



UDIG·NY

SAFE DIGGING STARTS HERE

2022 Annual Report Supplemental Documents



Table of Contents

Our Mission	3
2022 Annual Meeting Minutes	4
Amendments to Bylaws	7
Treasurer’s Report	8
Independent Auditor’s Report Letter	9
Statement of Financial Position	11
Statement of Activities	12
Statement of Functional Expenses	13
Statement of Cash Flows	14
Balance End of Year (EOY)	15
Annual One-Call Notification System Report	16
Enforcement Activity for 2022	17
Damages per 1,000 Location Requests	18





Our Mission

Prevent damages to underground facilities and protect the public through education and quality communications with excavators, underground facility operators and designers in an efficient, courteous and cost-effective manner while complying with governing regulations.

UDIGNY.ORG

2022 Annual Meeting Minutes

Minutes from the Annual Meeting of the Members April 26, 2022.



The 52nd Annual Meeting of the Members of UDig NY, Inc. was called to order by President, Matt Scorzelli, at 10:00 am in a hybrid fashion with some virtual attendance and some in person attendance at the UDig NY Center for Damage Prevention on April 26, 2022.

President Scorzelli thanked Commissioner Diane Burman, PHMSA, and the Common Ground Alliance for their continued support of UDig NY's damage prevention initiatives and recognized the celebration of National Safe Digging Month. President Scorzelli asked Secretary, Dan FitzPatrick, to read the Notice of the Annual Meeting. Secretary FitzPatrick read the Notice of the Annual Business Meeting and advised that at least 30% of the voting membership were represented, constituting a quorum under the Corporations Bylaws.

President Scorzelli introduced the UDig NY Officers and Directors. President Scorzelli recognized the Directors that left the Board in the last year; thanking Allen Peterson, who retired from NYSEG/RG&E, and Brian Loy with Buckeye Pipeline for their service to underground utility protection and honored them with the Golden Spade Award. President Scorzelli then recognized and thanked past presidents of the Board of Directors.

President Scorzelli acknowledged the participating and sustaining members and noted a full list is available with the Annual Report video and on the UDig NY website.

President Scorzelli indicated that supplemental meeting documents were provided to each pre-registered attendee. He then called for approval of the 2021 Annual Business Meeting minutes. Leon Hacker made a motion to approve the minutes, Tom Sutton made a second to the motion. A unanimous vote passed the motion. President Scorzelli called for a motion to accept the Treasurer's Report as presented in the supplemental meeting documents. A motion to accept the Treasurer's report was made by Leon Hacker. A second to the motion was made by Tom Sutton. A unanimous vote passed the motion. President Scorzelli then asked if there was any old business from the 2021 Annual Business Meeting and there was none. President Scorzelli then asked if there was any new business for this year's meeting and again there was none.

2022 Annual Meeting Minutes

President Scorzelli called for a motion to approve the changes to the corporation Bylaws as presented in the supplemental meeting documents. Leon Hacker made the motion to approve the Bylaw changes. A second to the motion was made by Tom Sutton. A unanimous vote passed the motion.

President Scorzelli then called upon Don Ayers, Chairman of the Nominating Committee to read the nominating report. Don Ayers provided the Nominating Committee report.

Candidate	Company	Industry	Status	Term
Michael Garick	Con Edison of New York	Gas & Electric	Non-Exempt	1-year term expiring April 2023
Giancarlo Romero	Avangrid, Inc.	Gas & Electric	Non-Exempt	1-year term expiring April 2023
Michael Bass	Buckeye Partners L.P.	Pipeline	Non-Exempt	2-year term expiring April 2024
Donald Ayers	Enterprise Products Partners L.P.	Pipeline	Non-Exempt	3-year term expiring April 2025
Michael Bushart	City of Rochester, DES, Water Bureau	Water	Exempt	3-year term expiring April 2025
Matthew Scorzelli	Syracuse Utilities	Contractor	Sustaining	3-year term expiring April 2025
Thomas Sutton	Kinder Morgan, Inc.	Pipeline	Non-Exempt	3-year term expiring April 2025
William VanDame	City of Rochester Engineering	Design & Engineering	Exempt	3-year term expiring April 2025



2022 Annual Meeting Minutes

Upon completion of the 2022 elections, the exact number of Board of Directors positions will continue to be 17, with each class or group classification set as follows:

"6" Director positions to be elected in 2023

"6" Director positions to be elected in 2024

"5" Director positions to be elected in 2025

Eleven (11) representatives from the non-exempt participating member group

Three (3) representatives from the exempt participating members group

Three (3) representatives from the sustaining members group

Cable TV (1)

Gas & Electric (4)

Contractors (2)

Pipeline (3)

Design/Engineers (2)

Telecommunications (1)

Gas (2)

Water (2)

President Scorzelli called for a motion to elect the Directors for the designated terms. Leon Hacker made a motion to elect the Directors for the designated terms of office. Tom Sutton made a second to the motion. A unanimous vote passed the motion.

