



## **Hudson River - Black River Regulating District**

# 2017 Annual Report of the HUDSON RIVER – BLACK RIVER REGULATING DISTRICT



**The mission of the Hudson River-Black River Regulating District is to regulate the flows of the Hudson River and Black River for the purposes of flood protection and flow augmentation.**





## Hudson River - Black River Regulating District

### MESSAGE FROM THE BOARD

On behalf of the Board of the Hudson River – Black River Regulating District, thank you for your interest in our 2017 Annual Report. As you will note, 2017 was a busy yet productive year for the Regulating District.

In 1959, the New York State Legislature combined the Hudson River Regulating District (established in 1922) with the Black River Regulating District (established in 1919) forming the Hudson River – Black River Regulating District. In 2009 we celebrated fifty years of effective river regulation. The mission of the Hudson River-Black River Regulating District is to regulate the flows of the Hudson River and Black River for the purposes of flood protection and flow augmentation and the Board takes this mission very seriously. Our success is due to the excellent working relationship the Regulating District maintains with Federal, State and local legislators, agencies, organizations and leaders. In addition, we commend our diligent staff.

The Regulating District is a New York State public benefit corporation that is operated with predictability, transparency and accountability in mind. For more information about the operation and governance of the Hudson River – Black River Regulating District please view our website at [www.hrbrrd.com](http://www.hrbrrd.com) or contact one of our offices.

Sincerely,  
Mark M. Finkle  
Chairman

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## **Hudson River - Black River Regulating District**

### **GENERAL REPORT OF THE BOARD OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT PERIOD OF JANUARY 1, 2017 TO DECEMBER 31, 2017**

#### **TO THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION**

In compliance with provisions of Section 15-2131 of the Environmental Conservation Law this report is submitted to cover functions of the Board of Hudson River-Black River Regulating District for the period January 1, 2017 to December 31, 2017.

#### **PURSUANT TO SECTION 15-2131 ENVIRONMENTAL CONSERVATION LAW**

##### **15-2131—Reports.**

1. The board of any river regulating district created hereunder shall annually, as of such date as the department may provide, submit to it a written report, which shall contain:

- a. An exhibit of the personnel of the board, and all of the employees and persons connected with the board;
- 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 amounts of money received, and from what sources, and amounts of money paid and purposes for which same were paid;
- c. A statement of any petitions received by the board and the action taken thereon;
- d. A descriptive statement of the work done during the previous year; and
- e. A statement of the condition of reservoirs and the results secured by the operation thereof in each case.

2. In addition to the matters outlined above the board shall report to the department such other matters as it shall deem proper or the department shall require.

**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:** \_\_\_\_\_

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

By: \_\_\_\_\_  
Mark M. Finkle  
Chairman

**BOARD MEMBERS:****DAVID W. BERKSTRESSER, OLD FORGE, N.Y.**

Appointed by Governor Paterson on March 31, 2009 to September 1, 2013.  
Reappointed by Governor Cuomo on January 29, 2015 to September 1, 2018  
Audit Committee Chair, Finance Committee Member

**ALBERT J. HAYES, JOHNSTOWN, N.Y.**

Appointed by Governor Paterson on September 13, 2010 to September 1, 2015.  
Governance and Audit Committee Member

**MARK M. FINKLE, GLOVERSVILLE, N.Y.**

Appointed by Governor Paterson on November 24, 2010 to September 1, 2012.  
Reappointed by Governor Cuomo on July 21, 2014 to September 1, 2017.  
Finance Committee Member

**JEFFREY ROSENTHAL, AMSTERDAM, N.Y.**

Appointed by Governor Cuomo on June 11, 2014 to December 20, 2018.  
Governance Committee Chair

**ANTHONY M. NEDDO, WATERTOWN, N.Y.**

Appointed by Governor Cuomo on July 11, 2014 to December 7, 2018.  
Finance Committee Chair, Governance Committee and Audit Committee Member

**KENNETH F. DE WITT, EDINBURG, NY.**

Appointed by Governor Cuomo on October 6, 2017 to September 1, 2021  
Board Member, At Large

**Board Meetings and Attendance see link.**

<http://www.hrbrd.com/board-meetings-and-minutes/board-meeting-minutes-archive/>

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

Robert J. Smullen	Executive Director	Albany/Mayfield
Robert P. Leslie	General Counsel	Albany
Richard J. Ferrara	Chief Fiscal Officer	Albany
Stephanie V. Ruzycky	Compliance Officer	Albany
Mary K. Buff	Sr. Administrative Assistant	Albany
Cheryl S. Jaquish	Sr. Administrative Assistant	Albany
John M. Hodgson, Sr.	Hudson River Area Administrator	Mayfield
	Black River Area Administrator	Watertown
Susan A. Visco	Sr. Administrative Assistant	Mayfield
Lori S. McAvoy	Sr. Administrative Assistant	Watertown
Kimberly D. Scott	Sr. Administrative Assistant	Watertown
Erin Dwyer	Administrative Assistant	Albany/Mayfield
Anna Tracy	Administrative Assistant	Mayfield

**ENGINEERING DEPARTMENT**

Robert S. Foltan, P.E.	Chief Engineer	Albany
Michael A. Mosher, P.E.	Operations Engineer	Albany

**FIELD PERSONNEL**

Daniel J. Kiskis	Sr. Field Assistant	Mayfield
Danielle Thorne	Field Assistant	Mayfield
Randy T. Palmateer	Foreman	Mayfield
David J. Ioele	Maintenance Specialist	Mayfield
Eric S. Johnson	Principal Plant Operator	Conklingville Dam
Douglas H. Criss	Field Superintendent	Stillwater Reservoir
Michael A. Dicob	Principal Plant Operator	Stillwater Reservoir
Timothy R. Harwood	Plant Operator	Stillwater Reservoir

**PERMANENT PART-TIME**

Darrin W. Harr	Resident Gate Keeper	Indian Lake
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**CONTRACTUAL SERVICES**

<b><u>NAME</u></b>	<b><u>SERVICE</u></b>	<b><u>LOCATION</u></b>
Black River Field Staff	Weather Observer	Big Moose
Gerald Morczek	Weather Observer	Highmarket
William Hanchek	Weather Observer	Hooker
David Sundquist	Weather Observer	Lowville
Peter Ostrum	Weather Observer	Glenfield
Electric Department Foreman	Weather Observer	Beaver Falls*
Brookfield Power	Weather Observer	Black River*
		Taylorville*
*Volunteer cooperators		



**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE  
STATE OF NEW YORK)  
CONSOLIDATED AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2017 AND 2016**

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## Independent Auditor's Report

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

### ***Report on the Financial Statements***

We have audited the accompanying consolidated financial statements of the business-type activities, and the aggregate discretely presented component units of Hudson River-Black River Regulating District (the Regulating District), a New York Public Benefit Corporation, which is a discretely presented component unit of the State of New York, as of and for the years ended June 30, 2017 and 2016, and the related notes to the consolidated financial statements, which collectively comprise the Regulating District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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## Independent Auditor's Report (Continued)

### *Opinions*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate discretely presented component units of Hudson River-Black River Regulating District as of June 30, 2017 and 2016, and the respective changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Report on Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of pension liability, and schedule of contributions - pension plans, be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regulating District's basic consolidated financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements.

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



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### Independent Auditor's Report (Continued)

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#### *Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2017 on our consideration of the Regulating District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Regulating District's internal control over financial reporting and compliance.

*KBL, LLP*

KBL, LLP  
October 25, 2017

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2017 AND 2016**

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This Management's Discussion and Analysis (MD&A) of Hudson River-Black River Regulating District (the 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 years ended June 30, 2017 and 2016.

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 Statements of Net Position and the Statements of Activities and Changes in Net Position (on pages 9 and 10, respectively) provide both long-term and short-term information about the Regulating District's overall financial status. The Statements of Cash Flows (on page 11) provides information on the sources and uses of the Regulating District's cash through operating, capital and related financing and investing activities. The information contained in the MD&A should be considered in conjunction with the information contained in the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements.

### **REGULATING DISTRICT ACTIVITIES**

The Regulating District was created in 1959 when the New York State Legislature passed legislation (Article 15 Title 21 of the Environmental Conservation Law) 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, including health and safety, as required by the public welfare. Specifically, the Regulating District's responsibilities include 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.

The Regulating District's operations are conducted under two regional operating units - one for the Black River area and another for the Hudson River area - each with segregated budgets. The management of both regions is vested in a seven-member Board appointed by the Governor of New York State. The mission of the Regulating District is to regulate the flows of the Hudson River and Black River for the purposes of flood protection and flow augmentation. The Regulating District Board formulates policies to accomplish its mission at Great Sacandaga Lake, providing flood protection and low flow augmentation through reservoir releases in accordance with the Upper Hudson/Sacandaga Offer of Settlement; at Indian Lake, Stillwater Reservoir, Old Forge and Sixth Lake, providing storage during periods of high flow and augmenting flows during periods of low flow; operating a data-gathering system for precipitation, stream flow, snow depth and flood conditions; providing the public with information pertinent to its mission; operating and maintaining facilities; maintaining a sound financial status for the Regulating District operations; managing the lands of the State of New York under the Regulating District's jurisdiction; and promulgating rules and regulations necessary to fulfilling its mission.



**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2017 AND 2016**

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**REGULATING DISTRICT ACTIVITIES (CONTINUED)**

The Regulating District currently receives its primary funding from statutorily defined beneficiaries. In the Hudson River Area, that beneficiary group is comprised of Albany, Rensselaer, Saratoga, Warren, and Washington, (the "five (5) counties") and the State of New York that directly benefit from flood protection. In the Black River Area, statutory beneficiaries comprise the counties of Jefferson, Lewis, Herkimer, Oneida, and Hamilton that directly benefit from flood protection and flow augmentation, hydroelectric power generators and the State of New York that benefit from augmented river flow. 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 from the issuance of annual revocable permits for the purpose of providing public access to the Great Sacandaga Lake across state land. A fourth source of revenue, also in the Hudson River area only, is the Federal Headwater Benefit fees levied on certain hydroelectric firms pursuant to Section 10f of the Federal Power Act.

The financing of the two areas is accomplished independently because operating costs of each are recovered from two different sets of statutory beneficiaries. 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, Federal Headwater Benefit fees, NYS Share and estimated interest income. Revenue from statutory beneficiaries, hydropower agreements, Federal Headwater Benefit fees, NYS Share and permit holders, if collected, is sufficient to balance the Regulating District's annual budget, not including non-operating expenses and/or annual adjustments included in the Regulating District's Consolidated Statements of Activities and Changes in Net Position.

**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 revocable 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 General and Administrative Office occupy leased space in Albany. A Regulating District-owned building in Mayfield houses the Hudson River Area's Sacandaga Field Office. The Regulating District's Black River Area Office occupies rented space in Watertown. A Regulating District-owned building at the Stillwater Reservoir houses the Black River Field Office.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT**  
**(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2017 AND 2016**

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**OPERATIONS SUMMARY**

The Regulating District's scope of operations (in 000s) is as follows:

	Hudson River Area			Black River Area		
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating revenues	\$ 6,009	\$ 8,422	\$ 5,396	\$ 1,243	\$ 1,471	\$ 1,239
Operating expenses	<u>(7,061)</u>	<u>(5,510)</u>	<u>(5,883)</u>	<u>(1,469)</u>	<u>(921)</u>	<u>(1,280)</u>
Operating revenue (loss)	(1,052)	2,912	(487)	(226)	550	(41)
Net non-operating revenue (expense)	<u>(20)</u>	<u>32</u>	<u>(53)</u>	<u>42</u>	<u>10</u>	<u>41</u>
Changes in net position	\$ <u>(1,072)</u>	\$ <u>2,944</u>	\$ <u>(540)</u>	\$ <u>(183)</u>	\$ <u>560</u>	\$ <u>-</u>

From fiscal year June 30, 2016 to June 30, 2017, the operating revenues decreased primarily due to a one time amount received by the Regulating District during the year ended June 30, 2016 for cumulative back assessments of approximately \$2.6 million. Federal Headwater Benefit fees, pursuant to Section 10f of the Federal Power Act, are forecast at \$477,571 per annum pending the satisfaction of prior year refunds due certain hydroelectric firms.

For fiscal year 2017, consolidated Regulating District expenses were relatively flat compared to fiscal year 2016. Increases in personnel services and benefits were largely offset by decreases in engineering and consulting services.

Operating expenses remained relatively consistent for the year ended June 30, 2017.

Historically, the Regulating District's Board restricted reserve funds have served to minimize the effect that budget fluctuations would have on the statutory beneficiaries that provide its primary funding. When available, these reserve funds retain operating surpluses in lower expense years, and provide a means of funding operating deficits in high expense years – an effective means of assessment stabilization. At the end of fiscal year ending 2012, all reserves of the Regulating District were liquidated. Currently these funds have yet to be replenished. There were no restrictions on the Regulating District's net position fund balances as of June 30, 2017 and 2016, respectively.

Annual imbalances between revenues and expenses has led 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 to present a surplus early in the multi-year cycle and a deficit in the final year. Fiscal year 2017 is the second year of the current three-year budgeting cycle. The budget for the next three-year budgeting cycle ending June 30, 2021 is in the development stage.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT**  
**(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**JUNE 30, 2017 AND 2016**

**STATEMENT OF NET POSITION SUMMARY (in 000s)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Buildings	\$ 937	\$ 937	\$ 937
Building improvements, furniture & equipment	1,778	1,759	1,723
Vehicles	543	550	565
Dam structures	<u>14,105</u>	<u>14,118</u>	<u>14,118</u>
Cost of capital assets	17,363	17,364	17,343
Less: Accumulated depreciation	<u>(14,686)</u>	<u>(14,451)</u>	<u>(14,282)</u>
Net book value of capital assets	2,677	2,913	3,061
Deferred outflows of resources	61	1,522	273
Current assets	<u>6,168</u>	<u>5,603</u>	<u>2,638</u>
Total assets and deferred outflows of resources	<u>8,906</u>	<u>10,038</u>	<u>5,972</u>
Current liabilities	578	520	1,442
Long-term liabilities	<u>9,428</u>	<u>9,362</u>	<u>7,879</u>
Total liabilities	<u>10,006</u>	<u>9,882</u>	<u>9,321</u>
Net position:			
Net investment in capital assets	2,677	2,913	3,061
Unrestricted	<u>(3,777)</u>	<u>(2,757)</u>	<u>(6,410)</u>
Total net position	\$ <u>(1,100)</u>	\$ <u>156</u>	\$ <u>(3,349)</u>

This analysis reflects the Regulating District's 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 capital (durable) assets such as equipment, furniture, land, buildings, major improvements that extend the life of a capital asset, or leasehold improvements.

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.

Also, the Regulating District implemented Government Accounting Standards Board Statement 68 in 2015. With the new reporting change, the Regulating District is allocated its proportionate share of the New York State Employers' Retirement System's net pension liability, deferred outflows of resources, and pension expense. Decisions regarding the allocations to employers are made by the administrators of the pension plan, not by the Regulating District's management.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2017 AND 2016**

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## **CAPITAL ASSETS**

During 2017 the Regulating District increased their capital assets by \$5,205 due to the purchase of new office equipment.

Depreciation expense decreases the book value of capital assets each year. Growth of capital assets in a governmental unit is not necessarily an indicator of positive financial conditions, nor is negative capital growth necessarily an indicator of financial deterioration.

## **DEBT**

During 2017 the Regulating District's Board approved a revised Bond Resolution raising the total proposed reconstruction estimate of the ice sluice/spillway at the Conklingville Dam to \$5,325,867. The amount of serial bond issuance will remain at \$3,246,867. The Regulating District is currently working with Environmental Facilities Corporation toward the conclusion of a serial bond issuance for the Conklingville Dam capital project financing tentatively scheduled for an October 2017 closing.

## **FINANCIAL CONDITION**

On March 12, 2013 the Regulating District reached an agreement with the five (5) counties ending several years of litigation. This 'consent' agreement reestablished the Regulating District's Hudson River Area assessment revenue stream. With this agreement in effect, the Regulating District will continue to experience decreased cash inflows during the 2015-2018 budgeting cycles.

The Regulating District's net position is substantially due to decrease of operating revenue of approximately \$1.6 million. In the Black River Area, operating results remain predictable and within an acceptable range of budget variance.

## **POTENTIAL FUTURE ECONOMIC EVENT**

The Regulating District is currently awaiting the decision of the last appeal made by Erie Boulevard Hydropower L.P. in U.S. District, expected by December 2017.

Revenue receipts from the Regulating District's new apportionment in the Black River Area, which effectively ended years of litigation with National Grid (DBA Niagara Mohawk) by shifting a small percentage of the costs to operate to the local five (5) counties with properties along the Black and Moose Rivers, continues to proceed smoothly.

