



Hudson River - Black River Regulating District

2019 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

I am pleased to present this Annual Report of the Hudson River – Black River Regulating District covering 2019 on behalf of the Board and Regulating District staff.

The Black River Regulating District and Hudson River Regulating District were formed by New York State in 1919 and 1922, respectively, and combined by the New York State Legislature in 1959 to form the single entity with which we are entrusted today. In 2019, we celebrated a century of service to New Yorkers by marking the centennial of the Black River Regulating District's formation in 1919.

Today, the Regulating District's 23 skilled and dedicated team members work diligently and tirelessly to regulate the flows of the Hudson River and Black River for the purposes of flood protection and flow augmentation. Faithful and vigilant management and operation of the Regulating District's 5 reservoirs and 6 dams and associated facilities and infrastructure is critical to this end, and without question, our people are our greatest strength. While the success of these efforts is directly attributable to the exceptional work of our team, we also value and rely on our close working relationships with Federal, State and local legislators, agencies, organizations and leaders.

The Board considers transparency, accountability, and service to be the hallmarks of its stewardship of this public benefit corporation – and is ever mindful of the important “public benefit” it provides. With a century of service behind us, we look forward to another 100 years of helping protect downstream residents from flooding impacts, providing consistent flows of water for important ecological and renewable energy benefits, and helping to enhance recreation on and around the bodies of water within our jurisdiction.

Thank you for taking the time to review our report on 2019 operations and expenditures. Please visit our website at www.hrbrd.ny.gov or connect with us on Facebook or Instagram to learn more.

Sincerely,

Mark M. Finkle
Chairman

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MESSAGE FROM THE EXECUTIVE DIRECTOR

Thank you for the opportunity to provide this report on 2019 operations and finances at the Hudson River – Black River Regulating District.

2019 presented challenges and opportunities as we celebrated 100 years of service to residents within the Black River and Hudson River areas. Not the least of these in the “challenges” category was a late October storm which produced extreme rainfall amounts in many areas of upstate New York. This storm produced a rate of flow in the upper Sacandaga River which exceeded the flow during the 1913 flood which devastated the City of Albany and led to the construction of the Conklingville Dam, and formation of the Great Sacandaga Lake. During this event, the reservoir stored 4.16 billion cubic feet of water on November 1, preventing the Hudson River from reaching major flood stage from Hadley to Fort Edward, and preventing serious flooding-related impacts in other downstream communities.

On top of the exemplary operations, maintenance and water management efforts overseen by our team, in 2019 we also sought to strengthen build upon our partnerships with groups like the Safe Lake Initiative, the Sacandaga Protection Committee, and the Great Sacandaga Lake Association through improved communication and increased collaboration.

At the Regulating District, we are immensely proud of – and dedicated to – our mission of protecting downstream businesses and residents, ensuring a reliable supply of water for renewable hydroelectric power generation and ecological health, and supporting local recreational and environmental benefits through sound water management.

Lastly – under the leadership of Governor Andrew M. Cuomo, Chairman Mark Finkle, and the entire Board – the management team at the Hudson River – Black River Regulating District is more committed than ever before to delivering real value to the populations we serve in accordance with our statutory mission, while implementing new efficiencies, revenue opportunities and cost reductions to ensure to long term financial stability and sustainability of our storied organization.

Sincerely,

A handwritten signature in black ink, appearing to read 'JC Callaghan', written in a cursive style.

John C. Callaghan
Executive Director



Hudson River - Black River Regulating District

GENERAL REPORT OF THE BOARD OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT PERIOD OF JANUARY 1, 2019 TO DECEMBER 31, 2019

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, 2019 to December 31, 2019.

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 of your Department in respect to the function of the Regulating District.

DATED: 5/12/20

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

By: 
Mark M. Finkle
Chairman

BOARD MEMBERS:

ALBERT J. HAYES, JOHNSTOWN, N.Y.

Appointed by Governor Paterson on September 13, 2010 to September 1, 2015.
Reappointed by Governor Cuomo on November 21, 2019 to September 1, 2020.
Audit Committee Chair, Governance Committee and Finance 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.
Board Chair

JEFFREY ROSENTHAL, AMSTERDAM, N.Y.

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

KENNETH F. DE WITT, EDINBURG, NY.

Appointed by Governor Cuomo on October 6, 2017 to September 1, 2021
Finance Committee Chair, Governance Committee and Audit Committee Member

RICHARD BIRD, OLD FORGE, N.Y.

Appointed by Governor Cuomo on November 21, 2019 to September 1, 2023
Finance Committee, Governance Committee and Audit Committee Member

Board Meetings and Attendance see link.

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

<u>NAME</u>	<u>TITLE</u>	<u>OFFICE</u>
<u>EXECUTIVE AND ADMINISTRATIVE PERSONNEL</u>		
John C. Callaghan	Executive Director	Albany
Robert P. Leslie	General Counsel	Albany
Timothy Maniccia	Chief Fiscal Officer	Albany
Stephanie V. Ruzycky	Compliance Officer	Albany
John M. Hodgson, Sr.	Hudson River Area Administrator	Mayfield
	Black River Area Administrator	Watertown
Kimberly D. Scott	Sr. Administrative Assistant	Watertown
Megan Cole	Administrative Assistant	Watertown
Anna Tracy	Sr. Administrative Assistant	Albany/Mayfield
Stephanie Porter	Administrative Assistant	Mayfield
Regina Bulman	Administrative Assistant	Albany

ENGINEERING DEPARTMENT

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

FIELD PERSONNEL

Daniel J. Kiskis	Sr. Field Assistant	Mayfield
Danielle Thorne	Field Assistant	Mayfield
David J. Ioele	Assistant Foreman	Mayfield
Michael Chase	Maintenance Assistant	Mayfield
Thomas Baker	Engineering Assistant	Mayfield
Matthew Ginter	Plant Operator	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

<u>NAME</u>	<u>SERVICE</u>	<u>LOCATION</u>
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 Financial Statements
With Independent Auditor's Report

June 30, 2019 and 2018

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS LLP**

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

June 30, 2019 and 2018

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STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**



Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the business-type activities, and the aggregate discretely presented component units of the 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, which comprise the consolidated statement of net position as of June 30, 2019 and the related consolidated statement of activities and changes in net position and consolidated statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

New York Office

488 Madison Avenue, 23rd Floor
New York, NY 10022
Tel: (646) 921-0400
Fax: (646) 921-1600

New Jersey Office

115 Davis Station Road
Cream Ridge, NJ 08514
Tel: (609) 259-3420/(732) 462-2020
Fax: (609) 259-3429

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated statement of net position of the Hudson River-Black River Regulating District as of June 30, 2019, and the consolidated statement of activities and changes in net position and consolidated statement of cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements of the Hudson River-Black River Regulating District as of June 30, 2018, were audited by other auditors whose report dated October 26, 2018, expressed an unmodified opinion on those statements.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 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 Required Supplemental Information

The supplemental schedules required in accordance with the implementation of GASB 68 "Accounting and Financial Reporting for Pensions" on pages 43 and 44 are the responsibility of management. The schedules were derived from underlying accounting information from the New York State Employee Retirement System, along with information maintained by the Regulating District. These schedules have not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019 on our consideration of the Hudson River-Black River Regulating District's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Hudson River-Black River Regulating District's internal control over financial reporting and compliance.

Galleros Robinson CPAs, LLP

New York, New York
September 30, 2019

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

**MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)**

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Management Discussion and Analysis (Unaudited)

Year Ended June 30, 2019 and 2018

1. Introduction

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, 2019 and 2018. 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 11 and 12, respectively) provide both long-term and short-term information about the Regulating District's overall financial status. The Statements of Cash Flows (on page 13) 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.

2. 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

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Management Discussion and Analysis (Unaudited)

Year Ended June 30, 2019 and 2018

2. Regulating District Activities - Continued

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.

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.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Management Discussion and Analysis (Unaudited)

Year Ended June 30, 2019 and 2018

3. 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.

4. Operations Summary

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

	Hudson River Area		
	2019	2018	2017
Operating revenues	\$ 6,183	\$ 6,045	\$ 6,009
Operating expenses	<u>(7,504)</u>	<u>(7,175)</u>	<u>(7,061)</u>
Operating loss	(1,321)	(1,130)	(1,052)
Net nonoperating revenue (expense)	<u>21</u>	<u>(1)</u>	<u>(20)</u>
Changes in net position	<u>\$ (1,300)</u>	<u>\$ (1,131)</u>	<u>\$ (1,072)</u>

	Black River Area		
	2019	2018	2017
Operating revenues	\$ 1,223	\$ 1,257	\$ 1,243
Operating expenses	<u>(1,468)</u>	<u>(1,277)</u>	<u>(1,469)</u>
Operating revenue (loss)	(245)	(20)	(226)
Net nonoperating revenue (expense)	<u>82</u>	<u>63</u>	<u>42</u>
Changes in net position	<u>\$ (163)</u>	<u>\$ 43</u>	<u>\$ (184)</u>

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Management Discussion and Analysis (Unaudited)

Year Ended June 30, 2019 and 2018

4. Operations Summary - Continued

From fiscal year June 30, 2018 to June 30, 2019, operating revenues remained stable. 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 2019, consolidated Regulating District expenses were relatively flat compared to fiscal year 2018. Increases in personnel services and benefits and taxes contributed to the modest increase.

Operating expenses remained relatively consistent for the year ended June 30, 2019. 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, 2019 and 2018, 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 2018 is the third and final year of the current three-year budgeting cycle. The budget for the next three-year budgeting cycle ending June 30, 2021 has been adopted by the Board.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Management Discussion and Analysis (Unaudited)

Year Ended June 30, 2019 and 2018

5. Statement of Net Position Summary

The Statement of Net Position Summary (in 000s) is as follows:

	2019	2018	2017
Dam Structures	\$ 14,105	\$ 14,105	\$ 14,105
Building and improvements	2,968	2,968	937
Office and other equipment	411	411	1,778
Vehicles	695	695	543
Construction in Progress	-	-	466
Cost of depreciable capital assets	18,179	17,959	17,829
Less: Accumulated depreciation	(15,252)	(15,007)	(14,686)
Add: Land	7	7	-
Net book value of capital assets	2,934	2,959	3,143
Current assets	6,848	6,756	6,168
Total assets	9,782	9,715	9,311
Deferred outflows of resources	290	275	61
Current liabilities	457	398	578
Long-term liabilities	12,524	10,891	9,428
Total liabilities	12,981	11,289	10,006
Deferred inflows of resources	111	259	-
Net position			
Net investment in capital assets	2,934	2,959	3,143
Unrestricted	(5,954)	(4,518)	(3,777)
Total net position	\$ (3,020)	\$ (1,559)	\$ (634)

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.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Management Discussion and Analysis (Unaudited)

Year Ended June 30, 2019 and 2018

5. Statement of Net Position Summary - Continued

Also, the Regulating District implemented Government Accounting Standards Board Statement 68 in 2015. With the new reporting change, the Regulating District 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.

6. Capital Assets

During 2019, the Regulating District decreased their capital assets by approximately \$24,297 due to the net effect of depreciation expense of \$245,044 and purchases amounting to \$220,747.

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.

7. Debt

On November 2, 2017, the Regulating District executed the Bond Anticipation Note with NYS Environmental Facilities Corporation in the amount of \$3,246,867. The note funded the spillway reconstruction project at the Conklingville Dam in Hadley, NY.

8. Financial Condition

The Hudson River Area's state and federal revenue stream remains stable and predictable for the foreseeable future.

In the Black River Area, operating results remain predictable and within an acceptable range of budget variance.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Management Discussion and Analysis (Unaudited)

Year Ended June 30, 2019 and 2018

9. Potential Future Economic Event

The Regulating District received a positive decision regarding the last appeal made by Erie Boulevard Hydropower L.P. in U.S. District. There are no additional negative economic events anticipated through the next budget cycle.

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.

10. Request 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, 2019 AND 2018

	2019	2018 (As restated)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,745,981	\$ 5,594,035
Accounts receivable, net	527,204	588,085
Prepaid expenses	574,393	573,460
Total current assets	6,847,578	6,755,580
Capital assets, net	2,934,320	2,958,617
Total assets	9,781,898	9,714,197
DEFERRED OUTFLOWS OF RESOURCES	290,226	275,086
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses payable	15,026	1,061
Compensated absences	382,969	341,507
Current portion due to New York State Retirement System	59,137	55,780
Total current liabilities	457,132	398,348
Noncurrent liabilities		
Note payable	734,003	487,000
New York State Retirement System, net of current portion	-	-
Proportionate share of NYS retirement net pension liability	320,467	148,373
Other post employment benefits	11,469,726	10,255,452
Total noncurrent liabilities	12,524,196	10,890,825
Total liabilities	12,981,328	11,289,173
DEFERRED INFLOWS OF RESOURCES	111,267	259,322
NET POSITION		
Net investment in capital assets	2,934,320	2,958,617
Unrestricted	(5,954,791)	(4,517,829)
Total net position	\$ (3,020,471)	\$ (1,559,212)

See notes to the 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, 2019 AND 2018

	2019	2018 (As restated)
OPERATING REVENUE		
Assessments	\$ 4,368,279	\$ 4,404,797
New York State assessments	1,205,963	1,102,906
Water power service	1,403,710	1,362,825
Permit fees	424,859	428,296
Other	3,197	2,796
Total operating revenue	<u>7,406,008</u>	<u>7,301,620</u>
OPERATING EXPENSES		
Personnel service and employee benefits	4,074,972	3,813,724
Real estate taxes	2,975,767	2,883,021
Contractual services	1,581,635	1,461,379
Depreciation and amortization	245,044	314,950
Materials and supplies	93,667	54,502
Total operating expenses	<u>8,971,085</u>	<u>8,527,576</u>
TOTAL OPERATING LOSS	<u>(1,565,077)</u>	<u>(1,225,956)</u>
NONOPERATING REVENUE		
Net interest income	<u>103,818</u>	<u>62,191</u>
CHANGES IN NET POSITION	(1,461,259)	(1,163,765)
NET ASSETS, BEGINNING OF YEAR	<u>(1,559,212)</u>	<u>(395,447)</u>
NET ASSETS, END OF YEAR	<u>\$ (3,020,471)</u>	<u>\$ (1,559,212)</u>

See notes to the 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, 2019 AND 2018

	2019	2018 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from assessment beneficiaries	\$ 5,635,123	\$ 5,660,429
Cash received from water power service	1,403,710	1,362,825
Cash received from permit fees	424,859	428,296
Other cash receipts	3,197	2,796
Payments to vendors and suppliers for goods and services	(4,638,037)	(4,385,280)
Payments to employees	<u>(2,806,980)</u>	<u>(2,903,962)</u>
Net cash from operating activities	<u>21,872</u>	<u>165,104</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land	-	(7,800)
Purchase of capital assets	(220,747)	(7,531)
Investment income paid	<u>103,818</u>	<u>62,191</u>
Net cash from investing activities	<u>(116,929)</u>	<u>46,860</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of New York State Bonds	<u>247,003</u>	<u>487,000</u>
Net cash from financing activities	<u>247,003</u>	<u>487,000</u>
Net change in cash and cash equivalents	151,946	698,964
CASH AT BEGINNING OF YEAR	<u>5,594,035</u>	<u>4,895,071</u>
CASH AT END OF YEAR	<u>\$ 5,745,981</u>	<u>\$ 5,594,035</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net position	\$ (1,461,259)	\$ (1,163,765)
Adjustments to reconcile changes in net position to net cash flow from operating activities:		
Investment income	(103,818)	(62,191)
Depreciation and amortization	245,044	314,950
Decrease (increase) in assets:		
Accounts receivable	60,881	152,726
Prepaid expenses	(933)	(41,446)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses payable	13,965	(113,556)
Compensated absences	41,462	(59,165)
Due to New York State Retirement System	3,357	(11,965)
Proportionate net pension liability of the New York State Retirement System	8,899	(126,676)
Other post employment benefits obligation	<u>1,214,274</u>	<u>1,276,192</u>
Net cash from operating activities	<u>\$ 21,872</u>	<u>\$ 165,104</u>

See notes to the 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

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.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with GASB, which require the Regulating District to report information regarding its financial position and activities according to the following net asset classifications.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Notes to the Consolidated Financial Statements

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.

