Erie County Water Authority

December 31, 2024 Audit

March 20, 2025

Erie County Water Authority

- Basic Financial Statements

- Schedule of Overhead Percentage

- Schedule of Cash and Investments and Schedule of Income from Cash and Investments

- Management Letter

- Auditor Communications

- Annual Comprehensive Financial Report

Auditor Communications

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

Condensed Financial Information

Condensed Statements of Net Position

	December 31,	
	2024	2023
Assets:		
Current assets	$ 94,284,596	$ 67,449,719
Noncurrent assets	573,982,000	546,181,333
Total assets	668,266,596	613,631,052
Deferred ouflows of resources	16,563,926	22,329,374
Liabilities:		
Current liabilities	22,199,987	26,722,009
Noncurrent liabilities	112,874,558	117,875,739
Total liabilities	135,074,545	144,597,748
Deferred inflows of resources	36,517,207	41,694,353
Net Position:		
Net investment in capital assets	502,817,450	473,852,174
Restricted	609,322	411,077
Unrestricted	9,811,998	(24,594,926)
Total net position	$ 513,238,770	$ 449,668,325

Condensed Financial Information

Working Capital (3-Year Trend)

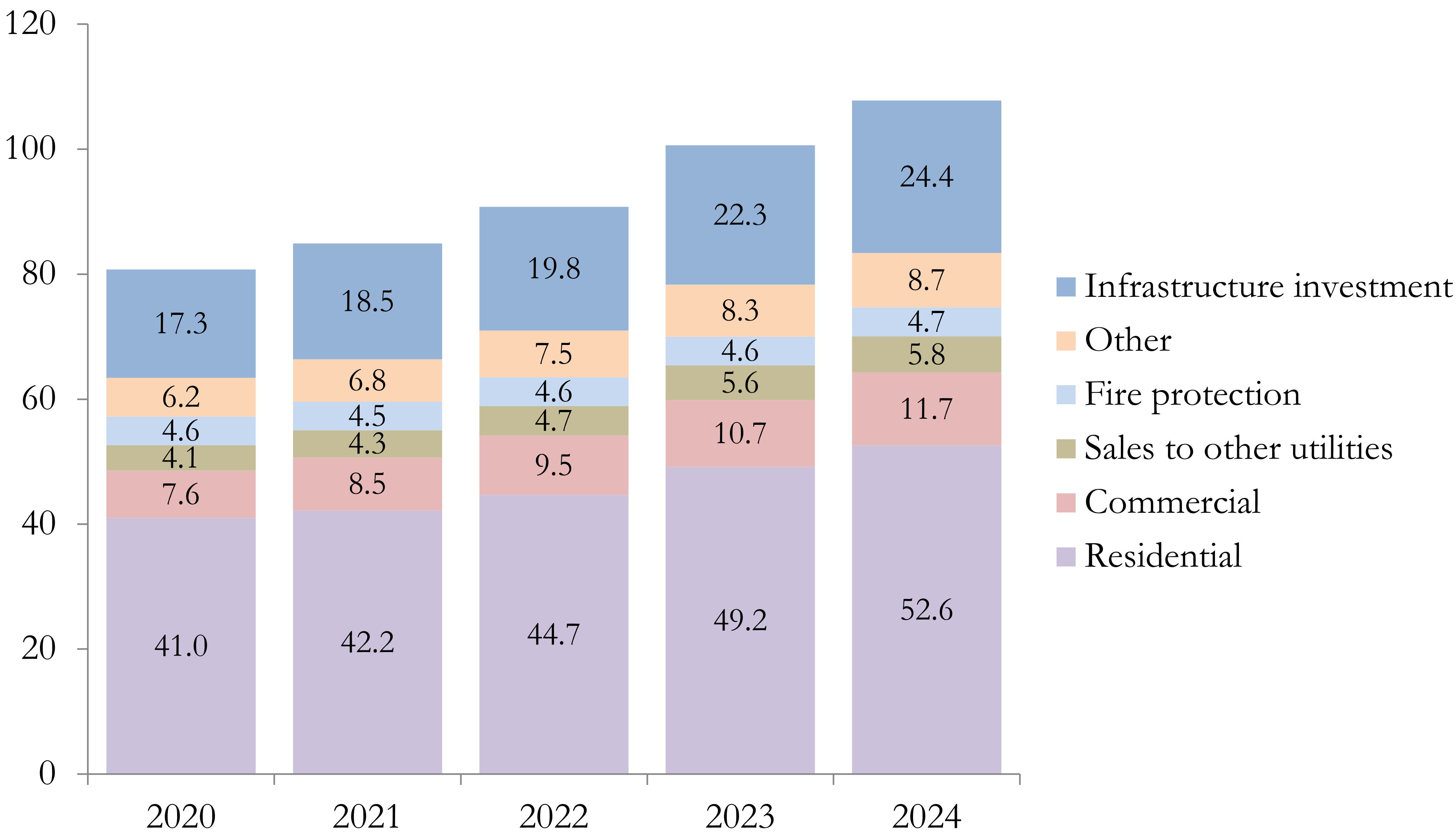
	December 31,		
	2024	2023	2022
Current assets:			
Cash, cash equivalents and investments	$ 50,761,182	$ 34,362,488	$ 45,202,199
Restricted cash, cash equivalents and investments	2,557,956	3,034,146	3,506,084
Customer accounts receivable	8,218,098	7,806,420	6,650,156
Accrued revenue	13,300,128	12,080,032	10,854,945
Leases and other receivables	10,938,633	1,834,171	1,496,857
Materials and supplies	4,777,255	4,889,877	4,538,679
Prepaid assets	3,731,344	3,442,585	3,314,107
Total current assets	94,284,596	67,449,719	75,563,027
Current liabilities:			
Accounts payable and accrued liabilities	10,090,555	12,236,512	14,160,299
Advances for construction	1,331,554	1,921,585	1,365,255
Construction retention	3,767,784	3,717,251	2,459,694
Current portion of long-term employee benefits	4,234,883	6,249,808	6,297,104
Current portion of long-term debt	2,775,211	2,596,853	4,100,473
Total current liabilities	22,199,987	26,722,009	28,382,825
Working capital	$ 72,084,609	$ 40,727,710	$ 47,180,202

Condensed Financial Information

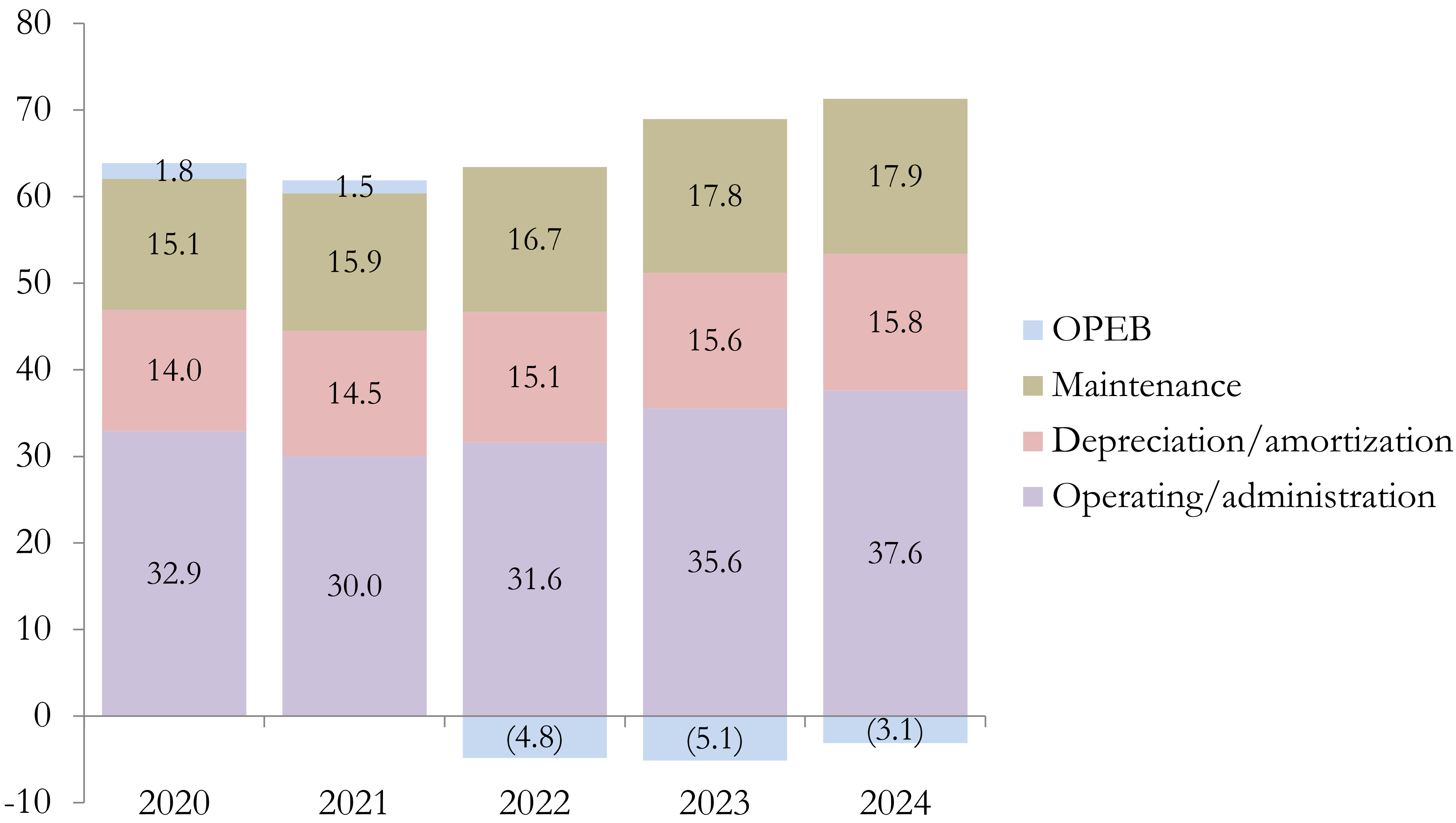
Condensed Statements of Revenues, Expenses and Changes in Net Position

	December 31, 2024	December 31, 2023
Operating revenues	$ 108,775,531	$ 100,596,954
Operating expenses	(68,193,210)	(63,832,415)
Nonoperating revenues and expenses	21,163,283	826,640
Contribution in aid of contruction	1,824,841	2,327,121
Change in net position	$ 63,570,445	$ 39,918,300

Operating Revenues ($ millions)



Operating Expenses ($ millions)



Condensed Financial Information

Operating and Maintenance Expense (3-Year Trend)

	December 31,		
	2024	2023	2022
Operating and administration expenses			
Personnel	$ 22,552,907	$ 23,631,132	$ 20,310,871
Utilities, chemicals, waste disposal	7,489,800	8,055,466	8,724,990
Materials, supplies, inventory	1,633,681	1,617,508	1,571,866
Contractual	6,750,826	4,818,507	3,637,978
Uncollectible accounts	1,368,070	494,471	174,517
Other	1,975,414	1,792,193	1,564,923
Credits	(4,149,412)	(4,817,271)	(4,365,033)
Total operating and administration expenses	$ 37,621,286	$ 35,592,006	$ 31,620,112
Maintenance expenses			
Personnel	$ 10,042,236	$ 10,074,969	$ 8,417,913
Materials, supplies, inventory	1,586,478	1,550,400	1,574,113
Contractual	5,892,511	5,665,481	6,171,338
Other	406,820	475,733	572,918
Total maintenance expense	$ 17,928,045	$ 17,766,583	$ 16,736,282

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ERIE COUNTY
WATER AUTHORITY

Basic Financial Statements and Required Supplementary Information for the Years Ended December 31, 2024 and 2023 and Independent Auditors' Reports

ERIE COUNTY WATER AUTHORITY
Table of Contents
For the Years Ended December 31, 2024 and 2023

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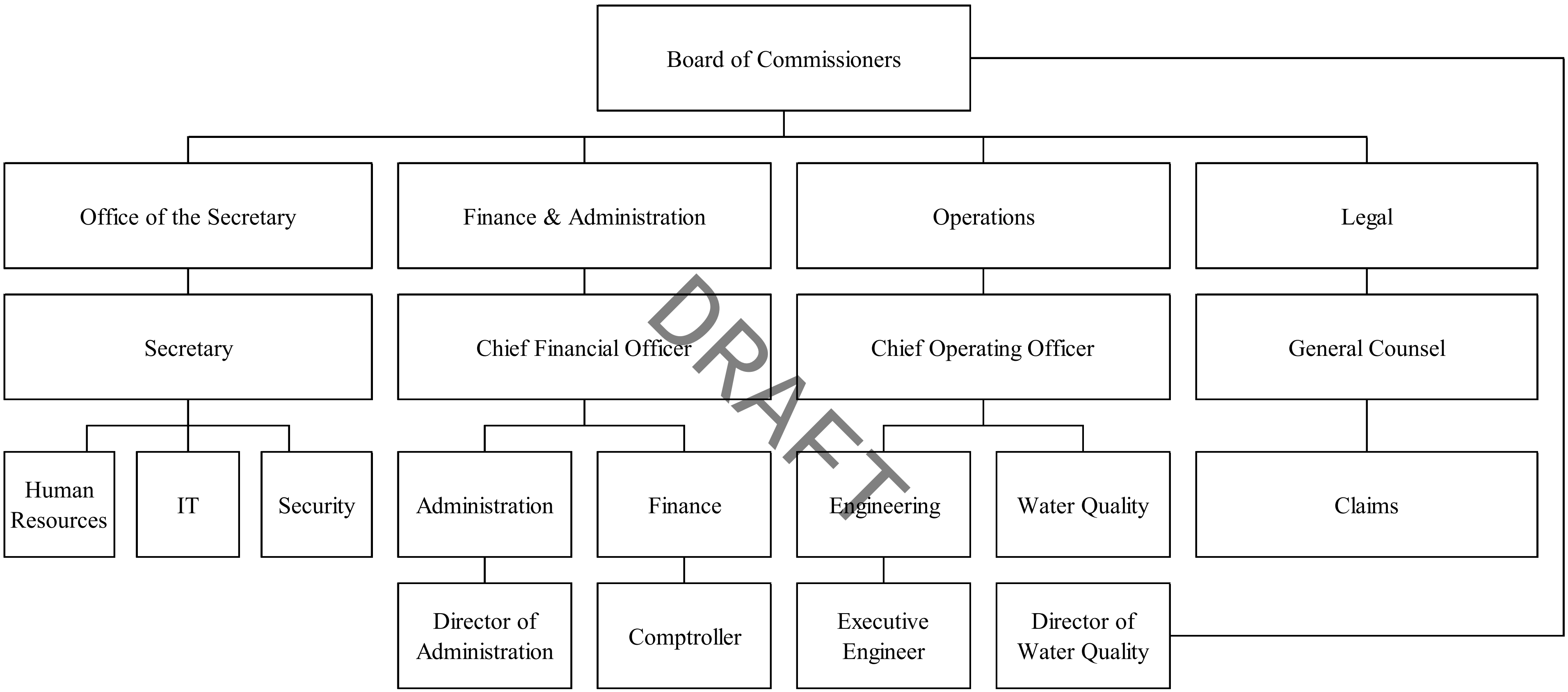
ERIE COUNTY WATER AUTHORITY
Members of the Board of Commissioners

Members of the Board of the Erie County Water Authority are appointed by the Chairman of the Erie County Legislature upon receiving nominations from the majority of the Majority Caucus or the Minority Caucus, subject to confirmation by a majority of the Legislature. Each Member is appointed to a three year term; and, not more than two members of the Authority's Board of Commissioners, at any time, shall belong to the same political party.