## **REQUESTS FOR INFORMATION**

The accompanying consolidated 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, New York 12204.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT**  
**(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**  
**CONSOLIDATED STATEMENTS OF NET POSITION**  
**AS OF JUNE 30, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,895,071	\$ 3,782,907
Accounts receivable, net	740,811	879,510
Prepaid expenses	532,015	940,103
<b>TOTAL CURRENT ASSETS</b>	<b>6,167,897</b>	<b>5,602,520</b>
CAPITAL ASSETS, NET	2,677,172	2,912,626
<b>TOTAL ASSETS</b>	<b>8,845,069</b>	<b>8,515,146</b>
DEFERRED OUTFLOWS OF RESOURCES	60,931	1,522,224
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 8,906,000</b>	<b>\$ 10,037,370</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts and accrued expenses payable	\$ 114,617	\$ 13,452
Compensated absences	400,672	443,428
Current portion due to New York State Retirement System	62,991	62,991
<b>TOTAL CURRENT LIABILITIES</b>	<b>578,280</b>	<b>519,871</b>
<b>NON-CURRENT LIABILITIES</b>		
New York State Retirement System payable, net of current portion	4,754	16,840
Proportionate share of NYS Retirement net pension liability	443,672	759,391
Other post employment benefits	8,979,260	8,586,040
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>9,427,686</b>	<b>9,362,271</b>
<b>TOTAL LIABILITIES</b>	<b>10,005,966</b>	<b>9,882,142</b>
<b>NET POSITION</b>		
Net investment in capital assets	2,677,172	2,912,626
Unrestricted	(3,777,139)	(2,757,398)
<b>TOTAL NET POSITION</b>	<b>\$ (1,099,967)</b>	<b>\$ 155,228</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT**  
**(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND**  
**CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
<b>OPERATING REVENUE</b>		
Assessments	\$ 4,392,877	\$ 6,968,133
New York State assessments	1,103,922	1,103,278
Water power service	1,323,131	1,385,585
Permit fees	429,523	434,103
Other	2,215	2,433
<b>TOTAL OPERATING REVENUE</b>	<b>7,251,668</b>	<b>9,893,532</b>
<b>OPERATING EXPENSES</b>		
Personnel service and employee benefits	4,100,275	2,975,224
Real estate taxes	3,246,373	2,235,975
Bad debt	-	29,803
Contractual services	880,084	907,250
Depreciation and amortization	240,660	232,459
Materials and supplies	61,804	50,809
<b>TOTAL OPERATING EXPENSES</b>	<b>8,529,196</b>	<b>6,431,520</b>
<b>TOTAL OPERATING (LOSS) INCOME</b>	<b>(1,277,528)</b>	<b>3,462,012</b>
<b>NON-OPERATING REVENUE</b>		
Net interest income	22,333	22,414
Other income	-	20,169
<b>TOTAL NON-OPERATING REVENUE</b>	<b>22,333</b>	<b>42,583</b>
<b>CHANGES IN NET POSITION</b>	<b>(1,255,195)</b>	<b>3,504,595</b>
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<b>155,228</b>	<b>(3,349,368)</b>
<b>TOTAL NET POSITION - END OF YEAR</b>	<b>\$ (1,099,967)</b>	<b>\$ 155,228</b>

*The accompanying notes are an integral part of these consolidated financial statements*



**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT**  
**(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from assessment beneficiaries	\$ 5,635,498	\$ 8,195,069
Cash received from water power service	1,323,131	1,385,585
Cash received from permit fees	429,523	434,103
Other cash receipts	2,215	2,433
Interest paid	-	-
Payments to vendors and suppliers for goods and services	(2,217,715)	(5,986,316)
Payments to employees	(4,077,616)	(1,437,929)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>1,095,036</b>	<b>2,592,945</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of vehicles	-	(31,398)
Purchase of equipment	(5,205)	(52,860)
Proceeds from sale of vehicle	-	20,169
Investment income	22,333	22,414
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>17,128</b>	<b>(41,675)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,112,164</b>	<b>2,551,270</b>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,782,907	1,231,637
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 4,895,071</b>	<b>\$ 3,782,907</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net position	\$ (1,255,195)	\$ 3,504,595
Investment income	(22,333)	(22,414)
<b>Changes in net position, net</b>	<b>(1,277,528)</b>	<b>3,482,181</b>
Adjustments to reconcile changes in net position, to net cash flow from operating activities:		
Depreciation and amortization	240,660	232,459
Bad debt	-	29,803
Gain on asset sale	-	(20,169)
Accounts receivable	138,699	123,658
Prepaid expenses	408,088	(566,396)
Deferred outflow of pension resources	1,461,293	(1,249,590)
Accounts and accrued expenses payable	101,165	(976,295)
Compensated absences	(42,756.00)	113,061
Retirement incentive	-	(58,680)
Due to New York State Retirement System	(12,086)	(4,084)
Proportionate net pension liability of the New York State Retirement System	(315,719)	599,601
Other postemployment benefits obligation	393,220	887,397
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 1,095,036</b>	<b>\$ 2,592,945</b>

*The accompanying notes are an integral part of these consolidated financial statements*

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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**1. ORGANIZATION AND REPORTING ENTITY**

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 (Black River), formed in 1919, and the Hudson River Regulating District (Hudson River), formed in 1922. The Regulating District is a New York State public benefit corporation that is mandated to regulate stream flows, including health and safety, as required by public welfare. The regulation of stream flows into the two [Hudson River and Black River] watershed areas is the mission of the consolidated organization. The day-to-day operation and financing of the two areas is conducted independently, because they are not physically related or connected in any way. Accordingly, the operating costs of each are recovered from two different sets of statutory beneficiaries, hydropower (or water power) agreements and, in the Hudson River area only, 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.

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 consolidated financial statements include all operations for which the Regulating District has financial accountability.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The Regulating District's consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of the Hudson River and Black River Regulating Districts. All intercompany transactions and balances have been eliminated in consolidation.

***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.

***Basis of Presentation***

GASB requires the classification of net position into three components, as defined below:

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*Basis of Presentation, Continued*

- **Net investment in capital assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of June 30, 2017 and 2016 the Regulating District did not have any debt.
- **Restricted net position** - Consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

At June 30, 2017 and 2016 the Regulating District had no restricted net position.

*Reclassifications*

Amounts from prior year may have been reclassified to conform to current year presentation.

*Recent Accounting Pronouncements*

In June 2017 GASB issued Statement No. 87 (“GASB 87”) “Leases”. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

The requirements of GASB 87 are effective for reporting periods beginning after December 15, 2019.

In May 2017 GASB issued Statement No. 86 (“GASB 86”) “Certain Debt Extinguishments Issues”. The primary objective of GASB 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. GASB 86 also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*Recent Accounting Pronouncements, Continued*

The requirements of GASB 86 are effective for reporting periods beginning after June 15, 2017. In March 2017 GASB issued Statement No. 85 ("GASB 85") "Omnibus 2017". The objective of GASB 85 is to address practice issues that have been identified during implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The requirements of GASB 85 are effective for reporting periods beginning after June 15, 2017. In January 2017 GASB issued Statement No. 84 ("GASB 84") "Fiduciary Activities". The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of GASB 84 are effective for reporting periods beginning after December 15, 2018.

In November 2016 GASB issued Statement No. 83 ("GASB 83") "Certain Asset Retirement Obligations". GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance of GASB 83.

GASB 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. GASB 83 requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*Recent Accounting Pronouncements, Continued*

GASB 83 also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. GASB 83 requires similar disclosures for a government's minority shares of AROs.

The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018.

In June 2015, the GASB issued Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Statement No. 75 replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. The Regulating District is required to adopt the provisions of these Statements for the year ending March 31, 2018, with early adoption encouraged.

The Regulating District has not yet assessed the impact of these statements on its future financial statements

*Cash and Cash Equivalents*

The Regulating District considers all short-term investments with original maturities of three months or less to be cash equivalents.

The Regulating District's monies must be deposited in Federal Depository Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. During the years ended June 30, 2017 and 2016, the Regulating District also had funds held by New York State in Short Term Investment Pools (STIP). The Regulating District does not control and is not responsible for collateralizing the STIP funds, as they are collateralized at the State level. The Regulating District's cash in FDIC insured commercial banks, at times, may exceed federally insured limits. The Regulating District has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash.

*Accounts Receivable*

Accounts receivable consists of assessments due from beneficiaries. Accounts receivable are carried on the statements of net position at net realizable value. The Regulating District has elected to record bad debts using the allowance method. Accounts receivable of \$740,810 and \$879,510

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

at June 30, 2017 and 2016, respectively, are recorded net of the allowance for doubtful accounts of \$1,307,448 and \$1,307,448 at June 30, 2017 and 2016, respectively.

The Regulating District continuously monitors outstanding accounts receivable for collectability. During the years ended June 30, 2017 and 2016, the Regulating District recognized \$0 and \$29,803, respectively in bad debt expense based on the status of its doubtful accounts.

***Capital Assets***

Capital assets are recorded at cost. Capital assets are defined as assets with initial, individual costs exceeding a capitalization threshold of \$5,000 and useful life of two years or more. Depreciation is provided using 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, union employees are reimbursed for fifty percent of all accumulated sick days, up to a stated maximum depending on position held, as specified in the collective bargaining agreement.

***Deferred Outflows/Inflows of Resources***

In addition to assets, due to the implementation of GASB Statement 68 the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Regulating District has two items that meet this criterion, contributions made to the pension plan in the 2017 and 2016 fiscal year but subsequent to the pension plan's measurement date and changes adjustments to variance pension activity assumptions. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. As of June 30, 2017, the Regulating District has a deferred inflow of resources of \$67,374 related to the pension plan, and \$90,013 in June 30, 2016.



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***Pensions***

For purposes of measuring the deferred outflows of resources, net pension liability and pension expense related information about the fiduciary net position of the New York State and Local Retirement System ("NYSLRS") and additions to/deductions from NYSLRS' fiduciary net position have been determined on the same basis as they are reported by NYSLRS. For this purpose, plan member contributions are recognized in the period in which the contributions are due.

The Regulating District's employer contributions are recognized when due and the Regulating District has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of NYSLRS. Investments are reported at fair value.

***Other Postemployment Benefits***

The Regulating District provides certain health care benefits to its retired employees in accordance with the provisions of employment contracts. In general, the Regulating District provides health care benefits for those retired personnel who are eligible for a pension through the New York State and Local Retirement System.

***Budgets***

As required by legislation, the Regulating District operates on a three-year budgeting cycle. Separate budgets are developed for the Hudson River area and Black River area since the cost of their respective operations is 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 a portion of facility and equipment costs to permit system operations.

***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 it 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 it to charge unpaid assessments on the County's property tax levy for the subsequent year.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*New York State Assessment*

The March 12, 2013 Hudson River Area Apportionment established an “amount chargeable to the State” to be 22.18% of the total Hudson River Area estimated operation and maintenance cost. On July 1 of each year, the amount chargeable to the State is submitted to the New York State Division of Budget for inclusion in the State’s annual appropriation bill.

*Operating and Non-Operating Revenues (Expenses)*

Operating revenue consists of assessments, water power service, federal headwater benefit fees, and permit fees. The Regulating District defines non-operating revenue as interest earnings cash or investment assets and realized/unrealized gains or losses on sales of investments. Non-operating expense primarily reflects interest expense on financing arrangements and pension related payments. At June 30, 2017 and 2016 the Regulating District did not own any investment assets.

*Income Tax Status*

As a public benefit corporation, the Regulating District is exempt from federal and state income taxes.

*Fair Value of Financial Instruments*

The fair value of financial instruments classified as current assets or liabilities approximate their carrying value due to the short-term maturity of the instruments.

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

- Level I inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level II inputs are inputs (other than quoted prices included within Level I) that are observable for the asset or liability, either directly or indirectly.
- Level III inputs are unobservable inputs, for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

The Regulating District's financial instruments are primarily based on Level III inputs. The fair value of the Regulating District's financial instruments approximate the carrying amounts reported in the Statement of Net Position for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses and all other liabilities.

**3. CASH**

Cash held by the Regulating District in deposit accounts consisted of the following at:

	Carrying (Book) Value	Bank Balance
June 30, 2017	\$ 108,114	\$ 122,451
June 30, 2016	\$ 43,229	\$ 63,944

The Regulating District's cash deposits that were secured by the FDIC at June 30, 2017 and 2016 were \$122,451 and \$63,944, respectively.

Deposits held in Short Term Investment Pools (STIP), held by the NYS Comptroller's Office, totaled \$4,786,707 and \$3,789,428 at June 30, 2017 and 2016, respectively.

A summary of the carrying value of cash and deposits as of June 30, 2017 and June 30, 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Cash	\$ 108,114	\$ 43,229
STIP funds	4,786,707	3,739,428
Petty cash	250	250
	<u>\$ 4,895,071</u>	<u>\$ 3,782,907</u>

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**CAPITAL ASSETS**

Capital assets consisted of the following at June 30:

	<u>2016</u>	<u>Additions</u>	<u>Retirements and Disposals</u>	<u>2017</u>
<b>Hudson River Area:</b>				
Dam structures	\$ 12,104,830	\$ -	\$ -	\$ 12,104,830
Building and improvements	1,920,454	-	-	1,920,454
Office and other equipment	265,383	5,205	-	270,588
Vehicles	410,161	-	-	410,161
Total at cost	<u>14,700,828</u>	<u>5,205</u>	<u>-</u>	<u>14,706,033</u>
Less: accumulated depreciation				
Dam structures	(10,720,939)	-	-	(10,720,939)
Building and improvements	(888,964)	-	-	(888,964)
Office and other equipment	(179,252)	(25,610)	-	(204,862)
Vehicles	(347,732)	(176,209)	-	(523,941)
Less: total accumulated depreciation	<u>(12,136,887)</u>	<u>(201,819)</u>	<u>-</u>	<u>(12,338,706)</u>
Total Hudson River Area depreciable assets, net	<u>2,563,941</u>	<u>(196,614)</u>	<u>-</u>	<u>2,367,328</u>
<b>Black River Area:</b>				
Dam structures	2,013,195	-	-	2,013,195
Building improvements	406,442	-	-	406,442
Equipment	72,140	-	-	72,140
Vehicles	139,868	-	-	139,868
Office equipment	31,647	-	-	31,647
Total at cost	<u>2,663,292</u>	<u>-</u>	<u>-</u>	<u>2,663,292</u>
Less: accumulated depreciation:				
Dam structures	(1,923,712)	-	-	(1,923,712)
Building improvements	(168,896)	(9,810)	-	(178,706)
Equipment	(73,390)	(3,850)	-	(77,240)
Vehicles	(148,609)	(25,181)	-	(173,790)
Less: total accumulated depreciation	<u>(2,314,607)</u>	<u>(38,841)</u>	<u>-</u>	<u>(2,353,448)</u>
Total Black River Area depreciable assets, net	<u>348,685</u>	<u>(38,841)</u>	<u>-</u>	<u>309,844</u>
<b>Total capital assets, net</b>	<u>\$ 2,912,626</u>	<u>\$ (235,455)</u>	<u>\$ -</u>	<u>\$ 2,677,172</u>

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**4. CAPITAL ASSETS, CONTINUED**

	<u>2015</u>	<u>Additions</u>	<u>Retirements and Disposals</u>	<u>2016</u>
<b>Hudson River Area:</b>				
Dam structures	\$ 12,104,830	\$ -	\$ -	\$ 12,104,830
Building and improvements	1,920,454	-	-	1,920,454
Office and other equipment	229,355	52,860	(16,832)	265,383
Vehicles	424,927	31,398	(46,164)	410,161
Total at cost	<u>14,679,566</u>	<u>84,258</u>	<u>(62,996)</u>	<u>14,700,828</u>
Less: accumulated depreciation				
Dam structures	(10,720,939)	-	-	(10,720,939)
Building and improvements	(719,908)	(169,056)	-	(888,964)
Office and other equipment	(184,204)	(11,880)	16,832	(179,252)
Vehicles	(381,214)	(12,682)	46,164	(347,732)
Less: total accumulated depreciation	<u>(12,006,265)</u>	<u>(193,618)</u>	<u>62,996</u>	<u>(12,136,887)</u>
Total Hudson River Area depreciable assets, net	<u>2,673,301</u>	<u>(109,360)</u>	<u>-</u>	<u>2,563,941</u>
<b>Black River Area:</b>				
Dam structures	2,013,195	-	-	2,013,195
Building improvements	406,442	-	-	406,442
Equipment	72,140	-	-	72,140
Vehicles	139,868	-	-	139,868
Office equipment	31,647	-	-	31,647
Total at cost	<u>2,663,292</u>	<u>-</u>	<u>-</u>	<u>2,663,292</u>
Less: accumulated depreciation:				
Dam structures	(1,923,712)	-	-	(1,923,712)
Building improvements	(159,086)	(9,810)	-	(168,896)
Equipment	(69,540)	(3,850)	-	(73,390)
Vehicles	(123,428)	(25,181)	-	(148,609)
Less: total accumulated depreciation	<u>(2,275,766)</u>	<u>(38,841)</u>	<u>-</u>	<u>(2,314,607)</u>
Total Black River Area depreciable assets, net	<u>387,526</u>	<u>(38,841)</u>	<u>-</u>	<u>348,685</u>
<b>Total capital assets, net</b>	<u>\$ 3,060,827</u>	<u>\$ (148,201)</u>	<u>\$ -</u>	<u>\$ 2,912,626</u>

Depreciation expense charged to operations for the years ended June 30, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Hudson River Area	\$ 201,819	\$ 193,618
Black River Area	38,841	38,841
Total depreciation expense	<u>\$ 240,660</u>	<u>\$ 232,459</u>

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**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 plan. 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 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 or online at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

**Eligibility and Funding Policy**

Membership, benefits, and employer and employee obligations to contribute are described in the NYSRSSL using the tier concept. Pension legislation established tier membership by the date a member last joined the Retirement System. They are as follows:

- Tier 1 - Those persons who last became members of the System before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally those persons who are State correction officers who last became members on or after July 27, 1976, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983.
- Tier 5 - Those persons who last became members of the System on or after January 1, 2010.
- Tier 6 - Those persons who last became members of the System on or after April 1, 2012.

The System is noncontributory for employees who joined prior to July 27, 1976. Employees who joined the System after July 27, 1976, and prior to January 1, 2010 contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. Employees who joined after January 1, 2010 contribute 3% of their salary throughout their active membership. The Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund. Employees who joined on or after April 1, 2012 contribute 3% of their salary. Tier 6 members (post April 1, 2013) contribute 3-6% based on their annual compensation.