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.”

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

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

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, 2019 and 2018, 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.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Notes to the Consolidated Financial Statements

2. Summary of Significant Accounting Policies - Continued

Accounts Receivables

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 \$527,204 and \$588,085 at June 30, 2019 and 2018, respectively, are recorded net of the allowance for doubtful accounts of \$1,198,887 and \$1,313,080 at June 30, 2019 and 2018, respectively.

The Regulating District continuously monitors outstanding accounts receivable for collectability. During the years ended June 30, 2019 and 2018, the Regulating District recognized \$1,129 and \$0 bad debt expense, respectively, 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
Building 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, the consolidated statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Notes to the Consolidated Financial Statements

2. Summary of Significant Accounting Policies - Continued

Deferred Outflows/Inflows of Resources - continued

In addition to liabilities, the consolidated statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

The net pension liability (asset) represents the Regulating District's proportionate share of the net pension liability (asset) of the New York State and Local Retirement System ("NYSLRS"). The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

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.

Revenue Recognition

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.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Notes to the Consolidated Financial Statements

2. Summary of Significant Accounting Policies - Continued

Revenue Recognition- 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, 2019 and 2018 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.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Notes to the Consolidated Financial Statements

2. Summary of Significant Accounting Policies - Continued

Fair Value of Financial Instruments - continued

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.

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.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 30, 2019.

3. Accounting Pronouncement Adopted During the Year

GASB Statement No. 83, Certain Asset Retirement Obligations

On November 2016, GASB issued Statement No. 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.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Notes to the Consolidated Financial Statements

3. Accounting Pronouncement Adopted During the Year - Continued

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.

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. The adoption did not have an effect in the Regulating District's net position at July 1, 2018.

4. Accounting Pronouncements Issued But Not Yet Adopted

GASB Statement No. 91, Conduit Debt Obligations

On May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The Regulating District is currently evaluating the impact of this Statement.

GASB Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61

In August 2018, GASB issued Statement No. 90, "Majority Equity Interests – An Amendment of GASB Statements No. 14 and 61". The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Notes to the Consolidated Financial Statements

4. Accounting Pronouncements Issued But Not Yet Adopted - Continued

GASB Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61 - continued

interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Regulating District is currently evaluating the impact of this Statement.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period

On June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Notes to the Consolidated Financial Statements

4. Accounting Pronouncements Issued But Not Yet Adopted - Continued

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period - continued

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Regulating District is currently evaluating the impact of this Statement.

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

On April 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Notes to the Consolidated Financial Statements

4. Accounting Pronouncements Issued But Not Yet Adopted - Continued

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements – continued

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of GASB 88 are effective for reporting periods beginning after June 15, 2018. The Regulating District is currently evaluating the impact of this Statement.

GASB Statement No. 87, Leases

On June 2017, GASB issued Statement No. 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. The Regulating District is currently evaluating the impact of this Statement.

GASB Statement No. 84, Fiduciary Activities

On January 2017, GASB issued Statement No. 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. The Regulating District is currently evaluating the impact of this Statement.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Notes to the Consolidated Financial Statements

5. Cash

Cash held by the Regulating District in deposit accounts consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Carrying Value	\$ 419,419	\$ 223,950
Bank Balance	679,842	341,112

Deposits held in Short Term Investment Pools (STIP), held by the NYS Comptroller's Office, totaled \$5,322,251 and \$5,369,835 at June 30, 2019 and 2018, respectively.

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

	<u>2019</u>	<u>2018</u>
Cash	\$ 419,419	\$ 223,950
STIP funds	5,326,312	5,369,835
Petty cash	<u>250</u>	<u>250</u>
	<u>\$ 5,745,981</u>	<u>\$ 5,594,035</u>

6. Concentration of Credit Risk

Cash Balances

The Regulating District maintains its cash balances at several financial institutions. Cash balances held by the Regulating District in noninterest-bearing accounts at commercial banks are insured up to \$250,000 at June 30, 2019 by the Federal Deposit Insurance Corporation (FDIC).

Funding Source

The Regulating District receives a significant amount of its funding from the assessment revenues. During the year ended June 30, 2019 and 2018, the Regulating District received approximately 75% of funding that were provided by the statutory beneficiaries. Loss of funding from these statutory beneficiaries could have a material effect on the Regulating District, however, Management of the Regulating District does not anticipate a significant loss of such funding.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Notes to the Consolidated Financial Statements

6. Concentration of Credit Risk - Continued

Funding Source - continued

For the year ended June 30, 2018, approximately 69% of assessment revenues and 74% of total operating revenues were provided by five statutory beneficiaries.

7. Capital Assets

Capital assets at June 30, 2019 and 2018 are as follows:

	Dam Structures	Building and improvements	Office and other equipment	Vehicles	Construction in Progress	Land	Total
HUDSON RIVER AREA							
Cost							
As of June 30, 2018, as reported	\$ 12,104,830	\$ 1,920,454	\$ 278,119	\$ 410,161	\$ -	\$ -	\$ 14,713,564
Prior Period Adjustment	-	23,628	(43,902)	98,626	502,712	-	581,064
As of June 30, 2018, as restated	12,104,830	1,944,082	234,217	508,787	502,712	-	15,294,628
Transfers	-	502,712	-	-	(502,712)	-	-
Additions	-	114,454	16,474	32,963	-	-	163,891
As of June 30, 2019	12,104,830	2,561,248	250,691	541,750	-	-	15,458,519
Accumulated Depreciation							
As of June 30, 2018, as reported	(10,720,939)	(1,058,022)	(219,620)	(540,809)	-	-	(12,539,390)
Prior Period Adjustment	(294,456)	158,845	33,153	48,968	-	-	(53,490)
As of June 30, 2018, as restated	(11,015,395)	(899,177)	(186,467)	(491,841)	-	-	(12,592,880)
Additions	(121,048)	(58,501)	(8,588)	(19,331)	-	-	(207,468)
As of June 30, 2019	(11,136,443)	(957,678)	(195,055)	(511,172)	-	-	(12,800,348)
Capital assets, net	\$ 968,387	\$ 1,603,570	\$ 55,636	\$ 30,578	\$ -	\$ -	\$ 2,658,171

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

Notes to the Consolidated Financial Statements

7. Capital Assets – Continued

	Dam Structures	Building and improvements	Office and other equipment	Vehicles	Construction in Progress	Land	Total
BLACK RIVER AREA							
Cost							
As of June 30, 2018, as reported	\$ 2,013,195	\$ 406,442	\$ 103,787	\$ 139,868	\$ -	\$ 7,800	\$ 2,671,092
Prior Period Adjustment	(13,195)	-	(58)	13,253	-	-	-
As of June 30, 2018, as restated	2,000,000	406,442	103,729	153,121	-	7,800	2,671,092
Additions	-	-	56,856	-	-	-	56,856
As of June 30, 2019	2,000,000	406,442	160,585	153,121	-	7,800	2,727,948
Accumulated Depreciation							
As of June 30, 2018, as reported	(1,923,712)	(188,516)	(81,090)	(198,769)	-	-	(2,392,087)
Prior Period Adjustment	(56,288)	867	(12,363)	45,648	-	-	(22,136)
As of June 30, 2018, as restated	(1,980,000)	(187,649)	(93,453)	(153,121)	-	-	(2,414,223)
Additions	(20,000)	(9,810)	(7,766)	-	-	-	(37,576)
As of June 30, 2019	(2,000,000)	(197,459)	(101,219)	(153,121)	-	-	(2,451,799)
Capital assets, net	\$ -	\$ 208,983	\$ 59,366	\$ -	\$ -	\$ 7,800	\$ 276,149
CONSOLIDATED							
Cost							
As of June 30, 2018, as reported	\$ 14,118,025	\$ 2,326,896	\$ 381,906	\$ 550,029	\$ -	\$ 7,800	\$ 17,384,656
Prior Period Adjustment	(13,195)	23,628	(43,960)	111,879	502,712	-	581,064
As of June 30, 2018, as restated	14,104,830	2,350,524	337,946	661,908	502,712	7,800	17,965,720
Transfers	-	502,712	-	-	(502,712)	-	-
Additions	-	114,454	73,330	32,963	-	-	220,747
As of June 30, 2019	14,104,830	2,967,690	411,276	694,871	-	7,800	18,186,467
Accumulated Depreciation							
As of June 30, 2018, as reported	(12,644,651)	(1,246,538)	(300,710)	(739,578)	-	-	(14,931,477)
Prior Period Adjustment	(350,744)	159,712	20,790	94,616	-	-	(75,626)
As of June 30, 2018, as restated	(12,995,395)	(1,086,826)	(279,920)	(644,962)	-	-	(15,007,103)
Additions	(141,048)	(68,311)	(16,354)	(19,331)	-	-	(245,044)
As of June 30, 2019	(13,136,443)	(1,155,137)	(296,274)	(664,293)	-	-	(15,252,147)
Capital assets, net	\$ 968,387	\$ 1,812,553	\$ 115,002	\$ 30,578	\$ -	\$ 7,800	\$ 2,934,320

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
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Notes to the Consolidated Financial Statements

7. Capital Assets - Continued

Depreciation expense charged to operations for the years ended June 30 were as follows:

	2019	2018
Hudson River Area	\$ 207,468	\$ 254,175
Black River Area	37,576	60,775
Total depreciation expense	<u>\$ 245,044</u>	<u>\$ 314,950</u>

8. 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

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.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
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Notes to the Consolidated Financial Statements

8. Retirement System - Continued

Eligibility and Funding Policy - continued

- 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.

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, 2018.

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:

2019	\$ 236,542
2018	\$ 220,451
2017	\$ 218,682

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.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
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Notes to the Consolidated Financial Statements

8. Retirement System - Continued

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

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.

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

At June 30, 2019, the Regulating District had a liability of \$320,467 for its proportionate share of the net pension liability, as opposed to \$148,373 at June 30, 2018. The net pension liability was measured as of March 31, 2019, 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, 2019 the Regulating District's proportion was 0.0045230%, which was approximately the same as its proportion measured as March 31, 2018. For the year ended June 30, 2019, the Regulating District recognized pension expense of \$241,233 under GASB 68. At June 30, 2019, the Regulating District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Notes to the Consolidated Financial Statements

8. Retirement System - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,107	\$ 21,512
Change of assumptions	80,552	-
Net difference between projected and actual earnings on pension plan investments	-	82,250
Changes in proportion and differences between L G contributions and proportionate share of contributions	88,484	7,505
Contributions subsequent to the measurement date	<u>58,083</u>	<u>-</u>
Changes in net position	<u>\$ 290,226</u>	<u>\$ 111,267</u>

There is \$58,083 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, 2019. 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:	
2020	\$ 201,008
2021	(191,572)
2022	(18,686)
2023	<u>130,126</u>
	<u>120,876</u>

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, 2019 and 2018 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, 2019 and 2018 was \$59,137 and \$55,780 respectfully.

Actuarial Assumptions

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018 with update procedures used to roll forward the total pension liability to March 31, 2019.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
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Notes to the Consolidated Financial Statements

8. Retirement System - Continued

Significant actuarial assumptions for the Employee Retirement System used in the April 1, 2018 valuation were as follows:

Inflation	2.50%
Salary increases	4.2
Investment rate of return (net of investment expense, including inflation)	7.0
Cost of living adjustments	1.30%

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, 2017 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 expect 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate</u>
Domestic equity	36.00 %	4.55 %
International equity	14.00	6.35
Private equity	10.00	7.50
Real estate	10.00	5.55
Absolute return strategies (1)	2.00	3.75
Opportunistic portfolio	3.00	5.68
Real assets	3.00	5.29
Bonds and mortgages	17.00	1.31
Cash	1.00	(0.25)
Inflation-indexed bonds	<u>4.00</u>	1.25
	<u>100.00</u> %	

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
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Notes to the Consolidated Financial Statements

8. Retirement System - Continued

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:

	1% Decrease (6.0%)	Current assumption (7.0%)	1% Increase (8.0%)
The Regulating District's proportionate share of the net pension liability	1,401,133	320,467	587,369

Pension plan fiduciary net position

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.

10. 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).

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Notes to the Consolidated Financial Statements

10. Postemployment Health Care Benefits - Continued

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 34 and 32 retired employees currently receiving benefits, respectively, at June 30, 2019 and 2018 (not including 5 and 6 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.

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 2019 and 2018 were approximately \$534,919 and \$428,200, 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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Notes to the Consolidated Financial Statements

10. Postemployment Health Care Benefits - Continued

	2019	2018
Annual required contribution (ARC) *	\$ 1,978,280	\$ 1,908,056
Interest on net OPEB obligation *	326,967	290,682
Adjustment to ARC *	<u>(556,054)</u>	<u>(494,346)</u>
Annual OPEB cost *	1,749,193	1,704,392
Contributions made	<u>(534,919)</u>	<u>(428,200)</u>
Increase in net OPEB obligation *	1,214,274	1,276,192
Net OPEB obligation - beginning of year	<u>10,255,452</u>	<u>8,979,260</u>
Net OPEB obligation - end of year *	<u><u>\$ 11,469,726</u></u>	<u><u>\$ 10,255,452</u></u>

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 2019 and 2018 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:

	2019	2018	2017
Annual OPEB cost *	\$ 1,749,193	\$ 1,704,392	\$ 1,660,453
Actual employer contribution	\$ 534,919	\$ 428,200	\$ 379,836
Employer contribution as a percent of the annual OPEB cost	31%	25%	23%
Net OPEB obligation - end of year *	\$ 11,469,726	\$ 10,255,452	\$ 8,979,260

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
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Notes to the Consolidated Financial Statements

10. 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)
7/1/2016	6/30/18	\$ -	\$ 23,497,514	\$ 23,497,514	0%	\$ 1,619,166	1451%
7/1/2016	6/30/17	\$ -	\$ 22,566,097	\$ 22,566,097	0%	\$ 1,444,756	1562%
7/1/2016	6/30/16	\$ -	\$ 21,637,638	\$ 21,637,638	0%	\$ 1,371,008	1578%

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.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
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Notes to the Consolidated Financial Statements

10. Postemployment Health Care Benefits - Continued

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

Actuarial cost method	Project 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	2.50%
Assumptions for unfunded actuarial accrued liability:	
Actuarial cost method	Project 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 postemployment health care benefits. The effects of the ACA legislation have been incorporated in the Actuarial Accrued Liability disclosed above.