President Matt Scorzelli called for a resolution of support. Leon Hacker stated, "Be it resolved that all acts of the Officers and Directors of the Corporation from the date of their election until the end of this meeting be and they hereby are, in all respects ratified, confirmed, and approved." President Scorzelli then appointed Don Ayers to serve as the interim officer of UDig NY, Inc. with duties to convene at a corporate meeting at 11:00 a.m. the same day for election of officers and the transaction of normal business. Don Ayers then thanked everyone for attending and indicated that immediately following the adjournment of the meeting virtual award presentations and the Annual Report video would play. Leon Hacker made a motion to adjourn. Tom Sutton made a second to the motion. A unanimous vote passed the motion.

Amendments to Bylaws

Please see below for the UDig NY, Inc. Bylaw changes being voted on at the 2023 Annual Business Meeting. Changes are bold and in green text. A brief statement of the changes follows.

ARTICLE VIII – OFFICERS

Section 4. Vice President.

The Board of Directors shall determine the powers and duties of the respective Vice Presidents and may, in its discretion, fix such order of seniority among the respective Vice President, as it may deem advisable. The **Vice President** shall be the chief financial and administrative officer of the Corporation.

Brief statement of changes made:

Article VIII, Section 4 (addressing the role of the Vice President) is corrected to remove the word “Executive” from the last sentence. The Bylaws erroneously referred to the Vice President as the Executive Vice President. This corrects the error and will avoid creating confusion regarding the Vice President’s role and title.

Section 7. Executive Director.

The Executive Director shall be responsible for the day-to-day operations and activities of the Corporation and the Call Center. The Executive Director’s duties shall include the following:

- a) Managing all operational activities and administrative policies of the Corporation;
- b) Acting as principal public relations officer of the Corporation;
- c) Assisting in the development and execution of the Corporation’s strategic initiatives and objectives and the Corporation’s consolidated annual budget;
- d) **Executive Director to approve budgeted expenses and expenditures and non-budgeted expenses and expenditures of up to \$15,000.**

Brief statement of changes made:

Article VIII, Section 7(d) (addressing the role of the Executive Director) is amended to allow the Executive Director to approve budgeted expenses and expenditures and non-budgeted expenses and expenditures of up to \$15,000. The bylaws only allow the Executive Director to approve non-budgeted expenditures of up to \$10,000. This increases this amount to \$15,000. The Executive Director will bring such approvals to the Executive Committee’s attention by email and at the next Executive Committee Meeting.

- e) **The Executive Director will present to the Executive Committee for approval non-budgeted expenses greater than \$15,000.01 and up to \$50,000.**

Brief statement of changes made:

In accordance with the proposed change to Article VIII Section 7(d), Article VIII, Section 7(e) is also being amended to reflect that the Executive Director will present to the Executive Committee for approval non-budgeted expenses greater than \$15,000.01 and up to \$50,000.

- f) Monitoring the cash flow, accounts receivable and accounts payable activities; and
- g) Providing the Board of Directors with monthly and annual financial reports. In addition, the Executive Director shall have such other duties as the President and/or Secretary may delegate and such other duties as the Board of Directors may prescribe.

Treasurer's Report

UDig NY, Inc. saw a decrease in location request volume in 2022, with 589,898 location requests taken, a 3.38% decrease over 2021. The organization successfully ended 2022 with a net positive income for our tenth consecutive year and maintains a strong financial footing.

As part of our fiduciary responsibilities, the Board of Directors and the Executive Director perform periodic reviews of the organization's investments and investment policy. The Board of Directors has adopted an investment policy that establishes acceptable levels of risk deemed appropriate for tax exempt organizations. The investment policy is expressed in terms of portfolio allocation percentages for equities, fixed income securities (bonds), cash equivalents and real estate.