Board Members on 12/31/2024	Most Recent Appointment Date
Jerome D. Schad, Chair	2022
Peggy A. LaGree, Vice Chair	2023
Michele M. Iannello, Treasurer	2024

ERIE COUNTY WATER AUTHORITY
Organizational Chart



INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Erie County Water Authority:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the Erie County Water Authority (the "Authority"), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities of the Authority as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. 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 GAAS and GAS 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 GAAS and GAS, 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 Authority'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 Authority'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic 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 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 financial statements, and other knowledge we obtained during our audit of the basic 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 Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards,* we have also issued our report dated March 20, 2025 on our consideration of the Authority'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Authority's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated March 20, 2025 on our consideration of the Authority's compliance with Section 2925(3)(f) of the New York State Public Authorities Law ("Law"). The purpose of that report is to describe the scope and results of our tests of compliance with the Law.

March 20, 2025

Management provides the following discussion and analysis ("MD&A") of the Erie County Water Authority's (the "Authority") financial activities and statements for the years ended December 31, 2024 and 2023. We encourage the reader to consider the information contained in this analysis in conjunction with the information contained in the audited financial statements and the notes to those financial statements, all of which follow this narrative on the subsequent pages. The Authority is not required to legally adopt a budget; therefore, comparative budgetary information is not included in this report. For comparative purposes, certain data from the prior years has been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources by $513,238,770 and $449,668,325, representing net position, at December 31, 2024 and 2023, respectively.

- The Authority's net position increased $63,570,445 during the year ended December 31, 2024. Net income before contribution in aid of construction represents $61,745,604 of the 2024 increase. The remaining increase of $1,824,841 resulted from capital contributions (contribution in aid of construction). Comparatively, the Authority's net position increased $39,918,300 during the year ended December 31, 2023. Net income before contribution in aid of construction represents $37,591,179 of the 2023 increase. The remaining increase of $2,327,121 resulted from capital contributions (contribution in aid of construction).

- The Authority's bonded indebtedness decreased $2,352,626 and $3,861,011 in 2024 and 2023, respectively. The decrease in 2024 resulted from principal payments of $2,040,000 and $312,626 of premium and discount amortization. The 2023 decrease resulted from principal payments of $3,548,384 and $312,627 of premium and discount amortization.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The financial statements are organized as follows:

- The ***Statements of Net Position*** present information on all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as "net position". Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

- The ***Statements of Revenue, Expenses, and Changes in Net Position*** present information showing how the Authority's net position changed during the most recent reporting period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g., earned but unbilled revenue and earned but unused vacation leave).

- The ***Statements of Cash Flows*** present information depicting the Authority's cash flow activities for the most recent reporting period and the effect that these activities had on the Authority's cash and cash equivalent balances.

- The ***Notes to the Financial Statements*** present additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found following the financial statements section of this report.

Financial Analysis

As noted earlier, net position may over time serve as a useful indicator of an entity's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $513,238,770 at December 31, 2024 compared to $449,668,325 at December 31, 2023, as presented below in Table 1:

Table 1—Condensed Statements of Net Position

	December 31,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
Current assets	$ 94,284,596	$ 67,449,719	$ 26,834,877	39.8
Noncurrent assets:				
Other noncurrent assets	26,759,205	25,920,689	838,516	3.2
Capital assets	547,222,795	520,260,644	26,962,151	5.2
Total assets	668,266,596	613,631,052	54,635,544	8.9
Deferred outflows of resources	16,563,926	22,329,374	(5,765,448)	(25.8)
Current liabilities	22,199,987	26,722,009	(4,522,022)	(16.9)
Noncurrent liabilities	112,874,558	117,875,739	(5,001,181)	(4.2)
Total liabilities	135,074,545	144,597,748	(9,523,203)	(6.6)
Deferred inflows of resources	36,517,207	41,694,353	(5,177,146)	(12.4)
Net position:				
Net investment in capital assets	502,817,450	473,852,174	28,965,276	6.1
Restricted	609,322	411,077	198,245	48.2
Unrestricted	9,811,998	(24,594,926)	34,406,924	(139.9)
Total net position	$513,238,770	$449,668,325	$ 63,570,445	14.1

(continued)

Table 1—Condensed Statements of Net Position (concluded)

	December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Current assets	$ 67,449,719	$ 75,563,027	$ (8,113,308)	(10.7)
Noncurrent assets:				
Other noncurrent assets	25,920,689	29,847,994	(3,927,305)	(13.2)
Capital assets	520,260,644	481,204,009	39,056,635	8.1
Total assets	613,631,052	586,615,030	27,016,022	4.6
Deferred outflows of resources	22,329,374	23,060,405	(731,031)	(3.2)
Current liabilities	26,722,009	28,043,757	(1,321,748)	(4.7)
Noncurrent liabilities	117,875,739	129,516,641	(11,640,902)	(9.0)
Total liabilities	144,597,748	157,560,398	(12,962,650)	(8.2)
Deferred inflows of resources	41,694,353	707,408,769	(665,714,416)	(94.1)
Net position:				
Net investment in capital assets	473,852,174	430,761,169	43,091,005	10.0
Restricted	411,077	2,270,167	(1,859,090)	(81.9)
Unrestricted	(24,594,926)	(23,281,311)	(1,313,615)	5.6
Total net position	$ 449,668,325	$ 409,750,025	$ 39,918,300	9.7

The largest portion of the Authority's net position consists of the Authority's investment in capital assets. The investment in capital assets totaled $502,817,450, $473,852,174, and $430,761,169 at December 31, 2024, 2023 and 2022, respectively. This amount is presented net of any outstanding debt which was used to acquire such capital assets.

The Authority's liabilities totaled $135,074,545, $144,597,748, and $157,560,398, at December 31, 2024, 2023 and 2022 respectively. The largest component of liabilities in 2024, 2023 and 2022 is other postemployment benefits ("OPEB").

The Authority had current ratios of 4.25, 2.52, and 2.69, at December 31, 2024, 2023 and 2022, respectively. Such a ratio implies that the Authority has sufficient assets on hand to cover its liabilities that will come due in the ensuing year.

A comparison of current assets as compared to current liabilities of the Authority at December 31, 2024, 2023 and 2022 is presented on the following page.

Table 2—Comparison of Current Assets and Current Liabilities

	December 31,		
	2024	2023	2022
Current assets	$94,284,596	$67,449,719	$75,563,027
Current liabilities	22,199,987	26,722,009	28,043,757
Ratio of current assets to current liabilities	4.25	2.52	2.69

Table 3 shows the changes in net position for the years ended December 31, 2024, 2023 and 2022:

Table 3—Changes in Net Position

	Year Ended December 31,	
	2024	2023
Operating revenues	$ 108,775,531	$ 100,596,954
Operating expenses:		
Operation and administration	37,621,286	35,592,006
Maintenance	17,928,045	17,766,583
Depreciation/amortization	15,752,215	15,602,714
Other postemployment benefit expense	(3,108,336)	(5,128,888)
Total operating expenses	68,193,210	63,832,415
Operating income	40,582,321	36,764,539
Nonoperating revenue (expenses):		
Capital grant revenue	20,000,000	-
Interest income on investments	2,586,875	2,227,921
Interest on loans receivable	61,688	66,173
Interest on leases receivable	57,271	46,724
Interest expense	(1,542,551)	(1,514,178)
Total nonoperating revenue (expenses)	21,163,283	826,640
Net income before contribution in aid of construction	61,745,604	37,591,179
Contribution in aid of construction	1,824,841	2,327,121
Change in net position	63,570,445	39,918,300
Net position—beginning of year	449,668,325	409,750,025
Net position—end of year	$ 513,238,770	$ 449,668,325

(continued)

Table 3—Changes in Net Position

	Year Ended December 31,	
	2023	2022
Operating revenues	$ 100,596,954	$ 90,787,720
Operating expenses:		
Operation and administration	35,592,006	31,620,112
Maintenance	17,766,583	16,736,282
Depreciation/amortization	15,602,714	15,071,933
Other postemployment benefit expense	(5,128,888)	(4,846,125)
Total operating expenses	63,832,415	58,582,202
Operating income	36,764,539	32,205,518
Nonoperating revenue (expenses):		
Interest income on investments	2,227,921	648,578
Interest on loans receivable	66,173	70,520
Interest on leases receivable	46,724	35,020
Interest expense	(1,514,178)	(1,784,413)
Total nonoperating revenue (expenses)	826,640	(1,030,295)
Net income before contribution in aid of construction	37,591,179	31,175,223
Contribution in aid of construction	2,327,121	1,661,403
Change in net position	39,918,300	32,836,626
Net position—beginning of year	409,750,025	376,913,399
Net position—end of year	$ 449,668,325	$ 409,750,025

(concluded)

The Authority's operating revenue increased 8.1% from $100,596,954 in 2023 to $108,775,531 in 2024, compared to a 10.8% increase from $90,787,720 in 2022 to $100,596,954 in 2023. Operating expenses increased 6.8% from $63,832,415 in 2023 to $68,193,210 in 2024, compared to a 9.0% increase from $58,582,202 in 2022 to $63,832,415 in 2023.

A summary of operating revenues for the years ended December 31, 2024, 2023 and 2022 is presented on the following page in Table 4.

Table 4—Summary of Operating Revenues

	Year Ended December 31,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
Water sales:				
Residential	$ 52,596,784	$ 49,186,312	$ 3,410,472	6.9
Commercial	11,683,119	10,664,444	1,018,675	9.6
Industrial	3,136,084	3,004,389	131,695	4.4
Public authorities	3,390,429	3,231,241	159,188	4.9
Fire protection	4,681,914	4,607,881	74,033	1.6
Sales to other utilities	5,756,018	5,552,522	203,496	3.7
Infrastructure investment charge	24,380,601	22,282,813	2,097,788	9.4
Other water sales	1,734,030	1,634,941	99,089	6.1
Total water sales	107,358,979	100,164,543	7,194,436	7.2
Other operating revenues:				
Rents from water towers	375,559	378,655	(3,096)	(0.8)
Grant income	1,014,659	-	1,014,659	100.0
Miscellaneous	26,334	53,756	(27,422)	(51.0)
Operating revenues	$ 108,775,531	$ 100,596,954	$ 8,178,577	8.1

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Water sales:				
Residential	$ 49,186,312	$ 44,655,219	$ 4,531,093	10.1
Commercial	10,664,444	9,534,901	1,129,543	11.8
Industrial	3,004,389	2,513,979	490,410	19.5
Public authorities	3,231,241	2,809,012	422,229	15.0
Fire protection	4,607,881	4,578,422	29,459	0.6
Sales to other utilities	5,552,522	4,724,744	827,778	17.5
Infrastructure investment charge	22,282,813	19,798,219	2,484,594	12.5
Other water sales	1,634,941	1,465,391	169,550	11.6
Total water sales	100,164,543	90,079,887	10,084,656	11.2
Other operating revenues:				
Rents from water towers	378,655	491,448	(112,793)	(23.0)
Miscellaneous	53,756	216,385	(162,629)	(75.2)
Operating revenues	$ 100,596,954	$ 90,787,720	$ 9,809,234	10.8

Water sales represent most of the operating revenue for the Authority 98.7%, 99.6%, and 99.2% for the years ended December 31, 2024, 2023 and 2022 respectively.

Following are some of the issues and events affecting operating revenues in 2024:

- Total water sales increased 7.2%, due to the following:

  - ✓ A volumetric rate increase of 9% across all customer classes effective January 1, 2024, contributed to an increase in total metered water sales of 6.9%, or $4,923,526.

  - ✓ Residential water sales increased 6.9%, or $3,410,472, as a result of a 9% increase in volumetric rates offset by a 2.6% decrease in consumption compared to 2023.

  - ✓ Commercial sales increased 9.6%, or $1,018,675, due to rate increases combined with a 0.3% increase in consumption.

  - ✓ Industrial sales increased 4.4%, or $131,695, due to an increase in volumetric rates offset by a 4.9% decrease in consumption.

  - ✓ Sales to public authorities increased 4.9%, or $159,188, due to rate increases offset by a 4.7% decrease in consumption.

  - ✓ Sales to other utilities (bulk sales) increased 3.7%, or $203,496, due to rate increases offset by a 5.5% decrease in consumption.

  - ✓ Revenue from infrastructure investment charges increased 9.4%, or $2,097,788, due to the 9% rate increase in charges for all meter sizes.

Comparatively, the following issues and events impacted revenues in 2023:

- Total water sales increased 11.2%, due to the following:

  - ✓ A volumetric rate increase of 12% across all customer classes effective January 1, 2023, contributed to an increase in total metered water sales of 11.5%, or $7,401,053.

  - ✓ Residential water sales increased 10.1%, or $4,531,093, as a result of a 12% increase in volumetric rates offset by a 2.2% decrease in consumption compared to 2022.

  - ✓ Commercial sales increased 11.8%, or $1,129,543, due to rate increases combined with a 0.3% increase in consumption.

  - ✓ Industrial sales increased 19.5%, or $490,410, because consumption was 6.9% higher than the prior year coupled with the rate increase.

  - ✓ Revenue from infrastructure investment charges increased 12.5%, or $2,484,594, due to the 12% rate increase in charges for all meter sizes.