11. Net Position and Prior Period Adjustment

Due to the Regulating District's negative unrestricted net position as of June 30, 2019 and 2018, there have been no designations of funds set aside for needed projects.

Prior period adjustments were made to the beginning net position as of June 30, 2019 and 2018 for the proper accounting of capital assets and deferred outflows and inflows of resources as follows:

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
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Notes to the Consolidated Financial Statements

11. Net Position and Prior Period Adjustment - Continued

	2019	2018
Net investment in capital assets, as previously reported	\$ 2,453,179	\$ 2,677,172
Prior period adjustment	<u>505,438</u>	<u>581,064</u>
Net investment in capital assets, as restated	<u>2,958,617</u>	<u>3,258,236</u>
Unrestricted, as previously reported	(4,641,285)	(3,777,139)
Prior period adjustment	<u>123,456</u>	<u>123,456</u>
Unrestricted, as restated	<u>(4,517,829)</u>	<u>(3,653,683)</u>
Total net position	<u>\$ (1,559,212)</u>	<u>\$ (395,447)</u>

12. 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 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.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
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Notes to the Consolidated Financial Statements

12. Contingencies - Continued

On December 22, 2017, in a 3-0 decision, the court dismissed Erie's petition to vacate those orders. The court's opinion mirrored the arguments advanced in the Regulating District's intervening brief, finding that FERC correctly calculated the head water benefits and then exercised equitable discretion to find that the 2006 settlement precluded offsetting Erie's prior state law based assessment payments as credits against those head water benefits.

13. 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, 2015, which required an initial annual payment of \$30,000 that increases by 3.0% each year. The agreement was renewed for 5 years with an expiration date of December 31, 2020.

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

	<u>Hudson River</u>	<u>Black River</u>	<u>Total</u>
2020	\$ 1,364,001	\$ 78,411	\$ 1,442,412
2021	<u>1,404,921</u>	<u>40,382</u>	<u>1,445,303</u>
	<u>\$ 2,768,922</u>	<u>\$ 118,793</u>	<u>\$ 2,887,715</u>

For the years ended June 30, 2019 and 2018 the Hudson River area recognized water power income of \$1,327,583 and \$1,288,915, respectively, and the Black River area recognized water power income of \$76,127 and \$73,910, respectively under these hydropower agreements.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
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Notes to the Consolidated Financial Statements

14. Long-Term Obligations

Long-term obligation activity for the years ended June 30, 2019 and 2018 is summarized below:

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

					Classified as	
	June 30, 2018	Additions	Reductions	June 30, 2019	Current	Noncurrent
Other postemployment benefits	\$ 10,255,452	\$ 1,214,274	\$ -	\$ 11,469,726	\$ -	\$ 11,469,726
Note payable	487,000	247,003	-	734,003	-	734,003
Due to NYS retirement system	55,780	59,137	55,780	59,137	59,137	-
Net pension liability	148,373	172,094	-	320,467	-	320,467
Compensated absences	341,507	41,462	-	382,969	382,969	-
	<u>\$ 11,288,112</u>	<u>\$ 1,733,970</u>	<u>\$ 55,780</u>	<u>\$ 12,966,302</u>	<u>\$ 442,106</u>	<u>\$ 12,524,196</u>

Note Payable

In November 2017 the Regulating District entered into an agreement with New York State Environmental Facilities Corporation to be provided with financing for up to \$3,064,067. The proceeds are to be used to finance costs associated with the reconstruction of the Conklingville Dam spillway ice sluice and repairs to the main spillway. The Regulating District receives advances up to the above amount that accrue interest at .99% per annum. The note maturity date is November 2020. As of June 30, 2019 the Regulating District has received \$734,003 in advances. Interest expense incurred for the year ended June 30, 2019 and 2018, amounted to \$5,039 and \$1,628, respectively.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
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Notes to the Consolidated Financial Statements

15. Commitments

The Regulating District entered into two new operating lease agreements for office space. The lease agreement requires monthly lease payments through June 30, 2021 and Sept 30, 2021.

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

2020 - \$49,565.00

2021 - \$53,832.00

Total rent expense recognized by the Regulating District under the terms of all of its office lease agreements was \$36,014 and \$45,020 during the years ended June 30, 2019 and 2018, respectively.

16. 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.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
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**SUPPLEMENTAL SCHEDULES
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019**

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, 2019

SCHEDULE I

	<u>Hudson River</u>	<u>Black River</u>	<u>Total Regulating District</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,520,312	\$ 2,225,669	\$ 5,745,981
Accounts receivable, net	515,335	11,869	527,204
Intercompany receivable (payable)	(2,111,099)	2,111,099	-
Prepaid expenses	565,381	9,012	574,393
Total current assets	2,489,929	4,357,649	6,847,578
Capital assets, net	2,658,171	276,149	2,934,320
Total assets	5,148,100	4,633,798	9,781,898
DEFERRED OUTFLOWS OF RESOURCES	237,985	52,241	290,226
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses payable	\$ 9,321	\$ 5,705	\$ 15,026
Compensated absences	275,942	107,027	382,969
Current portion due to New York State Retirement System	-	-	-
Total current liabilities	285,263	112,732	397,995
Noncurrent liabilities			
Note payable	734,003	-	734,003
New York State Retirement System, net of current portion	59,137	-	59,137
Proportionate share of NYS retirement net pension liability	262,783	57,684	320,467
Other post employment benefits	8,904,733	2,564,993	11,469,726
Total noncurrent liabilities	9,960,656	2,622,677	12,583,333
Total liabilities	10,245,919	2,735,409	12,981,328
DEFERRED INFLOWS OF RESOURCES	91,239	20,028	111,267
NET POSITION			
Net investment in capital assets	2,658,171	276,149	2,934,320
Unrestricted	(7,609,244)	1,654,453	(5,954,791)
Total net position	\$ (4,951,073)	\$ 1,930,602	\$ (3,020,471)

See notes to the consolidated financial statements.

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 YEARS ENDED JUNE 30, 2019

SCHEDULE II

	Hudson River	Black River	Total Regulating District
OPERATING REVENUE			
Assessments	\$ 3,471,296	\$ 896,983	\$ 4,368,279
New York State assessments	955,963	250,000	1,205,963
Water power service	1,327,583	76,127	1,403,710
Permit fees	424,859	-	424,859
Other	3,197	-	3,197
Total operating revenue	<u>6,182,898</u>	<u>1,223,110</u>	<u>7,406,008</u>
OPERATING EXPENSES			
Personnel service and employee benefits	2,949,353	1,125,619	4,074,972
Real estate taxes	2,938,878	36,889	2,975,767
Contractual services	1,329,613	252,022	1,581,635
Depreciation and amortization	207,468	37,576	245,044
Materials and supplies	78,220	15,447	93,667
Total operating expenses	<u>7,503,532</u>	<u>1,467,553</u>	<u>8,971,085</u>
TOTAL OPERATING LOSS	<u>(1,320,634)</u>	<u>(244,443)</u>	<u>(1,565,077)</u>
NONOPERATING REVENUE			
Net interest income	<u>21,420</u>	<u>82,398</u>	<u>103,818</u>
CHANGES IN NET POSITION	<u>(1,299,214)</u>	<u>(162,045)</u>	<u>(1,461,259)</u>
NET ASSETS, BEGINNING OF YEAR	<u>(3,651,859)</u>	<u>2,092,647</u>	<u>(1,559,212)</u>
NET ASSETS, END OF YEAR	<u>\$ (4,951,073)</u>	<u>\$ 1,930,602</u>	<u>\$ (3,020,471)</u>

See notes to the consolidated financial statements.

**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**

LAST TEN FISCAL YEARS (1)

SCHEDULE III

(Dollar amounts in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
The Regulating District's proportion of the net pension liability	0.00452%	0.00456%	0.00472%	0.00473%
The Regulating District's proportionate share of the net pension liability	\$ 320	\$ 179	\$ 444	\$ 759
The Regulating District's covered-employee payroll	\$ 1,475	\$ 1,619	\$ 1,444	\$ 1,371
The Regulating District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	21.69%	9.51%	30.75%	55.36%

- (1) The Regulating District implemented GASB 68, Accounting and Financial Reporting for Pension in fiscal year 2016. No data is available prior to fiscal year 2016.
- (2) Covered-employee payroll represents payroll submitted to the New York State Employee Retirement System during the measurement periods of April 1 to March 31. 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.

Note -The amounts presented for the fiscal year was determined as of March 31 measurement date of the current fiscal year.

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE STATE OF NEW YORK)**

SCHEDULE OF THE REGULATING DISTRICT'S CONTRIBUTIONS

LAST TEN FISCAL YEARS (1)

SCHEDULE IV

(Dollar amounts in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 232	\$ 222	\$ 282
Contributions in relation to the contractually required contribution	<u>232</u>	<u>222</u>	<u>282</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Regulating District's covered-employee payroll (2)	\$ 1,475	\$ 1,619	\$ 1,444
Contributions as a percentage of covered-employee payroll	15.73%	11.80%	19.53%

(1) The Regulating District implemented GASB 68, Accounting and Financial Reporting for Pension in fiscal year 2016. No data is available prior to fiscal year 2016.

(2) Covered-employee payroll represents payroll for the fiscal year ended June 30. 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.

Note -The amounts presented for the fiscal year was determined as of March 31 measurement date of the current fiscal year.



**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**

**To the Board of Directors
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 financial statements of the Hudson River-Black River Regulating District, (the "Regulating District"), which comprise the consolidated statement of financial position as of June 30, 2019 and the related consolidated statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 purposes of expressing our opinion on the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regulating Districts's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

Galleros Robinson CPAs, LLP

New York, New York
September 30, 2019

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: March 5, 2020
Re: Annual Counsel's Report
January 1, 2019 through December 31, 2019
Compiled pursuant to Environmental
Conservation Law (ECL) §15-2131(1)(c) and (2)

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

Theodore G. Kolb, II and Andrea Kolb vs. John H. Long, Scott Munson, Samaritan Medical Center, Newell Street Realty, LLC, and the Board of the Hudson River Black River Regulating District, Supreme Court, Jefferson County (Index No.: EF2019-00000363).

Tort suit commenced via Summons and Complaint. Regulating District's Insurance carrier (Great American Insurance) hired counsel (Goldberg Segalla, Kenneth M. Alweis partner) who sought and secured dismissal of the claims asserted against the Regulating District. Filed February 17, 2019, delivered to HRBRRD April 17, 2019, re-served May, 23, 2019. Hon. James P. McClusky, J.S.C Jefferson County dismissed the claim against the Regulating District through Memorandum Decision and Order dated June 17, 2019.

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

1. Freedom of Information Law (FOIL) Requests

- a. The Regulating District received nine (9) 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 Seven (7) requests. Two (2) requests were denied. There was one (1) appeal.

Respectfully Submitted,
Robert Leslie
General Counsel

HUDSON RIVER AREA

MAINTENANCE AND OPERATION

Facilities

The Hudson River – Black River Regulating District operates and maintains two river regulating reservoirs in the Upper Hudson River basin, including the Great Sacandaga Lake reservoir and the Indian Lake reservoir. These facilities comprise two dams, 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 2019, the Regulating District issued 119 new permits, 4,658 access permit renewals and 491 work permits. Revenue derived from the access permit system totaled \$427,891.

Regulating District field staff placed 321.2 tons of shoreline erosion protection stone (riprap), and repaired approximately 517 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, 2019 was 765.92 feet (29 NGVD). During the period ending December 31, 2019, the reservoir elevation varied from a minimum of 755.55 feet on March 30, 2019, to a maximum of 772.59 feet on April 24, 2019. The reservoir elevation averaged approximately 11.87 feet above the long-term average on January 1, 3.16 feet above the long-term average on July 1, 2019 and averaged approximately 9.57 feet above the long-term average on December 31, 2019. The daily average elevation of the Great Sacandaga Lake on December 31, 2019 was 763.86 feet.

Figure 1 shows the elevation of the Great Sacandaga Lake during 2019, the historic and target elevation, and the mandated minimum operating elevation.

Precipitation and Inflow

Precipitation was approximately 144% of historic average during the first half of the year, and approximately 115% of historic average during the second half of 2019.

Snow surveys were conducted during the period January through April 2019. Snow-pack water content measured 123% of historic average in January and 117% of historic average in March.

Inflow during the period January through June 2019 was approximately 137% of historic average. Monthly average inflow for the months of July through December 2019 varied from approximately 50% to 220% of historic average.

Total inflow to the reservoir was 98.14 billion cubic feet for the year ending December 31, 2019, and was 141% of the average annual inflow of 69.70 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, 2019. Figure 3 reflects the inflow to the reservoir during the period January 1 to December 31, 2019.

Reservoir Release and Storage

A total of 101.14 billion cubic feet of water was released from the reservoir during 2019. Daily water releases for the purpose of augmenting the natural Hudson River flow occurred during approximately 94% of the year. The release of water from the reservoir was suspended on approximately 5 occasion, for a total of approximately 21 days. The reservoir stored approximately 18.44 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 16, 2019.

STATEMENT OF CONDITION AND OPERATION OF INDIAN LAKE RESERVOIR

Reservoir Elevation

The daily average elevation of Indian Lake Reservoir on January 1, 2019 was 1644.67 feet (29 NGVD). During the period ending December 31, 2019, the reservoir elevation varied from a minimum of 1636.69 feet on March 29, 2019, to a maximum of 1652.26 feet on November 3, 2019. The reservoir elevation averaged approximately 1.28 feet above the long-term average on January 1, 0.76 feet below the long-term average on July 1, and averaged approximately 3.22 feet below the long-term average on December 31. The daily average elevation of the Indian Lake Reservoir on December 31, 2019 was 1640.01 feet.

Figure 5 shows the historic average reservoir elevation and the elevation of the reservoir during 2019.

Precipitation and Inflow

Precipitation was approximately 137% of historic average during the first half of the year, and approximately 27% higher than historic average during the second half of 2019.

Snow surveys were conducted during the period January through April 2019. Snow-pack water content measured 129% above historic average at the end of January and 62% above historic average at the end of March.

Inflow during the period January through June 2019 was approximately 131% of historic average. Monthly average inflow for the months of July through December 2019 varied from approximately 50% to 188% of historic average.

Total inflow to the reservoir was 13.36 billion cubic feet for the year ending December 31, 2019, and was 132% of the average annual inflow of 10.15 billion cubic feet.

Figure 6 indicates the precipitation measured at Indian Lake Dam during the period January 1 to December 31, 2019. Figure 7 reflects the inflow to the reservoir during the period January 1 to December 31, 2019.

Reservoir Release and Storage

A total of 14.10 billion cubic feet of water was released from the reservoir during 2019. Release of water for river augmentation occurred during 100% of the year.

A minimum release of approximately 140 cubic feet per second occurred on October 6. A maximum release of 1280 cubic feet per second occurred on November 3, 2019.

A safety inspection of the Indian Lake Dam was conducted by the Dam Safety Section of the Department of Environmental Conservation on August 31, 2018 and a visual inspection was completed by the Regulating District's Chief Engineer on May 6, 2019.