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**5. RETIREMENT SYSTEM, CONTINUED**

The Regulating District's employees are among Tiers 3, 4 and 6, however there are only two remaining contributing employees across Tiers 4 and 6 as of June 30, 2017.

Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2017	\$ 218,682
2016	\$ 236,634
2015	\$ 237,731

**Benefits (only for those in which the Regulating District has employees in)**

Tiers 3, 4 and 5

Benefit Calculation: Generally, the benefit is 1.67% of the final average salary for each year of service if the employee retires with less than 20 years. If the employee retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If the employee retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tiers 3 and 4 members with five or more years of service and Tier 5 employees with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Tier 6

Benefit Calculation: Generally, the benefit is 1.67% of the final average salary for each year of service if the employee retires with less than 20 years. If the employee retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If the employee retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 employees with ten or more years of service can retire as early as age 55 with reduced benefits.

Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

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**5. RETIREMENT SYSTEM, CONTINUED**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension**

At June 30, 2017, the Regulating District had a liability of \$443,672 for its proportionate share of the net pension liability, as opposed to \$759,391 at June 30, 2016. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Regulating District's proportion of the net pension liability was based on a projection of the Regulating District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2017 the Regulating District's proportion was 0.00472%, which was approximately the same as its proportion measured as March 31, 2016. For the year ended June 30, 2017, the Regulating District recognized pension expense of \$1,783,168 under GASB 68. At June 30, 2017, the Regulating District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 74,669	\$ 67,374
Changes of assumptions	151,575	-
Net difference between projected and actual earnings on pension plan investments	63,482	-
Changes in proportion and differences between LG contributions and proportionate share of contributions	10,434	-
Contributions subsequent to the measurement date	-	-
	<b>\$ 300,160</b>	<b>\$ 67,374</b>

There is \$67,374 reported as deferred outflows of resources related to pensions resulting from the Regulating District's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended March 31:	
2018	\$8,726
2019	\$8,726



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**5. RETIREMENT SYSTEM, (CONTINUED)**

**Accrued Employee Retirement System ("ERS") Retirement Payable**

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2017 and 2016 represent the projected employer contribution for the period of April 1 through June 30 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued

ERS retirement payable due to ERS as of June 30, 2017 and 2016 was \$67,745 and \$79,831 respectfully.

**Actuarial Assumptions**

The total pension liability at March 31, 2017 and 2016 was determined by using an actuarial valuation as of April 1, 2016 and 2015, respectfully, with update procedures used to roll forward the total pension liability to March 31, 2017 and 2016, respectfully. The actuarial valuation used the following actuarial assumptions:

Significant actuarial assumptions for the Employee Retirement System used in the April 1, 2016 and 2015 valuation were as follows:

Actuarial cost method	Entry age normal
Inflation	2.7%
Salary increases	4.9%
Investment rate of return (net of investment expense, including inflation)	7.5%
Cost of living adjustments	1.4%

Annuitant mortality rates are based on April 1, 2005 - March 31, 2010 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. Consideration was given to expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

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**5. RETIREMENT SYSTEM, CONTINUED**

*Long Term Expected Rate of Return 2017*

<u>Asset Type</u>	<u>Long Term Expected Real Rate</u>
Domestic equity	7.30%
International equity	8.55
Private equity	11.00
Real estate	8.25
Absolute return strategies	6.75
Opportunistic portfolio	8.60
Real assets	8.65
Bonds and mortgages	4.00
Cash	2.25
Inflation indexed bonds	4.00
	100.00%

**Discount Rate**

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

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

	<b>1% Decrease (6.0%)</b>	<b>Current Assumption (7.0%)</b>	<b>1% Increase (8.0%)</b>
The Regulating District's proportionate share of the net pension liability	\$1,417,002	\$443,672	\$(379,276)

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**5. RETIREMENT SYSTEM, CONTINUED**

**Pension plan fiduciary net position**

The components of the net pension liability of the employers as of March 31, 2017, were as follows: (Rounded to the Thousands)

	<b>Employees' Retirement System</b>
Total pension liability	\$ 172,303,544
Plan net position	(78,341,072)
Total net pension liability	<b>\$ 93,962,472</b>
Ratio of plan net position to the total pension liability	83.4%
Total net pension liability	\$ 93,962,472
Regulating District allocation percentage	0.0047218%
The Regulating District's proportion of the total net pension liability	<b>\$ 443,672</b>

Although GASB No. 68 requires that information is presented from the NYS Employee Retirement System through the plan's fiscal year end (March 31), the Regulating District has accounted for activity where applicable, from April 1st through its fiscal year end of June 30th.

**6. POSTEMPLOYMENT HEALTH CARE BENEFITS**

**Plan Description**

The Regulating District provides certain health care benefits for retired employees. The Regulating District administers the Retirement Benefits Plan (the "Retirement Plan") as a single employer defined benefit Other Postemployment Benefit Plan (OPEB).

In general, the Regulating District provides health care benefits for those retired personnel who are eligible for a pension through the System. The Retirement Plan can be amended by action of the District subject to applicable collective bargaining and employment agreements. There were 32 and 27 retired employees currently receiving benefits, respectively, at June 30, 2017 and 2016 (not including 6 and 7 widowed spouses, respectively). The Retirement Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

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**6. POSTEMPLOYMENT HEALTH CARE BENEFITS, CONTINUED**

**Funding Policy**

The obligations of the Retirement Plan are established by action of the Regulating District pursuant to applicable collective bargaining and employment agreements. The required premium contribution rates of retirees range from 0%-25%, depending on when the employee was hired and if the employee is governed by a CSEA or a management exempt plan. The Regulating District will pay 100% of the premiums for the retiree and spouse for a management exempt employee, 100% of the premium for a Union employee, and 75% of the premium for a Union employee's spouse. The Regulating District pays the costs of administering the Retirement Plan. The Regulating District currently contributes enough money to the Retirement Plan to satisfy current obligations on a pay-as-you-go basis to cover annual premiums. The amounts paid during 2017 and 2016 were approximately \$379,836 and \$377,311, respectively, and are included in "personnel services and employee benefits" as part of operating expenses.

**Annual OPEB Cost and Net OPEB Obligation**

The Regulating District's annual OPEB cost is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* ("GASB 45"). GASB 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities are no longer done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost is determined, which will be used to determine a 'normal cost', an 'actuarial accrued liability' and the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year plus the amortization of the unfunded actuarial accrued liability over a period not to exceed 30 years. The following table shows the components of the Regulating District's annual OPEB cost for the year, the amount actually contributed to the Retirement Plan, and the changes in the Regulating District's net OPEB obligation:

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**6. POSTEMPLOYMENT HEALTH CARE BENEFITS, CONTINUED**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Annual required contribution (ARC) *	\$ 1,838,646	\$ 1,425,515
Interest on net OPEB obligation *	254,328	229,515
Adjustment to ARC *	<u>(432,521)</u>	<u>-</u>
 Annual OPEB cost *	 1,660,453	 1,655,030
Contributions made	<u>(379,836)</u>	<u>(767,633)</u>
 Increase in net OPEB obligation *	 1,280,617	 887,397
Net OPEB obligation - beginning of year	<u>7,698,643</u>	<u>7,698,643</u>
Net OPEB obligation - end of year *	\$ <u><u>8,979,260</u></u>	\$ <u><u>8,586,040</u></u>

\* - Projected

Note: All references above noted with "\*" are 'Projected' amounts. As a result of the Regulating District's employee participation being below 100 participants, in accordance with the alternative method the Regulating District is not required to have annual benefit valuations. The last valuation report was effective June 30, 2017 using an employee valuation and measurement date as of July 1, 2016, therefore, the valuation does not include actual information on employee and/or salary changes during the 2017 and 2016 fiscal years. Actuarial information below are estimates except for paid health contributions.

**Trend Information**

The following table provides trend information for the Retirement Plan for the three years ended June 30:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Annual OPEB cost *	\$ 1,660,453	\$ 1,655,030	\$ 1,233,030
Actual employer contribution	\$ 379,836	\$ 767,633	\$ 366,139
Employer contribution as a percent of the annual OPEB cost	23%	46%	30%
Net OPEB obligation at end of year *	\$ 8,979,260	\$ 8,586,040	\$ 7,698,643

\* - Projected

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**6. POSTEMPLOYMENT HEALTH CARE BENEFITS, CONTINUED**

**Funded Status and Funding Progress**

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Retirement Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Retirement Plan is currently not funded.

**Schedule of Funding Progress for the Regulating District's Plan**

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll ( c )	UAAL as a % of Covered Payroll (b-a)/( c )
7/1/2013	6/30/17	\$ -	\$ 22,566,097	\$ 22,566,097	0%	1,793,156	1258%
7/1/2013	6/30/16	-	16,448,849	16,448,849	0%	1,422,745	1156%
7/1/2013	6/30/15	-	15,825,364	15,825,364	0%	1,289,382	1227%

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan as understood by the employer and plan members and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The Regulating District has elected to use the alternate valuation method, as there are fewer than 100 plan members.

Per the July 1, 2016 valuation, the following methods and assumptions were used:

Actuarial cost method	Projected unit credit
Investment rate of return **	3.00%
Inflation rate	2.25%
Medical care cost trend rate	7.25% until next fiscal year, based on age of retirees. The rate is reduced by decrements to an ultimate rate of 3.89% by 2075.
Prescription drug trend rate	10.50% until next fiscal year. The rate is reduced by decrements to an ultimate rate of 3.89% by 2075.
Dental trend rate	2.5%

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**6. POSTEMPLOYMENT HEALTH CARE BENEFITS, CONTINUED**

Assumptions for unfunded actuarial accrued liability:

Actuarial cost method	Projected Unit Credit
Amortization period	30 years
Amortization method	Level Dollar
Amortization period status	Open

\*\* As the plan is unfunded, the assumed investment rate of return considers that the Regulating District's deposits are low risk in nature.

The Affordable Care Act (ACA) was signed into law in March 2010. The new law has a financial impact on employers who sponsor post employment health care benefits. The effects of the ACA legislation have been incorporated in the Actuarial Accrued Liability disclosed above.

**7. NET POSITION**

Due to the Regulating District's negative unrestricted net position as of June 30, 2017 and 2016, there have been no designations of funds set aside for needed projects.

**8. CONTINGENCIES**

On July 31, 2012, the Regulating District received the final FERC Headwater Benefits Study report defining the equitable portion of the Regulating District's Federal Power Act section 10(f) costs to be paid by the federally licensed merchant for profit hydropower generators benefitted by the Regulating District's operation. The FERC order shifted the Regulating District's primary funding source from federally licensed for profit hydropower generators to the five (5) counties (Albany, Rensselaer, Saratoga, Warren, and Washington).

Also, as noted in the final FERC Study, the Regulating District had been charging downstream projects for headwater benefits under New York law for many years before the Great Sacandaga Lake Project was licensed and for several years thereafter. The court of appeals made it clear that, once the Great Sacandaga Lake Project was licensed, New York law was completely preempted by section 10(f) and the collection of payments for headwater benefits pursuant to that law was unauthorized. In its order on remand, the Commission stated that, while it could not order the Regulating District to refund payments made by the downstream licensees under the New York law, it might be possible to offset headwater benefits payments by these amounts. FERC staff requested additional information from the licensees regarding the amounts that the Regulating District has collected for each downstream project since the Great Sacandaga Project was licensed and any funds that may have since been returned to the downstream licensees. Based on the receipt of that information along with the consideration of other related licensee claims and settlements, FERC orders in August and November 2015 established the dates upon which certain licensees to start paying past due headwater assessments as previously settled, while other licensees would participate in a crediting system whereas the aggregate refund amounts that licensees are entitled

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**8. CONTINGENCIES, CONTINUED**

to will be amortized and netted against their annual headwater benefit fee assessments. One licensee, Erie Boulevard Hydropower LP, appealed the FERC orders and the USCA DC Circuit heard oral arguments on September 25, 2017.

Federal Headwater Benefit fees received during the first and second quarters of fiscal year ending June 30, 2016, in the amount of \$2,822,415, were pursuant to Section 10(f) of the Federal Power Act. That amount represents payments from three (3) hydro-electric companies, Erie Boulevard Hydropower LP (\$2,394,448) for years 2009-2015, Boralex Hydro Operations, Inc. (\$372,967) for years 2012-2015, and Albany Engineering Corp., (\$54,999) for years 2009-2015 following years of litigation as cited above.

Also, as noted in the final FERC Study, the Regulating District had been charging downstream projects for headwater benefits under New York law for many years before the Great Sacandaga Lake Project was licensed and for several years thereafter. The court of appeals made it clear that, once the Great Sacandaga Lake Project was licensed, New York law was completely preempted by section 10(f) and the collection of payments for headwater benefits pursuant to that law was unauthorized. In its order on remand, the Commission stated that, while it could not order the Regulating District to refund payments made by the downstream licensees under the New York law, it might be possible to offset headwater benefits payments by these amounts. FERC staff requested additional information from the licensees regarding the amounts that the Regulating District has collected for each downstream project since the Great Sacandaga Project was licensed and any funds that may have since been returned to the downstream licensees. Based on the receipt of that information along with the consideration of other related licensee claims and settlements, an order was reached by FERC in August 2015 that requires certain licensees to start paying past due headwater assessments as previously settled, while other licensees would participate in a crediting system whereas the aggregate refund amounts that licensees are entitled to will be amortized and netted against their annual headwater benefit fee assessments.

Federal Headwater Benefit fees received during the first and second quarters of fiscal year ending June 30, 2016, in the amount of \$2,822,415, were pursuant to Section 10(f) of the Federal Power Act. That amount represents payments from three (3) hydro-electric companies, Erie Boulevard Hydropower LP (\$2,394,448) for years 2009-2015, Boralex Hydro Operations, Inc. (\$372,967) for years 2012-2015, and Albany Engineering Corp., (\$54,999) for years 2009-2015 following years of litigation as cited above.



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**9. HYDROPOWER (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, 2021, which required an initial annual payment of \$850,000 that increases by 3.0% each year.

In the Black River area, the Regulating District had a Hydropower Agreement with a hydroelectric company effective January 1, 1986 and expiring in December 31, 2016, which required an initial annual payment of \$30,000 that increases by 3.0% each year. The agreement was renewed for 15 years with an expiration date of December 31, 2029.

Estimated annual required payments to the Regulating District under the terms of these agreements are as follows for the years ending June 30:

	<u><b>Hudson River</b></u>		<u><b>Black River</b></u>		<u><b>Total</b></u>
2018	\$ 1,285,701	\$	73,910	\$	1,359,611
2019	1,324,273		76,127		1,400,400
2020	1,364,001		78,411		1,442,412
2021	1,404,921		80,764		1,485,685
2022			83,187		83,187
Thereafter			708,446		708,446
	<u>\$ 5,378,896</u>	\$	<u>1,100,845</u>	\$	<u>6,479,741</u>

For the years ended June 30, 2017 and 2016 the Hudson River area recognized water power income of \$1,251,374 and \$1,315,918, respectively, and the Black River area recognized water power income of \$71,757 and \$69,667, respectively under these hydropower agreements.

**10. CONCENTRATIONS**

For the year ended June 30, 2017, approximately 69% of assessment revenues and 75% of total operating revenues were provided by five statutory beneficiaries.

At June 30, 2016, approximately 75% of total gross receivables were due from two statutory beneficiaries.

**11. LONG-TERM OBLIGATIONS**

Long-term obligation activity for the years ended June 30, 2017 and 2016 is summarized below:

Additions and reductions to compensated absences are shown net since it is impracticable to determine these amounts separately.

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**11. LONG-TERM OBLIGATIONS, CONTINUED**

	Balance			Balance	Classified as	
	6/30/2016	Additions	Reductions	6/30/2017	Current	Non-Current
Other postemployment benefits	\$ 8,586,040	\$ 393,220	\$	\$ 8,979,260	\$	\$ 8,979,260
Due to NYS retirement system	79,831	-	12,086	67,745	62,991	4,754
Net pension liability of NYS retirement system	759,391	-	315,719	443,672	-	443,672
Retirement incentive	-	-	-	-	-	-
Compensated absences	443,428	-	42,756	400,672	400,672	-
	<u>\$ 9,868,690</u>	<u>\$ 393,220</u>	<u>\$ 370,561</u>	<u>\$ 9,891,349</u>	<u>\$ 463,663</u>	<u>\$ 9,427,686</u>

**12. COMMITMENTS**

The Regulating District had two operating lease agreements for office space. One lease agreement required quarterly payments of \$3,995 (\$1,332 per month) through March 31, 2015. The second lease required monthly payments of \$3,500 through September 1, 2012. From September 1, 2012 to February 28, 2013 monthly payments were reduced to \$3,118. From March 1, 2013 the lease agreement required monthly payments of \$2,546 through February 28, 2015. From March 1, 2015 the lease agreement required monthly payments of \$2,643 through February 29, 2016.

The Regulating District entered into two new operating lease agreements for office space. One lease agreement requires quarterly payments of \$3,995 (\$1,332 per month) through July 31, 2018.

The second lease requires monthly payments of \$2,693 through February 28, 2017, and \$2,742 through February 28, 2018.

