

**MINUTES of the AUDIT COMMITTEE MEETING of the ERIE COUNTY WATER AUTHORITY** held in the office, 350 Ellicott Square Building, Buffalo, New York, on the 23th day of March, 2017.

**PRESENT:** Earl L. Jann, Chairman  
Jerome D. Schad, Vice Chairman  
Robert Anderson, Treasurer  
Joseph T. Burns, Secretary to the Authority  
Robert J. Lichtenthal, Jr., Deputy Director  
Russell Stoll, Executive Engineer  
Karen A. Prendergast, Comptroller  
Ronald P. Bennett, Associate Attorney  
Terrence McCracken, Deputy Administrative Director  
Susan Rinaldo, Cash Manager  
Joyce Tomaka, Asst. Manager of Accounting Services  
Jacqueline Mattina, Deputy Associate Attorney  
Darlene Sikorski-Petritz, Deputy Associate Attorney  
Steve D'Amico, Business Office Manager  
John Mogavero, Chemist/Chief WPTO  
Paul Whittam, Director of Water Quality  
Richard Planavsky, Chief Business Officer Manager/Budget Director

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

**CALL TO ORDER**

**PLEDGE TO THE FLAG**

**I. - ROLL CALL**

**II. - READING OF MINUTES**

Motion by Mr. Anderson seconded by Mr. Schad and carried to waive the reading of the Minutes of the Audit Committee Meeting held on December 15, 2016.

**III. - APPROVAL OF MINUTES**

Motion by Mr. Anderson seconded by Mr. Schad and carried to approve the Minutes of the Audit Committee Meeting held on December 15, 2016.

**IV. - REPORTS**

**A) 2016 Audit by Drescher & Malecki LLP**

Drescher & Malecki distributed a summary of the 2016 audit. Tom Malecki proceeded to give a presentation to the Committee of the 2016 audit.



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# ERIE COUNTY WATER AUTHORITY

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December 31, 2016 Audit



MARCH 23, 2017

# Erie County Water Authority

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



# Drescher & Malecki LLP Opinion

Drescher & Malecki LLP  
100 Park Avenue, 5th Floor  
Buffalo, New York 14207  
Telephone: 716.565.2269  
Fax: 716.565.2207



Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
Erie County Water Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of the Erie County Water Authority (the "Authority") for the year ended December 31, 2016 and the related notes to the financial statements, which collectively constitute the financial statements of the Authority.

**Management's Responsibility for the Financial Statements**  
The Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and maintaining adequate accounting records that provide a reasonable basis for the preparation and fair presentation of financial statements that are free from material misstatement.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards of the Board of Accountancy, the state accountancy board for the State of New York. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the assessment of the risks of material misstatement of the financial statements, including the assessment of the risks of fraud. In making those risk assessments, the auditor considers internal control in the business-type activities of the Authority as a part of the audit, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no opinion on the appropriateness of accounting policies used and the amounts reported in the financial statements made by management, as well as evaluating the overall presentation of the financial statements in our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2016 and the related changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Auditor's Responsibility

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of December 31, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Auditor Communications