Residential water sales represent the largest portion of water sales for the Authority, which was 49.0%, 49.1%, and 49.6%, of total water sales for the years ended December 31, 2024, 2023 and 2022, respectively. Infrastructure investment charges were the next largest revenue component at 22.7%, 22.2%, and 22.0% for years ended December 31, 2024, 2023 and 2022, respectively.

Table 5—Summary of Expenses

	Year Ended December 31,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
Operation and administration	$ 37,621,286	$ 35,592,006	$ 2,029,280	5.7
Maintenance	17,928,045	17,766,583	161,462	0.9
Depreciation/amortization	15,752,215	15,602,714	149,501	1.0
Interest expense	1,542,551	1,514,178	28,373	1.9
Other postemployment benefits	(3,108,336)	(5,128,888)	2,020,552	(39.4)
Total	$ 69,735,761	$ 65,346,593	$ 4,389,168	6.7

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Operation and administration	$ 35,592,006	$ 31,620,112	$ 3,971,894	12.6
Maintenance	17,766,583	16,736,282	1,030,301	6.2
Depreciation/amortization	15,602,714	15,071,933	530,781	3.5
Interest expense	1,514,178	1,784,413	(270,235)	(15.1)
Other postemployment benefits	(5,128,888)	(4,846,125)	(282,763)	5.8
Total	$ 65,346,593	$ 60,366,615	$ 4,979,978	8.2

Operation and administration expenses are the largest expense and account for 53.9%, 54.5%, and 52.4% of the Authority's expenses for the years ended December 31, 2024, 2023 and 2022, respectively. The second largest expense for the Authority for the years ended December 31, 2024, 2023 and 2022 was maintenance, which was 25.7%, 27.2%, and 27.7% respectively.

Following are some of the issues and events affecting expenses in 2024:

- Operation and administration and maintenance expenses increased a combined total of 4.11%, or $2,190,742, due to the following significant fluctuations:

  - ✓ Salaries and labor costs decreased 0.5%, or $104,242, due to retirements and other attrition and a reduction in overtime related to weather events. The savings was offset by an increase from 2.75% contractual increases for both the CSEA and Brotherhood of Western New York Water Workers' unions, 2.75% cost-of-living increase for non-represented employees, and step and longevity increments.

  - ✓ Overall fringe benefit costs were 0.2%, or $22,865, higher due to an increase in health insurance claims and workers compensation insurance offset by a decrease in pension expense and sick pay accrual.

  - ✓ The Authority's proportionate share of the New York State and Local Retirement System Plan pension expense decreased from $4,685,435 on March 31, 2023 to $4,036,636 on March 31, 2024.

  - ✓ Chemical costs decreased 12.6%, or $280,332, from the prior year. Contracts for hydrofluosilicic acid (fluoride) and Stern Pac (coagulant) renewed during 2024 at the same unit cost. A new contract for caustic soda only increased slightly. A new contract for liquid chlorine was lower than the previous.

- ✓ The cost of electrical power purchased decreased 9.6%, or $426,173, in 2024 as compared to 2023. Rates increased from an average of $0.047 per kilowatt-hour (kWh) in 2023 to an average of $.048 per kWh in 2024 and consumption increased 4.8%. These increases were offset by billing adjustments for newly installed meters and other items.

- ✓ Payments to contractors for repairs decreased $333,296, or 25.2%, in 2024, because some repair duties shifted to employees instead of using an outside contractor.

- ✓ Payments to contractors for restoration increased 24.7%, or $743,513, due to an increase in market costs for the services provided.

- ✓ Allowance for uncollectable accounts increased 176.7%, or $873,525, due to an increase in accounts with a balance due that are over 180 days old. One major attributing factor to this increase was the end of New York State Office of Temporary and Disability Assistance's Low Income Household Water Assistance Program (LIHWAP), which provides payment assistance for past-due water bills to financially eligible customers.

- ✓ Payments to contractors for tank painting increased $1,267,408 in 2024 due to storage tank refurbishing at Colvin, Gartman, and Sandridge.

➢ There was a reduction in deferred inflows related to OPEB in which other postemployment benefit expenses increased $2,020,552 due to an increase in the discount rate from 3.77% to 4.16% and results from an updated actuarial valuation of retiree group health benefits.

➢ Nonoperating revenues net of related expenses increased $20,336,643 in 2024 due primarily to the following:

- ✓ Interest income on investments increased $358,954, as a result of increases in the Fed Fund rate in 2023 that benefitted 2024. The Fed Fund rate was reduced slightly towards the end of 2024, bringing it to 5% at the close of the year.

- ✓ Grant revenue of $20,000,000 was received during 2024 for capital improvements.

Comparatively, these issues and events impacted expenses in 2023:

➢ Operation and administration and maintenance expenses increased a combined total of 10.3%, or $5,002,195, due to the following significant fluctuations:

- ✓ Salaries and labor costs increased 3.1%, or $637,343, due to 3% contractual increases for both the CSEA and Brotherhood of Western New York Water Workers' unions, 3% cost-of-living increase for non-represented employees, and step and longevity increments.

- ✓ Overall fringe benefit costs were 6.2%, or $675,715, lower due to an increase in health insurance claims and workers compensation insurance offset by a decrease in pension expense and sick pay accrual.

- ✓ The Authority's proportionate share of the New York State and Local Retirement System Plan pension expense increased from $487,733 on March 31, 2022 to $4,685,435 on March 31, 2023.

  - ✓ The cost of electrical power purchased decreased 16%, or $891,891, in 2023 as compared to 2022. Rates decreased from an average of .075 per kilowatt-hour (kWh) in 2022 to an average of $.047 per kWh in 2023 and consumption decreased 7.46% due to warmer temperatures as compared to 2022.

  - ✓ Chemical costs experienced an overall 25.3% increase over the prior year by $451,273. Contracts for hydrofluosilicic acid (fluoride) and Stern Pac (coagulant) that renewed during 2022 at higher prices recognized a full year at the increased price. A new contract for Caustic Soda that started during 2023 was nearly double price than the previous contract, Conversely, a new contract for liquid chlorine that started during 2023 was for lower than the previous contract.

  - ✓ Payments to contractors for repairs decreased $496,715, or 27.3%, in 2023, because some repair duties shifted to employees instead of using an outside contractor. Also, there were less leaks in 2023 as compared to 2022.

  - ✓ Payments to contractors for tank painting increased $1,196,729 in 2023 primarily due to storage tank refurbishing at Colvin Road.

  - ✓ Allowance for uncollectable accounts increased 183.4%, or $319,972, due to an increase in accounts with a balance due that are over 180 days old.

- ➢ There was reduction in our deferred inflows related to OPEB in which other postemployment benefit expenses decreased $282,763 due to a decrease in the discount rate from 4.05% to 3.77%.

- ➢ Nonoperating revenues net of related expenses increased 180.2%, or $1,856,935, in 2023 due primarily to the following:

  - ✓ Interest income on investments increased $1,579,343, as a result of continued increases in the Fed Fund rate. The Fed Fund rate was raised several times in 2023, bringing it to 5.5% at the close of the year.

  - ✓ Interest expense decreased 15.1%, $270,235 due to the payment of bond principal related to scheduled bond maturities.

Table 6—Summary of Cash Flow Activities

	Year Ended December 31, 2024	Year Ended December 31, 2023	Increase/(Decrease) Dollars
Cash flows provided by (used for):			
Operating activities	$ 47,812,022	$ 42,343,619	$ 5,468,403
Capital and related financing activities	(33,530,966)	(55,855,820)	22,324,854
Investing activities	(1,706,255)	9,500,080	(11,206,335)
Net increase (decrease) in cash and cash equivalents	12,574,801	(4,012,121)	16,586,922
Cash and cash equivalents, beginning of year	35,190,355	39,202,476	(4,012,121)
Cash and cash equivalents, end of year	$ 47,765,156	$ 35,190,355	$ 12,574,801

	Year Ended December 31, 2023	Year Ended December 31, 2022	Increase/(Decrease) Dollars
Cash flows provided by (used for):			
Operating activities	$ 42,343,619	$ 37,650,559	$ 4,693,060
Capital and related financing activities	(55,855,820)	(50,587,945)	(5,267,875)
Investing activities	9,500,080	10,504,978	(1,004,898)
Net (decrease) in cash and cash equivalents	(4,012,121)	(2,432,408)	(1,579,713)
Cash and cash equivalents, beginning of year	39,202,476	41,634,884	(2,432,408)
Cash and cash equivalents, end of year	$ 35,190,355	$ 39,202,476	$ (4,012,121)

At December 31, 2024, 2023 and 2022, the Authority maintained cash and cash equivalents as presented below:

Table 7—Summary of Cash and Cash Equivalents

	Year Ended December 31, 2024	2023	2022
Unrestricted	$ 40,207,399	$ 32,566,713	$ 36,002,495
Restricted	7,557,757	2,623,642	3,199,981
Total	$ 47,765,156	$ 35,190,355	$ 39,202,476

Cash and cash equivalents increased $12,574,801 from December 31, 2023 to December 31, 2024 largely due to an increase in cash from operating activities. Cash and cash equivalents decreased $4,012,121 from December 31, 2022 to December 31, 2023 due to continued infrastructure investment.

Capital Assets

The Authority's investment in capital assets as of December 31, 2024 amounted to $547,222,795 (net of accumulated depreciation/amortization) as compared to $520,260,644 and $481,204,009 as of December 31, 2023 and December 31, 2022, respectively. This investment includes land, buildings and structures, mains and hydrants, equipment, construction in progress and other (service installations, leasehold improvements, etc.). The Authority's greatest investment in capital assets is in buildings and structures and mains and hydrants.

Presented in Table 8 is a comparative summary of capital assets. Additional information on the Authority's capital assets can be found in Note 4 of the financial statements.

Table 8—Summary of Capital Assets (Net of Accumulated Depreciation/Amortization)

	December 31,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
Capital assets not being depreciated:				
Land	$ 5,584,931	$ 2,231,137	$ 3,353,794	150.3
Construction work in progress	54,312,648	70,195,511	(15,882,863)	(22.6)
Total capital assets, not being depreciated/amortized	59,897,579	72,426,648	(12,529,069)	(17.3)
Capital assets being depreciated/amortized:				
Buildings and structures	339,606,835	323,067,158	16,539,677	5.1
Mains and hydrants	346,321,552	315,667,783	30,653,769	9.7
Equipment	81,402,546	79,216,852	2,185,694	2.8
Other	80,138,892	75,312,018	4,826,874	6.4
Right-to-use leased asset - buildings	1,180,247	1,180,247	-	-
Right-to-use leased asset - equipment	425,684	425,684	-	-
SBITA asset - software	592,285	-	592,285	100.0
Total capital assets, being depreciated/amortized	849,668,041	794,869,742	54,798,299	6.9
Less accumulated depreciation/amortization	362,342,825	347,035,746	15,307,079	4.4
Total capital assets, being depreciated/amortized, net	487,325,216	447,833,996	39,491,220	8.8
Total capital assets	$ 547,222,795	$ 520,260,644	$ 26,962,151	5.2

	December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Capital assets not being depreciated:				
Land	$ 2,231,137	$ 2,231,137	$ -	-
Construction work in progress	70,195,511	34,299,326	35,896,185	104.7
Total capital assets, not being depreciated/amortized	72,426,648	36,530,463	35,896,185	98.3
Capital assets being depreciated/amortized:				
Buildings and structures	323,067,158	320,927,006	2,140,152	0.7
Mains and hydrants	315,667,783	304,611,878	11,055,905	3.6
Equipment	79,216,852	78,535,606	681,246	0.9
Other	75,312,018	71,376,796	3,935,222	5.5
Right-to-use leased asset - buildings	1,180,247	1,180,247	-	-
Right-to-use leased asset - equipment	425,684	425,684	-	-
Total capital assets, being depreciated/amortized	794,869,742	777,057,217	17,812,525	2.3
Less accumulated depreciation/amortization	347,035,746	332,383,671	14,652,075	4.4
Total capital assets, being depreciated/amortized, net	447,833,996	444,673,546	3,160,450	0.7
Total capital assets	$ 520,260,644	$ 481,204,009	$ 39,056,635	8.1

Debt Administration

At December 31, 2024 the Authority had $43,702,755 in water revenue bond principal outstanding, net of deferred amounts for bond premiums and discounts, as compared to $46,055,381, and $49,916,392 on December 31, 2023 and 2022, respectively. Water revenue bonds outstanding, net of deferred amounts from bond premiums and discounts, decreased $2,352,626 from 2023 to 2024. The decrease resulted from principal payments and amortization of premiums and discounts as shown in Table 9.

Table 9—Summary of Bond Payments, Premiums and Discounts

	Year Ended December 31,	
	2024	2023
2003F Series	$ -	$ 1,738,384
2016 Series	1,060,000	1,010,000
2018 Series	980,000	800,000
Total water revenue bond payments	2,040,000	3,548,384
Amortization of bond premiums	318,820	318,820
Amortization of bond discount	(6,194)	(6,193)
Total water revenue bond payments, bond premiums, and bond discounts	$ 2,352,626	$ 3,861,011

The Authority's issuance of 2003F Series Bonds were through the New York State Environmental Facilities Corporation (EFC) and are rated based on the EFC's rating. The Authority's bond ratings have remained stable receiving an AA+ rating from both Fitch Ratings and Standard & Poor's Rating Services.

For additional information on long-term debt activity, see Note 6 to the basic financial statements.

Economic Factors

Due to individual conservation efforts and changes to Federal and State laws and regulations requiring appliances to use less water, significant increases in consumption, other than those caused by extreme weather, are not expected. About 39.4% of the bills sent to Authority customers are for the monthly or quarterly minimum. In an effort to address rising repair and replacement costs of an aging infrastructure, the Authority established a fixed infrastructure investment charge. The infrastructure investment charge along with minimum volumetric rates provide the Authority a more reliable revenue stream to support operations and to maintain significant investment in system-wide infrastructure. A complete summary of the Authority's rate structure can be found in Table 10.

In June of 2023, the Authority adopted a revised Comprehensive Strategic Plan with the goal of supporting expansion, strengthening infrastructure, maintaining and exceeding water quality standards, maximizing technology, and preparing for emergencies. The Board had approved a rate increase of 9% for 2024. During 2024, the Authority extended its contract with Raftelis Financial Consultants to conduct another study and recommend rate levels to support the plan. The Board adopted the recommended rate increase of 11% for 2025.