The future minimum lease payments for fiscal years ending June 30 under the terms of these lease agreements are as follows:

June 30, 2018	\$37,913
2019	\$ 1,332

Total rent expense recognized by the Regulating District under the terms of all of its office lease agreements was \$48,488 and \$47,342 during the years ended June 30, 2017 and 2016, respectively. The decrease in rent expense for the 2016 year was due to a credit for prior rent amounts due that was recognized during the year ended June 30, 2015.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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**13. EMPLOYEE SALARY CHANGES**

**Union employees**

A significant portion of the Regulating District's employees are covered under a collective bargaining agreement with the Civil Service Employees Administration (CSEA) which expired June 30, 2016. During the year ended June 30, 2017, a new collective bargaining agreement with the CSEA was finalized covering the period from July 1, 2016 to June 30, 2020. The new collective bargaining agreement remained substantially unchanged except for an approved annual salary increase from 2% - 2.5%.

**Exempt employees**

For all non-union employees, the Regulating District has been operating under a New York State imposed salary freeze (of general increases and step advancements) limited to the Regulating District's management and confidential (nonunion) employees since July 2009. Effective April 2015 the salary freeze was lifted. The freeze and related lift did not affect job promotions or changes in job responsibilities.

**14. SUBSEQUENT EVENTS**

The Regulating District has evaluated subsequent events from the statements of net position date through the date the financial statements were available to be issued, October 25, 2017, and has determined that there were no events that would have a material impact on the financial statements except from those events previously disclosed in the notes the financial statement.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT**  
**(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**  
**COMBINING SCHEDULE OF NET POSITION**  
**AS OF JUNE 30, 2017**

**SCHEDULE I**

	Hudson River	Black River	Total Regulating District
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 3,427,081	\$ 1,467,991	\$ 4,895,071
Accounts receivable, net	706,466	34,345	740,811
Intercompany receivable (payable)	83,663	(83,663)	-
Prepaid expenses	523,559	8,456	532,015
<b>TOTAL CURRENT ASSETS</b>	<b>4,740,769</b>	<b>1,427,129</b>	<b>6,167,897</b>
CAPITAL ASSETS, NET	2,367,328	309,844	2,677,172
<b>TOTAL ASSETS</b>	<b>7,108,097</b>	<b>1,736,972</b>	<b>8,845,069</b>
DEFERRED OUTFLOWS OF RESOURCES	49,963	10,968	60,931
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 7,158,060</b>	<b>\$ 1,747,940</b>	<b>\$ 8,906,000</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts and accrued expenses payable	\$ 114,617	\$ -	\$ 114,617
Compensated absences	284,495	116,177	400,672
Current portion due to New York State Retirement System	62,991	-	62,991
<b>TOTAL CURRENT LIABILITIES</b>	<b>462,103</b>	<b>116,177</b>	<b>578,280</b>
<b>NON-CURRENT LIABILITIES</b>			
New York State Retirement System payable, net of current portion	4,754	-	4,754
Proportionate share of NYS Retirement net pension liability	363,811	79,861	443,672
Other post employment benefits	6,862,551	2,116,709	8,979,260
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,231,116</b>	<b>2,196,570</b>	<b>9,427,686</b>
<b>TOTAL LIABILITIES</b>	<b>7,693,219</b>	<b>2,312,747</b>	<b>10,005,966</b>
<b>NET POSITION</b>			
Net investment in capital assets	2,367,328	309,844	2,677,172
Unrestricted	(5,516,114)	1,738,977	(3,777,139)
<b>TOTAL NET POSITION</b>	<b>\$ (3,148,786)</b>	<b>\$ 2,048,820</b>	<b>\$ (1,099,967)</b>

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)  
COMBINING SCHEDULE OF ACTIVITIES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

**SCHEDULE II**

	Hudson River	Black River	Total Regulating District
<b>OPERATING REVENUE</b>			
Assessments	\$ 3,471,671	\$ 921,206	\$ 4,392,877
New York State assessments	853,922	250,000	1,103,922
Water power service	1,251,374	71,757	1,323,131
Permit fees	429,523	-	429,523
Other	2,215	-	2,215
<b>TOTAL OPERATING REVENUE</b>	<b>6,008,705</b>	<b>1,242,963</b>	<b>7,251,668</b>
<b>OPERATING EXPENSES</b>			
Real estate taxes	3,222,145	24,227	3,246,373
Personnel services and employee benefits	2,873,002	1,227,273	4,100,275
Contractual services	733,738	146,345	880,084
Depreciation	201,819	38,841	240,660
Materials and supplies	29,846	31,958	61,804
<b>TOTAL OPERATING EXPENSES</b>	<b>7,060,550</b>	<b>1,468,645</b>	<b>8,529,196</b>
<b>TOTAL OPERATING INCOME</b>	<b>(1,051,845)</b>	<b>(225,682)</b>	<b>(1,277,528)</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>			
Net interest (expense) income	(19,992)	42,325	22,333
<b>TOTAL NON-OPERATING REVENUE (EXPENSE)</b>	<b>(19,992)</b>	<b>42,325</b>	<b>22,333</b>
<b>CHANGES IN NET POSITION</b>	<b>(1,071,837)</b>	<b>(183,357)</b>	<b>(1,255,195)</b>
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<b>(2,076,949)</b>	<b>2,232,177</b>	<b>155,228</b>
<b>TOTAL NET POSITION - END OF YEAR</b>	<b>\$ (3,148,786)</b>	<b>\$ 2,048,820</b>	<b>\$ (1,099,967)</b>

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT  
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)  
SCHEDULE OF THE REGULATING DISTRICT'S PROPORTIONATE SHARE OF  
THE NEW YORK STATE AND LOCAL RETIREMENT SYSTEM'S  
NET PENSION LIABILITY  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**SCHEDULE III**

*(Dollar amounts in thousands)*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
The Regulating District's proportion of the net pension liability	0.00472%	0.00473%	0.00473%
The Regulating District's proportionate share of the net pension liability	\$ 444	\$ 759	\$ 158
The Regulating District's covered-employee payroll	\$ 1,793	\$ 1,423	\$ 1,258
The Regulating District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	24.77%	53.38%	12.56%
Plan fiduciary net position as a percentage of the total pension liability	90.75%	90.70%	90.68%

**Notes:**

- Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
- The amounts presented have as measurement date of March 31, 2017 and 2016, respectively.
- Covered-employee payroll represents payroll submitted to the New York State Employee Retirement System during the measurement periods of April 1, 2016 to March 31, 2017 and April 1, 2015 to March 31, 2016. Covered-employee payroll is the payroll of employees that are provided with pensions through the plan (also known as "pensionable payroll"). Covered-employee payroll may differ from pensionable payroll. Covered-employee payroll includes the total payroll of covered employees on the accrual basis of accounting; this may include overtime and other compensation which have been excluded from the amount on which contributions to the pension plan are based.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT**  
**(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**  
**SCHEDULE OF THE REGULATING DISTRICT'S CONTRIBUTIONS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**SCHEDULE IV**

*(Dollar amounts in thousands)*

	<u><b>2017</b></u>	<u><b>2016</b></u>
Contractually required contribution	\$ 282	\$ 284
Contributions in relation to the contractually required contribution	282	284
Contributions deficiency (excess)	<u>-</u>	<u>\$ -</u>
The Regulating District's covered-employee payroll	\$ 1,793	\$ 1,423
Contributions as a percentage of covered-employee payroll	15.73%	19.96%

**Notes:**

- Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
- The amounts presented have a measurement date of March 31, 2017 and 2016.
- Covered-employee payroll represents payroll for the fiscal year ended June 30, 2017 and 2016. Covered-employee payroll is the payroll of employees that are provided with pensions through the plan (also known as "pensionable payroll"). Covered-employee payroll may differ from pensionable payroll. Covered-employee payroll includes the total payroll of covered employees on the accrual basis of accounting; this may include overtime and other compensation which have been excluded from the amount on which contributions to the pension plan are based.
- The contractually required contributions for 2017 and 2016 is shown for presentation purposes only based on the 2017 and 2016 pension bill, it may or may not be exact to what would be presented under GASB 68 requirements.
- Contributions in relation to the contractually required contribution for 2017 and 2016 is \$0 because the Regulating District made the required contribution subsequent to the measurement date but before the fiscal year end, which is why it is shown as part of the Deferred Outflows of Resources on the Statement of Net Position.



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

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To the Board of Directors of  
 Hudson River-Black River Regulating District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the business-type activities of the Hudson River-Black River Regulating District (the Regulating District) a New York State Public Benefit Corporation, and a discretely presented component unit of the State of New York, as of and for the year ended June 30, 2017, and the related notes to the consolidated financial statements, which collectively comprise the Regulating District's basic financial statements, and have issued our report thereon dated October 25, 2017.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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





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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
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 AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
 GOVERNMENT AUDITING STANDARDS, CONTINUED**

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**Compliance and Other Matters**

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

**Purpose of this Report**

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

*KBL, LLP*

KBL, LLP  
 October 25, 2017

Section 15-2131, SUBDIVISION 1, c.

A STATEMENT OF ANY PETITIONS RECEIVED BY THE BOARD  
AND THE ACTION TAKEN THEREON

To: The Board of the Hudson River-Black River Regulating District  
From: Robert Leslie, General Counsel  
Date: April 12, 2016  
Re: Annual Counsel's Report  
January 1, 2017 through December 31, 2017  
Compiled pursuant to Environmental  
Conservation Law (ECL) §15-2131(1)(c) and (2)

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

None.

OTHER MATTERS OF INTEREST (ECL §1-2131(2))

1. Freedom of Information Law (FOIL) Requests

- a. The Regulating District received eighteen (18) FOIL requests during the reporting period.
- b. The Regulating District processed each request in accordance with the Public Officers Law and the information sought, if available, was provided to the requesting party in a manner consistent with the Regulating District's statutory obligations.
- c. The Regulating District granted eighteen (18) requests. Zero (0) request(s) were denied. There were zero (0) appeal(s).

Respectfully Submitted,  
Robert Leslie  
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

### MAINTENANCE AND OPERATION

#### Facilities

In the Upper Hudson River basin, the Hudson River – Black River Regulating District operates and maintains the Great Sacandaga Lake reservoir and the Indian Lake reservoir, including the Conklingville Dam and the Indian Lake Dam.

#### Maintenance and Operation

Regulating District personnel maintained facilities at the Conklingville, Indian Lake and Sacandaga 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, spillway, and outlet structure facility maintenance,
- Installation of shoreline stabilization and erosion control measures,
- Grounds maintenance at embankment dams,
- Posting of notice and trespassing signs,
- Removal and disposal of litter and debris found on reservoir lands,
- Operation and maintenance of precipitation gauges,
- Maintenance and operation of stream gauges,
- Clearing reservoir shoreline of stumps, driftwood and debris,
- Cutting and removal of downed tree.

Conklingville Dam staff performed routine maintenance work, including the reading and inspection of elevation gauges at Conklingville and Indian Lake Dam, and Stewarts Bridge, Hadley, and Indian River gauge.

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.

A website containing stream flow and reservoir elevation, as well as forecast reservoir releases is maintained by the Regulating District and made available to the public at <http://www.hrbrrd.com>.

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

### Great Sacandaga Lake Access Permit System

The Hudson River – Black River Regulating District Board adopted the current rules for the Access Permit System, entitled “Rules and Regulations Governing the Use, Operation, and Maintenance of Great Sacandaga Lake,” by resolution dated October 19, 1992. As required by the Regulating District’s enabling legislation, the Department of Environmental Conservation approved the current rules on July 13, 1992. The rules became effective on January 27, 1993.

The Regulating District issues permits for access to the Great Sacandaga Lake reservoir and buffer land in accordance with the Rules and Regulations.

Regulating District personnel performed the following activities:

- Administration of Access Permit System,
- Process permit renewals,
- Process new permit applications,
- Process work permits,
- Survey and delineation of permit areas,
- Preparation of permit stakes and signs,
- Identifying and field investigating property encroachments,
- Process State Environmental Quality Review (SEQR) work permits,
- Survey maintenance of 125 miles of State property line,
- Clearing of property line (taking line),
- Replacement / relocation of survey monuments

During the calendar year 2017, the Regulating District issued 168 new permits, 4,660 access permit renewals and 498 work permits. Revenue derived from the access permit system totaled \$427,223.

Regulating District field staff placed 508 tons of shoreline erosion protection stone (riprap), and repaired approximately 1,898 feet of shoreline erosion protection to minimize shoreline erosion.

Sacandaga 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.

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 Regulating 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.

## STATEMENT OF CONDITION AND OPERATION OF GREAT SACANDAGA LAKE

### Reservoir Elevation

The daily average elevation of the Great Sacandaga Lake (Sacandaga Reservoir) on January 1, 2017 was 753.89 feet above mean sea level. During the period ending December 31, 2017, the reservoir elevation varied from a minimum of 749.42 feet on February 23, 2017, to a maximum of 770.84 feet on May 7, 2017. The reservoir elevation averaged approximately 0.03 feet below the long-term average on January 1, 1.57 feet above the long-term average on July 1, 2017 and averaged approximately 0.99 feet below the long-term average on December 31, 2017. The daily average elevation of the Great Sacandaga Lake on December 31, 2017 was 753.06 feet.

Figure 1 shows the elevation of the Great Sacandaga Lake during 2017, the historic and target elevation, and the mandated minimum operating elevation.

### Precipitation and Inflow

Precipitation was approximately 119% of historic average during the first half of the year, and approximately 100% of historic average during the second half of 2017.

Snow surveys were conducted during the period January through April 2017. Snow-pack water content measured 117% of historic average in January and 84% of historic average in March.

Inflow during the period January through June 2017 was approximately 123% of historic average. Monthly average inflow for the months of July through December 2017 varied from approximately 68% to 281% of historic average.

Total inflow to the reservoir was 81.26 billion cubic feet for the year ending December 31, 2017, and was 117% of the average annual inflow of 69.28 billion cubic feet.

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

Figure 2 indicates the precipitation measured at Northville during the period January 1 to December 31, 2017. Figure 3 reflects the inflow to the reservoir during the period January 1 to December 31, 2017.

### Reservoir Release and Storage

A total of 82.12 billion cubic feet of water was released from the reservoir during 2017. Daily water releases for the purpose of augmenting the natural Hudson River flow occurred during approximately 93% of the year. The release of water from the reservoir was suspended on approximately 4 occasion, for a total of approximately 25 days. The reservoir stored approximately 22.11 billion cubic feet of water during the spring refilling through June 1. In general, reservoir operation supplemented the flow in the Hudson River and provided base flow



conditions consistent with the requirements of the Upper Hudson / Sacandaga River Offer of Settlement.

Figure 4 indicates the regulated flow of the Hudson River, below the confluence with the Sacandaga River, at Spier Falls.

#### 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.

An annual safety inspection of the Conklingville Dam was conducted by Regulating District's Chief Engineer and Mr. James Huang, P.E. of the Federal Energy Regulatory Commission on July 19, 2017.

## STATEMENT OF CONDITION AND OPERATION OF INDIAN LAKE RESERVOIR

### Reservoir Elevation

The daily average elevation of Indian Lake Reservoir on January 1, 2017 was 1647.33 feet above mean sea level. During the period ending December 31, 2017, the reservoir elevation varied from a minimum of 1640.96 feet on December 31, 2017, to a maximum of 1651.67 feet on May 8, 2017. The reservoir elevation averaged approximately 4.03 feet above the long-term average on January 1, 0.73 feet below the long-term average on July 1, and averaged approximately 2.41 feet below the long-term average on December 31. The daily average elevation of the Indian Lake Reservoir on December 31, 2017 was 1640.96 feet.

Figure 5 shows the historic average reservoir elevation and the elevation of the reservoir during 2017.

### Precipitation and Inflow

Precipitation was approximately 145% of historic average during the first half of the year, and approximately 3% lower than historic average during the second half of 2017.

Snow surveys were conducted during the period January through April 2017. Snow-pack water content measured 19% above historic average at the end of January and 1% below historic average at the end of March.

Inflow during the period January through June 2017 was approximately 134% of historic average. Monthly average inflow for the months of July through December 2017 varied from approximately 59% to 203% of historic average.

Total inflow to the reservoir was 11.69 billion cubic feet for the year ending December 31, 2017, and was 116% of the average annual inflow of 10.01 billion cubic feet.

Figure 6 indicates the precipitation measured at Indian Lake Dam during the period January 1 to December 31, 2017. Figure 7 reflects the inflow to the reservoir during the period January 1 to December 31, 2017.

### Reservoir Release and Storage

A total of 12.77 billion cubic feet of water was released from the reservoir during 2017. Release of water for river augmentation occurred during 97% of the year.

A minimum release of approximately 15 cubic feet per second occurred on February 4 - 13. A maximum release of 1,000 cubic feet per second occurred on May 9, 2017.

A safety inspection of the Indian Lake Dam was conducted by the Dam Safety Section of the Department of Environmental Conservation on September 15, 2016.

