE CONCRETE REPAIR PROJECT AT THE CONKLINGVILLE DAM |
| 06-60-12 | RESOLUTION TO APPROVE CONTRACT WITH DEVINE TARBELL & ASSOCIATES, INC. (DTA) TO PERFORM ENGINEERING SERVICES IN CONNECTION TO THE DOW VALVE REMEDIATION PROJECT AT THE CONKLINGVILLE DAM |
| 06-61-12 | RESOLUTION TO ACKNOWLEDGE CERTAIN PAST PRACTICES PERTAINING TO THE PERMIT SYSTEM RULES |

PAGE FOUR

RESOLUTION NO.

TITLE

06-62-12 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE ANNUAL ORGANIZATIONAL MEETING AND REGULAR MEETING FOR JANUARY 2007

2007 ORGANIZATIONAL MEETING

07-01-01 RESOLUTION APPROVING LEGAL SERVICES AMENDMENT IN CONNECTION TO COMPLAINT MADE BEFORE FERC AGAINST THE REGULATING DISTRICT BY FOURTH BRANCH ASSOCIATES (MECHANICVILLE)

07-02-01 RESOLUTION TO AWARD THE WORK TO PERFORM SPILLWAY STABILITY ANALYSIS AT THE CONKLINGVILLE DAM TO GOMEZ AND SULLIVAN ENGINEERS

07-03-01 RESOLUTION TO AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE A CONTRACT WITH GOMEZ AND SULLIVAN ENGINEERS FOR SPILLWAY STABILITY ANALYSIS WORK AT THE CONKLINGVILLE DAM FOR A NOT TO EXCEED AMOUNT OF \$20,000

07-04-01 RESOLUTION TO AWARD THE CONTRACT FOR HAWKINSVILLE INCREMENTAL DAM BREAK ANALYSIS TO KLEINSCHMIDT ASSOCIATES

07-05-01 RESOLUTION TO APPROVE CONTRACT AMENDMENT FOR PHASE 2 WITH DEVINE TARBELL & ASSOCIATES, INC. (DTA) TO PERFORM ENGINEERING SERVICES IN CONNECTION TO THE DOW VALVE REMEDIATION PROJECT AT THE CONKLINGVILLE DAM

07-06-01 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE FEBRUARY 2007 REGULAR BOARD MEETING

07-07-02 RESOLUTION TO APPROVE LEGAL SERVICES PROVIDED IN CONNECTION TO THE REVIEW OF CERTAIN REGULATING DISTRICT CONTRACTS

07-08-02 RESOLUTION TO APPROVE LEGAL SERVICES CONTRACT AMENDMENT IN CONNECTION TO UNION ARBITRATION "WRITTEN STATEMENT"

PAGE FIVE

RESOLUTION NO.

TITLE

- 07-09-02 RESOLUTION TO AMEND THE REGULATING DISTRICT'S CODE OF ETHICS TO INCORPORATE GOVERNOR ELIOT SPITZER'S EXECUTIVE ORDERS 1 AND 2
- 07-10-02 RESOLUTION TO AMEND THE REGULATING DISTRICT'S COMPUTER TECHNOLOGY ACCEPTABLE USE POLICY TO INCORPORATE GOVERNOR ELIOT SPITZER'S EXECUTIVE ORDERS 1 AND 2
- 07-11-02 RESOLUTION TO AMEND THE REGULATING DISTRICT'S POLICY IN REGARD TO DISTRICT VEHICLES TO INCORPORATE GOVERNOR ELIOT SPITZER'S EXECUTIVE ORDERS 1 AND 2
- 07-12-02 RESOLUTION TO APPROVE CONTRACT AMENDMENT FOR PHASE 3 WITH DEVINE TARBELL & ASSOCIATES, INC. (DTA) TO PERFORM ENGINEERING SERVICES IN CONNECTION TO THE DOW VALVE REMEDIATION PROJECT AT THE CONKLINGVILLE DAM
- 07-13-02 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE FEBRUARY 26, 2007 SPECIAL BOARD MEETING
- 07-14-02 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE APRIL 2007 REGULAR BOARD MEETING
- 07-15-02 RESOLUTION TO AWARD WORK AND TO AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE A CONTRACT WITH D.A. COLLINS CONSTRUCTION COMPANY, INC., FOR CONKLINGVILLE DAM DOW VALVE REPAIR
- 07-16-02 RESOLUTION TO APPROVE CONTRACT AMENDMENT 3 WITH DEVINE TARBELL & ASSOCIATES, INC. (DTA) TO PERFORM ENGINEERING SERVICES IN CONNECTION TO THE DOW VALVE REMEDIATION PROJECT AT THE CONKLINGVILLE DAM
- 07-17-02 RESOLUTION TO AUTHORIZE EXECUTION OF CONTRACT AMENDMENT WITH DEVINE TARBELL & ASSOCIATES, INC. (DTA) TO PERFORM ENGINEERING SERVICES IN CONNECTION TO THE DOW VALVE REMEDIATION PROJECT AT THE CONKLINGVILLE DAM