UDig NY's financial performance for the year 2022 continued the trend of producing a net annual income by controlling expenses that continue to underrun the budget.

Attachments to this report include the following.

1. Independent Auditors Report Letter
(Complete Auditors Report available upon request)
2. Statement of Assets
3. Liabilities and Net Assets
4. Statement of Activities

Respectfully submitted,



Michael J. Bushart—Treasurer



Independent Auditor's Report Letter



Opinion

We have audited the accompanying financial statements of UDig NY, Inc. FKA Dig Safely New York, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UDig NY, Inc. FKA Dig Safely New York, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UDig NY, Inc. FKA Dig Safely New York, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report Letter

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Statement of Financial Position

Years ended December 31, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$2,005,778	\$2,744,259
Accounts receivable, net	\$779,893	\$761,422
Prepaid expenses	\$123,332	\$123,186
Total Current Assets	\$2,909,003	\$3,628,867
Property & Equipment		
Land	\$516,216	\$516,216
Buildings	\$7,686,153	\$7,677,464
Furniture & fixtures	\$681,984	\$684,536
Computers & equipment	\$88,642	\$88,642
Automobiles and trucks	\$35,637	\$35,637
Software	\$560,000	\$617,419
	\$9,568,632	\$9,619,914
Less accumulated depreciation	\$1,706,630	\$1,255,647
Net Property & Equipment	\$7,862,002	\$8,364,267
Other Assets		
Investments—Note D	\$4,375,071	\$3,959,761
Other assets—Note G	\$66,854	\$0
Total Other Assets	\$4,441,925	\$3,959,761
Total Assets	\$15,212,930	\$15,952,895
Liabilities & Net Assets		
Current Liabilities		
Accounts payable	\$121,915	\$268,588
Accrued expenses	\$62,952	\$44,464
Deferred revenue	\$15,817	\$11,150
Other liabilities—NOTE G	\$0	\$469,257
Current portion of long-term debt—NOTE G	\$190,375	\$182,914
Total Current Liabilities	\$391,059	\$976,373
Long-Term Debt Less Current Portion & Unamortized Debt Issuance Costs—NOTE G	\$4,228,021	\$4,418,396
Net Assets—Without donor restrictions		
Undesignated	\$10,407,850	\$10,372,126
Board-designated—NOTE C	\$186,000	\$186,000
Total Net Assets	\$10,593,850	\$10,558,126
Total Liabilities and Net Assets	\$15,212,930	\$15,952,895

Statement of Activities

Years ended December 31, 2022 and 2021

	2022	2021
Revenue		
Member billings and dues	\$5,372,915	\$5,396,815
Sponsorship & excavator seminar revenue	\$236,589	\$225,593
Grant revenue	\$10,000	\$0
Educational services	\$79,136	\$75,353
Total Revenue	\$5,698,640	\$5,697,761
Expenses		
Program services	\$3,737,654	\$3,690,733
Management & general	\$1,881,716	\$1,655,492
Total Expenses	\$5,619,370	\$5,346,225
Net Operating Income	\$79,270	\$351,536
Non-Operating Income (Expenses)		
Net investment gains (losses)	(\$657,395)	\$180,519
Change in fair value of interest rate swap—NOTE G	\$536,110	\$263,835
Interest	\$77,739	\$42,053
	(\$43,546)	\$486,407
Changes In Net Assets	\$35,724	\$837,943
Net Assets		
Beginning of year	\$10,558,126	\$9,720,183
End of year	\$10,593,850	\$10,558,126

Notes: For a copy of the full Independent Auditors Report with notes mentioned please contact Amber Hadley, amhadley@UDigNY.org