**TABLE 1**  
**HUDSON RIVER - BLACK RIVER REGULATING DISTRICT**

**PRECIPITATION ON SACANDAGA WATERSHED**

MONTH	CONKLINGVILLE		MAYFIELD	
	MONTHLY TOTAL	HISTORIC AVERAGE	MONTHLY TOTAL	HISTORIC AVERAGE
( INCHES)				
<u>2017</u>				
JANUARY	3.63	3.37	3.38	3.39
FEBRUARY	3.69	2.93	3.75	2.86
MARCH	3.64	3.71	3.28	3.64
APRIL	4.72	3.68	4.49	3.70
MAY	6.17	3.61	7.75	3.91
JUNE	4.38	3.85	2.92	3.99
JULY	7.99	3.82	6.03	3.91
AUGUST	2.55	3.82	3.79	4.01
SEPTEMBER	3.17	3.65	4.00	4.03
OCTOBER	5.44	3.56	3.79	3.87
NOVEMBER	2.00	3.73	2.30	3.69
DECEMBER	4.79	3.73	3.42	3.93
TOTAL (Year: Jan - Dec)	52.17	43.46	48.90	44.93

**SACANDAGA WATERSHED SNOW SURVEY**

DATE	AVGERAGE DEPTH OF SNOW	WATER CONTENT OF SNOW	
	(INCHES)	(INCHES)	(B.C.F.)
<u>2017</u>			
January 2 - 4	12.8	3.02	7.71
January 16 - 18	11.3	3.08	7.92
January 30 - February 1	14.0	3.80	9.66
February 13 - 15	23.9	5.56	13.90
February 27 - March 1	12.0	3.63	9.44
March 13 - 15	14.8	3.46	8.71
March 27 - March 29	12.7	4.02	10.17
April 10 - 12	4.1	1.31	4.07
April 24 - 26	0.0	0.00	0.00

**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>2017</u>			
JANUARY	5.56	4.91	113
FEBRUARY	9.01	3.77	239
MARCH	8.55	9.41	91
APRIL	19.41	17.38	112
MAY	10.14	8.13	125
JUNE	5.66	3.94	144
JULY	6.24	2.22	281
AUGUST	1.46	1.53	95
SEPTEMBER	1.44	2.05	70
OCTOBER	2.99	4.07	73
NOVEMBER	6.70	5.89	114
DECEMBER	4.09	5.98	68
TOTAL	81.26	69.28	117

**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)	DAILY RELEASE (AVERAGE) (C.F.S.) (1)	SPIER FALLS COMPUTED NATURAL FLOW (AVERAGE) (C.F.S.) (2)	SPIER FALLS REGULATED FLOW (AVERAGE) (C.F.S.) (3)
<a href="#"><u>2017</u></a>				
JANUARY	752.43	2624	4502	5051
FEBRUARY	754.35	2845	7235	6354
MARCH	755.77	2771	8158	7736
APRIL	769.53	1862	17789	12161
MAY	768.22	4339	9390	9941
JUNE	767.37	2543	6233	6593
JULY	765.99	2929	6773	7371
AUGUST	763.43	1604	1970	3029
SEPTEMBER	761.18	1441	1847	2733
OCTOBER	759.76	1643	2525	3053
NOVEMBER	757.33	3602	5873	6890
DECEMBER	753.06	3038	3344	4853

(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 JANUARY 2017 - DECEMBER 2017