RESOLUTION NO.

TITLE

- 07-18-04 RESOLUTION TO AUTHORIZE AMENDMENT #2 WITH SARATOGA ASSOCIATES LANDSCAPE ARCHITECTS, ENGINEERS AND PLANNERS, P.C. CONTRACT C062005 TO COMPLETE ADDITIONAL SCOPE OF WORK RELATED TO THE ADMINISTRATION OF THE GREAT SACANDAGA LAKE ACCESS PERMIT SYSTEM
- 07-19-04 RESOLUTION TO APPROVE A THIRD AMENDMENT TO THE RETAINER AGREEMENT FOR LEGAL SERVICES IN CONNECTION TO ONGOING LITIGATION WITH ERIE BOULEVARD HYDROPOWER, L.P. AND NIAGARA MOHAWK POWER CORPORATION
- 07-20-04 RESOLUTION APPROVING AMENDMENT TO LEGAL SERVICES CONTRACT C152006 IN CONNECTION TO A NOTIFICATION TO COMMENCE ARTICLE 78 PROCEEDINGS BY HELENE AND DANTE CENCI
- 07-21-04 RESOLUTION APPROVING AMENDMENT TO LEGAL SERVICES CONTRACT C022007 IN CONNECTION TO THE LEGAL REVIEW OF CERTAIN DISTRICT CONTRACTS
- 07-22-04 RESOLUTION APPROVING LEGAL SERVICES AMENDMENT #2 IN CONNECTION TO COMPLAINT MADE BEFORE FERC AGAINST THE REGULATING DISTRICT BY FOURTH BRANCH ASSOCIATES (MECHANICVILLE)
- 07-23-04 RESOLUTION TO EXTEND CSEA UNION HEALTH AND SAFETY BENEFITS TO MANAGEMENT/EXEMPT EMPLOYEES
- 07-24-04 RESOLUTION AUTHORIZING THE REGULATING DISTRICT'S CHIEF FISCAL OFFICER TO LIQUIDATE THE SENTINEL FUND RESERVE FOR "HUDSON RIVER AREA MAJOR REPAIRS" FOR THE PURPOSE OF FUNDING DOW VALVE REPAIRS AT THE CONKLINGVILLE DAM
- 07-25-04 RESOLUTION TO AUTHORIZE DOW VALVE CONSTRUCTION WORK CHANGE ORDER FOR CONTRACT D012007
- 07-26-04 RESOLUTION AUTHORIZING THE DISTRICT TO SOLICIT QUALIFICATIONS FOR ENGINEERING SERVICES AT THE CONKLINGVILLE DAM