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>2019</u>				
JANUARY	6.73	3.36	6.64	3.44
FEBRUARY	3.75	2.90	4.72	2.91
MARCH	1.25	3.63	1.09	3.59
APRIL	6.11	3.66	6.67	3.74
MAY	5.65	3.54	6.47	3.92
JUNE	4.05	3.81	5.39	3.97
JULY	3.86	3.72	3.24	3.91
AUGUST	4.92	3.80	5.26	4.01
SEPTEMBER	2.24	3.62	2.22	4.05
OCTOBER	9.74	3.57	9.35	3.95
NOVEMBER	2.51	3.74	1.98	3.71
DECEMBER	4.46	3.72	4.97	3.93
TOTAL (Year: Jan - Dec)	55.27	43.07	58.00	45.13

SACANDAGA WATERSHED SNOW SURVEY

DATE	AVGERAGE DEPTH OF SNOW	WATER CONTENT OF SNOW	
	(INCHES)	(INCHES)	(B.C.F.)
<u>2019</u>			
January 7 - 9	6.1	1.88	4.91
January 21 - 23	19.7	3.64	9.08
February 4 - 6	19.3	4.98	12.49
February 18 - 20	21.5	5.34	13.52
March 4 - 6	25.4	6.35	16.12
March 18 - 20	20.1	6.07	15.46
April 1 - 3	15.1	4.76	12.11
April 15 - 17	4.0	1.48	4.88
April 29 - 30	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>2019</u>			
JANUARY	7.87	4.99	158
FEBRUARY	6.79	3.84	177
MARCH	6.10	9.34	65
APRIL	25.31	17.45	145
MAY	11.78	8.14	145
JUNE	7.35	3.95	186
JULY	1.32	2.20	60
AUGUST	2.11	1.54	137
SEPTEMBER	1.03	2.05	50
OCTOBER	9.07	4.13	220
NOVEMBER	12.49	6.01	208
DECEMBER	6.91	6.06	114
TOTAL	98.14	69.70	141

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)
2019				
JANUARY	763.47	3878	6337	7277
FEBRUARY	760.98	3896	6184	7272
MARCH	755.81	4063	5184	6967
APRIL	770.69	3852	23061	17150
MAY	770.63	4341	11992	11935
JUNE	769.48	3389	7982	8534
JULY	765.01	2337	1913	3756
AUGUST	762.86	1642	1676	2530
SEPTEMBER	760.41	1395	1391	2387
OCTOBER	763.78	1882	7173	5669
NOVEMBER	766.45	3840	12217	11238
DECEMBER	763.86	4023	6242	7685