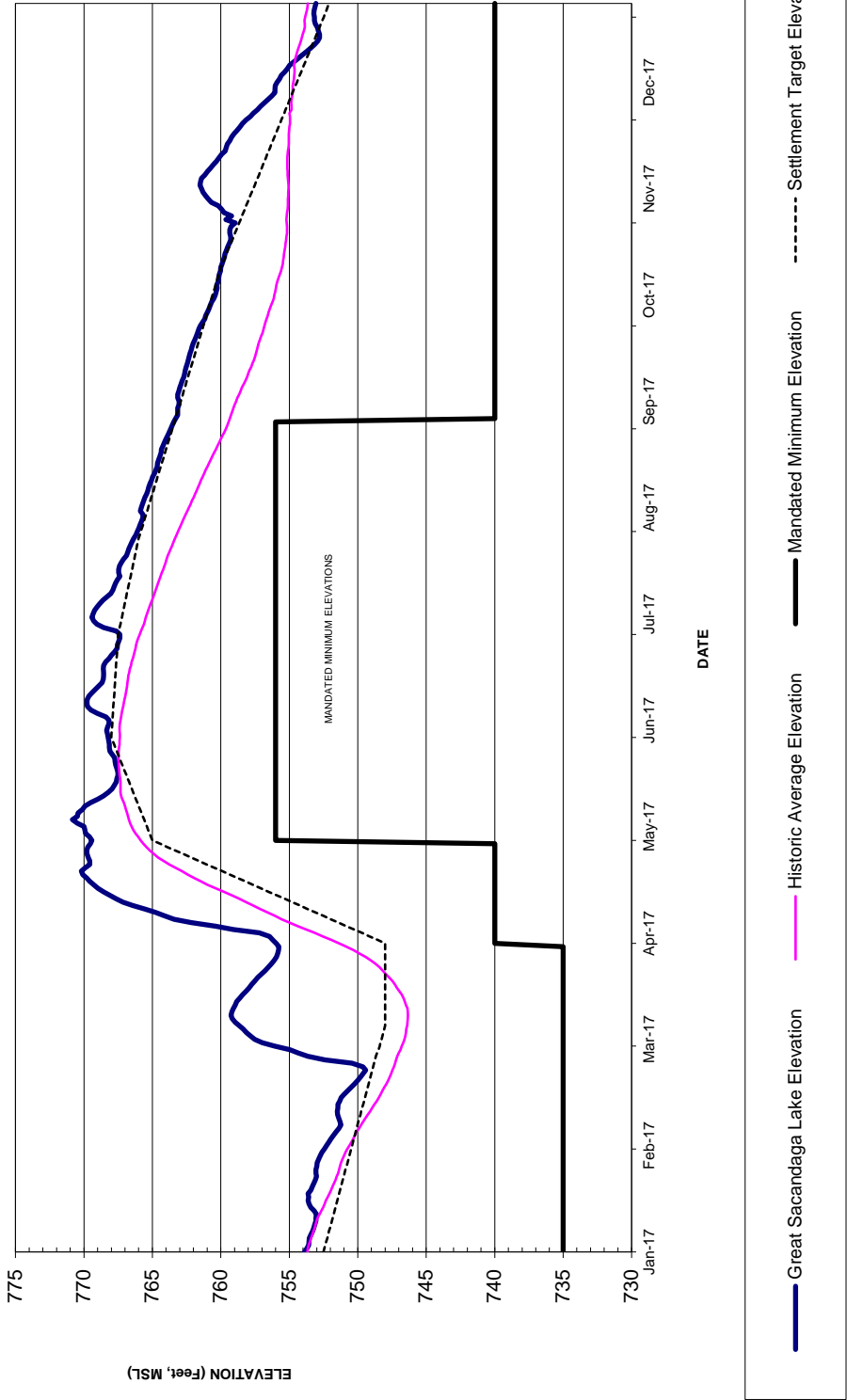


Figure 1

# Hudson River - Black River Regulating District

## GREAT SACANDAGA LAKE

PRECIPITATION JANUARY 2017 - DECEMBER 2017

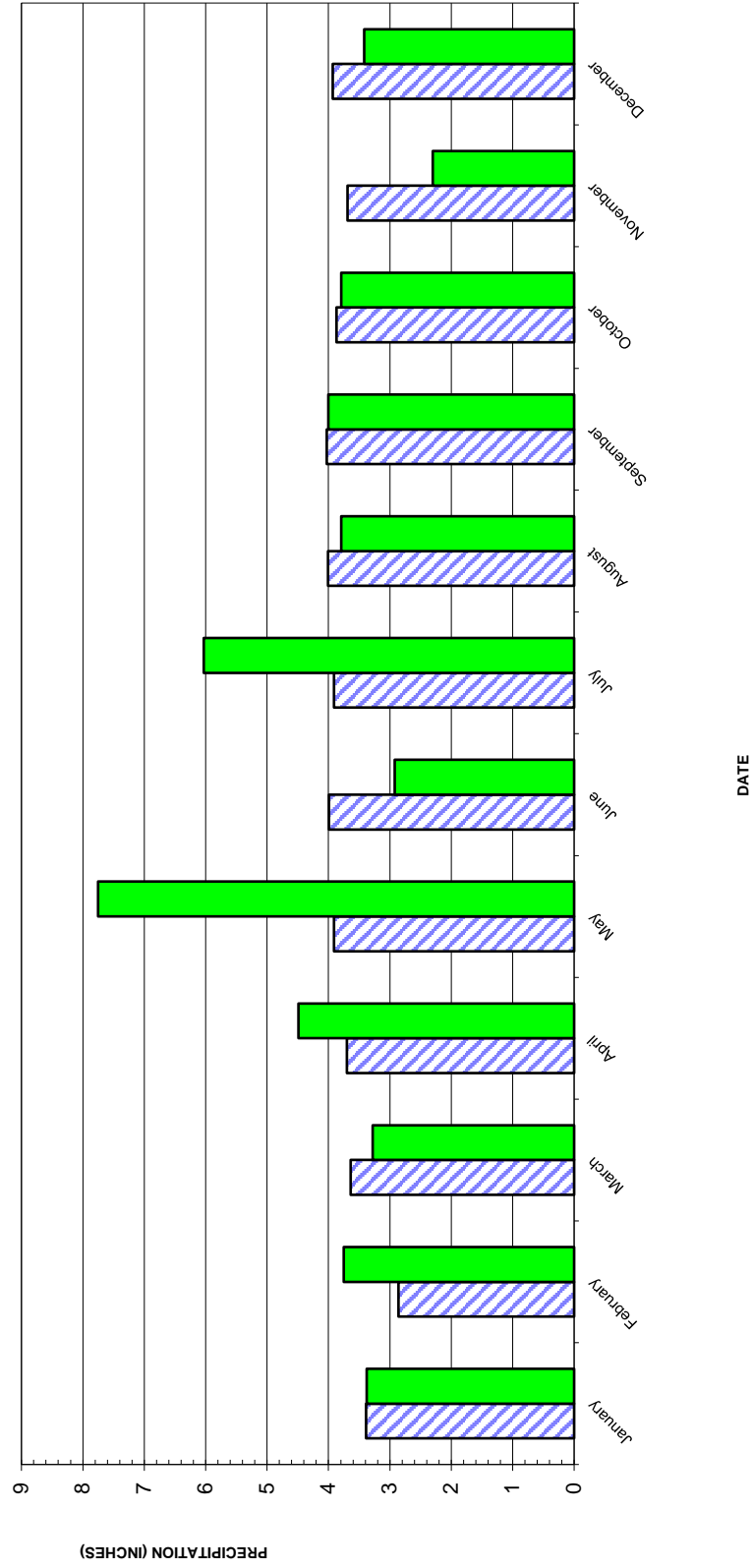


Figure 2

Hudson River - Black River Regulating District

GREAT SACANDAGA LAKE

INFLOW JANUARY 2017 - DECEMBER 2017

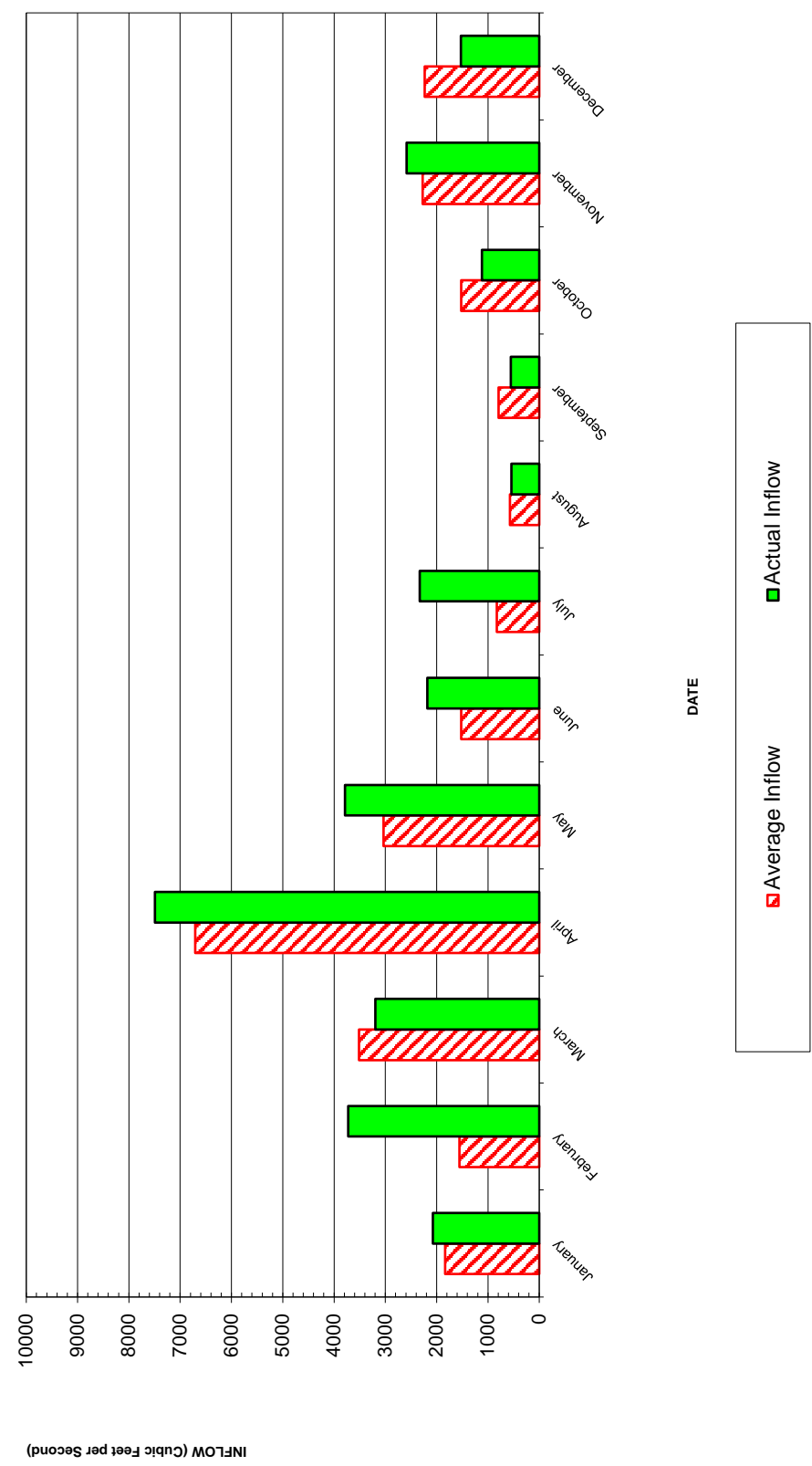


Figure 3



Hudson River - Black River Regulating District

GREAT SACANDAGA LAKE

HUDSON RIVER FLOW AT SPIER FALLS JANUARY 2017 - DECEMBER 2017

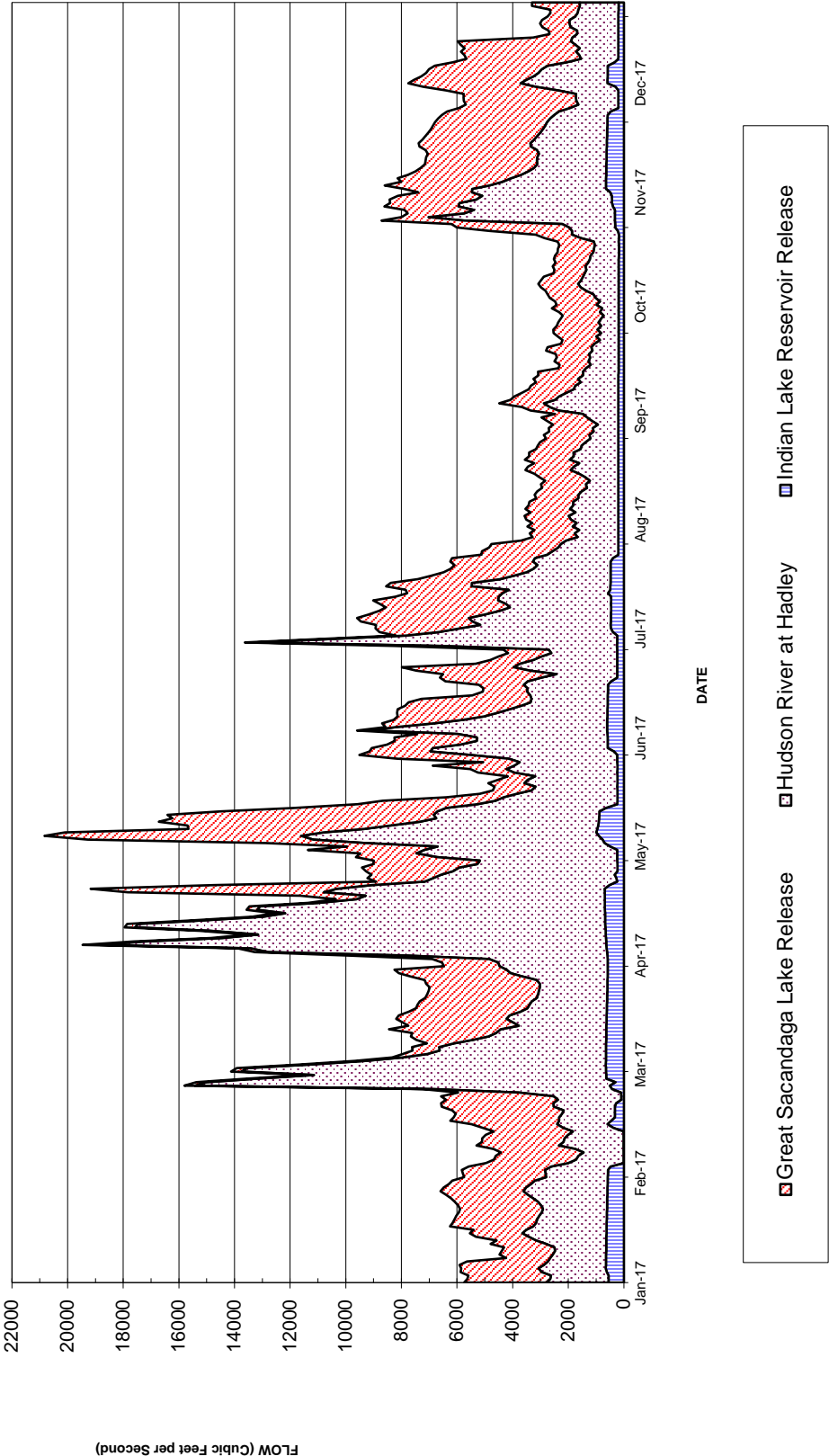


Figure 4

Hudson River - Black River Regulating District

INDIAN LAKE RESERVOIR

RESERVOIR ELEVATION JANUARY 2017 - DECEMBER 2017

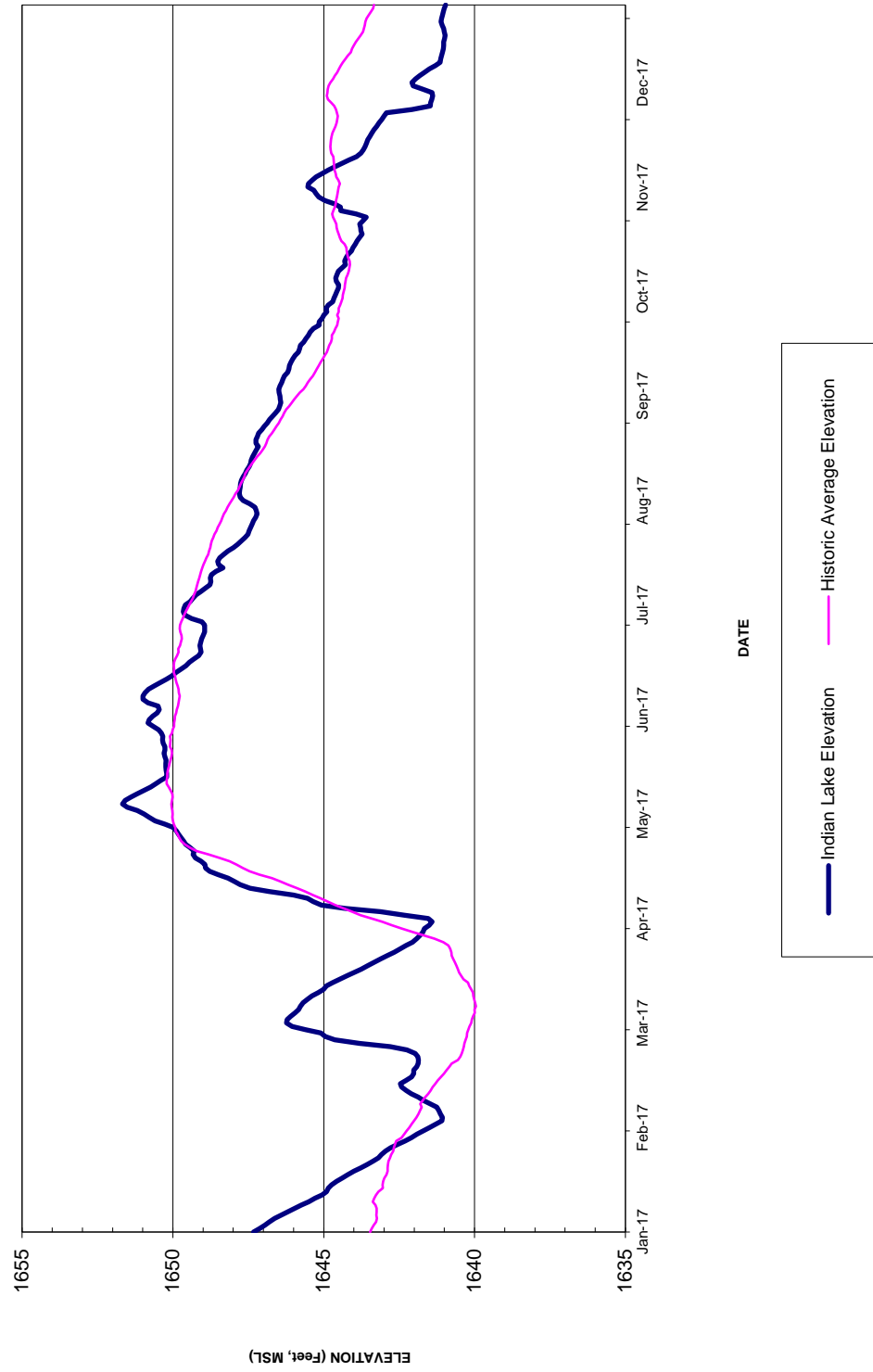


Figure 5

# Hudson River - Black River Regulating District

## INDIAN LAKE RESERVOIR

PRECIPITATION JANUARY 2017 - DECEMBER 2017

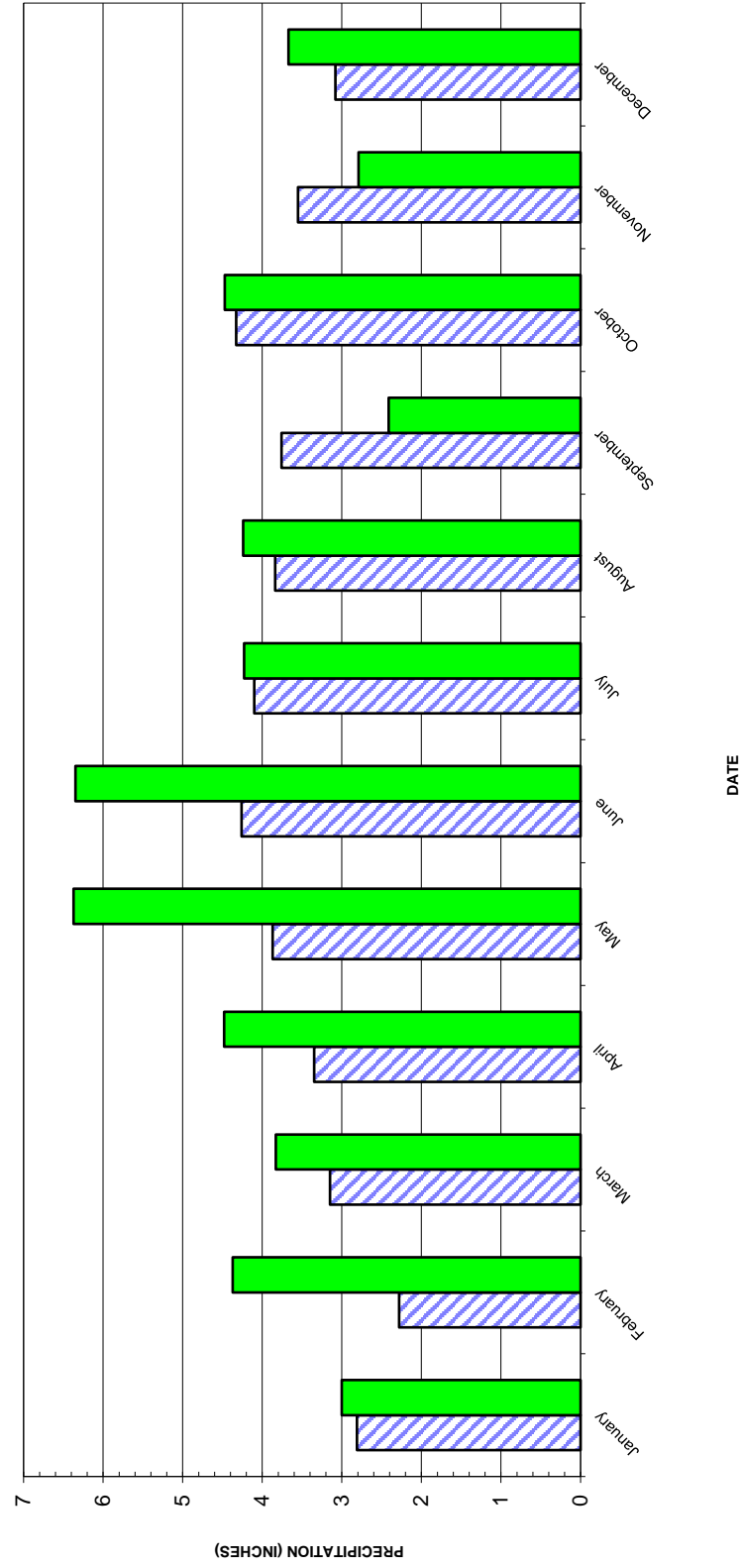


Figure 6

Hudson River - Black River Regulating District  
INDIAN LAKE RESERVOIR

INFLOW JANUARY 2017 - DECEMBER 2017

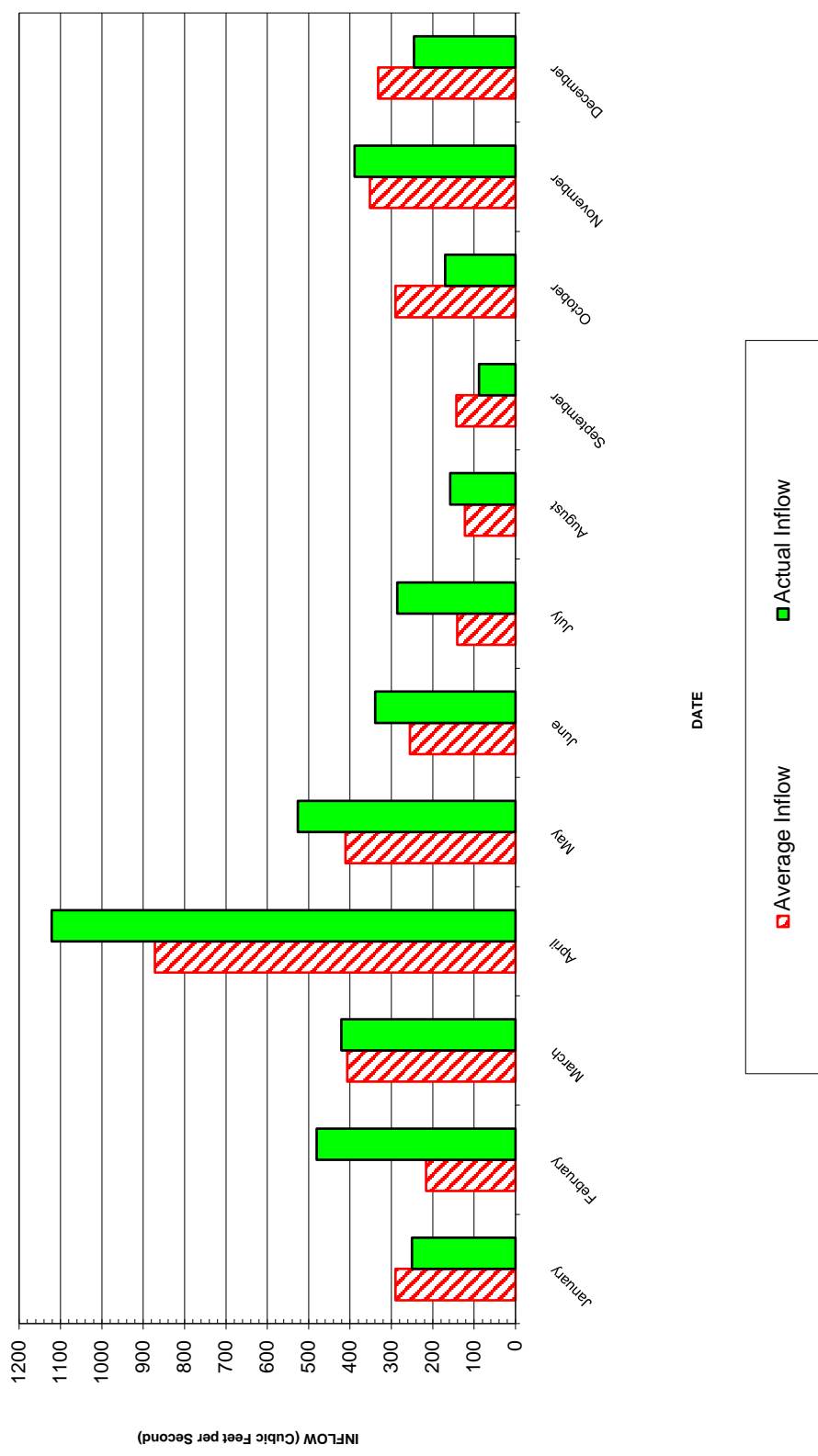


Figure 7

## BLACK RIVER AREA

### MAINTENANCE AND OPERATION

#### Facilities

In the Black River basin, the Hudson River – Black River Regulating District operates and maintains the Stillwater reservoir, Sixth Lake reservoir, and Old Forge reservoir, including the Stillwater Dam, Sixth Lake Dam, and the Old Forge Dam, as well as the Hawkinsville Dam.

#### Maintenance and Operation

Regulating District personnel maintained facilities at the Stillwater, 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, 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, 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, safety warning, and no trespassing signs
- Removal and disposal of litter and debris found on reservoir lands
- Vegetation maintenance, control and removal at dams and spillways
- Maintenance and repair of safety equipment and structures
- Maintenance of danger buoys and log booms
- Maintenance and improvements at ten Regulating District buildings
- Access road repairs

Field staff maintain approximately one mile of Necessary Dam Road and right-of-way which serves as primary access to the Stillwater Dam. Regulating District staff provides resurface maintenance during the summer as well as winter snow removal. Additionally, the Regulating

District maintained the 1/8<sup>th</sup> 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.

Regulating District personnel also responded to power outages and unscheduled shutdowns of the Stillwater hydroelectric plant adjacent to the Regulating District's dam, operated gates at the dam to provide water to down-river beneficiaries until the hydroelectric facility was available to discharge water.

Daily maintenance was performed including daily dam safety observations, reservoir elevation readings and changes in release of water as directed by the Chief Engineer. Piezometer and weir measurements were taken at a frequency which is dependent upon the reservoir elevation.

Regulating District staff participated in workplace, and health and safety training.

Daily elevation records were maintained to provide weekly and monthly tables and graphs that compare the daily elevations to the target elevations and the long-term average elevations.

## STATEMENT OF CONDITION AND OPERATION OF STILLWATER RESERVOIR

### Reservoir Elevation

The daily average elevation of the Stillwater Reservoir on January 1, 2017 was at 1668.55 feet. During the year ending December 2017, the reservoir elevation varied from a minimum of 1667.21 feet on February 23, 2017, to a maximum of 1679.72 feet on July 2, 2017. The reservoir elevation averaged approximately 2.05 feet below the long-term average on January 1, 1.38 feet above the long-term average on July 1, and approximately 1.64 feet above the long-term average on December 31, 2017. The daily average elevation of the Stillwater Reservoir on December 31, 2017 was 1671.79 feet.

Figure 1 shows the elevation of Stillwater Reservoir during 2017, the historic average and operation elevation.

### Precipitation and Inflow

Precipitation was approximately 59% above historic average during the first half of the year, and approximately 3% above the historic average during the second half of 2017.

Snow surveys were conducted during the period January through April 2017. Snow-pack water content measured 122% of historic average at the end of January and 100% of historic average at the end of March.

Inflow during the period January through June 2017 was approximately 121% of historic average. Daily average inflow for the months of July through December 2017 varied from approximately 54% to 216% of historic average.

Total inflow to the reservoir was 14.77 billion cubic feet for the year ending December 2016, which was 109% of the average annual inflow of 13.58 billion cubic feet.

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

Figure 2 indicates the precipitation measured at Stillwater during the period January 1, to December 31, 2017. Figure 3 reflects the inflow to the reservoir during the period January to December 31, 2017.

### Reservoir Release and Storage

A total of 14.30 billion cubic feet of water was released from the reservoir during 2017. Daily water releases occurred during approximately 95% of the year. The release of water from the reservoir was suspended on two occasions, for a total of approximately 18 days. The reservoir stored approximately 2.51 billion cubic feet of water during the spring refilling.

Figure 4 indicates the regulated flow of the Black River at Watertown.

Federal Energy Regulatory Commission

The Regulating District operates the Stillwater Dam subject to license exemption P-6743-NY from the Federal Energy Regulatory Commission (FERC). A safety inspection of the Stillwater Dam was conducted the Regulating District's Chief Engineer and FERC staff on August 2, 2017.



## STATEMENT OF CONDITION AND OPERATION OF SIXTH LAKE RESERVOIR

### Reservoir Operation

The elevation of Sixth Lake Reservoir on January 1, 2017 was 1782.34 feet. During the year ending December 2017, the reservoir elevation varied from a minimum of 1781.06 feet on February 22, 2017, to a maximum of 1786.07 feet on June 7, 2017. On December 31, 2017 the reservoir elevation was 1781.76 feet.

Figure 5 represents the reservoir elevation during the reporting year.

### Precipitation and Inflow

Precipitation was approximately 33% above historic average during the first half of the year, and approximately 1% above historic average during the second half of 2017.

Total inflow to the reservoir was 1.77 billion cubic feet for the year ending December 2017.

Figure 7 indicates the precipitation that occurred at Sixth Lake Reservoir during the period January 1, 2017 to December 31, 2017.

### Reservoir Release and Storage

A total of 1.79 billion cubic feet of water was released from the reservoir during 2017. Daily water releases occurred during approximately 95% of the year. The release of water from the reservoir was suspended from March 28 to May 18, for a total of approximately 20 days. The reservoir stored approximately 0.14 billion cubic feet of water during the spring refilling.

### Maintenance

During the year staff completed several maintenance and repair projects at the gate house.

Daily maintenance and routine inspections were 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.

The Chief Engineer performed an annual dam safety inspection. The Department of Environmental Conservation Division Dam Safety conducted an inspection on September 15, 2016.

## STATEMENT OF CONDITION AND OPERATION OF OLD FORGE RESERVOIR

### Reservoir Operation

The elevation of Old Forge Reservoir on January 1, 2017 was 1704.36 feet. During the year the reservoir elevation varied from a minimum of 1703.48 feet on February 23, 2017, to a maximum of 1707.05 feet on July 2, 2017. On December 31, 2017 the reservoir elevation was 1704.47 feet.