In addition to ensuring adequate funding through rates, in December of 2021, the Authority entered into a loan agreement with the Environmental Protection Agency under their Water Infrastructure Finance and Innovation Act ("WIFIA") program. WIFIA provides low-interest financing for drinking and wastewater projects nationwide. The $22,883,000 loan will provide financing for improvements at both water treatment plants and a primary pump station in 2025.

The Authority entered into a $20 million funding agreement with the New York State Environmental Facilities Corporation on August 22, 2023 granting the Authority financial assistance for the planning, design, and construction of projects that provide a water quality benefit. This agreement was spearheaded through New York State Governor Kathy Hochul's office. The projects defined under this agreement include a Transmission Main Redundancy Project and some projects at the Sturgeon Point Water Treatment Plant for filter, valve, HVAC and washwater tank upgrades and improvements. The full $20 million grant was spent during 2024.

On September 30, 2023, the New York State Office of Temporary and Disability Assistance ended its Low Income Household Water Assistance Program (LIHWAP), which provides payment assistance for past-due water bills to financially eligible customers. This program was very effective in helping ECWA customers get much-needed relief from past due bills. The end of the LIHWAP program negatively impacted the Authority's accounts receivable balance. The Board passed a resolution in January 2023 recognizing the success of the program and executed a letter of support for the continuation of the program.

Table 10—Tariff Rates

All rates are presented as quarterly. Some accounts are billed monthly at one-third of the quarterly fees. A complete copy of the Tariff can be found at www.ecwa.org.

A. SMALL METER CUSTOMERS - Installed Meter Sizes 5/8", 3/4" and 1"

2024 Volumetric Rate — $4.64 per 1,000 gallons
2025 Volumetric Rate — $5.15 per 1,000 gallons

Size of Meter (inches)	Quarterly Commodity Allowance (gallons)	Quarterly Base System Fee Charge		Quarterly Infrastructure Investment Charge		Quarterly Total Water Charges	
		2024	2025	2024	2025	2024	2025
5/8-1	9,000	$ 41.76	$ 46.35	$ 27.72	$ 30.78	$ 69.48	$ 77.13

B. LARGE METER CUSTOMERS - Installed Meter Sizes 1 1/4" and larger

2024 Volumetric Rate — $4.17 per 1,000 gallons
2025 Volumetric Rate — $4.63 per 1,000 gallons

Size of Meter (inches)	Quarterly Commodity Allowance (gallons)	Quarterly Base System Fee Charge		Quarterly Infrastructure Investment Charge		Quarterly Total Water Charges	
		2024	2025	2024	2025	2024	2025
1 1/4	27,000	$ 112.59	$ 125.01	$ 108.60	$ 120.54	$ 221.19	$ 245.44
1 1/2	39,000	162.63	180.57	108.60	120.54	271.23	301.11
2	63,000	262.71	291.69	173.73	192.84	436.44	484.53
3	120,000	500.40	555.60	325.77	361.59	826.17	917.19
4	198,000	825.66	916.74	542.88	602.61	1,368.54	1,519.35
6	390,000	1,626.30	1,805.70	1,085.76	1,205.19	2,712.06	3,010.89
8	630,000	2,627.10	2,916.90	1,737.18	1,928.28	4,364.28	4,845.18
10	900,000	3,753.00	4,167.00	2,497.26	2,771.97	6,250.26	6,938.97
12	1,230,000	5,129.10	5,694.90	4,668.72	5,182.29	9,797.82	10,887.19
20	2,820,000	11,759.40	13,056.60	20,092.83	22,303.05	31,852.23	35,359.65
24	3,840,000	16,012.80	17,779.20	40,576.68	45,040.11	56,589.48	62,819.31

C. PUBLIC CORPORATIONS AND SPECIAL IMPROVEMENT DISTRICTS - Customers who buy water for resale

2024 Volumetric Rate — $3.64 per 1,000 gallons
2025 Volumetric Rate — $4.04 per 1,000 gallons

Size of Meter (inches	Quarterly Commodity Allowance (gallons)	Quarterly Base System Fee Charge		Quarterly Infrastructure Investment Charge		Quarterly Total Water Charges	
		2024	2025	2024	2025	2024	2025
1 1/4	27,000	$ 98.28	$ 109.08	$ 108.60	$ 120.54	$ 206.88	$ 229.62
1 1/2	39,000	141.96	157.56	108.60	120.54	250.56	278.10
2	63,000	229.32	254.52	173.73	192.84	403.05	447.36
3	120,000	436.80	484.80	325.77	361.59	762.57	846.39
4	198,000	720.72	799.92	542.88	602.61	1,263.60	1,402.53
6	390,000	1,419.60	1,575.60	1,085.76	1,205.19	2,505.36	2,780.79
8	630,000	2,293.20	2,545.20	1,737.18	1,928.28	4,030.38	4,473.48
10	900,000	3,276.00	3,636.00	2,497.26	2,771.97	5,773.26	6,407.97
12	1,230,000	4,477.20	4,969.20	4,668.72	5,182.29	9,145.92	10,151.49
20	2,820,000	10,264.80	11,392.80	20,092.83	22,303.05	30,357.63	33,695.85
24	3,840,000	13,977.60	15,513.60	40,576.68	45,040.11	54,554.28	60,553.71

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joyce Tomaka, Chief Financial Officer, Erie County Water Authority, 295 Main Street, Rm. 350, Buffalo, New York 14203-2494.

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BASIC FINANCIAL STATEMENTS

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ERIE COUNTY WATER AUTHORITY
Statements of Net Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 40,207,399	$ 32,566,713
Restricted cash and cash equivalents	2,076,500	2,623,421
Unrestricted investments	10,553,783	1,795,775
Restricted investments	481,456	410,725
Customer accounts receivable, (net of allowance for doubtful accounts)	8,218,098	7,806,420
Lease receivable - current portion	182,174	172,592
Materials and supplies	4,777,255	4,889,877
Accrued revenue	13,300,128	12,080,032
Prepaid expenses and other assets	14,487,803	5,104,164
Total current assets	94,284,596	67,449,719
Noncurrent assets:		
Restricted cash and cash equivalents	5,481,257	221
Restricted investments	17,860,821	22,316,212
Long term accounts receivable	1,750,656	1,755,160
Lease receivable - long term	1,666,471	1,849,096
Capital assets, not being depreciated	59,897,579	72,426,648
Capital assets, net of accumulated depreciation/amortization	487,325,216	447,833,996
Total noncurrent assets	573,982,000	546,181,333
Total assets	668,266,596	613,631,052
DEFERRED OUTFLOWS OF RESOURCES		
Post-measurement date retirement contributions	2,216,400	1,907,914
Changes in retirement system assumptions	6,730,272	8,173,866
Actual versus projected other postemployment benefit factors	6,829,526	11,393,763
Advanced refunding of 2007 Series Bonds	787,728	853,831
Total deferred outflows of resources	16,563,926	22,329,374
LIABILITIES		
Current liabilities:		
Accounts payable	7,976,801	10,044,823
Advances for construction	1,331,554	1,921,585
Construction retention	3,767,784	3,717,251
Accrued interest on water revenue bonds	138,515	147,015
Accrued liabilities	1,975,239	2,044,674
Compensated absences - current portion	1,255,854	1,314,279
Lease liability - current portion	249,102	244,226
Subscription liability - current portion	113,482	-
Other postemployment benefit liability - current portion	2,979,029	4,935,529
Water revenue bonds, net - current portion	2,412,627	2,352,627
Total current liabilities	22,199,987	26,722,009
Noncurrent liabilities:		
Compensated absences - long term	4,473,163	4,284,840
Lease liability - long term	713,591	962,694
Subscription liability - long term	414,143	-
Net pension liability	8,645,881	12,537,921
Other postemployment benefit liability - long term	57,337,652	56,387,530
Water revenue bonds, net - long term	41,290,128	43,702,754
Total noncurrent liabilities	112,874,558	117,875,739
Total liabilities	135,074,545	144,597,748
DEFERRED INFLOWS OF RESOURCES		
Changes in retirement system assumptions	4,459,220	511,986
Changes in other postemployment benefit assumptions	30,326,899	39,234,342
Lease related	1,731,088	1,948,025
Total deferred inflows of resources	36,517,207	41,694,353
NET POSITION		
Net investment in capital assets	502,817,450	473,852,174
Restricted:		
Debt service account	609,322	411,077
Unrestricted	9,811,998	(24,594,926)
Total net position	$ 513,238,770	$ 449,668,325

The notes to the financial statements are an integral part of these statements.

ERIE COUNTY WATER AUTHORITY
Statements of Revenue, Expenses, and Changes in Net Position
Years Ended December 31, 2024 and 2023

	2024	2023
Operating revenues	$ 108,775,531	$ 100,596,954
Operating expenses:		
Operation and administration	37,621,286	35,592,006
Maintenance	17,928,045	17,766,583
Depreciation/amortization	15,752,215	15,602,714
Other postemployment benefit expense	(3,108,336)	(5,128,888)
Total operating expenses	68,193,210	63,832,415
Operating income	40,582,321	36,764,539
Nonoperating revenues (expenses):		
Capital grant revenue	20,000,000	-
Interest income on investments	2,586,875	2,227,921
Interest on loans receivable	61,688	66,173
Interest on leases receivable	57,271	46,724
Interest expense	(1,542,551)	(1,514,178)
Total nonoperating revenues (expenses)	21,163,283	826,640
Net income before contribution in aid of construction	61,745,604	37,591,179
Contribution in aid of construction	1,824,841	2,327,121
Change in net position	63,570,445	39,918,300
Net position—beginning	449,668,325	409,750,025
Net position—ending	$ 513,238,770	$ 449,668,325

The notes to the financial statements are an integral part of these statements.

Erie County Water Authority
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 106,039,601	$ 97,288,229
Receipts from operating grants	1,014,659	-
Payments to contractors	(25,495,441)	(22,511,817)
Payments to employees including fringe benefits	(33,746,797)	(32,432,793)
Net cash provided by operating activities	47,812,022	42,343,619
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(42,145,992)	(53,401,794)
Bond repayment	(2,040,001)	(3,548,384)
Interest paid on revenue bonds	(1,787,791)	(1,789,092)
Advances for construction	(590,030)	556,329
Contribution in aid of construction	1,824,841	2,327,121
Receipts from capital grants	11,208,007	-
Net cash used for capital and related financing activities	(33,530,966)	(55,855,820)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(116,795,395)	(86,538,480)
Proceeds from sale or maturity of investments	112,364,160	93,675,971
Interest received	2,724,980	2,362,589
Net cash (used for) provided by investing activities	(1,706,255)	9,500,080
Net increase (decrease) in cash and cash equivalents	12,574,801	(4,012,121)
Cash and cash equivalents—beginning (including amounts restricted for future construction, debt service reserve, debt service, customer deposits, and employee payroll withholdings)	35,190,355	39,202,476
Cash and cash equivalents—ending (including amounts restricted for future construction, debt service reserve, debt service, customer deposits, and employee payroll withholdings)	$ 47,765,156	$ 35,190,355

(continued)

ERIE COUNTY WATER AUTHORITY
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

(concluded)

	2024	2023
Reconciliation of operating income to net cash provided by operating activities:		
Operating income:	$ 40,582,321	$ 36,764,539
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation/amortization expense	15,752,215	15,602,714
(Increase) in customer accounts receivable	(411,678)	(1,156,264)
Decrease (increase) in lease receivable	173,043	(857,137)
Decrease (increase) in materials and supplies	112,622	(351,198)
(Increase) in accrued revenue	(1,220,096)	(1,225,087)
(Increase) in prepaid assets	(552,904)	(478,990)
Decrease in long term accounts receivable	4,504	171,995
Decrease in deferred outflows of resources	5,699,345	664,928
(Decrease) in accounts payable	(2,068,022)	(1,991,602)
(Decrease) increase in other accrued liabilities	(69,435)	96,206
(Decrease) in lease liability	(244,227)	(239,462)
Increase in compensated absences	129,898	54,996
(Decrease) increase in net pension liability	(3,892,040)	17,303,834
(Decrease) increase in other postemployment benefit liability	(1,006,378)	6,698,563
(Decrease) in deferred inflows of resources	(5,177,146)	(28,714,416)
Total adjustments	7,229,701	5,579,080
Net cash provided by operating activities	$ 47,812,022	$ 42,343,619

The notes to the financial statements are an integral part of these statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity—The Erie County Water Authority (the "Authority") is a public benefit corporation created in 1949 by the State of New York. The accounts of the Authority are maintained generally in accordance with the Uniform System of Accounts prescribed by the New York State Public Service Commission (PSC), although the Authority is not subject to PSC rules and regulations. The rates established by the Authority do not require PSC approval.

The Authority operates its business activities on a direct service basis where the Authority owns the assets and is responsible for their operation, maintenance, improvement and replacement; on a leased managed service basis where the Authority is responsible for the operation and maintenance of the assets while the lessor is responsible for the improvement and replacement of assets; and on a bulk sales basis where the Authority contracts with the customer to provide water while the customer owns the assets and is responsible for their operation, maintenance, improvement and replacement as well as billings and customer collections.

Basis of accounting—The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The activities of the Authority are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

Revenues from providing water services are reported as operating revenues. Operating revenues are recorded as water service is supplied. Water supplied, but not billed, as of the calendar year end is estimated based upon historical usage and has been accounted for as accrued revenue.

Transactions which are capital, financing or investing related are reported as nonoperating revenues. All expenses related to operating the system are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses.

Budgets—The Authority is not required to have a legally adopted budget.

Cash and cash equivalents—The Authority considers cash and cash equivalents to be all unrestricted and restricted cash accounts and short-term investments purchased with an original maturity of three months or less.

Investments—The Authority considers cash invested for more than three months investments. Investments are carried at fair value based on quoted market prices. The cost of investments sold is determined using the specific identification method and then adjusted to fair value changes to reflect the combined net change in these elements in the statements of revenue, expenses, and changes in net position.

Customer accounts receivable—All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Authority recognizes water revenues in the period in which the service is provided. Billings to customers generally consist of revenues earned from the prior three months for quarterly billed customers and revenues earned from the prior month for monthly-billed customers.

Materials and supplies—Materials and supplies are determined on the basis of moving-average cost.

Accrued revenue—This account represents earned water revenues as of the end of the year that have not yet been billed to customers.

Prepaid expenses and other assets—These consist primarily of certain payments reflecting costs applicable to future accounting periods and interest earned from securities and investments but not yet received.