(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 2019 - DECEMBER 2019

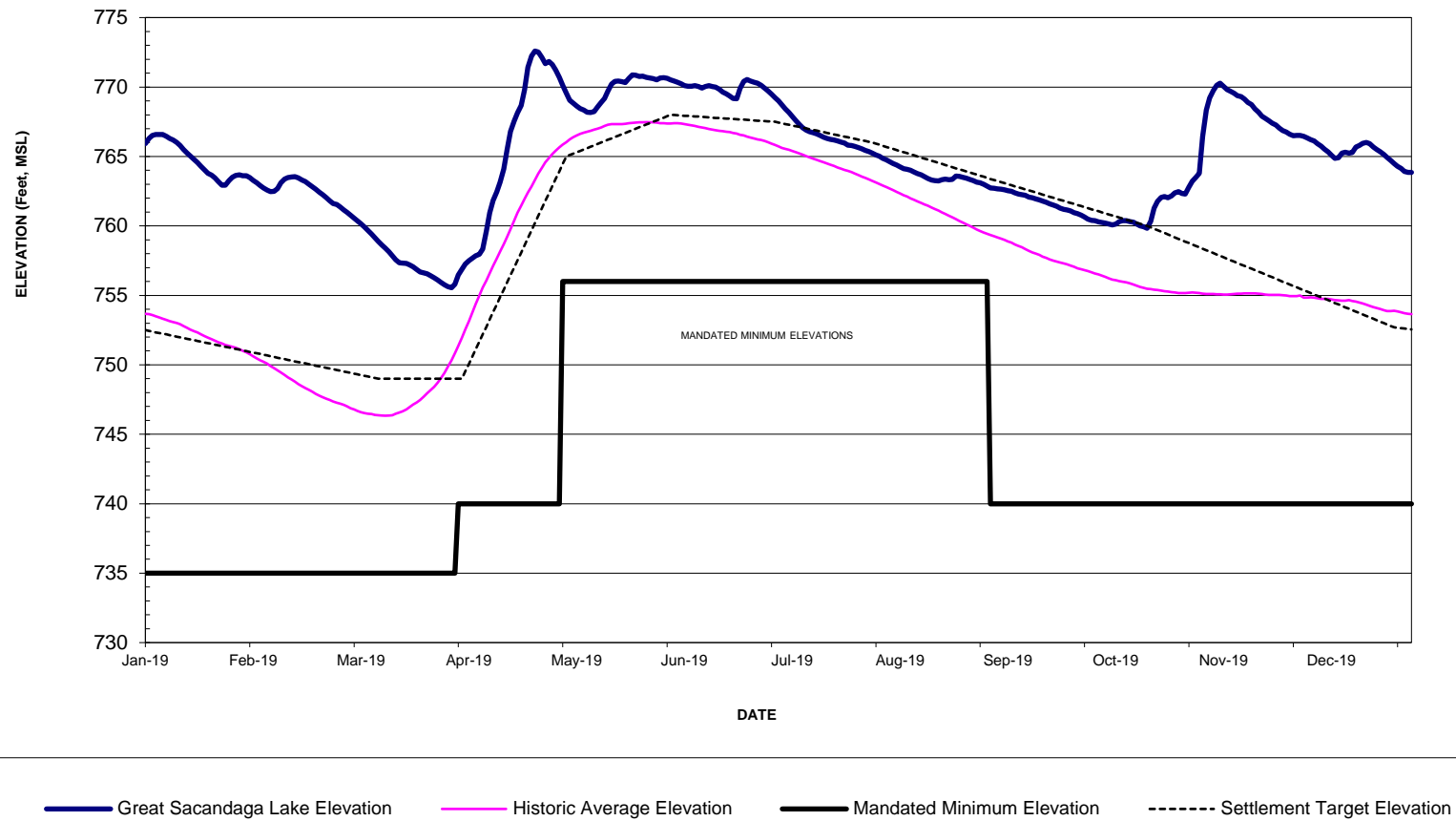


Figure 1

Hudson River - Black River Regulating District

GREAT SACANDAGA LAKE

PRECIPITATION JANUARY 2019 - DECEMBER 2019

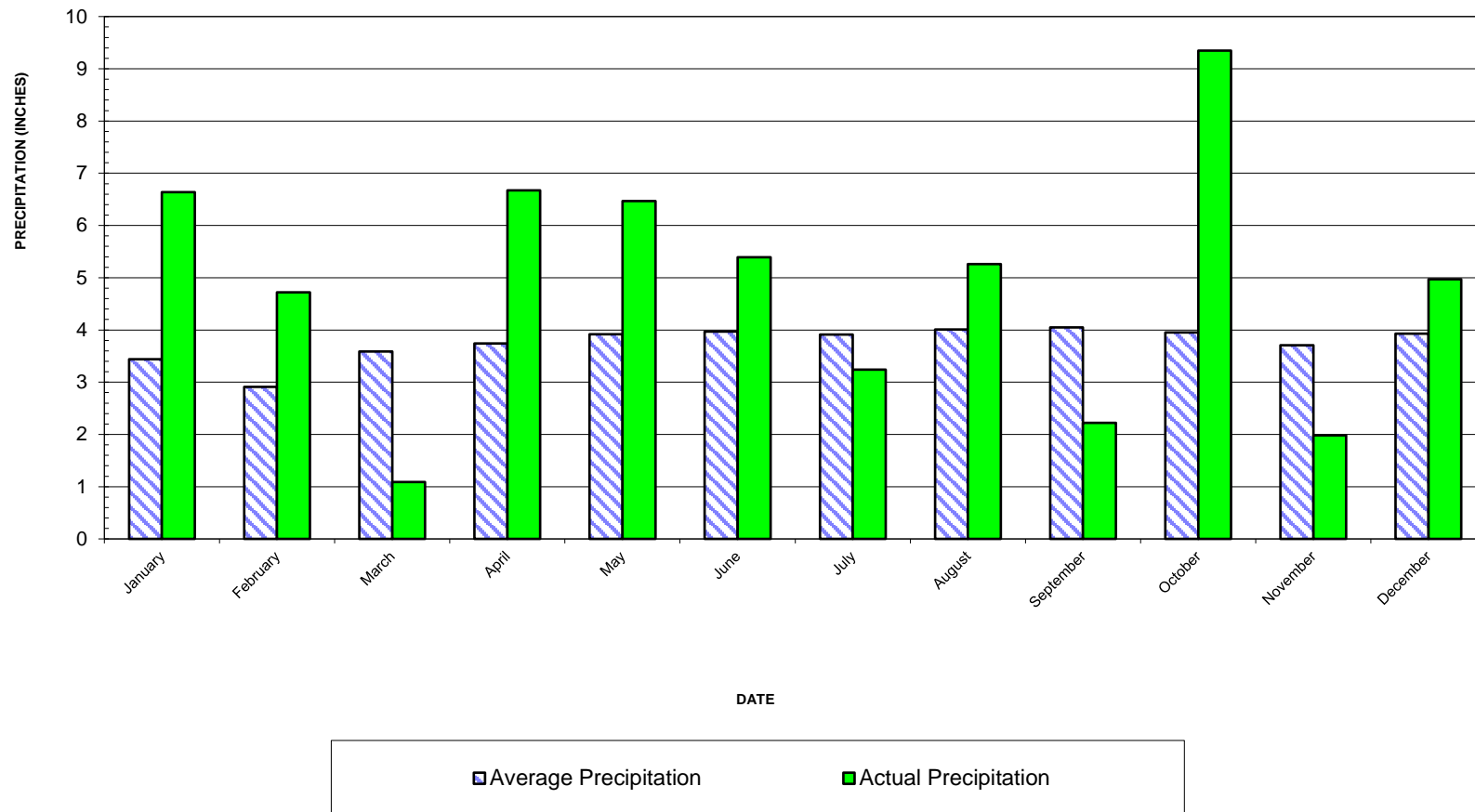


Figure 2

Hudson River - Black River Regulating District

GREAT SACANDAGA LAKE

INFLOW JANUARY 2019 - DECEMBER 2019

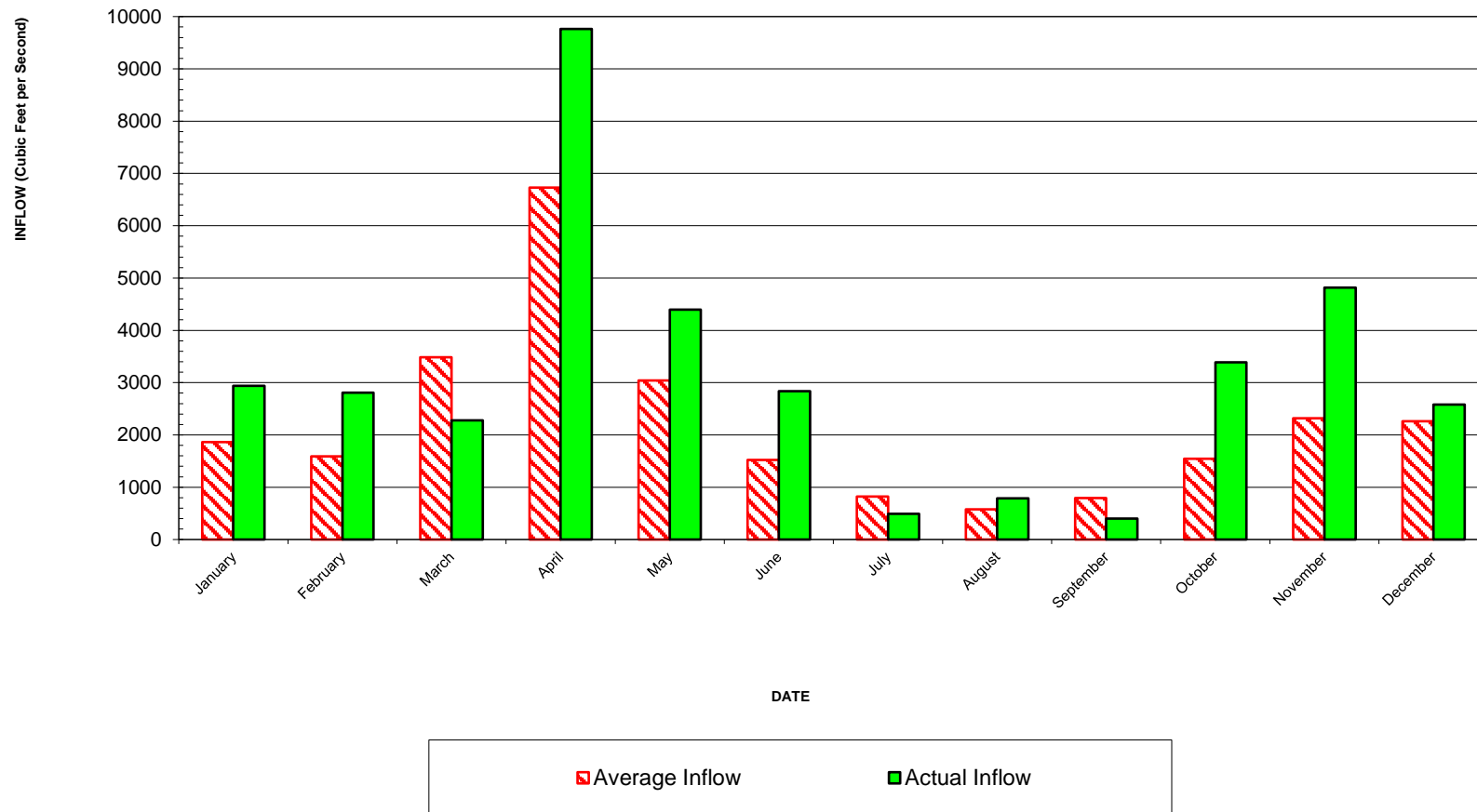


Figure 3

Hudson River - Black River Regulating District

GREAT SACANDAGA LAKE

HUDSON RIVER FLOW AT SPIER FALLS JANUARY 2019 - DECEMBER 2019

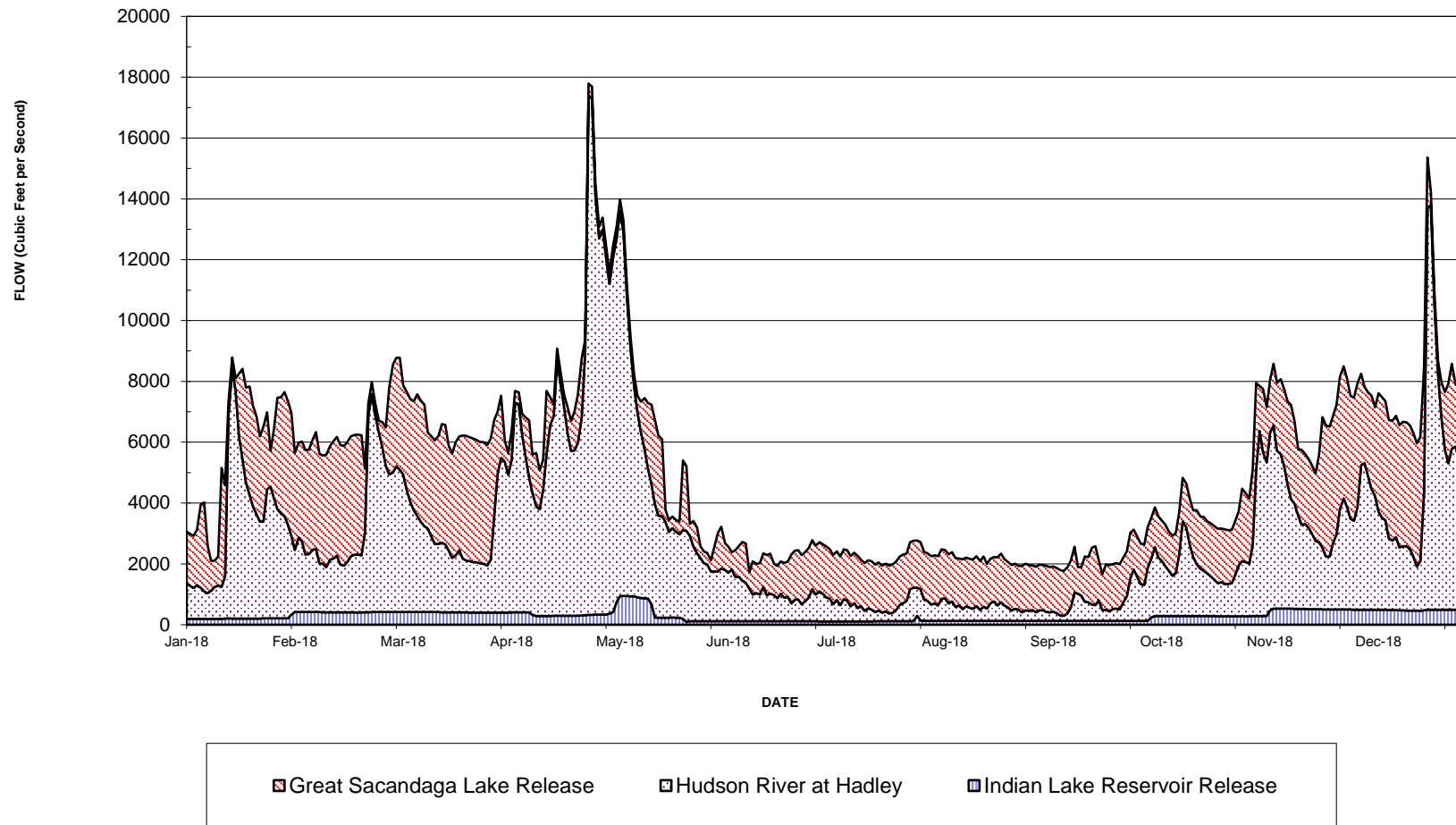


Figure 4

Hudson River - Black River Regulating District

INDIAN LAKE RESERVOIR

RESERVOIR ELEVATION JANUARY 2019 - DECEMEBR 2019



Figure 5

Hudson River - Black River Regulating District

INDIAN LAKE RESERVOIR

PRECIPITATION JANUARY 2019 - DECEMBER 2019

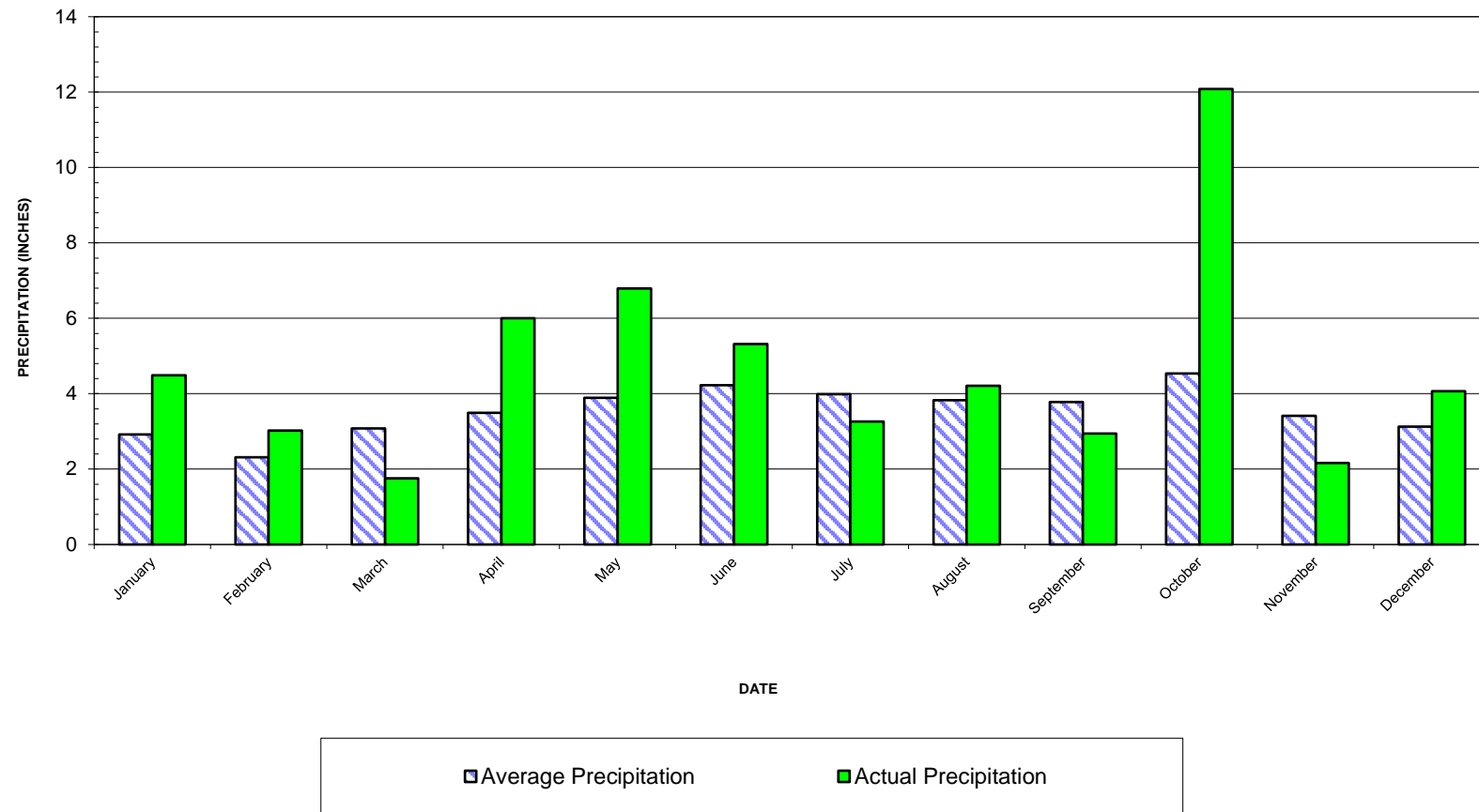
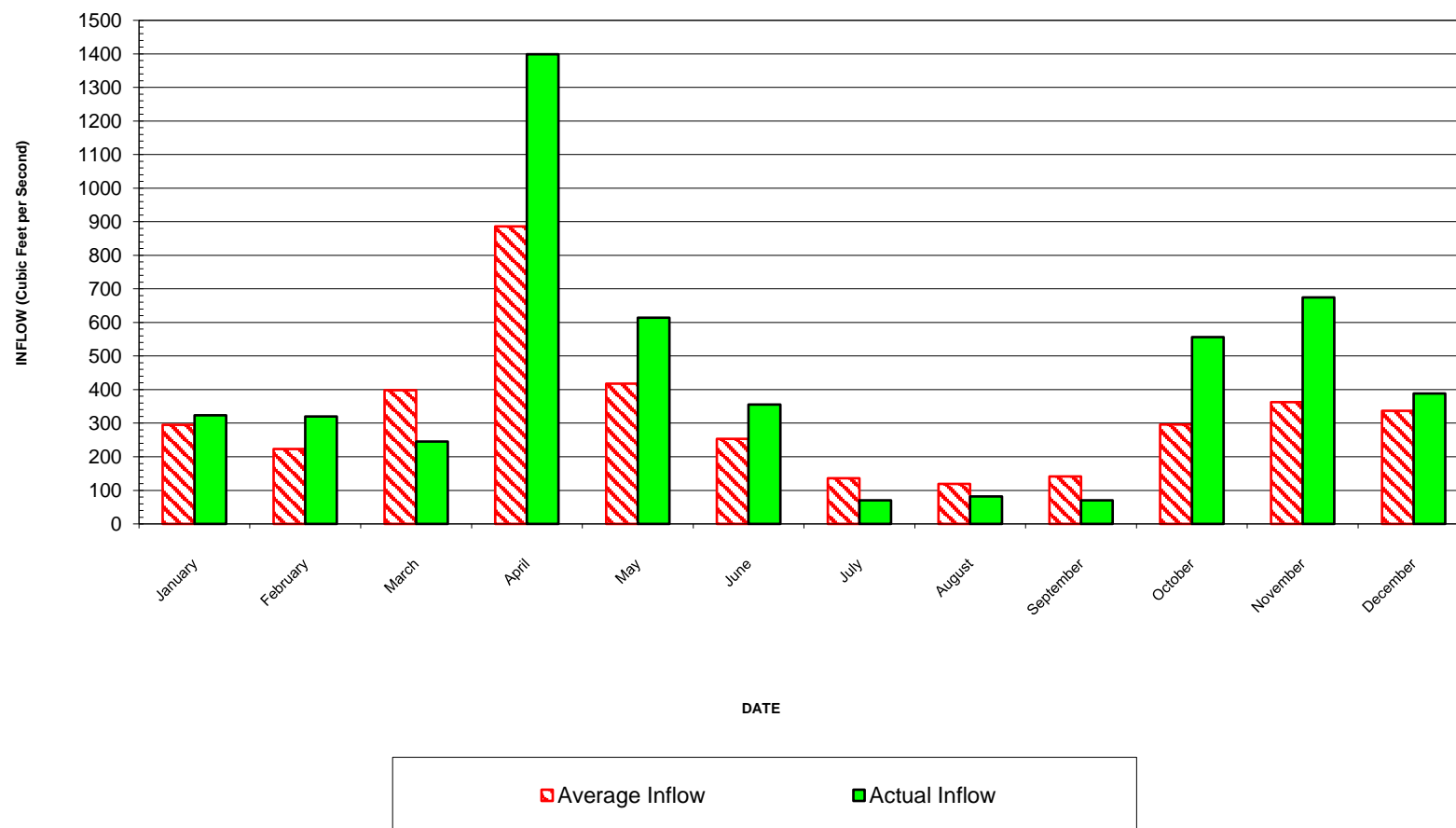


Figure 6

Hudson River - Black River Regulating District

INDIAN LAKE RESERVOIR

INFLOW JANUARY 2019 - DECEMBER 2019



Net inflow including evaporation and transpiration

Figure 7

BLACK RIVER AREA
MAINTENANCE AND OPERATION

Facilities

The Hudson River – Black River Regulating District operates and maintains three river regulating reservoirs in the Black River basin, including the Stillwater reservoir, Sixth Lake reservoir, and Old Forge reservoir. These facilities comprise four dams, 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, and Boonville. 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 1/8th mile road from the Evergreen Bridge to the North Embankment Dam 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, 2019 was at 1,671.41 feet. During the year ending December 2019, the reservoir elevation varied from a minimum of 1,663.97 feet on March 30, 2019, to a maximum of 1,679.45 feet on May 30, 2019. The reservoir elevation averaged approximately 0.82 feet above the long-term average on January 1, 0.07 feet above the long-term average on July 1, and approximately 1.29 feet above the long-term average on December 31, 2019. The daily average elevation of the Stillwater Reservoir on December 31, 2019 was 1671.80 feet.

Figure 1 shows the elevation of Stillwater Reservoir during 2019, the historic average and operation elevation.

Precipitation and Inflow

Precipitation was approximately 34% above historic average during the first half of the year, and approximately 16% above the historic average during the second half of 2019.

Snow surveys were conducted during the period January through April 2019. Snow-pack water content measured 113% of historic average at the end of January and 113% of historic average at the end of March.

Inflow during the period January through June 2019 was approximately 127% of historic average. Daily average inflow for the months of July through December 2019 varied from approximately 50% to 176% of historic average.

Total inflow to the reservoir was 16.41 billion cubic feet for the year ending December 2019, which was 120% of the average annual inflow of 13.68 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, 2019. Figure 3 reflects the inflow to the reservoir during the period January to December 31, 2019.

Reservoir Release and Storage

A total of 16.28 billion cubic feet of water was released from the reservoir during 2019. Daily water releases occurred during approximately 99% of the year. The release of water from the reservoir was suspended on one occasion, for a total of approximately 5 days. The reservoir stored approximately 3.25 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 1, 2019.

STATEMENT OF CONDITION AND OPERATION OF SIXTH LAKE RESERVOIR

Reservoir Operation

The elevation of Sixth Lake Reservoir on January 1, 2019 was 1,780.85 feet. During the year ending December 2019, the reservoir elevation varied from a minimum of 1778.97 feet on March 14, 2019, to a maximum of 1,786.22 feet on June 21, 2019. On December 31, 2019 the reservoir elevation was 1,782.43 feet.

Figure 5 represents the reservoir elevation during the reporting year.

Precipitation and Inflow

Precipitation was approximately 31% above historic average during the first half of the year, and approximately 16% above historic average during the second half of 2019.

Total inflow to the reservoir was 1.65 billion cubic feet for the year ending December 2019.

Figure 7 indicates the precipitation that occurred at Sixth Lake Reservoir during the period January 1, 2019 to December 31, 2019. Figure 8 reflects the inflow to the reservoir during the period January to December 31, 2019.

Reservoir Release and Storage

A total of 1.62 billion cubic feet of water was released from the reservoir during 2019. Release of water from the reservoir for augmentation occurred approximately 84% of the year. The release of water from the reservoir was suspended for a total of approximately 55 days. The reservoir stored approximately 0.21 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 a visual safety inspection on June 24, 2019. The Department of Environmental Conservation Division Dam Safety conducted an inspection on November 2, 2018.

STATEMENT OF CONDITION AND OPERATION OF OLD FORGE RESERVOIR

Reservoir Operation

The elevation of Old Forge Reservoir on January 1, 2019 was 1,704.02 feet. During the year the reservoir elevation varied from a minimum of 1,703.05 feet on March 8, 2019, to a maximum of 1,707.34 feet on June 21, 2019. On December 31, 2019 the reservoir elevation was 1,704.40 feet.

Figure 5 represents the reservoir elevation during the reporting year.

Precipitation and Inflow

Precipitation was approximately 31% above historic average during the first half of the year, and approximately 120% of historic average during the second half of 2019.

Total inflow to the reservoir was 4.30 billion cubic feet for the year ending December 2019.

Figure 7 indicates the precipitation that occurred at Old Forge Reservoir during the period January 1, 2019 to December 31, 2019. Figure 8 reflects the inflow to the reservoir during the period January to December 31, 2019.