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



## Condensed Financial Information

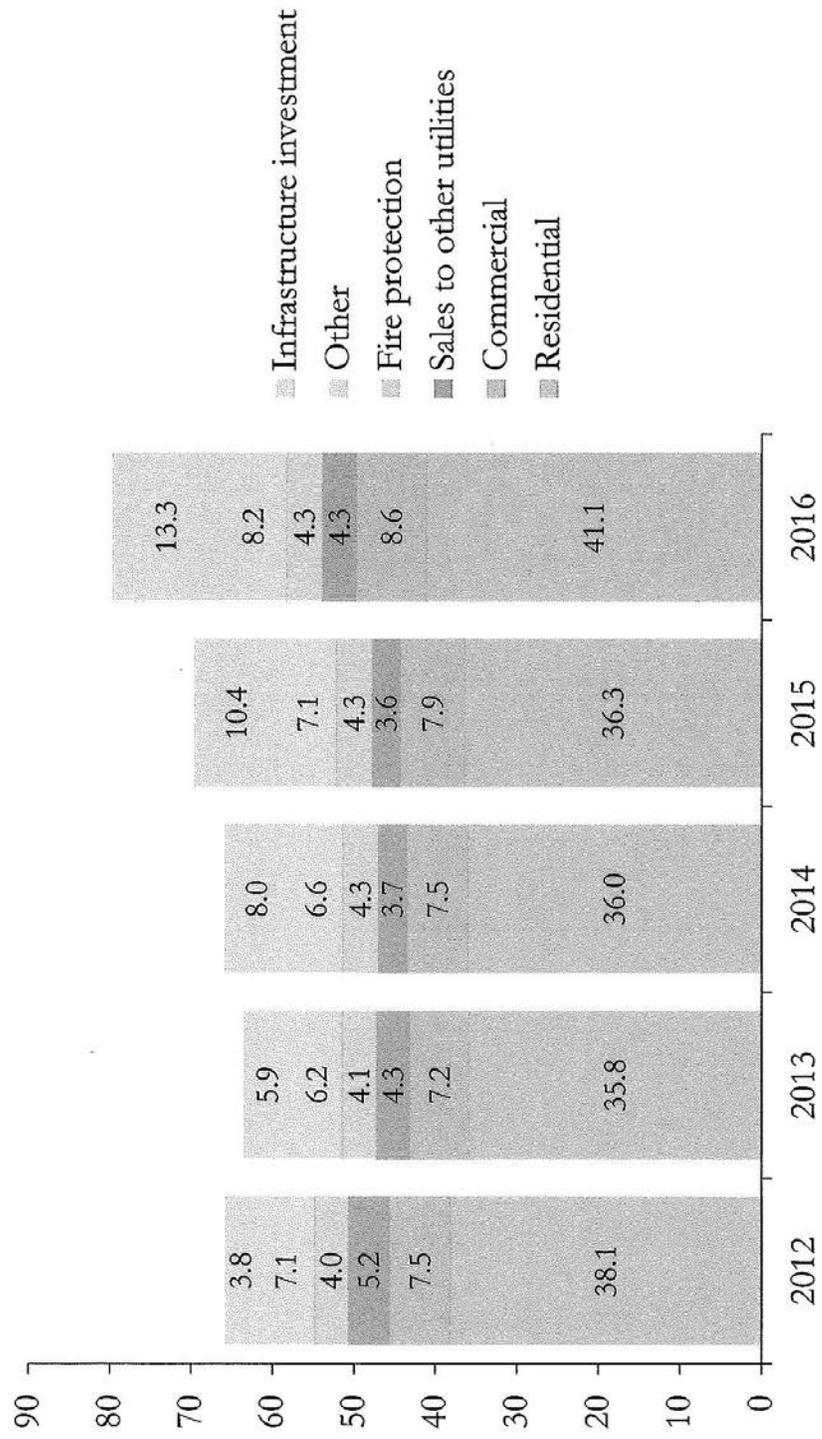
### Condensed Statements of Net Position

	December 31,	
	2016	2015
Assets:		
Current assets	\$ 46,028,227	\$ 48,260,946
Noncurrent assets	<u>401,035,047</u>	<u>382,296,651</u>
Total assets	<u>848,098,321</u>	<u>812,854,248</u>
Deferred outflows of resources	<u>11,107,335</u>	<u>2,500,423</u>
Liabilities:		
Current liabilities	21,577,629	17,674,779
Noncurrent liabilities	<u>91,245,363</u>	<u>92,168,147</u>
Total liabilities	<u>112,822,992</u>	<u>109,842,926</u>
Deferred inflows of resources	<u>1,092,360</u>	<u>-</u>
Net Position:		
Net investment in capital assets	313,073,344	293,189,072
Restricted	8,345,445	11,255,102
Unrestricted	<u>22,836,468</u>	<u>18,770,920</u>
Total net position	<u>\$ 344,255,257</u>	<u>\$ 323,215,094</u>