Capital assets—Capital assets are defined by the Authority as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of two years. Infrastructure assets with individual costs less than $10,000 are treated as a class of assets and are capitalized. The cost of additions to capital assets, including purchased property or property contributed in aid of construction, and replacement of property, is capitalized. Cost includes direct material, labor, overhead and an allowance for funds used during construction equivalent to the average cost of borrowed funds advanced for construction purposes. Overhead is added proportionately to the cost of a project on a monthly basis. The cost of retirements of capital assets is charged against accumulated depreciation. Maintenance and repairs are charged to expenses as incurred, and major betterments are capitalized. Right-to-use leased assets are initially measured as the initial amount of the leased liability, adjusted for lease payments made at or before the lease commencement date, plus certain direct costs.

Depreciation/amortization of capital assets is computed using the composite and straight-line methods based upon annual rates established in accordance with PSC guidelines: buildings and structures, 15 to 76 years; hydrants and mains, 64 to 100 years; equipment, 5 to 43 years; and other, 4 to 50 years. Depreciation expense approximated 1.85% and 1.96% of the original cost of average depreciable property for the years ended December 31, 2024 and 2023, respectively.

Leases—The Authority is contracted with other entities which qualify as lessor and lessee relationships. Amounts within lease receivable includes towers in which the Authority rents out to other entities. Amounts within the lease liability includes a building and a subcarrier that the Authority makes monthly payments to another entity. Additional information regarding leases is discussed in Note 5.

Subscription based information technology agreement—The Authority has entered into a long-term subscription based information technology agreement. Refer to Note 5 for additional information related to the Authority's subscription based information technology agreement.

Long-term obligations—Long term debt is reported as a liability in the statements of net position. Bond premiums and bond discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Advances for construction—Advances for construction primarily represent amounts received from contractors for water system expansions. Upon completion of the expansion, the cost of the construction is transferred to contributions in aid of construction, with any remaining advance being refunded.

Accrued liabilities—Included are provisions for estimated losses and surcharges collected from customers on behalf of various municipalities and unpaid at year end.

Compensated absences—Authority employees earn vacation, sick leave and compensatory time in varying amounts. In the event of termination or upon retirement, represented employees are entitled to payment for accrued vacation, sick and compensatory time limited to amounts defined under their respective collectively bargained agreements. All non-represented employees receive benefits as defined by Authority policy or by resolution of the Board.

Retirement plan—The Authority provides retirement benefits for its employees through its participation and contributions to the New York State and Local Employees' Retirement System. The system provides various plans and options, some of which require employee contributions.

Contribution in aid of construction—Contribution in aid of construction represent amounts received from individuals, governmental agencies, and others to reimburse the Authority for construction costs incurred on capital projects or the original cost of certain water plant systems conveyed to the Authority by municipalities and others. Only those water plant systems resulting in increased revenue generation are assigned any value and, therefore, recorded as a contribution in aid of construction.

Risk management—The Authority limits its risk exposure to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters through various insurance policies. Insurance coverage has remained relatively stable from the previous year. Insurance expense for the years ended December 31, 2024 and 2023 totaled $3,666,072 and $3,516,448, respectively. There were no settlements that significantly exceeded insurance coverage or reserved amounts for each of the last three years. Any unpaid claims outstanding as of December 31, 2024 and 2023 have been adequately planned for.

Use of estimates—The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, deferred outflows of resources, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Reclassifications—Certain amounts were reclassified from the prior year to conform to the current year presentation.

Adoption of new accounting pronouncements— During the year ended December 31, 2024, the Authority implemented GASB Statements No. 99, *Omnibus 2022*; No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*. GASB Statement No. 99 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53. GASB Statement No. 100 improves financial reporting by enhancing accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB Statement No. 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. The implementation of GASB Statements No. 99, 100, and 101 did not have a material impact on the Authority's financial position or results from operations.

Future impacts of accounting pronouncements—The Authority has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025; and No. 103, *Financial Reporting Model Improvements*; and No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending December 31, 2026. The Authority is, therefore, unable to disclose the impact that adopting GASB Statements No. 102, 103, and 104 will have on its financial position and results of operations when such statements are adopted.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits—All uninsured bank deposits are fully collateralized.

Investments—The Authority's bond resolutions and investment guidelines allow for monies to be invested in the following instruments:

- Obligations of the United States Government;
- Obligations of Federal Agencies which represent full faith and credit of the United States Government;
- Bonds issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;
- Time deposits and money market accounts;
- Commercial paper which matures not more than 270 days after the date of purchase; and
- Municipal obligations of any state, instrumentality, or local governmental unit of such state.

Restricted cash, cash equivalents, and investments—Cash has been deposited into various trust accounts with a fiscal agent to satisfy certain legal covenants, or restricted internally through Board resolution. Further, the amounts are invested in compliance with the Authority's investment guidelines. The following is a brief synopsis of restricted cash:

Restricted for debt service—Cash restricted for debt service was established to fulfill the debt service requirements on the outstanding water revenue bonds as they become due and payable.

Restricted for customer deposits—Cash restricted for customer deposits was established to keep customer deposits for future work to be performed and deposits taken from customers to secure payment of their water bills segregated from the Authority's operating cash.

Restricted for employee payroll withholdings—Employee elective payroll withholding under Title 26 U.S. Code §125 - Cafeteria plans and §105(h) - Amounts received under accident and health plans. New employees meeting eligibility requirements can elect participation in the New York State Voluntary Defined Contribution Program sponsored by the State University of New York ("SUNY") Optional Retirement Plan. Eligible employees have a 366 day vesting period during which the employer retains the employee and employer contributions.

Restricted for future construction—Cash restricted for future construction was established to maintain a construction account, which has been committed for future capital expenses.

Restricted for debt service reserve—The Authority restricts investments in the debt service reserve account as required by various bond resolutions.

As of December 31, 2024 and 2023, the Authority had the following restricted cash, cash equivalents, and investments:

	December 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Restricted for debt service:				
Cash	$ 127,866	$ 127,866	$ 523,194	$ 523,194
Investments - U.S. Treasury bills	481,456	481,456	409,882	410,725
	609,322	609,322	933,076	933,919
Restricted for customer deposits:				
Cash	1,907,620	1,907,620	2,090,753	2,090,753
Restricted for employee payroll withholdings:				
Cash	41,014	41,014	9,474	9,474
Current restricted cash, cash equivalents, and investments	$ 2,557,956	$ 2,557,956	$ 3,033,303	$ 3,034,146
Restricted for future construction:				
Cash	$ 5,481,257	$ 5,481,257	$ 221	$ 221
Investment - U.S. Treasury bills	17,860,821	17,986,641	22,151,069	22,316,212
	23,342,078	23,467,898	22,151,290	22,316,433
Noncurrent restricted cash, cash equivalents, and investments	$23,342,078	$23,467,898	$22,151,290	$22,316,433
Total restricted cash, cash equivalents and investments	$25,900,034	$26,025,854	$25,184,593	$25,350,579

Fair value measurement—The Authority reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Authority has access at the measurement date.

- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

    - Quoted prices for similar assets or liabilities in active markets;

    - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and

    - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

The Authority has the following fair value measurements as of December 31, 2024:

- Money market funds, DDA and NOW accounts of $ $47,765,156 are valued using quoted prices for identical assets in active markets (Level 1 input).

- U.S. treasury bills of $28,896,060 are valued using quoted prices for identical assets in active markets (Level 1 input).

Description	12/31/2024	Level 1 Investments	Level 2 Investments
Money Market/DDA/NOW Accounts	$ 47,765,156	$ 47,765,156	$ -
U.S. Treasury bills	28,896,060	28,896,060	-
Total	$ 76,661,216	$ 76,661,216	$ -

Description	12/31/2023	Level 1 Investments	Level 2 Investments
Money Market/DDA/NOW Accounts	$ 35,190,355	$ 35,190,355	$ -
U.S. Treasury bills	24,522,712	24,522,712	-
Total	$ 59,713,067	$ 59,713,067	$ -

Custodial credit risk—For deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned. For cash equivalents and investments, this is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments that are in the possession of an outside party. By State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2024 and 2023, all uninsured bank deposits were fully collateralized with securities held by the pledging financial institutions' trust departments or agents in the Authority's name and all of the Authority's cash equivalents and investments were registered in the Authority's name. For investments, the U.S. Government Securities are not considered to have credit risk and do not require disclosure of credit quality.

***Interest rate risk*—**For investments, this is the risk that potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. There is the prospect of a loss should those securities be sold prior to maturity. The Authority uses the specific identification method to identify the maturity for each investment and evaluate risk accordingly. For the year ended December 31, 2024, the Authority had $28,896,060 in U.S. Treasury bills.

3. CUSTOMER ACCOUNTS RECEIVABLE

Customer accounts receivable primarily represent amounts due from customers for current and past due water services provided, including penalties, unpaid bill charges, collection fees and shut-off charges.

Customers are billed either on a monthly or quarterly basis depending on the type of customer and the level of water usage. Municipalities are billed for hydrant maintenance annually. Customers are provided a fifteen day (15) payment period from the billing date to pay their current water charges. A late penalty of 10% is assessed on any unpaid balance fifteen (15) days after the due date. An account will receive a collection letter if the account is active and has a receivable balance greater than $100. The collection letter indicates that the customer could be subject to the discontinuance of their water service and additional delinquent charges.

Following fifteen (15) days from the collection letter date, unpaid accounts with receivable balances greater than $200 are sent to a collector who schedules a visit to the customer with an unpaid bill notice. At the visit, the account is "posted," and the customer has three (3) working days to either pay the bill in full, or submit a partial payment (25%-33%) with a signed promissory agreement for the remaining balance. The agreement is normally kept to a term of 90 days, with some exceptions to 180 days, and a 10 % downpayment is required prior entering into the payment plan. In agreements with lease managed water districts and in some direct service districts, unpaid water bills are referred to municipalities for payment per the terms of the service agreement. Allowances for doubtful accounts at December 31, 2024 and 2023 total $3,467,234 and $2,099,267.

4. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2024 and December 31, 2023 are presented on the following page.

	Balance 1/1/2024	Additions & Reclassifications	Retirements & Reclassifications	Balance 12/31/2024
Capital assets not being depreciated:				
Land	$ 2,231,137	$ 3,353,794	$ -	$ 5,584,931
Construction work in progress	70,195,511	40,851,183	(56,734,046)	54,312,648
Total capital assets not being depreciated	72,426,648	44,204,977	(56,734,046)	59,897,579
Capital assets being depreciated/amortized:				
Buildings and structures	323,067,158	16,539,677	-	339,606,835
Mains and hydrants	315,667,783	30,684,380	(30,611)	346,321,552
Equipment	79,216,852	2,875,356	(689,662)	81,402,546
Other	75,312,018	4,826,874	-	80,138,892
Right-to-use leased asset - buildings	1,180,247	-	-	1,180,247
Right-to-use leased asset - equipment	425,684	-	-	425,684
SBITA asset - software	-	592,285	-	592,285
Total capital assets being depreciated/amortized	794,869,742	55,518,572	(720,273)	849,668,041
Less accumulated depreciation/amortization:				
Buildings and structures	186,228,119	6,858,727	-	193,086,846
Mains and hydrants	71,090,517	3,198,570	(30,611)	74,258,476
Equipment	55,004,658	3,857,632	(414,525)	58,447,765
Other	34,278,973	1,512,105	-	35,791,078
Right-to-use leased asset - buildings	393,415	236,049	-	629,464
Right-to-use leased asset - equipment	40,064	20,032	-	60,096
SBITA asset - software	-	69,100	-	69,100
Total accumulated depreciation/amortization	347,035,746	15,752,215	(445,136)	362,342,825
Capital assets being depreciated/amortized, net	447,833,996	39,766,357	(275,137)	487,325,216
Total capital assets, net	$ 520,260,644	$ 83,971,334	$ (57,009,183)	$ 547,222,795

	Balance 1/1/2023	Additions	Retirements & Reclassifications	Balance 12/31/2023
Capital assets not being depreciated:				
Land	$ 2,231,137	$ -	$ -	$ 2,231,137
Construction work in progress	34,299,326	52,618,977	(16,722,792)	70,195,511
Total capital assets not being depreciated	36,530,463	52,618,977	(16,722,792)	72,426,648
Capital assets being depreciated/amortized:				
Buildings and structures	320,927,006	2,140,152	-	323,067,158
Mains and hydrants	304,611,878	11,060,314	(4,409)	315,667,783
Equipment	78,535,606	2,141,198	(1,459,952)	79,216,852
Other	71,376,796	3,935,222	-	75,312,018
Right-to-use leased asset - buildings	1,180,247	-	-	1,180,247
Right-to-use leased asset - equipment	425,684	-	-	425,684
Total capital assets being depreciated/amortized	777,057,217	19,276,886	(1,464,361)	794,869,742
Less accumulated depreciation/amortization:				
Buildings and structures	179,152,879	7,075,240	-	186,228,119
Mains and hydrants	68,015,188	3,079,738	(4,409)	71,090,517
Equipment	52,211,962	3,738,926	(946,230)	55,004,658
Other	32,826,244	1,452,729	-	34,278,973
Right-to-use leased asset - buildings	157,366	236,049		393,415
Right-to-use leased asset - equipment	20,032	20,032	-	40,064
Total accumulated depreciation/amortization	332,383,671	15,602,714	(950,639)	347,035,746
Capital assets being depreciated/amortized, net	444,673,546	3,674,172	(513,722)	447,833,996
Total capital assets, net	$ 481,204,009	$ 56,293,149	$ (17,236,514)	$ 520,260,644

5. LEASES AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENT ("SBITA")

Lease Receivable—The Authority is a lessor for noncancellable leases of space on the Authority's water towers. The Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease.

- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a measurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The Authority leases certain space on and in the Colvin Tower and adjoining part of a parcel of land that is owned by the Authority. The lease has two years remaining and the Authority will receive monthly payments ranging from $2,300 to $4,033. The Authority recognized $43,260 in principal and $2,929 in interest during the current fiscal year related to this lease. As of December 31, 2024, the Authority's receivable for lease payments was $73,933. Also, the Authority reports a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was $67,719.

The Authority leases certain space on the Harris Hill Tower that is owned by the Authority. The lease has three years remaining and the Authority will receive monthly payments ranging from $2,850 to $3,406. The Authority recognized $34,508 in principal and $4,077 in interest during the current fiscal year related to this lease. As of December 31, 2024, the Authority's receivable for lease payments was $114,793. Also, the Authority reports a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was $106,550.