Reservoir Release and Storage

A total of 4.24 billion cubic feet of water was released from the reservoir during 2019. Release of water from the reservoir for augmentation occurred approximately 90% of the year. The release of water from the reservoir was suspended for approximately 35 days. The reservoir stored approximately 0.50 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 visual safety inspection on June 24, 2019.

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, Chases Lake, Hooker, Highmarket, Lowville, Old Forge, Stillwater, Sixth Lake, 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>2019</u>						
JANUARY	5.36	3.79	5.27	3.58	6.26	4.40
FEBRUARY	3.27	2.86	2.95	2.65	3.96	3.17
MARCH	2.54	3.30	2.17	3.35	2.93	3.63
APRIL	4.26	3.68	4.38	3.57	5.85	3.93
MAY	7.93	4.46	6.09	4.00	6.05	4.57
JUNE	7.79	5.18	7.21	4.25	7.08	4.81
JULY	3.84	4.67	3.44	4.51	3.28	4.57
AUGUST	4.47	4.44	4.56	4.12	5.08	4.40
SEPTEMBER	5.86	4.84	4.67	4.07	5.69	4.66
OCTOBER	11.31	5.39	10.42	4.66	11.81	5.33
NOVEMBER	2.45	4.24	2.11	4.02	2.67	4.60
DECEMBER	4.25	4.09	4.03	3.77	5.17	4.56
TOTAL (Year: Jan. - Dec.)	63.33	50.94	57.30	46.55	65.83	52.63

BLACK RIVER WATERSHED SNOW SURVEY

DATE	SURVEY DATA		HISTORIC AVERAGE	
	SNOW DEPTH (INCHES)	WATER CONTENT (INCHES)	SNOW DEPTH (INCHES)	WATER CONTENT (INCHES)
<u>2019</u>				
January 7 - 9	8.4	2.0	13.3	2.7
January 21 - 23	20.3	3.9	16.1	3.5
February 4 - 6	18.8	5.0	18.6	4.5
February 18 - 20	24.2	6.0	22.2	5.5
March 4 - 6	26.7	6.9	21.4	5.9
March 18 - 20	22.5	6.8	20.7	6.0
April 1 - 3	17.0	5.5	13.4	4.5
April 15 - 17	2.0	0.7	5.9	2.1
April 29 - 30	0.0	0.0	0.5	0.2

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>2019</u>			
JANUARY	1.31	1.22	107
FEBRUARY	1.26	0.85	148
MARCH	0.92	1.41	66
APRIL	3.29	2.48	133
MAY	2.15	1.43	151
JUNE	1.66	0.99	168
JULY	0.45	0.66	68
AUGUST	0.30	0.60	50
SEPTEMBER	0.50	0.56	90
OCTOBER	1.76	1.00	176
NOVEMBER	1.77	1.27	140
DECEMBER	1.05	1.24	85
TOTAL	16.40	13.68	120

(1) Period of Record 1986 - 2018

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

MONTH	ELEVATION OF RESERVOIR WATER SURFACE (DAILY AVERAGE) (Feet M.S.L.) (3)	MONTHLY RELEASE (AVERAGE) (C.F.S.)	WATERTOWN COMPUTED NATURAL FLOW (AVERAGE) (C.F.S.) (1)	WATERTOWN REGULATED FLOW (AVERAGE) (C.F.S.) (2)
<u>2019</u>				
JANUARY	1669.98	600	5568	5680
FEBRUARY	1668.57	600	6232	6330
MARCH	1664.17	600	4815	5070
APRIL	1675.90	394	12775	11900
MAY	1679.38	471	7952	7620
JUNE	1677.23	857	5862	6080
JULY	1674.73	405	2432	2670
AUGUST	1672.11	332	1288	1510
SEPTEMBER	1670.81	300	1864	1970
OCTOBER	1673.09	437	6388	6170
NOVEMBER	1675.47	505	8238	8060
DECEMBER	1671.81	700	5221	5530