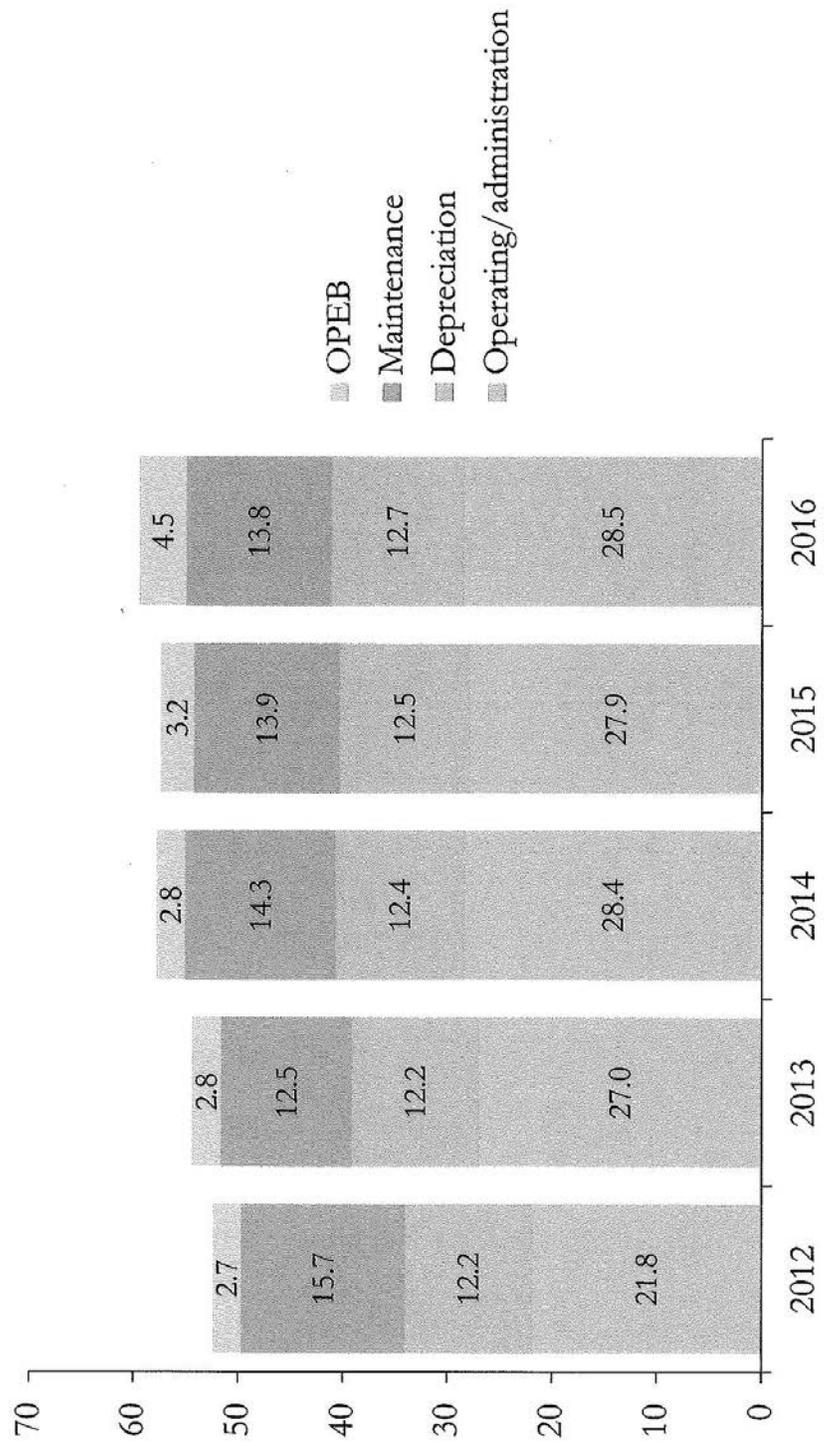
Condensed Financial Information  
 Condensed Statements of Revenues, Expenses and  
 Changes in Net Position

	December 31,	
	2016	2015
Operating revenue	\$ 79,711,080	\$ 69,595,215
Operating expenses	(59,501,792)	(57,435,644)
Nonoperating revenues and expenses	(813,212)	(2,047,899)
Contributions in aid of construction	1,644,087	4,134,020
Change in net position	\$ 21,040,163	\$ 14,245,692

## Operating Revenues (\$ millions)



### Operating Expenses (\$ millions)





Luke R. Malecki, CPA  
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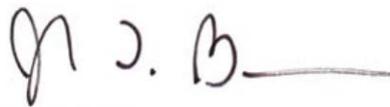
**V. - COMMUNICATIONS AND BILLS**

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

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

**VIII. - ADJOURNMENT**

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

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

Joseph T. Burns  
Secretary to the Authority

SLZ