Figure 5 represents the reservoir elevation during the reporting year.

### Precipitation and Inflow

Precipitation was approximately 27% above historic average during the first half of the year, and approximately 119% of historic average during the second half of 2017.

Total inflow to the reservoir was 3.74 billion cubic feet for the year ending December 2017.

Figure 7 indicates the precipitation that occurred at Old Forge Reservoir during the period January 1, 2017 to December 31, 2017.

### Reservoir Release and Storage

A total of 3.73 billion cubic feet of water was released from the reservoir during 2017. Daily water releases occurred during approximately 96% of the year. The release of water from the reservoir was suspended from May 15 to May 30, for a total of approximately 16 days. The reservoir stored approximately 0.43 billion cubic feet of water during the spring refilling.

### Maintenance

During the year staff completed several maintenance and repair projects at the gate house.

Daily maintenance and routine inspections were 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 were also performed.

The Chief Engineer performed a dam safety inspection on June 13, 2016.

## 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 Administrator and maintenance staff. No major repairs or maintenance were necessary during the year.

### 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, stream flow, 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 Stillwater Hydro facility operating 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. Notified Brookfield Renewable Power of reservoir release changes.
- Communicate with the gatekeepers at Old Forge and Sixth Lake regarding gate changes requested by the Chief Engineer.

**TABLE 1**  
**HUDSON RIVER - BLACK RIVER REGULATING DISTRICT**

**PRECIPITATION ON BLACK RIVER WATERSHED**

MONTH	STILLWATER RES.		SIXTH LAKE		OLD FORGE	
	MONTHLY TOTAL	HISTORIC AVERAGE	MONTHLY TOTAL	HISTORIC AVERAGE	MONTHLY TOTAL	HISTORIC AVERAGE
( INCHES)						
<u>2017</u>						
JANUARY	5.14	3.74	3.75	3.52	4.49	4.32
FEBRUARY	3.43	2.86	3.62	2.61	4.57	3.12
MARCH	4.00	3.28	3.53	3.33	4.01	3.59
APRIL	6.67	3.62	4.89	3.49	5.57	3.85
MAY	7.21	4.52	6.50	4.02	6.56	4.60
JUNE	10.43	5.20	5.93	4.26	5.67	4.84
JULY	5.48	4.69	4.79	4.51	6.53	4.50
AUGUST	3.85	4.49	5.52	4.08	5.76	4.37
SEPTEMBER	2.80	4.84	2.39	4.04	2.86	4.63
OCTOBER	8.01	5.34	4.97	4.58	7.71	5.24
NOVEMBER	4.07	4.15	3.43	3.91	4.42	4.43
DECEMBER	4.16	4.09	4.00	3.73	5.72	4.50
TOTAL	65.25	50.82	53.32	46.08	63.87	51.99
(Year: Jan. - Dec.)						

**BLACK RIVER WATERSHED SNOW SURVEY**

DATE	SURVEY DATA		HISTORIC AVERAGE	
	SNOW DEPTH	WATER CONTENT	SNOW DEPTH	WATER CONTENT
(INCHES) (INCHES) (INCHES) (INCHES)				
<u>2017</u>				
January 2 - 4	14.8	3.3	11.4	2.4
January 16 - 18	12.8	3.7	13.3	2.9
January 30 - February 1	24.8	5.2	18.3	4.3
February 13 - 15	30.5	7.0	21.3	5.1
February 27 - March 1	12.6	4.3	20.8	5.8
March 13 - 15	16.8	3.9	19.5	5.9
March 27 - March 29	11.6	4.2	12.4	4.2
April 10 - 12	0.0	0.0	4.8	1.8
April 24 - 26	0.0	0.0	0.0	0.0

**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>2017</u>			
JANUARY	1.02	1.20	85
FEBRUARY	1.20	0.81	149
MARCH	1.58	1.43	110
APRIL	2.34	2.46	95
MAY	1.78	1.39	129
JUNE	2.02	0.95	212
JULY	1.43	0.66	216
AUGUST	0.48	0.63	77
SEPTEMBER	0.32	0.58	54
OCTOBER	0.72	0.99	73
NOVEMBER	1.08	1.25	87
DECEMBER	0.80	1.24	65
TOTAL	14.77	13.58	109

(1) Period of Record 1986 - 2014

**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)
<a href="#"><u>2017</u></a>				
JANUARY	1669.45	327	5594	5540
FEBRUARY	1670.21	408	6812	6740
MARCH	1672.51	420	7609	7440
APRIL	1677.06	484	11720	11300
MAY	1678.11	557	7158	7050
JUNE	1679.55	621	6357	6200
JULY	1675.30	970	4813	5250
AUGUST	1672.56	410	2629	2860
SEPTEMBER	1670.39	300	1872	2050
OCTOBER	1669.48	314	3245	3290
NOVEMBER	1672.10	228	8098	7910
DECEMBER	1671.01	392	4538	4630

(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 JANUARY 2017 - DECEMBER 2017