The Authority leases certain space on the Wehrle Tower that is owned by the Authority. The lease has two years remaining and the Authority will receive monthly payments ranging from $2,850 to $3,563. The Authority recognized $40,701 in principal and $2,049 in interest during the current fiscal year related to this lease. As of December 31, 2024, the Authority's receivable for lease payments was $80,321. Also, the Authority reports a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was $77,976.

The Authority leases certain space on a tower located at the Ball Pump Station that is owned by the Authority. The lease has nineteen years remaining and the Authority will receive monthly payments ranging from $1,958 to $4,873. The Authority recognized $14,463 in principal and $19,377 in interest during the current fiscal year related to this lease. As of December 31, 2024, the Authority's receivable for lease payments was $638,030. Also, the Authority reports a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was $578,136.

During the year ended December 31, 2024, the Authority entered into a lease for certain space on the Wehrle Tower that is owned by the Authority. The lease has fourteen years remaining and the Authority will receive monthly payments ranging from $5,667 to $8,571. The Authority recognized $40,111 in principal and $ 28,909 in interest during the current fiscal year related to this lease. As of December 31, 2024, the Authority's receivable for lease payments was $941,568. Also, the Authority reports a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was $900,707.

Lease/SBITA Payable—The Authority is a lessee for a noncancellable lease of a building and space on a cellular tower. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Authority recognizes lease/SBITA liabilities with an initial, individual value of $150,000 or more.

At the commencement of a lease, the Authority initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/SBITA payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before the lease/SBITA commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases/SBITAs include how the Authority determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

- The Authority uses the interest rates charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITAs.

- The lease/SBITA terms include the noncancellable period of the lease/SBITA. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term debt on the statement of net position.

The Authority entered into a long-term lease agreement as the lessee for the use of office space in a building. As of December 31, 2024, the value of the lease liability was $562,973. The Authority is required to make monthly principal and interest payments on this lease of $20,512. The lease has an imputed interest rate of 1.66%. The value of the right-to-use assets as of the end of the current fiscal year was $1,180,247 and had accumulated amortization of $629,464.

The Authority entered into a long-term lease agreement as the lessee for the use of cellular tower space on a parcel of land. As of December 31, 2024, the value of the lease liability was $399,720. The Authority is required to make monthly principal and interest payments on these leases ranging from $1,525 to $3,100. The lease has an imputed interest rate of 3.00%. The value of the right-to-use assets as of the end of the current fiscal year was $425,684 and had accumulated amortization of $60,096.

During the year ended December 31, 2024, the Authority began recognizing a long-term SBITA as the lease for software. As of December 31, 2024, the value of the SBITA liability was $527,625. The Authority is required to make annual principal and interest payments of $127,616. The SBITA has an interest rate of 2.79%. The value of the right-to-use SBITA asset at the end of the current fiscal year was $592,285 and had accumulated amortization of $69,100.

The future principal and interest payments as of December 31, 2024, were as follows:

Fiscal Year Ending December 31,	Leases Principal	Leases Interest	SBITA Principal	SBITA Interest	Total
2025	$ 249,102	$ 19,385	$113,482	$14,134	$ 396,103
2026	254,092	15,066	116,899	10,717	396,774
2027	94,306	11,446	120,419	7,198	233,369
2028	13,643	10,771	124,044	3,572	152,030
2029	14,801	10,346	52,781	393	78,321
2030-2034	93,465	44,049	-	-	137,514
2035-2039	132,126	38,653	-	-	170,779
2040-2043	111,158	5,733	-	-	116,891
Totals	$ 962,693	$155,449	$527,625	$36,014	$1,681,781

6. LONG-TERM DEBT

At December 31, 2024 the Authority has two series of bonds outstanding. All outstanding bonds have been issued under the Authority's Fourth General Bond Resolution (the "Resolution") and, therefore, all the current bondholders have equal claims against the Authority's revenues. The Authority's outstanding bonds are secured by the Authority's available revenues and all accounts established by the Resolution, including investments.

A default will have occurred if the payment of principal or interest or sinking fund installment payments or the redemption of term bonds are not paid when due and payable; if the Authority fails to comply with a bond covenant.

If there is an occurrence of an event of default, upon the written request of the holders of not less than 25% of all series of bonds then outstanding, the Trustee or holders may declare the principal of all the bonds then outstanding and the interest accrued thereon, to be due and payable immediately.

The Authority does not have any lines of credit.

Summary of long-term debt—The following is a summary of the Authority's water revenue bonds at December 31, 2024:

Series	Final Annual Principal Payment Due	Year of Earliest Principal Payment	Interest Rate		Original Issue	Principal Outstanding 12/31/2024
2016 Series	12/1/2036	2017	2.75-5.00%	(*)	30,725,000	$ 16,915,000
2018 Series	12/1/2048	2019	3.00-5.00%		24,900,000	21,850,000
Total						38,765,000
Less portion due within one year						(2,100,000)
Total						$ 36,665,000

(*) Gross rates subject to subsidy from the New York State Environmental Facilities Corporation (EFC)

2016 Series Refunding Bonds

On September 29, 2016, the Authority issued $30,725,000 of Water Revenue Refunding Bonds, Series 2016. The proceeds of the issue after premium of $4,378,154 and discount of $109,654 were used to refund the principal of the 2007 Series and 2012 Series Bonds, $29,705,000 and $7,850,000, respectively. A portion of the proceeds were deposited into a Rebate Liability Fund to be used to pay any arbitrage rebate due on the 2007 Series Bonds in September 2017. The remainder of the proceeds covered the costs of issuance. The issuance of the 2016 Series Refunding Bonds reduced the debt service by $9,330,782 and has a net present value cash flow savings of $6,787,290.

The advance refunding resulted in a deferred outflow of resources of $1,333,446, which is being amortized over the life of the 2016 Series Refunding Bonds. The deferred outflow is the difference between the reacquisition price, which is the amount deposited into the escrow account, and the carrying amount of the 2007 Series Bonds at the time of defeasance.

The 2012 Series Bonds were redeemed immediately. The remaining net proceeds from the issuance and certain existing funds were deposited into an escrow account by an escrow agent pursuant to the refunding agreement and invested in U.S. Government securities for the 2007 Series Bonds. The maturities of these invested funds and related earnings thereon provided sufficient cash flow to meet the debt service requirements of the defeased bonds. These advance refunding transactions effectively released the Authority from its obligation to repay these bonds and constituted in-substance defeasances. The 2007 Series Bonds were callable on December 1, 2017. Prior to December 31, 2017, interest and principal payments were being made from the escrow account. On December 1, 2017 the remaining bonds were redeemed.

Interest on the 2016 Refunding Bonds ranges from 2.75% to 5.00% and is payable semi-annually on June 1 and December 1.

Principal is payable annually on December 1. The final maturity of the bonds is December 1, 2036.

2018 Series Bonds

On July 25, 2018, the Authority issued $24,900,000 of Water Revenue Bonds, Series 2018. The bonds were issued at a premium of $3,089,043 offset by a discount of $22,969. The premium and discount are being amortized over the life of the bonds. The proceeds of the issue will be used to finance the cost of development, acquisition and construction of certain improvements and additions to the Water Works System and to pay the costs of issuance of the 2018 Series Bonds.

Interest on the 2018 Series Bonds ranges from 3.00% to 5.00% and is payable semi-annually on June 1 and December 1.

Principal is payable annually on December 1. The final maturity of the bonds is December 1, 2048.

2021 Series Bonds

On December 9, 2021, the Authority issued a $22,883,000 bond with the United States Environmental Protection Agency (EPA). The Bond secures a loan granted under the Water Infrastructure Finance and Innovation Act (WIFIA), as amended. Under the terms of the loan agreement, no debt service is incurred until reimbursement for project costs is approved by the EPA. As of December 31, 2024, there have been no project costs incurred.

Three projects were included in the loan agreement: replacement of the filter gallery piping at the Sturgeon Point treatment plant; replacement of obsolete powder activated carbon systems at both the Sturgeon Point and Van DeWater treatment plants; and improvements to pumps and mains at the Ball Pump Station. Construction on the projects and drawdowns from the WIFIA loan are planned for 2025.

Interest on the 2021 Series Bonds is 1.66%, and is due semi-annually on January 15 and July 15, beginning after the initial drawdown.

Principal is payable annually on July 15. The final maturity of the bond is July 15, 2046.

Long-term debt requirements—Long-term debt requirements are summarized as follows:

Fiscal Year Ending December 31,	Bond Principal	Interest on Bonded Debt
2025	$ 2,100,000	$ 1,662,182
2026	2,165,000	1,557,182
2027	2,220,000	1,448,932
2028	2,330,000	1,337,932
2029	2,440,000	1,221,432
2030-2034	10,565,000	4,638,878
2035-2039	8,755,000	2,995,650
2040-2044	4,165,000	1,648,000
2045-2049	4,025,000	515,250
Total	38,765,000	17,025,438
Less portion due within one year	(2,100,000)	(1,662,182)
Total	$ 36,665,000	$ 15,363,256

Summary of changes in long-term debt—The following is a summary of changes in water revenue bonds, compensated absences, leases, and subscription assets for the years ended December 31, 2024 and December 31, 2023:

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024	Due Within One Year
2016 Series	$ 17,975,000	$ -	$ (1,060,000)	$ 16,915,000	$ 1,110,000
2018 Series	22,830,000	-	(980,000)	21,850,000	990,000
Total bonds payable	40,805,000	-	(2,040,000)	38,765,000	2,100,000
Bond premiums	5,339,450	-	(318,820)	5,020,630	318,820
Bonds discounts	(89,069)	-	6,194	(82,875)	(6,193)
Net bonds payable	$ 46,055,381	$ -	$ (2,352,626)	$ 43,702,755	$ 2,412,627
Compensated absences	$ 5,599,119	$ 706,060	$ (576,162)	$ 5,729,017	$ 1,255,854
Lease liability	$ 1,206,920	$ -	$ (244,227)	$ 962,693	$ 249,102
Subscription liability	$ -	$ 592,285	$ (64,660)	$ 527,625	$ 113,482

	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Due Within One Year
2003F Series	$ 1,738,384	$ -	$ (1,738,384)	$ -	$ -
2016 Series	18,985,000	-	(1,010,000)	17,975,000	1,060,000
2018 Series	23,630,000	-	(800,000)	22,830,000	980,000
Total bonds payable	44,353,384	-	(3,548,384)	40,805,000	2,040,000
Bond premiums	5,658,270	-	(318,820)	5,339,450	318,820
Bonds discounts	(95,262)	-	6,193	(89,069)	(6,193)
Net bonds payable	$ 49,916,392	$ -	$ (3,861,011)	$ 46,055,381	$ 2,352,627
Compensated absences	$ 5,544,123	$ 443,430	$ (388,434)	$ 5,599,119	$ 1,314,279
Lease liability	$ 1,446,382	$ -	$ (239,462)	$ 1,206,920	$ 244,226

7. PENSION PLAN

Plan Description—The Authority participates in the New York State and Local Employees' Retirement System ("State Plan"), which is a cost-sharing, multiple-employer, public employee retirement system. The State Plan provides retirement, disability, and death benefits to members as authorized by the New York State Retirement and Social Security Law (NYSRSSL). The net position of the State Plan is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the State Plan. The Comptroller of the State of New York ("Comptroller") serves as the trustee of the Fund and is the administrative head of the State Plan. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Once a public employer elects to participate in the State Plan, 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. The Authority also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The State Plan is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Funding Policy—Plan members who joined the State Plan before July 27, 1976 are not required to make contributions. Those joining on or after July 27, 1976 are required to contribute 3% of their annual salary for the first ten years of their membership, and members hired after January 1, 2010 generally contribute 3% of their salary for the duration of their membership. For members hired after April 1, 2012 the contribution rate varies from 3% to 6% depending on salary.

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 State Plans fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, as presented below:

Year Ended December 31,	Amount
2024	$ 2,955,203
2023	2,519,730
2022	2,157,063

Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions—The Authority's proportionate share of net pension liability/(asset) was $8,645,881 and $12,537,921 as of December 31, 2024 and 2023, respectively. The net pension liability/(asset) was measured as of March 31 of each year and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of April 1 of the prior year. The Authority's proportion of the net pension liability/(asset) was based on the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2024 and 2023, the Authority's proportion of the pension liability/(asset) was 0.058%. For the years ended December 31, 2024 and December 31, 2023, the Authority recognized pension expense of $4,036,636 and $4,685,435, respectively. As of December 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,784,833	$ 235,751
Changes of assumptions	3,271,322	-
Net difference between projected and actual earnings on pension plan investments	-	4,223,469
Changes in proportion and differences between Authority contributions and proportionate share of contributions	674,117	-
Authority contributions subsequent to the measurement date	2,216,400	-
Total deferred outflows/inflows of resources	$ 8,946,672	$ 4,459,220

As of December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,335,391	$ 352,112
Changes of assumptions	6,089,225	67,297
Net difference between projected and actual earnings on pension plan investments	-	73,660
Changes in proportion and differences between Authority contributions and proportionate share of contributions	749,250	18,917
Authority contributions subsequent to the measurement date	1,907,914	-
Total deferred outflows/inflows of resources	$ 10,081,780	$ 511,986

The $2,216,400 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a deduction to net pension liability in the year ending December 31, 2025. 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 December 31,	Amount
2025	$ (1,318,125)
2026	1,872,277
2027	2,593,720
2028	(876,820)

Actuarial assumptions—The total pension liability as of the March 31, 2024 measurement date was determined by using an actuarial valuation as of April 1, 2023, with update procedures used to roll forward the total pension liability to March 31, 2024. The valuation used the following actuarial assumptions:

Actuarial cost method	Aggregate Cost Method
Inflation	2.9%
Salary scale	4.4%
Investment rate of return	5.9%
Cost of living adjustments	1.4%
Mortality improvement	Based upon fiscal year 2015-2020 experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2021

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below for the measurement date of March 31, 2024.

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity	32.0%	4.0%
International equity	15.0%	6.7%
Private equity	10.0%	7.3%
Real estate	9.0%	4.6%
Opportunistic/Absolute return strategies	3.0%	5.3%
Credit	4.0%	5.4%
Real assets	3.0%	5.8%
Fixed income	23.0%	1.5%
Cash	1.0%	0.3%
Total	100.0%	

Discount rate—The discount rate used to calculate the total pension liability at December 31, 2024 and 2023 was 5.9%. 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 the statutorily required rates, actuarially determined. Based upon the assumptions, the State Plan'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/(asset) to the discount rate assumption—The table on the following page presents the Authority's proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.9%) or 1% higher (6.9%) than the current rate.