(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 2019 - DECEMBER 2019

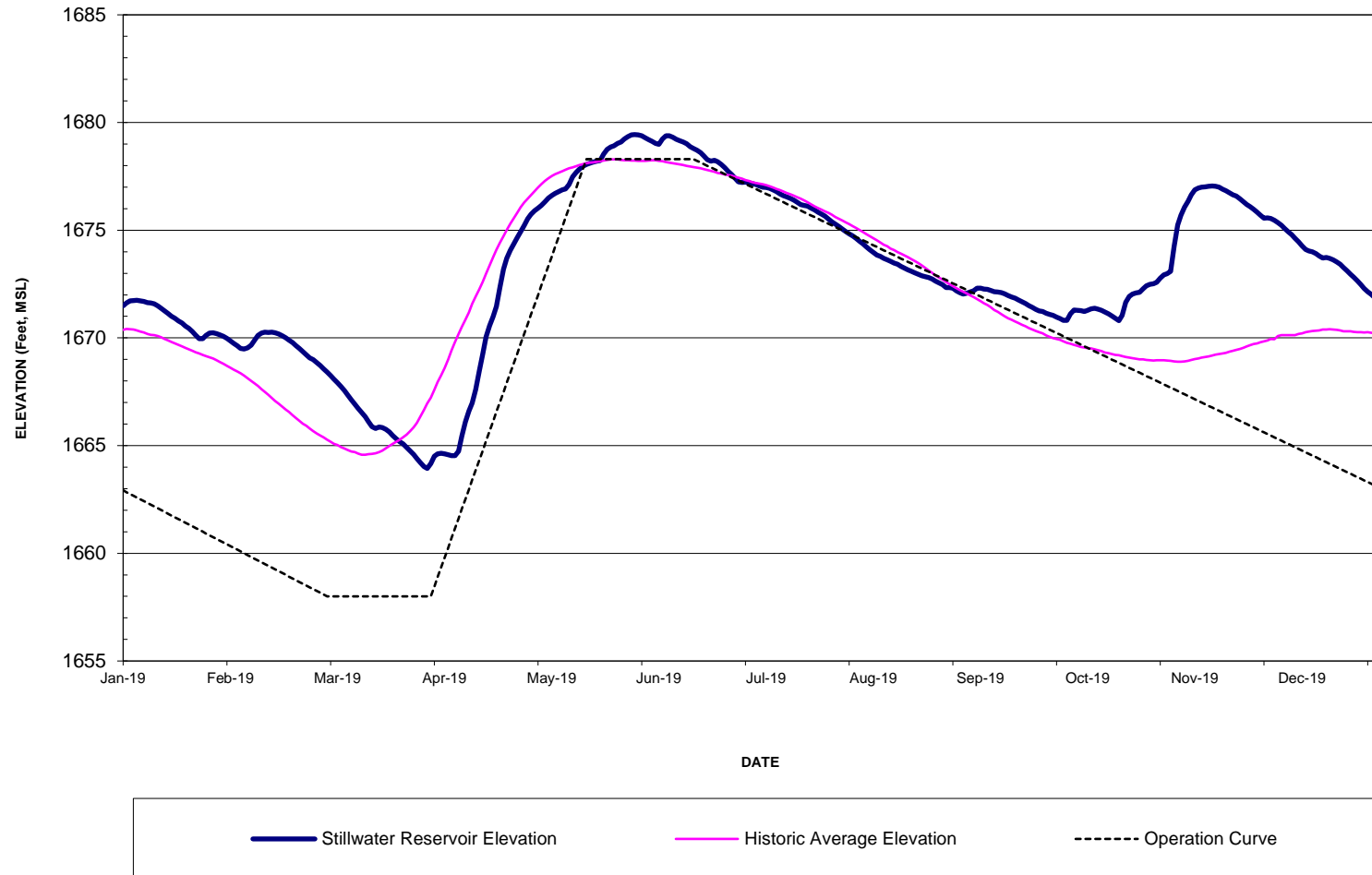


Figure 1

Hudson River - Black River Regulating District

STILLWATER RESERVOIR

PRECIPITATION JANUARY 2019- DECEMBER 2019

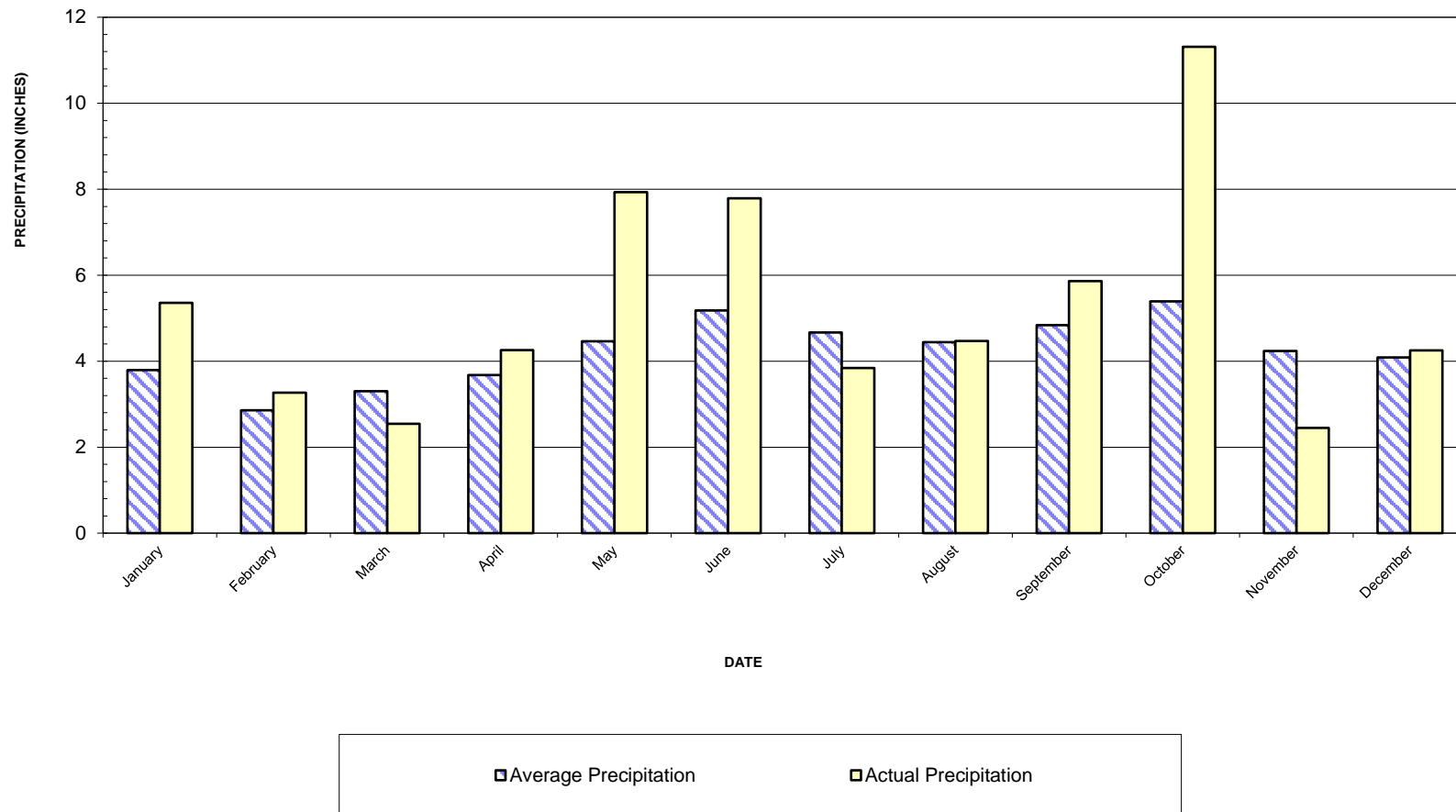


Figure 2

Hudson River - Black River Regulating District

STILLWATER RESERVOIR

INFLOW JANUARY 2019 - DECEMBER 2019

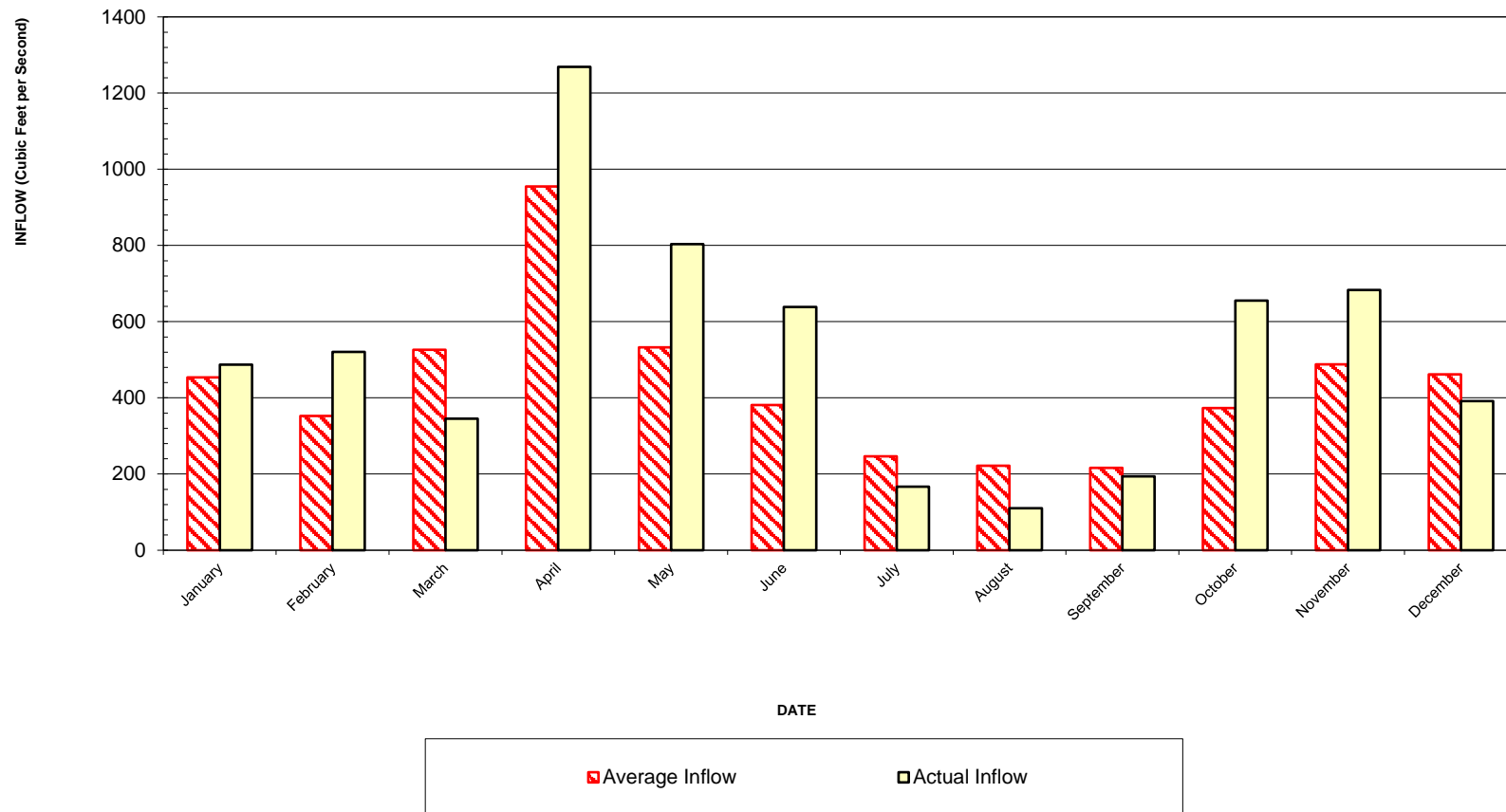


Figure 3

Hudson River - Black River Regulating District

STILLWATER RESERVOIR

BLACK RIVER FLOW AT WATERTOWN JANUARY 2019 - DECEMBER 2019

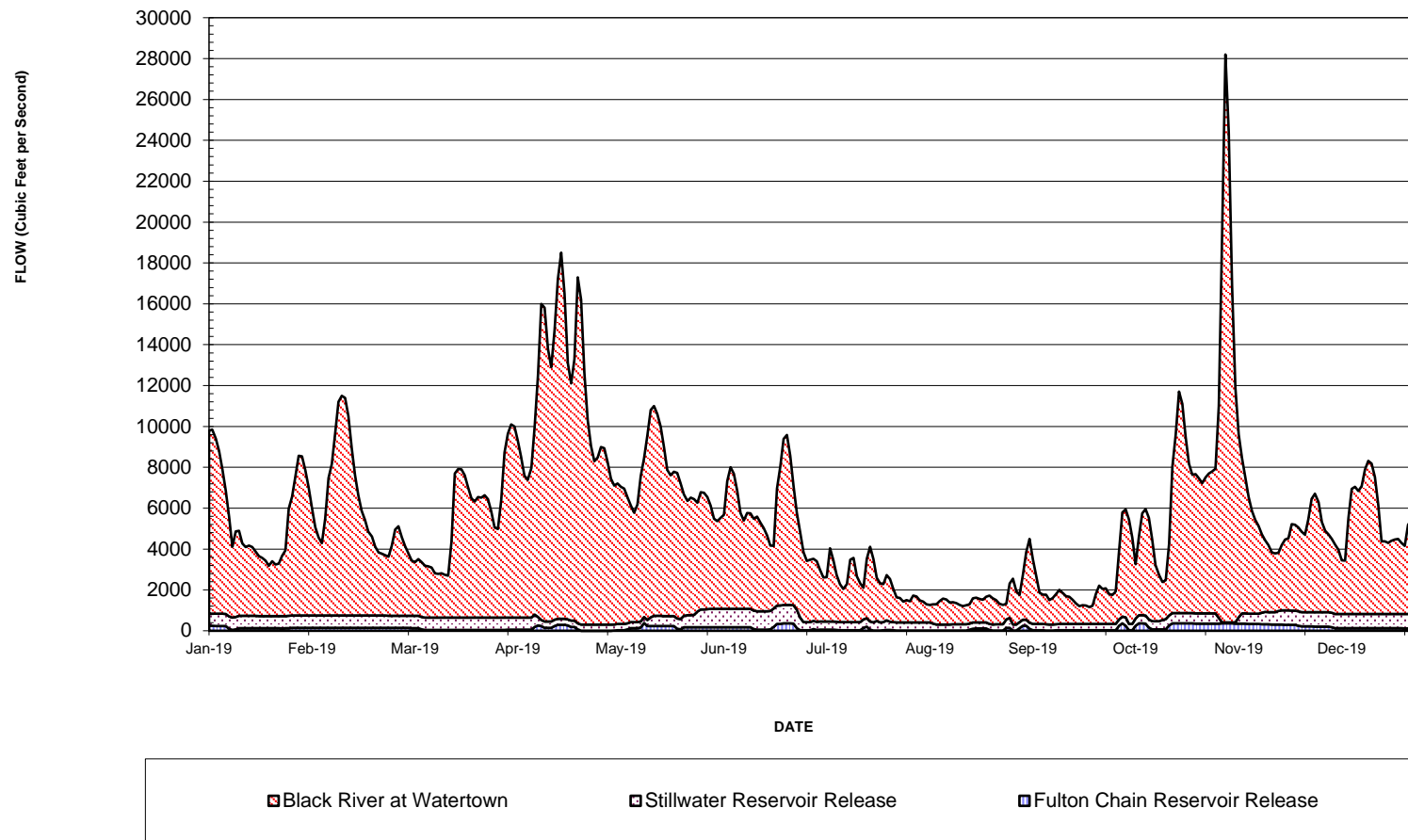


Figure 4

Hudson River - Black River Regulating District

SIXTH LAKE RESERVOIR

RESERVOIR ELEVATION JANUARY 2019 - DECEMBER 2019

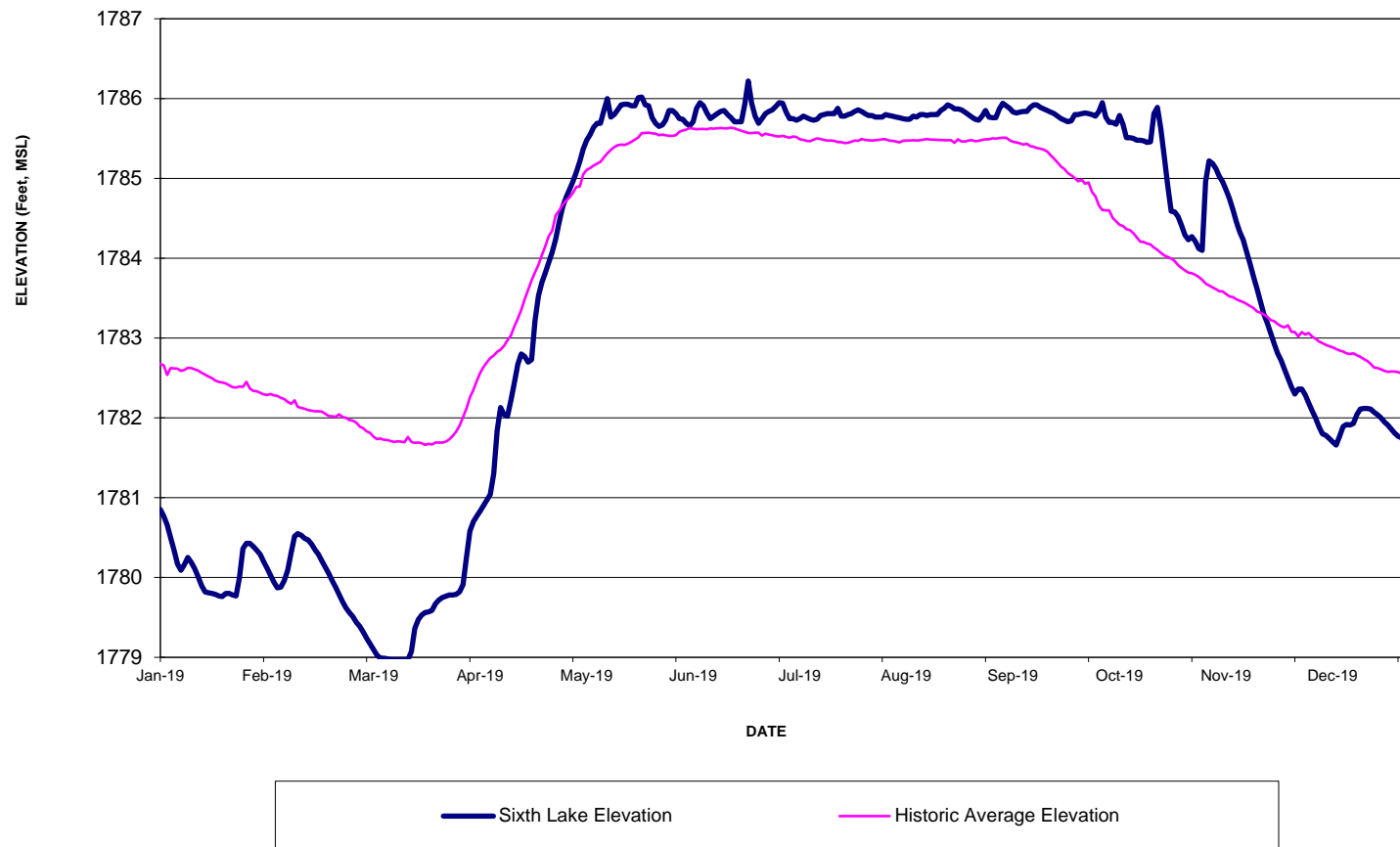


Figure 5

Hudson River - Black River Regulating District

OLD FORGE RESERVOIR

RESERVOIR ELEVATION JANUARY 2019 - DECEMBER 2019

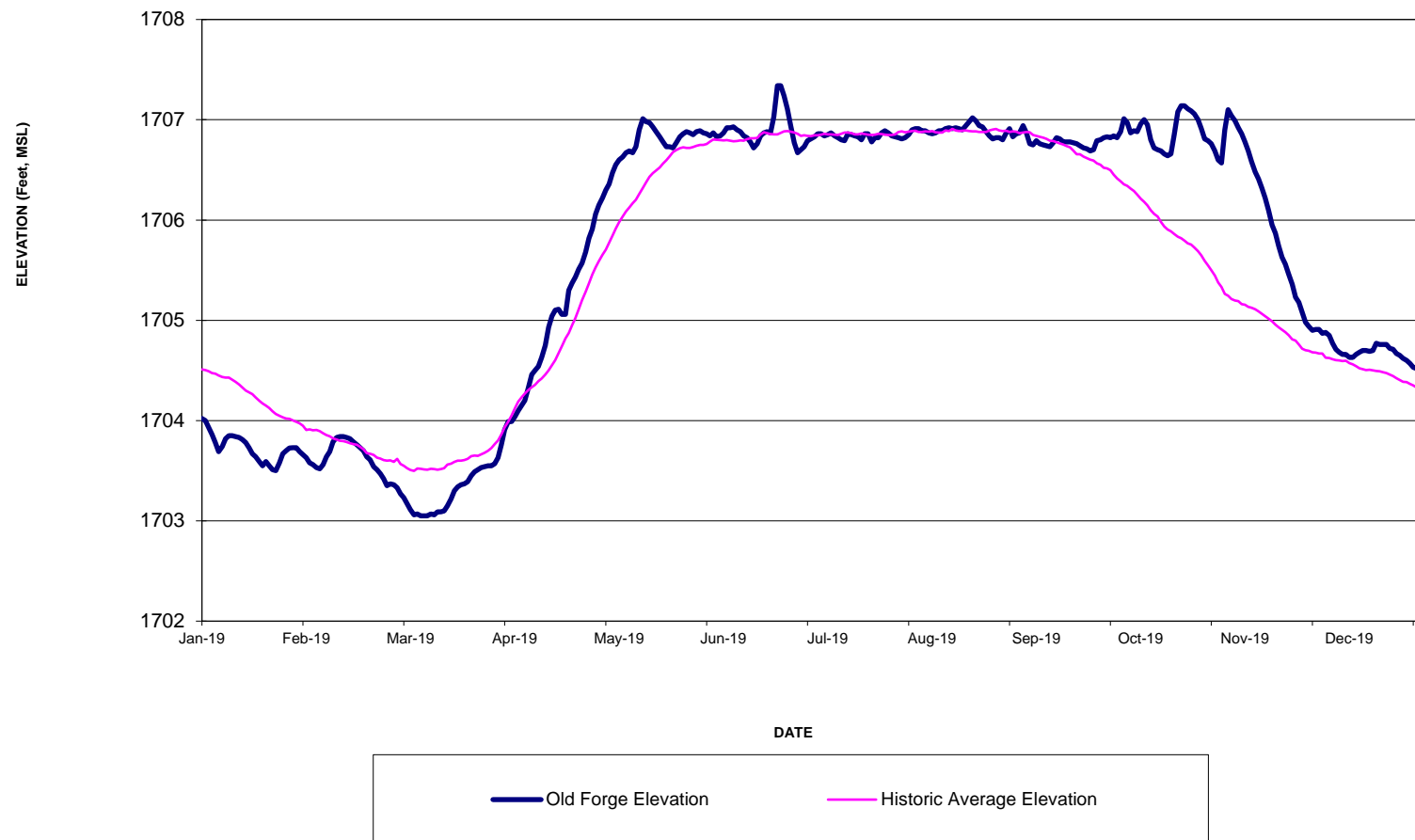
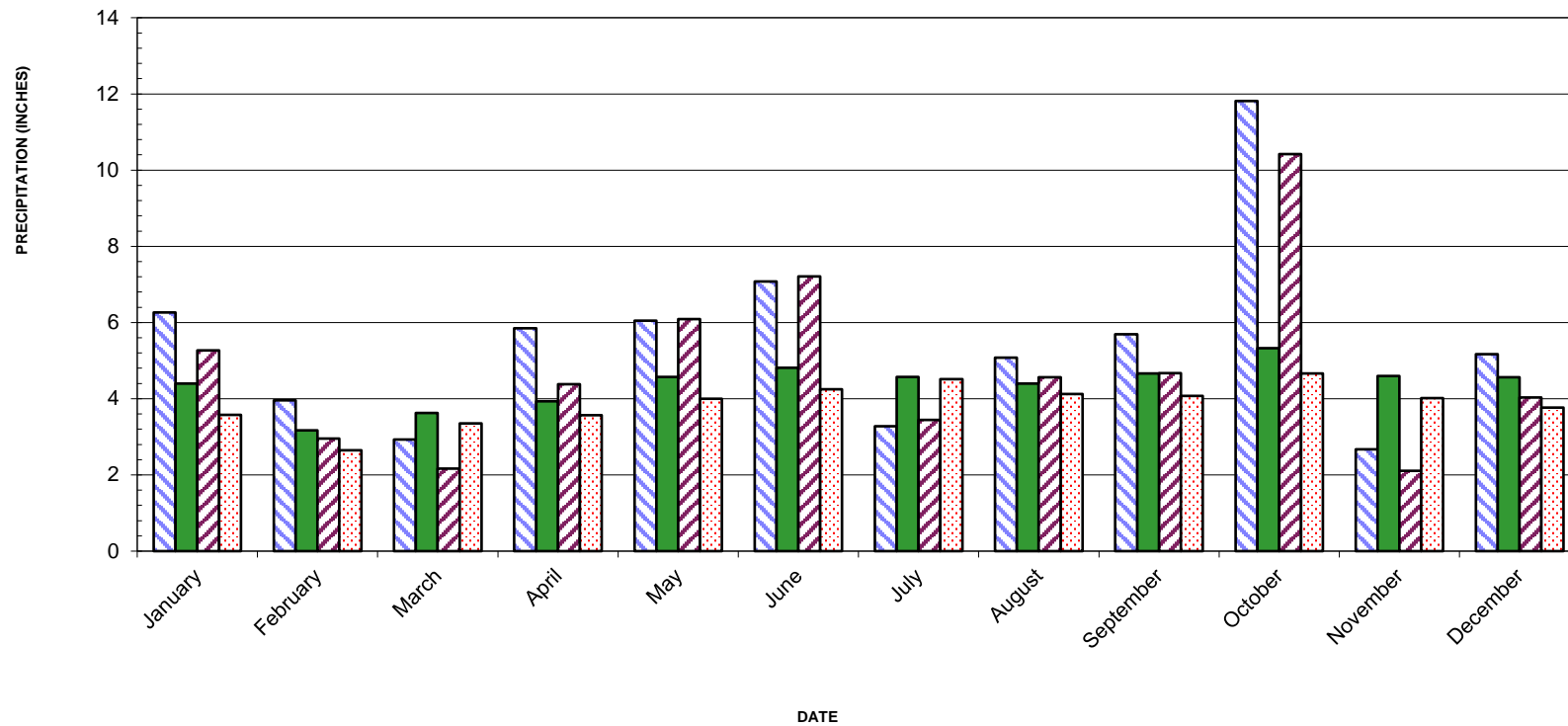