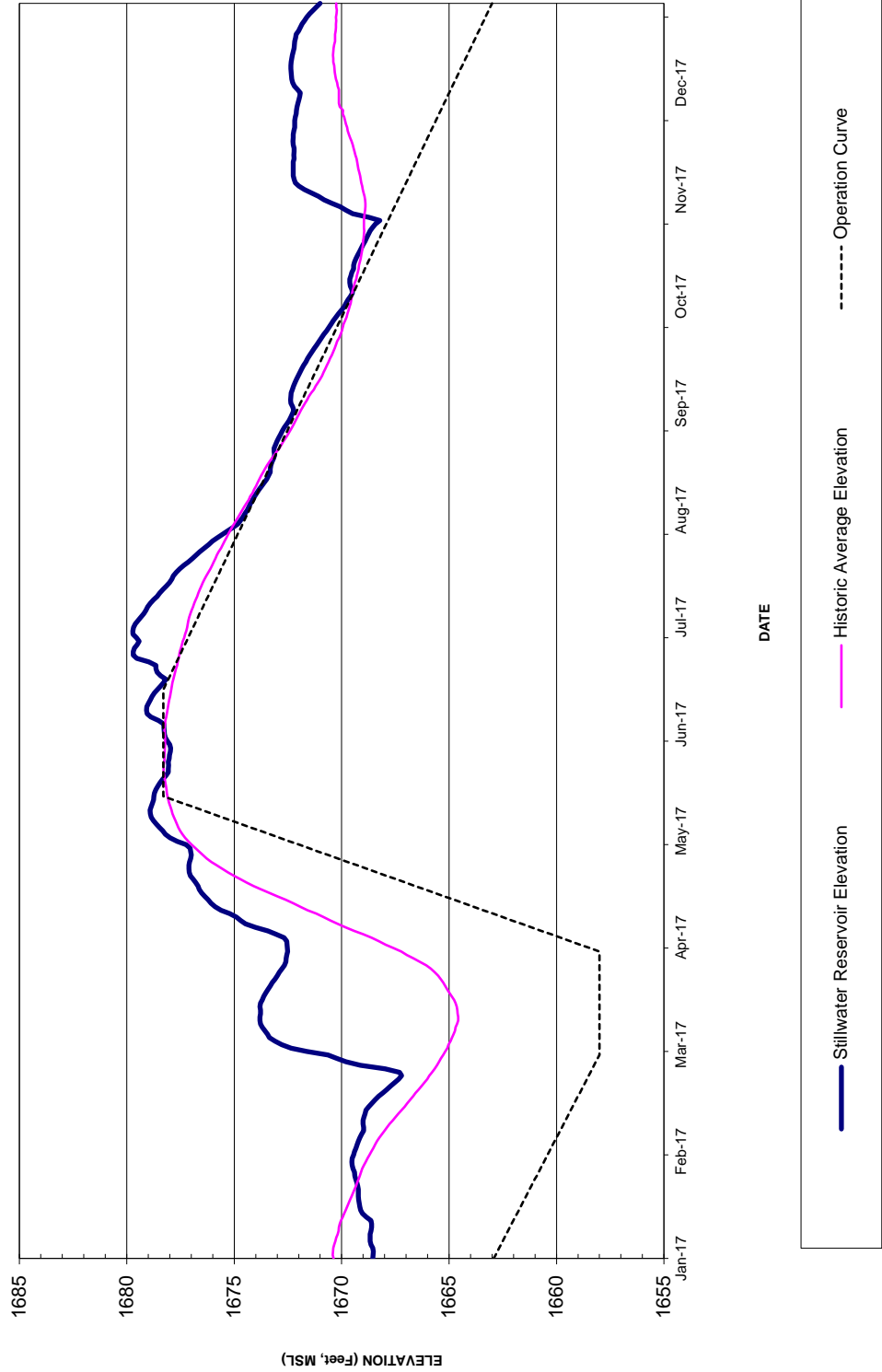


Figure 1



# Hudson River - Black River Regulating District

## STILLWATER RESERVOIR

PRECIPITATION JANUARY 2017- DECEMBER 2017

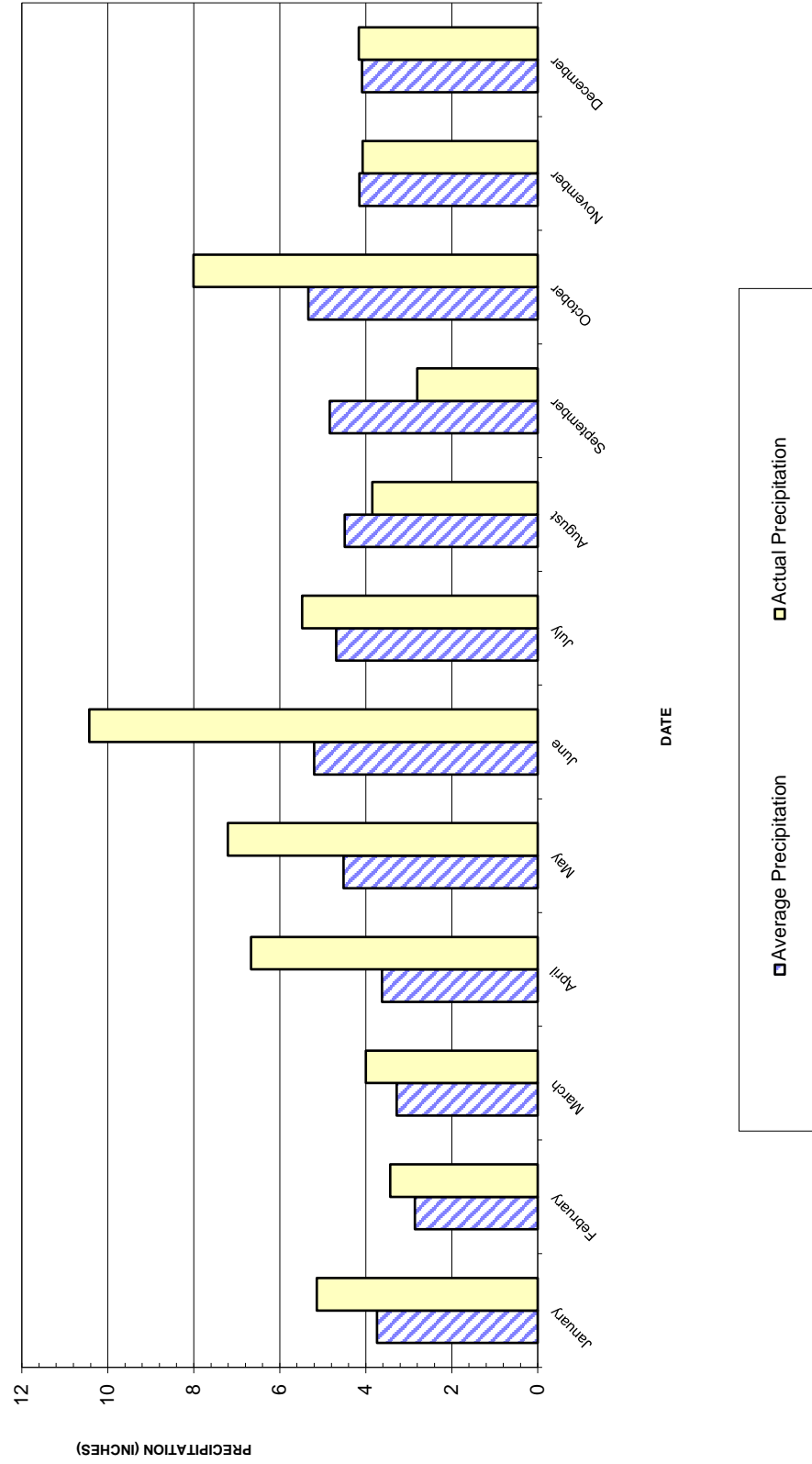


Figure 2

**Hudson River - Black River Regulating District**  
**STILLWATER RESERVOIR**

INFLOW JANUARY 2017 - DECEMBER 2017

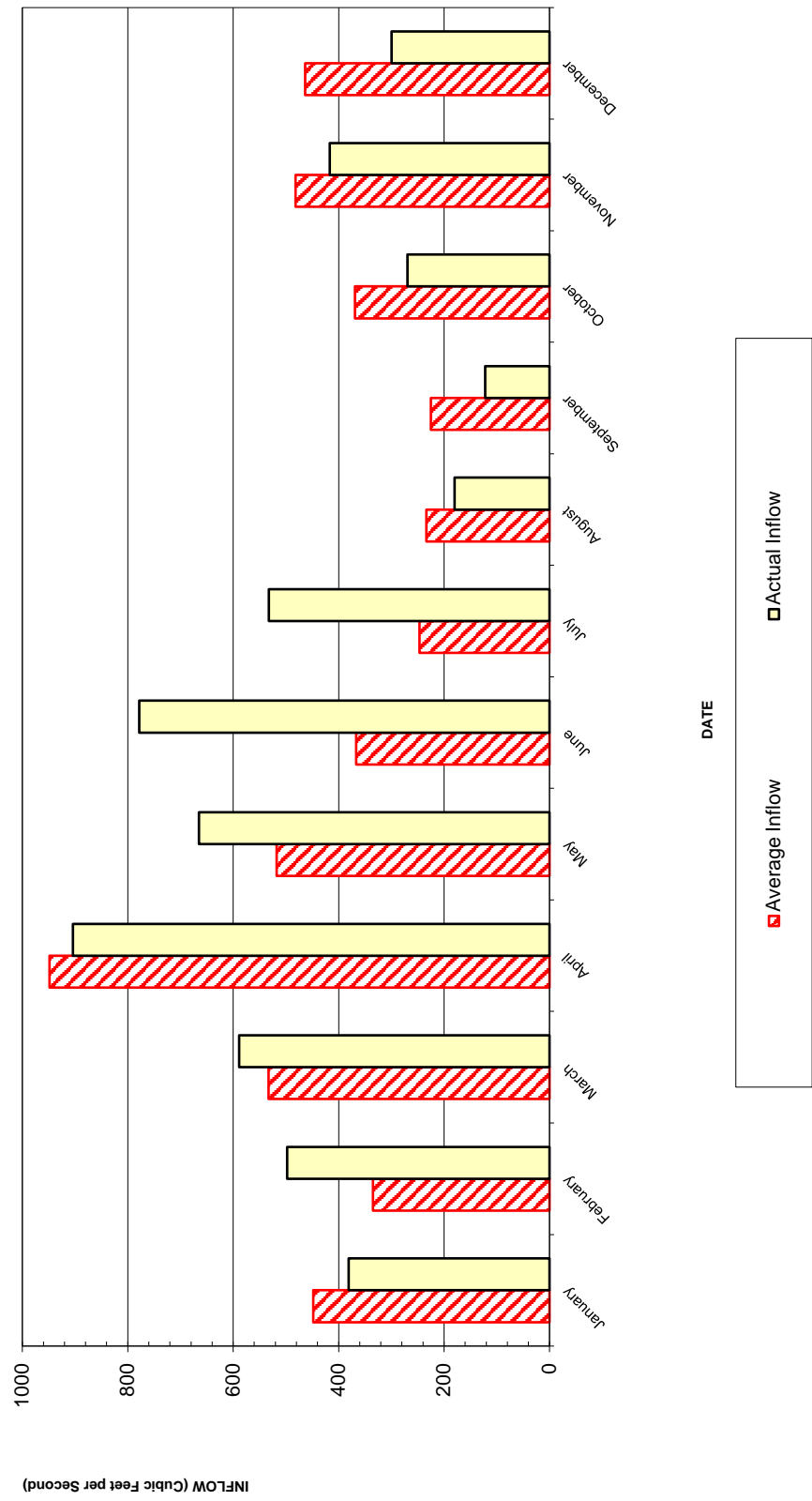


Figure 3

# Hudson River - Black River Regulating District

## STILLWATER RESERVOIR

BLACK RIVER FLOW AT WATERTOWN JANUARY 2017 - DECEMBER 2017

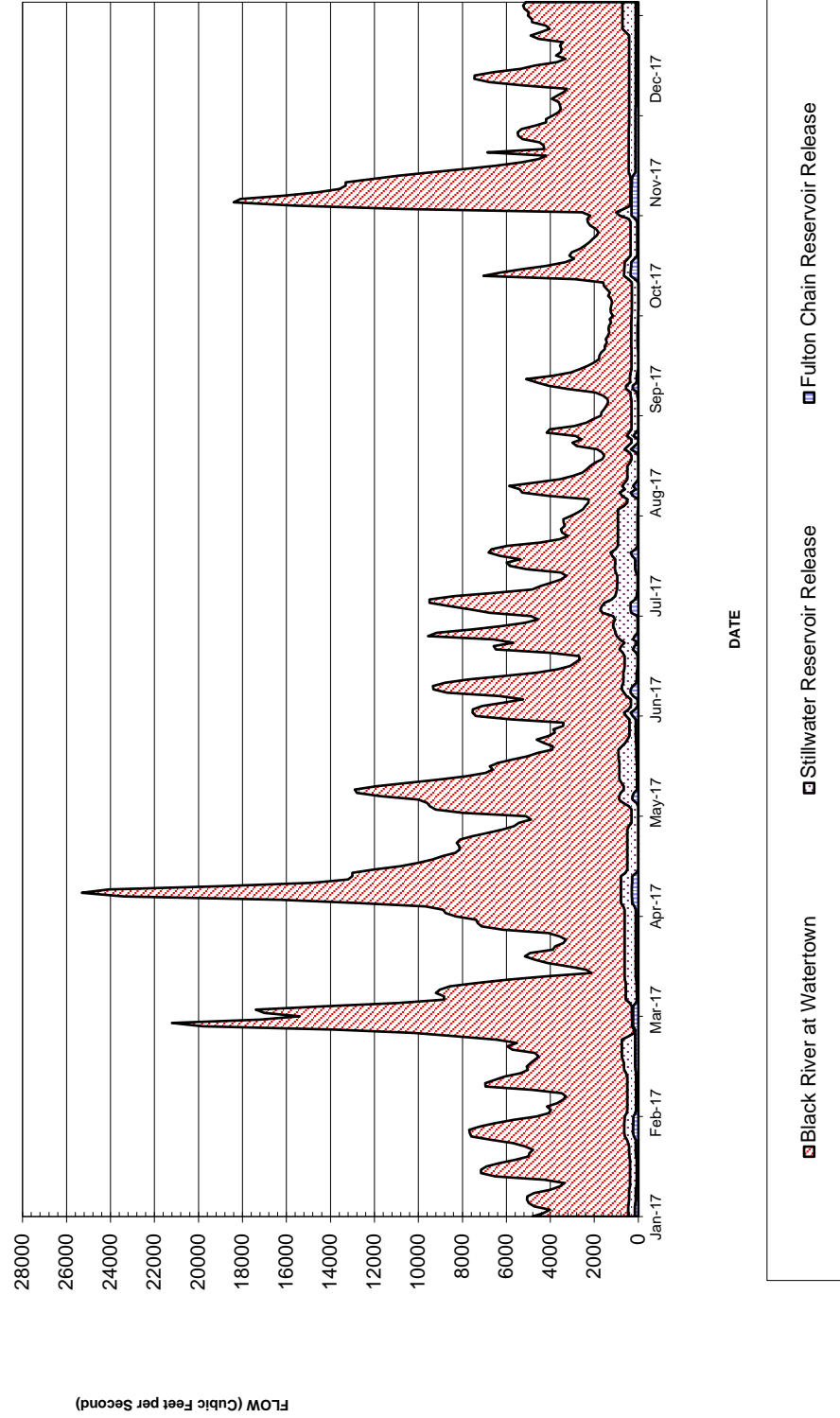


Figure 4

**Hudson River - Black River Regulating District**

**SIXTH LAKE RESERVOIR**

RESERVOIR ELEVATION JANUARY 2017 - DECEMBER 2017



Figure 5

**Hudson River - Black River Regulating District**

**OLD FORGE RESERVOIR**

RESERVOIR ELEVATION JANUARY 2017 - DECEMBER 2017



Figure 6

Hudson River - Black River Regulating District

FULTON CHAIN RESERVOIRS

PRECIPITATION JANUARY 2017 - DECEMBER 2017

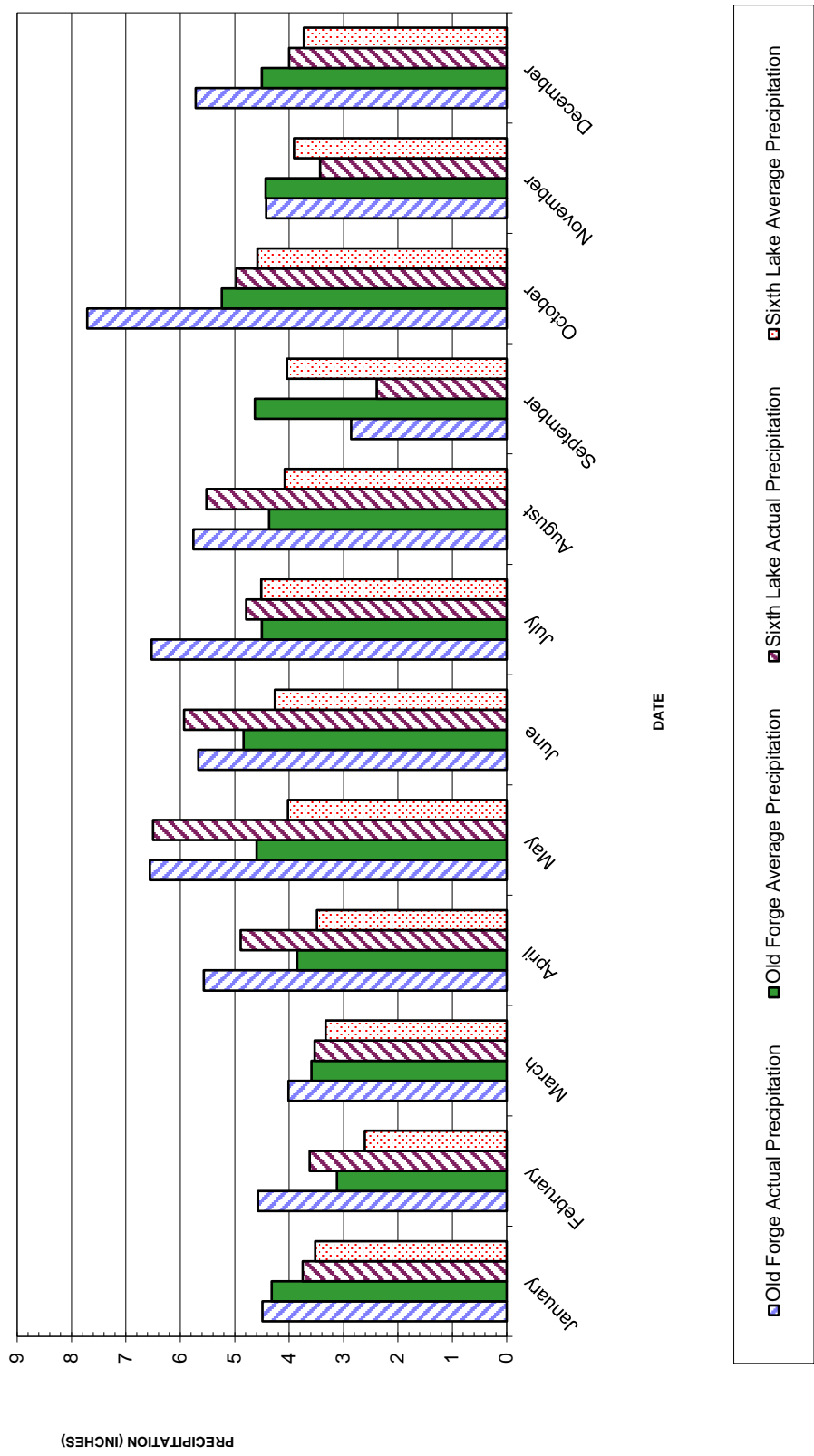


Figure 7

**RESOLUTIONS ----- 2017****2017 ORGANIZATIONAL MEETING**

- 17-01-02 RESOLUTION TO CONDITIONALLY AWARD OLD FORGE AND SIXTH LAKE DAM RECOMMENDATION FOR REMEDIAL MEASURES PROJECT
- 17-02-02 RESOLUTION TO ACCEPT GOMEZ AND SULLIVAN ENGINEERS, P.C. PROPOSAL TO PROVIDE ADDITIONAL ENGINEERING SERVICES & APPROVE AMENDMENT #5 TO CONTRACT NO. C092007
- 17-03-02 RESOLUTION TO APPROVE AMENDMENT #3 AUDIT SERVICES AGREEMENT C012014 WITH KBL, LLC
- 17-04-02 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE REGULAR BOARD MEETING FOR MARCH 14, 2017
- 17-05-03 RESOLUTION AUTHORIZING THE REGULATING DISTRICT TO RETAIN A CONSULTING FIRM FOR INSURANCE AND RISK MANAGEMENT SERVICES
- 17-06-03 RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ADMINISTER THE DISTRICT'S NYS LEADERS INTERNSHIP PROGRAM
- 17-07-03 RESOLUTION APPROVING BUDGET & FINANCIAL PLAN REQUIRED PURSUANT TO SECTION 2801 OF PUBLIC AUTHORITIES LAW
- 17-08-03 RESOLUTION APPROVING BPAS TO PERFORM GASB 45 VALUATION FOR FISCAL YEAR ENDING JUNE 30, 2017
- 17-09-03 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE REGULAR MEETING FOR APRIL 11, 2017 BOARD MEETING
- 17-10-04 RESOLUTION OF INTENT FOR THE REGULATING DISTRICT TO SERVE AS LEAD AGENCY FOR THE PURCHASE OF BREIA LAND ADJACENT TO THE HAWKINSVILLE DAM RECONSTRUCTION PROJECT FOR SEQRA COMPLIANCE AND TO ISSUE A NOTICE OF DETERMINATION OF NON-SIGNIFICANCE
- 17-11-04 RESOLUTION TO AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO AN AGREEMENT WITH THE BLACK RIVER ENVIRONMENTAL IMPROVEMENT ASSOCIATION, INC. TO PURCHASE LAND FACILITATING CONSTRUCTION OF AN EARTHEN EMBANKMENT ADJACENT TO THE HAWKINSVILLE DAM

**RESOLUTIONS ----- 2017**

- 17-12-04      RESOLUTION TO AMEND CONTRACT D032015 FOR CONCRETE TESTING SERVICES PROVIDED BY ATLANTIC TESTING LABORATORIES, INC.
- 17-13-04      RESOLUTION TO SATISFY ANNUAL REVIEW AND APPROVAL OF THE REGULATING DISTRICT'S INVESTMENT POLICY
- 17-14-04      RESOLUTION TO SATISFY ANNUAL REVIEW AND APPROVAL OF THE REGULATING DISTRICT'S PROCUREMENT POLICY
- 17-15-04      RESOLUTION TO ANNUALLY REVIEW AND APPROVE THE REGULATING DISTRICT'S DISPOSITION OF PROPERTY GUIDELINES PURSUANT TO SECTION 2896(1) OF THE PUBLIC AUTHORITIES LAW
- 17-16-04      RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE REGULAR MEETING FOR MAY 9, 2017 BOARD MEETING
- 17-17-05      RESOLUTION AUTHORIZING THE EMPLOYMENT OF INTERNS IN SATISFACTION OF GOVERNOR CUOMO'S "NEW YORK LEADERS – STUDENT INTERN PROGRAM
- 17-18-05      RESOLUTION TO AWARD VoIP PHONE SYSTEM SOLUTION TO TAG SOLUTIONS, LLC
- 17-19-05      RESOLUTION TO AWARD AUDIT SERVICES WORK TO KBL, LLP FOR FISCAL YEAR ENDING JUNE 30, 2017
- 17-20-05      RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE REGULAR MEETING FOR JUNE 13, 2017
- 17-21-06      RESOLUTION TO ACCEPT SCHNABEL PROPOSAL TO PERFORM ENGINEERING SERVICES IN CONNECTION WITH THE CONKLINGVILLE SPILLWAY FOUNDATION REMEDIATION AND CONCRETE REPAIR
- 17-22-06      RESOLUTION TO AWARD THE REGULATING DISTRICT'S INSURANCE PROGRAM FOR POLICY YEARS JULY 1, 2017 THROUGH JUNE 30, 2020
- 17-23-06      RESOLUTION TO APPROVE INSURANCE PROPOSAL FOR POLICY YEAR JULY 1, 2017 THROUGH JUNE 30, 2018
- 17-24-06      RESOLUTION AUTHORIZING AMENDMENT TO RENEWAL OF AGREEMENT WITH UNITED STATES GEOLOGICAL SURVEY



**RESOLUTIONS ----- 2017**

- 17-25-06 RESOLUTION TO APPROVE THE ANNUAL ASSESSMENT FOR THE OPERATION AND MAINTENANCE OF STORAGE RESERVOIRS IN THE HUDSON RIVER AREA FOR THE THIRD YEAR (JULY 1, 2017-JUNE 30, 2018) OF THE THREE YEAR BUDGET PERIOD BEGINNING JULY 1, 2015
- 17-26-06 RESOLUTION TO APPROVE THE STATE SHARE FOR THE OPERATION AND MAINTENANCE OF STORAGE RESERVOIRS IN THE HUDSON RIVER AREA FOR THE THIRD YEAR (JULY 1, 2017-JUNE 30, 2018) OF THE THREE YEAR BUDGET PERIOD BEGINNING JULY 1, 2015
- 17-27-06 RESOLUTION TO APPROVE THE ANNUAL ASSESSMENT FOR THE OPERATION AND MAINTENANCE OF STORAGE RESERVOIRS IN THE BLACK RIVER AREA FOR THE THIRD YEAR (JULY 1, 2017-JUNE 30, 2018) OF THE THREE YEAR BUDGET PERIOD BEGINNING JULY 1, 2015
- 17-28-06 RESOLUTION TO APPROVE THE STATE SHARE FOR THE OPERATION AND MAINTENANCE OF STORAGE RESERVOIRS IN THE BLACK RIVER AREA FOR THE THIRD YEAR (JULY 1, 2017-JUNE 30, 2018) OF THE THREE YEAR BUDGET PERIOD BEGINNING JULY 1, 2015
- 17-29-06 AN AMENDED AND RESTATED RESOLUTION AUTHORIZING THE ISSUANCE OF \$3,246,867.00 SERIAL OR STATUTORY INSTALLMENT BONDS OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT TO FINANCE A PORTION OF THE COST OF THE RECONSTRUCTION OF THE SPILLWAY AT THE CONKLINGVILLE DAM
- 17-30-06 RESOLUTION, DATED JUNE 13, 2017 APPROVING A SHORT-TERM PROJECT FINANCE AGREEMENT WITH THE NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION IN CONNECTION WITH THE FINANCING OF THE RECONSTRUCTION OF THE SPILLWAY AT THE CONKLINGVILLE DAM
- 17-31-06 A RESOLUTION AUTHORIZING THE ISSUANCE OF \$5,325,867.00 BOND ANTICIPATION NOTES OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT TO FINANCE A PORTION OF THE COST OF CONKLINGVILLE DAM
- 17-32-06 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE REGULAR MEETING FOR JULY 11, 2017
- 17-33-08 RESOLUTION TO AUTHORIZE THE PURCHASE OF DATA COLLECTION PLATFORM (DATA LOGGER) FOR INDIAN LAKE

**RESOLUTIONS ----- 2017**

- 17-34-08      AN AMENDED AND RESTATED RESOLUTION AUTHORIZING THE  
ISSUANCE OF \$3,246,867.00 BOND ANTICIPATION NOTES OF THE  
HUDSON RIVER-BLACK RIVER REGULATING DISTRICT TO FINANCE A  
PORTION OF THE COST OF THE RECONSTRUCTION OF THE SPILLWAY  
AT THE CONKLINGVILLE DAM
  
- 17-35-08      RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE  
REGULAR BOARD MEETING FOR SEPTEMBER 12, 2017
- 17-36-09      RESOLUTION TO AUTHORIZE 1<sup>ST</sup> AMENDMENT TO “ON CALL”  
SURVEYING SERVICES CONTRACT C032014
  
- 17-37-09      RESOLUTION TO CONDITIONALLY AWARD THE REPLACEMENT OF  
THE OFFICE ROOF AT THE SACANDAGA FIELD OFFICE IN MAYFIELD  
TO MCLEAN B. CONSTRUCTION, IN.
  
- 17-38-09      RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE  
REGULAR MEETING FOR OCTOBER 12, 2017 BOARD MEETING
  
- 17-39-10      RESOLUTION TO EXTEND CONTRACT C042013 WITH BRYANT  
RABBINO, LLP TO PROVIDE BOND SERVICES WORK IN CONNECTION  
WITH THE ISSUANCE OF SERIAL BONDS
  
- 17-40-10      RESOLUTION TO ACCEPT ARCADIS OF NEW YORK PROPOSAL TO  
PERFORM ENGINEERING SERVICES IN CONNECTION WITH THE OLD  
FORE & SIXTH LAKE DAM RECOMMENDATION FOR REMEDIAL  
MEASURES
  
- 17-41-10      RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE  
REGULAR MEETING FOR NOVEMBER 14, 2017 BOARD MEETING
  
- 17-42-11      RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE  
REGULAR MEETING FOR DECEMBER 12, 2017 BOARD METING
  
- 17-43-11      RESOLUTION TO HIRE AN ADMINISTRATIVE ASSISTANT IN THE  
HUDSON RIVER AREA OF THE HUDSON RIVER-BLACK RIVER  
REGULATING DISTRICT
  
- 17-44-11      RESOLUTION TO HIRE AN ADMINISTRATIVE ASSISTANT-  
BOOKKEEPER IN THE HUDSON RIVER AREA OF THE HUDSON RIVER-  
BLACK RIVER REGULATING DISTRICT
  
- 17-45-12      RESOLUTION TO APPROVE FIFTH AMENDMENT TO CONTRACT  
C032007 WITH GEI CONSULTANTS, INC. TO AMEND CONTRACT SCOPE  
OF WORK AND PRICE

**RESOLUTIONS ----- 2017**

17-76-12      RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE  
JANUARY 9, 2018 ORGANIZATIONAL AND REGULAR BOARD  
MEETING.