	2024	2023
Current discount rate	5.9%	5.9%
Pension liability/(asset) at:		
Current discount rate	$ 8,645,881	$ 12,537,925
1% increase in discount rate	27,183,546	(2,303,341)
1% decrease in discount rate	(6,836,908)	30,298,787

Collective net position liability of participating employers and actuarial information—The components of the net position liability/(asset) of the employers as of March 31, 2024 and 2023 were as shown below:

	2024	2023
	(in thousands)	(in thousands)
Employers' total pension liability	$ 240,696,851	$ 232,627,259
Plan net position	(225,972,801)	(211,183,223)
Employers' net pension liability/(asset)	$ 14,724,050	$ 21,444,036
Fiduciary net position as a percentage of total pension liability	93.88%	90.78%

8. LABOR RELATIONS

Certain Authority employees are represented by two bargaining units, Brotherhood of Western New York Water Workers (BWNYWW), and Civil Service Employees Association, Inc. (CSEA).

On July 7, 2022, the Authority entered into an amended collective bargaining agreement with the BWNYWW with a retroactive effective date of April 1, 2022 through March 31, 2027.

On April 1, 2022, the Authority entered into a collective bargaining agreement with the CSEA with an effective date of April 1, 2022 through March 31, 2027.

9. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") LIABILITY

Plan Description and Benefits Provided—The Authority provides retiree health plans through Labor Management Healthcare Fund (LMHF). Retirees must meet age and years of service requirements to qualify for health benefits under this cost-sharing multiple-employer defined benefit healthcare plan ("the Plan"). Retiree benefits continue for the lifetime of the retiree and spousal benefits continue for their lifetime unless they remarry. Retirees can also elect to receive an annual payment in lieu of health insurance. There were 204 and 193 retirees or spouses receiving health care benefits on December 31, 2024 and December 31, 2023, respectively.

Authorization for the Authority to pay a portion, or all, of retiree health insurance premiums was enacted by resolution of the Authority's Board of Commissioners or through union contracts, which are ratified by the Board of Commissioners. Retired employees that met the age and years of service requirements and were enrolled in any healthcare plan prior to June 1, 2004 are not required to make a contribution. Retirees enrolling in the Traditional Blue PPO 812 plan after June 1, 2004 are required to make contributions equal to the difference between the Traditional Blue PPO 812 plan premium and the highest premium of any other plan offered to that retiree.

The table on the following page defines employee eligibility and the required contribution level for each class of employee.

		Eligibility Health Benefits		
Employee Group	Hire Dare	Age	Years of Service	15% Contribution
CSEA	Before 01/01/2008	55	10	No
CSEA	01/01/2008-07/26/2012	58	15	No
CSEA	After 07/26/2012	58	15	Yes
BWNYWW	Before 01/01/1991	55	30	No
BWNYWW	01/01/1991-01/01/2006	58	15	No
BWNYWW	01/01/2006-07/26/2012	58	20	No
BWNYWW	After 07/26/2012	58	20	Yes
Non-represented	All	55	15	Yes
Non-represented	All	Age + Years of Service =70		Yes

Employees Covered by Benefit Terms—On December 31, 2024 and 2023, the following employees were covered by the benefit terms:

	2024	2023
Inactive employees or beneficiaries currently receiving benefit payments	204	193
Active employees	236	234
Total	440	427

Total OPEB Liability—The Authority's total OPEB liability of $60,316,681 was measured as of December 31, 2024 and was determined by an actuarial valuation. For purposes of determining benefit obligations and costs as of the December 31, 2024 measurement date, participant data as of January 1, 2024 is used. Benefit obligations are projected to measurement date using roll forward techniques by assuming no actuarial gains and losses in the interim, except for those assumption changes necessary to reflect the assumptions as of the measurement date.

Actuarial Methods and Other Inputs—The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Reporting date — December 31, 2024
Measurement date — December 31, 2024
Actuarial valuation date — January 1, 2024
Discount rate as of the measurement date — 4.16%
Rate of compensation increase — 2.50%
Consumer price index (CPI) — 2.50%
Inflation rate (chained CPI) — 2.50%
Actuarial cost method — Entry age normal
Amortization method — Level percentage
Amortization period — 6.670 years

Mortality — The sex-distinct Pri.H-2012 Mortality Tables for employees and healthy annuitants, and contingent survivors adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a generational basis.

Disability — Rates of decrement due to disability are assumed to be 0%.

Turnover — Rates of turnover are based on experience under the New York State Employees' Retirement System (State Plan).

Retirement incidence — Rates of retirement are based on the experience under the State Plan.

Election percentage — It was assumed 97% of future retirees eligible for coverage will elect postretirement healthcare coverage.

Spousal coverage — 80% of future retirees are assumed to elect spousal coverage upon retirement.

Per capita costs — All retiree health plans are offered through LMHF. Actual claims experience from LMHF was used to develop retiree claim costs for ECWA.

Annual rate of increase in the consumer price index — CPI of 2.50% was assumed for purposes of developing the rate of increase in healthcare costs. This assumptions are consistent with historical CPI and chained CPI as well as future expectations.

Healthcare cost trend rate — The assumed rates of increase in health care costs are presented in the table below. The trend rate schedule has been developed based on a review of published National trend survey data in relation to the retiree health plan offerings and updated long-term rates based on the Society of Actuaries Long Term Healthcare Cost Trends Model v2022f4 (The Getzen model), as well as Labor Management Healthcare Fund's expectations.

Year	Pre-65 Medical	Post-65 Medical	Prescription Drug	Prescription Drug
2024	7.750%	4.600%	7.750%	7.000%
2025	7.750%	4.600%	7.750%	7.000%
2026	7.250%	4.500%	7.250%	6.500%
2027	6.750%	4.500%	6.750%	6.000%
2028	6.250%	4.300%	6.250%	5.500%
2035	5.078%	4.300%	5.078%	5.078%
2045	4.841%	4.300%	4.841%	4.841%
2055	4.705%	4.300%	4.705%	4.705%
2065	4.615%	4.300%	4.615%	4.615%
2075+	4.037%	4.037%	4.037%	4.037%

Changes In the Total OPEB Liability—The table on the following page presents the changes to the total OPEB liability for fiscal years ending December 31, 2024 and December 31, 2023.

	Total OPEB Liability December 31, 2024	2023
Beginning balance	$ 61,323,059	$ 54,624,496
Changes for the year:		
Service cost	2,238,595	1,760,020
Interest cost	2,353,324	2,243,606
Change of benefit terms	1,312,558	-
Differences between expected and actual experience	(24,955)	(30,402)
Changes of assumptions or other inputs	(4,644,652)	4,699,000
Actual benefit payments	(2,241,248)	(1,973,661)
Net changes	(1,006,378)	6,698,563
Ending balance	$ 60,316,681	$ 61,323,059

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate and healthcare cost trend assumptions can have an impact on the total OPEB liability. Healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the total OPEB liability of a 1% change in the discount rate and a 1% change in the initial (7.75%)/ultimate (4.04%) healthcare cost trend rates.

	2024	2023
Current discount rate	4.16%	3.77%
Current healthcare cost trend rates - initial/ultimate	7.75%/4.04%	7.75%/4.04%
OPEB liability at:		
Current discount rate	$ 60,316,681	$ 61,323,059
1% increase in discount rate	52,661,803	53,296,918
1% decrease in discount rate	69,797,758	71,281,061
OPEB liability at:		
Current healthcare cost trend rates	$ 60,316,681	$ 61,323,059
1% increase in healthcare cost trend rates	71,445,465	73,651,818
1% decrease in healthcare cost trend rates	51,585,261	51,714,422

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB—For the years ended December 31, 2024 and 2023 the Authority recognized annual OPEB expense of $(3,108,336) and $(5,128,888), respectively. The Authority reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. The table on the following page presents the Authority's deferred outflows and inflows of resources at December 31, 2024 and 2023.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2024	2023	2024	2023
Differences between expected and actual experience	$ -	$ 18,649	$ 11,699,848	$ 18,988,816
Changes in assumptions	6,829,526	11,375,114	18,627,051	20,245,526
Total	$ 6,829,526	$ 11,393,763	$ 30,326,899	$ 39,234,342

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2025	$ (7,021,690)
2026	(6,425,291)
2027	(6,007,814)
2028	(3,272,621)
2029	(300,902)
2030	(469,055)

10. NET POSITION

The Authority financial statements utilize a net position presentation. Net position is categorized into net investment in capital assets, restricted and unrestricted.

Net investment in capital assets—This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

	December 31,	
	2024	2023
Capital assets, net of accumulated depreciation/amortization	$ 547,222,795	$ 520,260,644
Related debt:		
Water revenue bonds issued for capital assets	(38,765,000)	(40,805,000)
Bond premium	(5,020,630)	(5,339,450)
Bond discount	82,876	89,069
Lease liability	(962,694)	(1,206,920)
Subscription liability	(527,625)	-
Total related debt	502,029,722	472,998,343
Advanced refunding of Series 2007 Bonds	787,728	853,831
Net investment in capital assets	$ 502,817,450	$ 473,852,174

Restricted net position—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

For the years ended December 31, 2024 and 2023, net position was restricted for the following purposes:

- ***Debt Service Account*****—**The 2016 and 2018 Supplemental Fourth Resolution bond resolutions require that a specified amount of funds be maintained in the Debt Service Account. The requirements of the Debt Service Account state that the Authority must deposit funds to provide for monthly interest and principal payments to start not later than six months prior to the payment of interest and twelve months prior to the payment of principal.

Unrestricted net position**—**This category represents the amount of net position the Authority has not restricted for any project or other purpose. Management intends to utilize a portion of unrestricted net position to finance the Authority's projected five-year capital spending, which will require future financing in excess of $353,000,000.

When an expense is incurred for purposes for which both restricted and unrestricted amounts are available, the Authority's policy concerning which to apply first varies with the intended use and associated legal requirements. Management typically makes this decision on a transactional basis.

11. COMMITMENTS AND CONTINGENCIES

The Authority maintains and operates certain facilities employed in the sale and distribution of water which it leases from various local municipal water districts pursuant to lease management agreements. No financial consideration is afforded the municipalities in conjunction with these lease agreements. Such agreements generally are for at least ten-year terms and automatically renew for additional ten-year terms unless terminated by either party one year prior to expiration of the term. The agreements provide that the municipalities obtain water exclusively from the Authority. Future maintenance and operating costs to be incurred by the Authority under such arrangements presently in effect are not determinable.

The Authority is subject to various laws and regulations, which primarily establish uniform minimum national water quality standards. The Authority has established procedures for the on-going evaluation of its operations to identify potential exposures and assure continued compliance with these regulatory standards.

The Authority is involved in litigation and other matters arising in its normal operating, financing, and investing activities. While the resolution of such litigation or other matters could have a material effect on earnings and cash flows in the year of resolution, the Authority has obtained various liability, property, and workers' compensation insurance policies which would reduce exposure to loss on the part of the Authority. Management has made provisions for anticipated losses in the accompanying financial statements as advised by legal counsel. None of this litigation and none of these other matters are expected to have a material effect on the financial condition of the Authority at this time.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 20, 2025, which is the date the financial statements are available for issuance, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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Erie County Water Authority
Schedule of the Authority's Proportionate Share of the Net Pension Liability/(Asset)—New York State Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Authority's proportion of the net pension liability/(asset)	0.0587195%	0.0584681%	0.0583016%	0.0543390%	0.0539816%	0.0555064%	0.0546663%	0.0561145%	0.0558137%	0.0572349%
Authority's proportionate share of the net pension liability/(asset)	$ 8,645,881	$ 12,537,925	$ (4,765,913)	$ 54,107	$ 14,294,636	$ 3,932,796	$ 1,764,324	$ 5,272,641	$ 8,958,247	$ 1,933,536
Authority's covered payroll	$ 19,997,555	$ 19,774,479	$ 19,043,427	$ 18,359,313	$ 16,783,757	$ 16,158,109	$ 16,019,184	$ 15,648,444	$ 15,035,523	$ 15,112,883
Authority's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	43.2%	63.4%	(25.0%)	0.3%	85.2%	24.3%	11.0%	33.7%	59.6%	12.8%
Plan fiduciary net position as a percentage of the total pension liability	93.9%	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

ERIE COUNTY WATER AUTHORITY
Schedule of Contributions to the New York State Employees' Retirement System
Last Ten Fiscal Years
(Dollar amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 2,955	$ 2,520	$ 2,157	$ 2,932	$ 2,422	$ 2,333	$ 2,327	$ 2,339	$ 2,387	$ 2,595
Contributions in relation to required contribution	2,955	2,520	2,157	2,932	2,422	2,333	2,327	2,339	2,387	2,595
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 20,784	$ 20,000	$ 19,529	$ 18,524	$ 18,310	$ 16,588	$ 16,272	$ 15,800	$ 15,567	$ 15,708
Contributions as a percentage of covered payroll	14.218%	12.600%	11.045%	15.828%	13.228%	14.064%	14.301%	14.804%	15.334%	16.520%

ERIE COUNTY WATER AUTHORITY
Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios
Last Seven Fiscal Years*

	Year Ended December 31,						
	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	$ 2,238,595	$ 1,760,020	$ 3,505,196	$ 3,665,987	$ 2,785,643	$ 2,766,281	$ 3,378,431
Interest cost	2,353,324	2,243,606	1,492,761	1,835,642	2,121,823	3,389,502	3,372,947
Change of benefit terms	1,312,558	-	-	-	463,249	-	119,294
Differences between expected and actual experience	(24,955)	(30,402)	(11,363,153)	(6,851,571)	(15,064,932)	(13,271,429)	191,341
Change of assumptions or other inputs	(4,644,652)	4,699,000	(27,045,010)	4,123,866	10,396,743	9,655,142	(14,821,432)
Actual benefit payments	(2,241,248)	(1,973,661)	(1,939,396)	(1,831,837)	(1,753,051)	(2,103,839)	(2,234,009)
Net change in total OPEB Liability	(1,006,378)	6,698,563	(35,349,602)	942,087	(1,050,525)	435,657	(9,993,428)
Total OPEB liability—beginning	61,323,059	54,624,496	89,974,098	89,032,011	90,082,536	89,646,879	99,640,307
Total OPEB liability—ending	$ 60,316,681	$ 61,323,059	$ 54,624,496	$ 89,974,098	$ 89,032,011	$ 90,082,536	$ 89,646,879
Plan fiduciary net position							
Contributions—employer	$ 2,241,248	$ 1,973,661	$ 1,939,396	$ 1,831,837	$ 1,753,051	$ 2,103,839	$ 2,234,009
Actual benefit payments	(2,241,248)	(1,973,661)	(1,939,396)	(1,831,837)	(1,753,051)	(2,103,839)	(2,234,009)
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-
Plan fiduciary net position—ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's net OPEB liability—ending	$ 60,316,681	$ 61,323,059	$ 54,624,496	$ 89,974,098	$ 89,032,011	$ 90,082,536	$ 89,646,879
Plan's fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 19,969,308	$ 19,893,018	$ 19,059,226	$ 18,986,341	$ 18,402,790	$ 16,908,970	$ 16,271,826
Total OPEB liability as a percentage of covered-employee payroll	302.05%	308.26%	286.60%	473.89%	483.80%	532.75%	550.93%

*Information prior to the year ended December 31, 2018 is not available.