PAGE SEVEN

<u>RESOLUTION NO.</u>	<u>TITLE</u>
07-27-04	RESOLUTION TO HONOR AND COMMEND REGULATING DISTRICT EMPLOYEES FOR ACHIEVING A COLLECTIVE 150,000 WORK HOURS WITHOUT AN ACCIDENT THAT RESULTED IN LOST TIME
07-28-04	RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE MAY 2007 REGULAR BOARD MEETING
07-29-05	RESOLUTION TO AMEND MANAGEMENT/EXEMPT EMPLOYEES EMPLOYMENT RULES AND BENEFIT GUIDELINES
07-30-05	RESOLUTION TO REVISE POLICY FOR THE REIMBURSEMENT OF REASONABLE AND NECESSARY EXPENSES FOR BOARD MEMBERS, STATUTORY OFFICERS AND EMPLOYEES RESCINDING AND REPLACING RESOLUTIONS 88-58-10, 05-54-12 AND 06-26-06
07-31-05	RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE JUNE 18, 2007 REGULAR BOARD MEETING
07-32-05	RESOLUTION TO ESTABLISH AN ACCOUNTING POLICY FOR THE APPLICATION OF E.J. WEST WATER FEES
07-33-06	RESOLUTION TO REVISE THE NOT TO EXCEED AMOUNT AUTHORIZED PURSUANT TO RESOLUTION 07-18-04 FOR CONTRACT C062005 AMENDMENT #2 WITH SARATOGA ASSOCIATES TO COMPLETE ADDITIONAL SCOPE OF WORK RELATED TO THE ADMINISTRATION OF THE GREAT SACANDAGA LAKE ACCESS PERMIT SYSTEM
07-34-06	RESOLUTION AMENDING THE REGULATING DISTRICT'S PROCUREMENT POLICY
07-35-06	RESOLUTION TO AWARD WEBCASTING SERVICES WORK TO
07-36-06	RESOLUTION TO APPROVE LEGAL SERVICES AMENDMENT TO CONTRACT C162006 IN CONNECTION TO THE CLAIM ENTITLED CHRISTINA V. CHERA AGAINST THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT

PAGE EIGHT

RESOLUTION NO.

TITLE

- 07-37-06 RESOLUTION TO APPROVE THE ANNUAL ASSESSMENT FOR THE OPERATION AND MAINTENANCE OF STORAGE RESERVOIRS IN THE BLACK RIVER AREA FOR THE SECOND YEAR OF THE THREE YEAR BUDGET PERIOD BEGINNING JULY 1, 2006 THROUGH JUNE 30, 2009
- 07-38-06 RESOLUTION TO APPROVE THE ANNUAL ASSESSMENT FOR THE OPERATION AND MAINTENANCE OF THE GREAT SACANDAGA LAKE FOR THE SECOND YEAR OF THE THREE YEAR BUDGET PERIOD BEGINNING JULY 1, 2006 THROUGH JUNE 30, 2009
- 07-39-06 RESOLUTION TO APPROVE COOL INSURING AGENCY, INC. INSURANCE PROPOSAL FOR POLICY YEAR JULY 1, 2007 THROUGH JUNE 30, 2008
- 07-40-06 RESOLUTION AUTHORIZING THE REGULATING DISTRICT'S CHIEF FISCAL OFFICER TO EXERCISE THE FINAL CONTRACT OPTION TO RETAIN CUSACK & COMPANY TO PROVIDE CERTIFIED PUBLIC ACCOUNTING SERVICES IN CONNECTION TO THE ANNUAL AUDIT FOR THE FISCAL YEAR ENDING JUNE 30, 2007
- 07-41-06 RESOLUTION TO AWARD CONKLINGVILLE DAM ENGINEERING SERVICES WORK TO INCLUDE INSTALLATION OF TRASH RACKS, INSTALLATION OF SIPHON VENT FEASIBILITY STUDY, EMBANKMENT CORE SURVEY AND PIEZOMETER INSTALLATION, SLUICE EVALUATION TO GEI CONSULTANTS
- 07-42-06 RESOLUTION TO REVISE THE NOT TO EXCEED AMOUNT AUTHORIZED PURSUANT TO RESOLUTION 07-03-01 FOR CONTRACT AWARDED TO GOMEZ AND SULLIVAN ENGINEERS FOR SPILLWAY ANALYSIS WORK AT THE CONKLINGVILLE DAM
- 07-43-06 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE JULY 16, 2007 REGULAR BOARD MEETING
- 07-44-06 RESOLUTION APPROVING REVISED SALARIES FOR MANAGEMENT/EXEMPT EMPLOYEES
- 07-45-06 RESOLUTION APPROVING LEGAL SERVICES AMENDMENT #3 IN CONNECTION TO THE REPRESENTATION OF THE REGULATING DISTRICT BEFORE THE UNITED STATES COURT OF APPEALS