Statement of Functional Expenses

Years ended December 31, 2022 and 2021

	2022			2021		
	Program Services	Management/ General	Total	Program Services	Management/ General	Total
Salaries & wages	\$1,559,720	\$1,105,108	\$2,664,828	\$1,550,584	\$974,430	\$2,525,014
Payroll taxes	\$119,938	\$84,980	\$204,918	\$120,212	\$75,545	\$195,757
Employee benefits	\$240,062	\$174,399	\$414,461	\$241,018	\$151,463	\$392,481
Advertising	\$5,591	\$0	\$5,591	\$12,767	\$0	\$12,767
Communication	\$181,934	\$33,463	\$215,397	\$199,122	\$31,357	\$230,479
Contracted services	\$28,587	\$0	\$28,587	\$98,846	\$0	\$98,846
Contracts & licenses	\$152,949	\$16,994	\$169,943	\$124,200	\$13,800	\$138,000
Depreciation	\$381,855	\$127,285	\$509,140	\$396,809	\$132,269	\$529,078
Insurance	\$51,025	\$16,468	\$67,493	\$43,711	\$14,093	\$57,804
Interest	\$143,458	\$47,820	\$191,278	\$139,718	\$46,572	\$186,290
Loss on disposal of fixed asset	-	-	-	\$34,492	\$0	\$34,492
Miscellaneous	\$13,904	\$9,271	\$23,175	\$15,493	\$10,329	\$25,822
Office	\$10,111	\$30,334	\$40,445	\$8,463	\$25,389	\$33,852
Pension	\$62,240	\$39,792	\$102,032	\$56,719	\$35,643	\$92,362
Professional Development	\$7,200	\$0	\$7,200	\$11,447	\$0	\$11,447
Professional fees	\$30,000	\$81,754	\$111,754	\$30,000	\$76,706	\$106,706
Promotional & public education	\$438,686	\$0	\$438,686	\$431,365	\$0	\$431,365
Provision for doubtful accounts	\$1,887	\$0	\$1,887	\$5,975	\$0	\$5,975
Rent	-	-	-	\$8,474	\$0	\$8,474
Repairs & maintenance (Equipment)	\$160,018	\$17,780	\$177,798	\$63,543	\$7,061	\$70,604
Repairs & maintenance (Facilities)	\$46,528	\$15,509	\$62,037	\$38,923	\$12,975	\$51,898
Seminars and meetings	\$0	\$46,155	\$46,155	\$0	\$25,562	\$25,562
Travel	\$77,885	\$26,578	\$104,463	\$36,711	\$14,918	\$51,629
Utilities	\$24,076	\$8,026	\$32,102	\$22,141	\$7,380	\$29,521
Total	\$3,737,654	\$1,881,716	\$5,619,370	\$3,690,733	\$1,655,492	\$5,346,225

Statement of Cash Flows

Years ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Changes in net assets	\$35,724	\$837,943
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	\$509,140	\$529,078
Net realized/unrealized (gains) losses on investments	\$657,395	(\$180,519)
Provision for doubtful accounts	\$1,887	\$5,975
(Increase) decrease in accounts receivable	(\$20,358)	\$171,109
Increase in prepaid expenses and other assets	(\$67,000)	(\$33,899)
Increase (decrease) in accounts payable	(\$146,673)	\$182,390
Increase in accrued expenses	\$18,488	\$5,473
Increase (decrease) in deferred revenue	\$4,667	(\$24,149)
Decrease in other liabilities	(\$469,257)	(\$263,834)
Net Cash Provided by Operating Activities	\$524,013	\$1,229,567
Cash Flows From Investing Activities		
Purchase of property & equipment	(\$6,875)	(\$73,965)
Proceeds from sale of investments	\$659,903	\$3,135,035
Purchase of investments	(\$1,732,608)	(\$4,175,144)
Net cash used in investing activities	(\$1,079,580)	(\$1,114,074)
Cash Flows From Financing Activities		
Principal payments on long-term debt	(\$182,914)	(\$175,745)
Net cash used in financing activities	(\$182,914)	(\$175,745)
Net decrease in cash & cash equivalents	(\$738,481)	(\$60,252)
Cash & Cash Equivalents		
Beginning of year	\$2,744,259	\$2,804,511
End of year	\$2,005,778	\$2,744,259
Supplementary Cash Flows Information		
Interest Paid	\$179,560	\$186,675
Non-Cash Transactions		
Interest, dividends & realized gains reinvested	\$107,697	\$80,480
Investment fees paid	\$35,003	\$26,673

Balance End of Year (EOY)

Last 15 Years

Year	Balance	Year	Balance	Year	Balance
2008	\$2,434,595	2013	\$2,604,159	2018	\$3,895,785
2009	\$2,571,500	2014	\$3,065,902	2019	\$4,627,534
2010	\$2,900,404	2015	\$2,945,629	2020	\$5,543,644
2011	\$2,967,419	2016	\$3,725,291	2021	\$6,704,020
2012	\$2,203,724	2017	\$4,427,939	2022	\$6,380,849