Figure 6

Hudson River - Black River Regulating District

FULTON CHAIN RESERVOIRS

PRECIPITATION JANUARY 2019 - DECEMBER 2019



■ Old Forge Actual Precipitation

■ Old Forge Average Precipitation

■ Sixth Lake Actual Precipitation

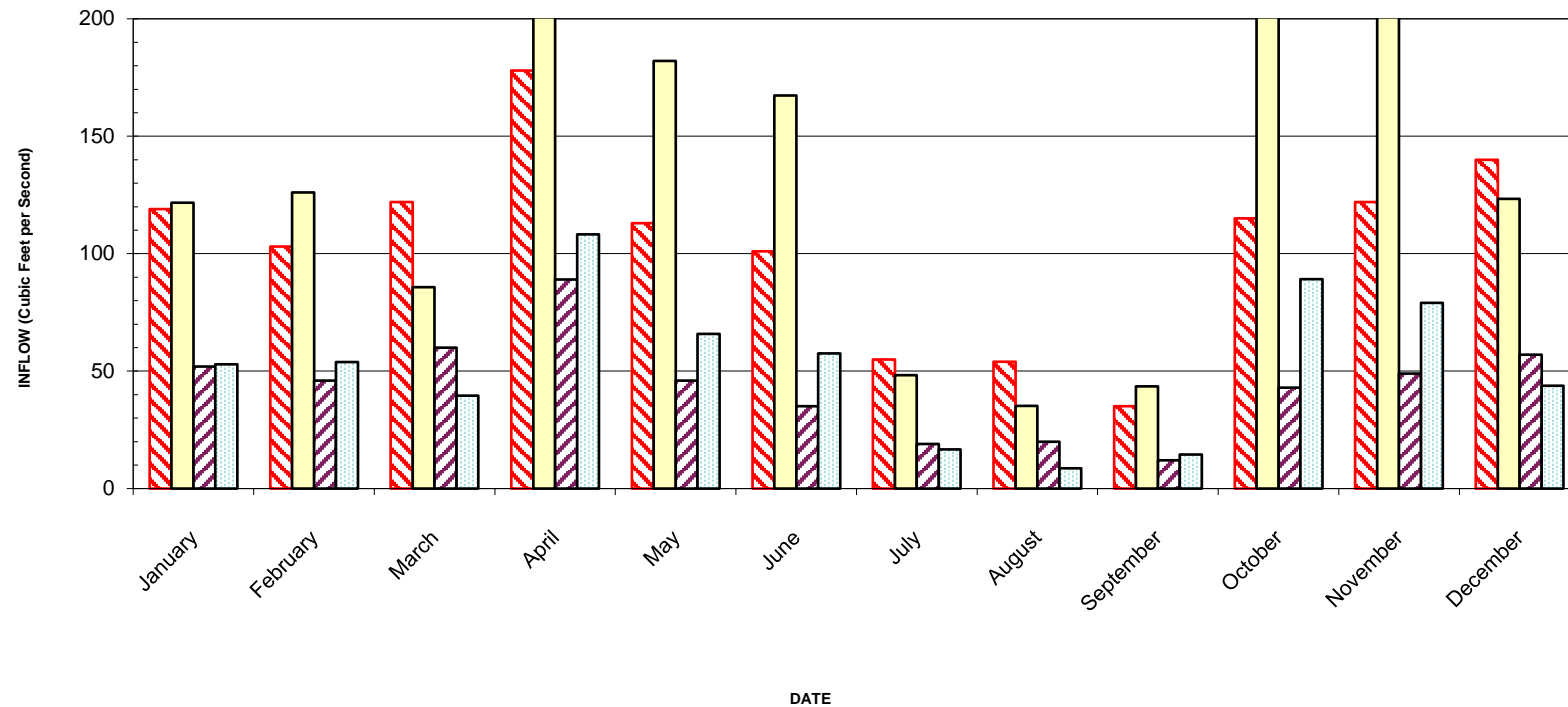
■ Sixth Lake Average Precipitation

Figure 7

Hudson River - Black River Regulating District

FULTON CHAIN RESERVOIRS

INFLOW JANUARY 2019 - DECEMBER 2019



Old Forge Average Inflow

Old Forge Actual Inflow

Sixth Lake Average Inflow

Sixth Lake Actual Inflow

Figure 8

Net inflow including evaporation and transpiration

- 19-01-01 RESOLUTION TO PROMOTE DAVID IOELE TO FOREMAN IN THE HRA OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
- 19-02-02 RESOLUTION TO RECLASSIFY ANNA TRACY AS SENIOR ADMINISTRATIVE ASSISTANT IN THE HRA OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
- 19-03-02 RESOLUTION TO ACCEPT THE HENNINGSON, DURHAM AND RICHARDSON ARCHITECTURE AND ENGINEERING, PC, INC (HDR) PROPOSAL TO COMPLETE 4TH PART 12D INDEPENDENT CONSULTANT SAFETY INSPECTION OF THE CONKLINGVILLE DAM
- 19-04-02 RESOLUTION TO APPROVE AMENDMENT #4 – INDIAN LAKE FIRST ENGINEERING ASSESSMENT CONTRACT C032013
- 19-05-02 RESOLUTION TO OPT-IN TO COVERAGE UNDER NEW YORK’S PAID FAMILY LEAVE POLICY AND TO AUTHORIZE EMPLOYEE CONTRIBUTIONS AFTER 90 DAYS NOTICE TO THE REGULATING DISTRICT’S UNREPRESENTED EMPLOYEES
- 19-06-02 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE MARCH 12, 2019 REGULAR BOARD MEETING
- 19-07-03 RESOLUTION TO ACKNOWLEDGE THE STATE’S ADOPTION OF UPDATED PROCEDURES FOR IMPLEMENTING REASONABLE ACCOMMODATIONS FOR APPLICANTS AND EMPLOYEES WITH DISABILITIES AND PREGNANCY-RELATED CONDITIONS IN NEW YORK STATE AGENCIES
- 19-08-03 RESOLUTION TO UPGRADE DISTRICT’S NETWORK SERVER ENVIRONMENT
- 19-09-03 RESOLUTION TO CONDITIONALLY AWARD HAWKINSVILLE DAM GEOTECHNICAL INVESTIGATION WORK
- 19-10-03 RESOLUTION TO CONDITIONALLY AWARD OLD FORGE AND SIXTH LAKE DAM GEOTECHNICAL INVESTIGATION WORK
- 19-11-03 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE APRIL 9, 2019 REGULAR BOARD MEETING
- 19-12-04 RESOLUTION AUTHORIZING THE EMPLOYMENT OF AN EXECUTIVE DIRECTOR FOR THE HUDSON RIVER – BLACK RIVER REGULATING DISTRICT
- 19-13-04 RESOLUTION AUTHORIZING THE INTERIM OR EXECUTIVE DIRECTOR

- TO NEGOTIATE TEMPORARY MONTH TO MONTH LEASE WITH DF ACQUISITIONS LLC FOR ADDITIONAL ALBANY OFFICE
- 19-14-04 RESOLUTION TO SATISFY ANNUAL REVIEW AND APPROVAL OF THE REGULATING DISTRICT'S INVESTMENT POLICY
- 19-15-04 RESOLUTION TO SATISFY ANNUAL REVIEW AND APPROVAL OF THE REGULATING DISTRICT'S PROCUREMENT POLICY
- 19-16-04 RESOLUTION TO ANNUALLY REVIEW AND APPROVE THE REGULATING DISTRICT'S DISPOSITION OF PROPERTY GUIDELINES PURSUANT TO SECTION 2896(1) OF THE PUBLIC AUTHORITIES LAW
- 19-17-04 RESOLUTION APPROVING BUDGET AND FINANCIAL PLAN REQUIRED PURSUANT TO SECTION 2801 OF PUBLIC AUTHORITIES LAW
- 19-18-04 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE MAY 14, 2019 REGULAR BOARD MEETING
- 19-19-05 RESOLUTION AUTHORIZING THE EMPLOYMENT OF A DEPUTY CHIEF FISCAL OFFICER FOR THE HUDSON RIVER- BLACK RIVER REGULATING DISTRICT
- 19-20-05 RESOLUTION REVISING THE EMPLOYMENT RULES AND BENEFIT GUIDELINES FOR MANAGEMENT /EXEMPT EMPLOYEES
- 19-21-05 RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE TEMPORARY MONTH TO MONTH LEASE WITH DF ACQUISITIONS LLC FOR ADDITIONAL ALBANY OFFICE
- 19-22-05 RESOLUTION AUTHORIZING THE EMPLOYMENT OF INTERNS IN SATISFACTION OF GOVERNOR CUOMO'S "NEW YORK LEADERS-STUDENT INTERN PROGRAM"
- 19-23-05 RESOLUTION TO ACKNOWLEDGE COMPLIANCE WITH THE STATEWIDE INFORMATION TECHNOLOGY SOCIAL MEDIA POLICY (NYS-P11-001)
- 19-24-05 RESOLUTION TO APPROVE WEBCASTING SERVICES AGREEMENT WITH GRANICUS, INC.
- 19-25-05 RESOLUTION TO AWARD AUDIT SERVICES WORK TO GALLEROS ROBINSON CERTIFIED ACCOUNTANTS, LLP FOR FISCAL YEAR ENDING JUNE 30, 2019

- 19-26-05 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE JUNE 11, 2019 REGULAR BOARD MEETING
- 19-27-06 RESOLUTION TO APPROVE INSURANCE PROPOSAL FOR POLICY YEAR JULY 1, 2019 THROUGH JUNE 30, 2020
- 19-28-06 RESOLUTION TO APPROVE THE ANNUAL ASSESSMENT FOR THE OPERATION AND MAINTENANCE OF STORAGE RESERVOIRS IN THE BLACK RIVER AREA FOR THE SECOND YEAR OF THE THREE-YEAR BUDGET PERIOD BEGINNING JULY 1, 2019 THROUGH JUNE 30, 2020
- 19-29-06 RESOLUTION TO APPROVE THE ANNUAL ASSESSMENT FOR THE OPERATION AND MAINTENANCE OF STORAGE RESERVOIRS IN THE HUDSON RIVER AREA FOR THE SECOND YEAR (JULY 1, 2019-JUNE 30, 2020) OF THE THREE-YEAR BUDGET PERIOD BEGINNING JULY 1, 2018
- 19-30-06 RESOLUTION TO APPROVE THE STATE SHARE FOR THE OPERATION AND MAINTENANCE OF STORAGE RESERVOIRS IN THE BLACK RIVER AREA FOR THE SECOND YEAR (JULY 1, 2019- JUNE 30, 2020) OF THE THREE-YEAR BUDGET PERIOD BEGINNING JULY 1, 2018
- 19-31-06 RESOLUTION TO APPROVE THE STATE SHARE FOR THE OPERATION AND MAINTENANCE OF STORAGE RESERVOIRS IN THE HUDSON RIVER AREA FOR THE SECOND YEAR (JULY 1, 2019- JUNE 30, 2020) OF THE THREE-YEAR BUDGET PERIOD BEGINNING JULY 1, 2018
- 19-32-06 RESOLUTION AUTHORIZING THE EMPLOYMENT OF A PLANT OPERATOR IN THE HUDSON RIVER AREA
- 19-33-06 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE JULY 9, 2019 REGULAR BOARD MEETING
- 19-34-07 RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AND ENTER INTO AN AGREEMENT WITH BAKER PUBLIC RELATIONS
- 19-35-07 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE SEPTEMBER 10, 2019 GOVERNANCE COMMITTEE AND REGULAR BOARD MEETINGS
- 19-36-09 RESOLUTION AUTHORIZING THE EMPLOYMENT OF A CHIEF FISCAL OFFICER FOR THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT

- 19-37-09 RESOLUTION TO AUTHORIZE THE PURCHASE OF A SLOPE MOWER FOR THE MAINTENANCE OF THE CONKLINGVILLE DAM SITE
- 19-38-09 RESOLUTION TO ACCEPT PAUL C RIZZO ENGINEERING-NEWARK, PLLC AMENDMENT #1 PROPOSAL TO PERFORM COMPLETION OF SEISMIC STABILITY AND LIQUEFACTION & DEFORMATION ANALYSIS OF THE STILLWATER DAM
- 19-39-09 RESOLUTION TO ACCEPT HENNINGSON, DURHAM & RICHARDSON ARCHITECTURE AND ENGINEERING, P.C. (HDR) AMENDMENT #1 PROPOSAL TO COMPLETE WORK NECESSARY TO RESPOND TO FERC'S ADDITIONAL REQUEST
- 19-40-09 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE OCTOBER 8, 2019 REGULAR BOARD MEETING
- 19-41-10 RESOLUTION APPOINTING A SECRETARY AND TREASURER
- 19-42-10 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE NOVEMBER 13, 2019 REGULAR BOARD MEETING
- 19-43-10 RESOLUTION OF THE HUDSON RIVER-BLACK RIVER REGULATING DISTRICT HONORING RICHARD J. FERRARA, CHIEF FISCAL OFFICER
- 19-44-11 RESOLUTION TO AWARD MANAGED NETWORK SERVICES AGREEMENT TO LOGICAL NET CORPORATION
- 19-45-11 RESOLUTION TO APPOINT AN INTERNAL CONTROL OFFICER
- 19-46-11 RESOLUTION AUTHORIZING THE REGULATING DISTRICT TO RETAIN A CONSULTING FIRM FOR INSURANCE AND RISK MANAGEMENT SERVICES
- 19-47-11 RESOLUTION TO ACCEPT ATLANTIC TESTING LABORATORIES, LIMITED'S (ATL) PROPOSAL TO COMPLETE SUBSURFACE SOIL SAMPLING AT STILLWATER DAM IN SUPPORT OF SEISMIC STABILITY ANALYSES WORK BEING COMPLETED BY PAUL C. RIZZO ENGINEERING
- 19-48-11 RESOLUTION TO AUTHORIZE A THREE-YEAR SUBSCRIPTION FOR ONLINE LEGAL RESEARCH THROUGH THOMSON REUTERS

- 19-49-11 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF DECEMBER 10, 2019 REGULAR BOARD & AUDIT COMMITTEE MEETINGS
- 19-50-12 RESOLUTION TO APPROVE FOURTH AMENDEMENT TO CONTRACT C012012 WITH KLEINSCHMIDT ASSOCIATES, PA, P.C.
- 19-51-12 RESOLUTION TO APPROVE SIXTH AMENDMENT TO CONTRACT C092007 GOMEZ AND SULLIVAN ENGINEERS, P.C.
- 19-52-12 RESOLUTION SCHEDULING DATE, TIME AND LOCATION OF THE JANUARY 14, 2020 REGULAR BOARD AND ORGANIZATION COMMITTEE MEETINGS