Total Income/Total Expenses

Last 15 years

Year	Income	Expense	Year	Income	Expense	Year	Income	Expense
2008	\$3,546,124	\$3,055,346	2013	\$4,088,661	\$3,936,399	2018	\$5,383,243	\$4,368,876
2009	\$2,914,804	\$2,933,166	2014	\$4,376,780	\$4,258,435	2019	\$6,080,740	\$5,150,708
2010	\$3,450,087	\$3,191,547	2015	\$4,695,861	\$4,385,709	2020	\$5,403,231	\$5,222,071
2011	\$3,455,853	\$3,498,894	2016	\$4,871,430	\$4,170,468	2021	\$5,697,761	\$5,346,225
2012	\$3,981,874	\$3,770,681	2017	\$5,510,068	\$4,369,014	2022	\$5,698,640	\$5,619,370

2023 Projected Budget

Budget Item	Balance
Projected Income	\$5,557,681
Projected Expense	\$6,143,576

Annual One-Call Notification System Report



Enforcement Activity for 2022

The first table shows the number of New York State Code Rule 753 (16 NYCRR Part 753) probable violations issued by the Department of Public Service, Pipeline Safety Section which occurred during the 2022 calendar year.

Of the 251 probable violations issued in 2022, 73 were the result of staff investigation¹ and the other 178 were from enforcement requests submitted by operators or the general public.

The second table provides a breakdown of violations resolved in 2022, including the amount collected, and the methods by which enforcement cases were resolved.

Some of the enforcement cases resolved in 2022 were based on violations issued in prior years. Likewise, some enforcement cases initiated in 2022 have not yet been resolved. Therefore, the two tables above are not based on synchronized sets of data. It is also worth noting that this data represents primarily only the Pipeline Safety Section's enforcement efforts and not that of other utility industry sectors (e.g., electric, telecommunications, etcetera).

The Pipeline Safety Section continued its program of working with the major natural gas local distribution companies (LDCs) whereby enforcement is initiated based on information LDCs provide on damages caused by lack of a one-call notice. This accounts for the high percentage of violations having been issued for failure to notify, as indicated above.

Violation	Citations
Failure to Notify (3.1(a)(1))	160
Improper Notification (3.1(a)(2), 3.1(b))	10
Failure to Renotify (3.1(d), 3.1(d)(2))	3
Early Commencement of Excavation	0
Failure to Maintain Mark-Outs (3.5)	3
Failure to Verify Location	21
Failure to Verify Location (3.6)	19
Failure to Maintain Clearance (3.8)	12
Inaccurate Mark-Out (4.6)	24
Other (3.4(a), 4.5(b), 3.10(a), 3.10(b), 3.10(d), 3.12(a), 3.14(a), & 3.14(b))	14
Total:	251

Resolution	Cases	Amount Collected
Commission Orders	32	\$96,000
Referred to Attorney General	37	\$97,059
Uncontested Penalties	80	\$447,500
Consent Orders	157	\$238,150
Resolved Without Penalty ²	25	-
Warning Letters	2	-
Totals:	342	\$879,659

¹ Staff investigations were initiated by either the Gas Emergency Notification System or were through voluntary incident notification reporting by some gas operators.

² This number includes enforcement actions dropped due to cause, the inability to properly serve the correct entity, or resolved through training alone.

Damages per 1,000 Location Requests

Last Ten Years

We believe that this enforcement activity, in conjunction with the numerous other activities undertaken by the one-call systems and LDCs, continue to have a positive effect in reducing damages to underground natural gas facilities. Since 2003, the Pipeline Safety Section has been tracking a state-wide metric for damages per 1,000 one-call tickets of the LDCs under Public Service Commission jurisdiction.

The results for the past 10 years are shown below:

Year	Damage per 1,000	Year	Damage per 1,000
2013	2.15	2018	2.05
2014	1.96	2019	1.84
2015	2.18	2020	1.85
2016	1.89	2021	1.62
2017	1.60	2022	1.70

The chart below depicts enforcement actions taken by the New York State Public Service Commission since it took over enforcement of the Protection of Underground Facilities law. The chart displays the number of violations occurring in a given year, the number of citations issued in a given year, the backlog of citations requiring review, as well as the trend line of damages to natural gas pipeline facilities per 1,000 notifications since 2003. The spike in 2007 was due to the initiation of voluntary reporting by LDCs of no-call damages to natural gas pipelines.