The note to the Required Supplementary Information is an integral part of this schedule.

1. OPEB LIABILITY

Changes of assumptions—The assumption changes as of December 31, 2024 include a change in the discount rate from 3.77% to 4.16%.

Changes in expected versus actual experience—Expected benefit payments to retirees used to calculate the OPEB liability were higher than the actual payments resulting in a deferred inflow of resources.

Changes in benefit terms—A change to the provision of the retiree group health benefits program is reflected at the first measurement date after adoption and/or ratification. It is shown as a change in benefit terms in the annual OPEB expense and recognized in full immediately.

Trust Assets—There are no assets accumulated in a trust that meets the criteria of GASB Statement No. 75 to pay related benefits.

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INDEPENDENT AUDITORS' 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*

The Board of Commissioners
Erie County Water Authority:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the business-type activities of the Erie County Water Authority (the "Authority") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 20, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

The Board of Commissioners
Erie County Water Authority:

We have audited, 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, the financial statements of the business-type activities of the Erie County Water Authority (the "Authority"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and we have issued our report thereon dated March 20, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with Section 2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2024. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.

March 20, 2025

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March 20, 2025

The Board of Commissioners
Erie County Water Authority:

We have audited the financial statements of the Erie County Water Authority (the "Authority") as of and for the years ended December 31, 2024 and 2023, and have issued our report thereon dated March 20, 2025. Professional standards require that we advise you of the following matters relating to our audits.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated December 12, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audits of the financial statements do not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audits to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audits, we considered the system of internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding future reporting requirements in a separate communication to you dated March 20, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

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Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements. Except for the matters discussed below, there have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended December 31, 2024.

During the year ended December 31, 2024, the Authority implemented GASB Statements No. 99, *Omnibus 2022*; No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*. GASB Statement No. 99 enhances comparability in accounting and financial reporting and to improves the consistency of authoritative literature by addressing practice issues related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53. GASB Statement No. 100 improves financial reporting by enhancing accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB Statement No. 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. The implementation of GASB Statements No. 99, 100, and 101 did not have a material impact on the Authority's financial position or results from operations.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements for the years ended December 31, 2024 and 2023 are the estimates of the allowance for doubtful accounts, useful lives assigned to capital assets and related depreciation methods, accrued liabilities, the liability for compensated absences, the liability for other postemployment benefits and the net pension liability/(asset).

Management's estimates of the allowance for doubtful account and useful lives assigned to capital assets and related depreciation methods are based on past trends. Management's estimates of accrued liabilities, and compensated absences are based on available information regarding eligibility, leave balances accrued and current compensation rates. Management's estimates of the liability for other postemployment benefits and the net pension liability/(asset) are based on actuarial valuations from specialist third parties. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Authority's financial statements relate to fair value disclosures and disclosures relating to contingencies as described in Notes 2 and 11 to the financial statements, respectively.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We encountered no significant unusual transactions throughout our audit.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. No material misstatements were identified during our audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. No misstatements were identified by us as a result of our audit procedures that were considered material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 20, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

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Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

Other Information Included in Annual Report

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Authority's annual report, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

* * * * *

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

March 20, 2025

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March 20, 2025

Drescher & Malecki LLP
2721 Transit Road Suite 111
Elma, NY 14059

This representation letter is provided in connection with your audits of the business-type activities of the Erie County Water Authority (the "Authority") as of December 31, 2024 and 2023, and for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Authority in accordance with accounting principles generally accepted for governments in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 20, 2025:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 12, 2024, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

- We acknowledge our responsibility for the design, implementation, and maintenance of the system 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.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.

- We have reviewed, approved, and taken responsibility for the financial statements and related notes.

- We have a process to track the status of audit findings and recommendations.

- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of U.S GAAP.

- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- There are no identified material uncorrected misstatements.

- The effects of all known or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

- All components of net position are properly classified, and if applicable, approved.

- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available is appropriately disclosed and net position is properly recognized under the policy.

- All revenues and expenses have been properly classified in or allocated to functions and programs in the Statements of Revenue, Expenses, and Changes in Net Position.

- Special items and extraordinary items have been properly classified and reported.

- Deposit and investment risks have been properly and fully disclosed.

- Capital assets, including infrastructure assets and right-to-use leased assets, are properly capitalized, reported, and if applicable, depreciated/amortized.

- All required supplementary information is measured and presented within the prescribed guidelines.

- With regard to investments and other instruments reported at fair value:

    - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.

    - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

    - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.

    - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

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Information Provided

- We have provided you with:
    - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements referred to above, such as records, documentation, meeting minutes, and other matters;
    - Additional information that you have requested from us for the purpose of the audit; and
    - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- Your auditors' report will be included in our annual report which is comprised of the basic financial statements accompanied by other information (Introductory Section, Statistical Section) and that this annual report will be issued by the Authority's management by June 30, 2025.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
    - Management;
    - Employees who have significant roles in internal control; or
    - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

- We have disclosed to you all guarantees, whether written or oral, under which the Authority is contingently liable.

- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees,* for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.

- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.

- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 ("GASB 62"), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on the financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

- There are no:

  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB 62.

  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB 62.

  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).

- The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Required Supplementary Information

- With respect to the required supplementary information accompanying the financial statements:

    - We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.

    - We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.

    - The methods of measurement or presentation have not changed from those used in the prior period and the basis for our assumptions and interpretations, underlying those measurements or presentations, are reasonable and appropriate in the circumstances.

Other Specific Representations

- We have not completed the process of evaluating the impact that will result from adopting GASB Statement No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025; and No. 103, *Financial Reporting Model Improvements*; and No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending December 31, 2026. The Authority is, therefore, unable to disclose the impact that adopting GASB Statements No. 102, 103, and 104 will have on its financial position and results of operations when such statements are adopted.

- During the year ended December 31, 2024, the Authority implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. The Authority reclassified the current liability to include all vacation and miscellaneous other paid absences and the noncurrent liability to include all sick leave.

- We have established a lease and SBITA threshold of $150,000 for reporting in accordance with GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Authority has determined that all leases and SBITA under that threshold are not significant, individually or in the aggregate, to the financial statements. Management believes the lease receivables related to the towers owned by the Authority and the leases payable related to the building space and subcarrier meet the criteria for recording activity at December 31, 2024 under GASB Statement No. 87. During the year ended December 31, 2024, the Authority entered into an arrangement that meets the criteria for recording activity at December 31, 2024 under GASB Statement No. 96.

- We agree with the findings of the specialists in evaluating the other postemployment benefit liability and net pension liability/(asset) and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that may have had an impact on the independence or objectivity of the specialists.

- We believe that the actuarial assumptions and methods used to measure the other postemployment benefit liability and net pension liability/(asset) and costs for financial accounting purposes are appropriate in the circumstances.

- We have no intention of terminating our pension plan, or taking any other action that could result in an effective termination or reportable event for the plan. We are not aware of any occurrences that could result in the termination of our pension plan to which we contribute. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.

- We do not plan to make frequent amendments to our pension or other postemployment benefit plans.

- Receivables recorded in the financial statements represent bona fide claims against debtors for sales or other charges arising on or before the balance sheet date and are not subject to discount except for normal cash discounts. Receivables classified as current do not include any material amounts which are collectible after one year. The Authority is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowance is adequate to absorb currently estimated bad debts in the account balance.

- The Authority is not required to legally adopt a budget.

- Materials and supplies that are recorded in the financial statements are determined on the basis of moving-average cost. Provisions have been made to reduce excess or obsolete inventories to their estimated net realizable value. All inventory are the property of the Authority and do not include any items consigned to it, any items billed to customers, or any items for which the liability has not been recorded.

- The Authority labor agreements provide for sick leave, vacations, and miscellaneous other paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. Estimated sick leave, vacation and compensatory time accumulated by employees has been recorded. Payment of sick leave and compensatory time is dependent upon many factors; therefore, timing of future payments is not readily determinable. The value recorded in the statements at December 31, 2024 is $5,729,017. Management estimates that $1,255,854 of the liability is due within one year. A noncurrent liability totaling $4,473,163 has been recorded. For comparative purposes, the December 31, 2023 compensated absences liability amounts have been reclassified to conform with the current year presentation. The value recorded in the statements at December 31, 2023 is $5,599,119. Management estimates that $1,314,279 of the liability is due within one year. A noncurrent liability totaling $4,284,840 has been recorded. Management believes that sufficient resources will be made available for the payments of sick leave, vacation and compensatory time when such payments become due.

- At December 31, 2024, the Authority's other postemployment benefit liability is $60,316,681, of which, management estimates that $2,979,029 of the liability is due within one year. A noncurrent liability totaling $57,337,652 has been recorded. For comparative purposes, the December 31, 2023 other postemployment benefits liability amounts have been reclassified to conform with the current year presentation and management estimates that $4,935,529 of the liability is due within one year.

- In addition to audit services, based on information in the Authority's trial balance, Drescher & Malecki LLP has assisted the Authority in preparing the Authority's financial statements for the years ended December 31, 2024 and 2023. In conjunction with the preparation of the financial statements, the Authority has performed the following function:

    - Made all management decisions and performed all management functions.

    - Designated Joyce Tomaka, Chief Financial Officer, who we believe has suitable skill, knowledge, and/or experience to oversee this service.

    - Evaluated the adequacy and results of the services performed.

    - Evaluated and accepted responsibility for the results of the services performed.

    - Established and maintained controls, including a process to monitor the system of internal control.

- The Authority's management understands that Drescher & Malecki LLP has not performed any management functions or made management decisions on behalf of the Authority. Any nonattest services were performed in accordance with the applicable professional standards issued by the American Institute of Certified Public Accountants.

- In connection with your audit of the financial statements of the Authority as of December 31, 2023 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in financial positions, and cash flows of the Authority in conformity with U.S. GAAP, you were previously provided with a representation letter under date of March 21, 2024. No information has come to our attention that would cause us to believe that any of those previous representations should be modified. To the best of our knowledge and belief, no events have occurred subsequent to December 31, 2024 and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

____
Joyce A. Tomaka, Chief Financial Officer

____
Jessica R. Brown, Comptroller

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March 20, 2025

The Board of Commissioners and Management
Erie County Water Authority:

In planning and performing our audit of the basic financial statements of the Erie County Water Authority (the "Authority") as of and for the year ended December 31, 2024, 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, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

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

We summarized future reporting requirements in Exhibit I. These should be evaluated to determine the extent the Authority will be impacted in the future years.

The purpose of this communication, which is an integral part of our audit, is to describe for management, and those charged with governance, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

March 20, 2025

Future Reporting Requirements

The Governmental Accounting Standards Board ("GASB") has adopted new pronouncements, which may have a future impact upon the Authority. These should be evaluated to determine the extent the Authority will be impacted in future years.

GASB Statement No. 102—The Authority is required to implement GASB Statement No. 102, *Certain Risk Disclosures*, effective for the fiscal year ending December 31, 2025. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103—The Authority is required to implement GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the fiscal year ending December 31, 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement No. 104—The Authority is required to implement GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the fiscal year ending December 31, 2026. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

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ERIE COUNTY WATER AUTHORITY

Schedule of Overhead Percentage for the Year Ended December 31, 2024 and Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Erie County Water Authority

Report on the Audit of the Schedule

Opinion

We have audited the schedule of overhead percentage (the "schedule") of the Erie County Water Authority (the "Authority") for the year ended December 31, 2024.

In our opinion, the accompanying schedule presents fairly, in all material respects, the overhead percentage of the Authority for the year ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Schedule

Management is responsible for the preparation and fair presentation of the schedule 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 the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 schedule.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, 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 schedule.
- 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 Authority'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 schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

Other Matter

We have audited, in accordance with GAAS, the financial statements of the Authority as of and for the year ended December 31, 2024, and our report thereon, dated March 20, 2025, expressed an unmodified opinion on those financial statements.

March 20, 2025

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ERIE COUNTY WATER AUTHORITY
Schedule of Overhead Percentage
Year Ended December 31, 2024

2024 Operating and Maintenance Expenses and Construction Costs:		
Operating & maintenance expenses, gross of capitalized costs	$	58,190,699
Construction costs		37,237,354
Total	$	95,428,053
Construction percentage (1)		39.02%
Composition of Overhead:		
Design	$	1,510,645
Construction - less payments to contractors, tanks		912,890
New services - less payments to repair contractor		696,187
Restoration - less payments to restoration contractor		381,710
Administration		262,801
Central purchasing		487,921
Information services - service center		562,900
Comptroller		284,633
Accounting		504,458
Legal		1,630,715
Secretary to the Authority		567,650
Information services - Ellicott Square Building		116,398
General expense		2,500,281
Total overhead	$	10,419,189
Construction percentage multiplied by total overhead	$	4,065,713
Overhead percentage (2)		10.92%

(1) Construction costs divided by total expenses

(2) Construction percentage multiplied by total overhead divided by construction cost

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ERIE COUNTY WATER AUTHORITY

Schedule of Cash and Investments and Schedule of Income from Cash and Investments as of and for the Year Ended December 31, 2024 and Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Erie County Water Authority

Report on the Audit of the Schedules

Opinion

We have audited the schedule of cash and investments and the schedule of income from cash and investments (the "schedules") of the Erie County Water Authority (the "Authority") as of and for the year ended December 31, 2024 and the related notes to the schedules.

In our opinion, the accompanying schedules present fairly, in all material respects, the cash and investments and income from cash and investments of the Authority as of and for the year ended December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Schedules

Management is responsible for the preparation and fair presentation of these schedules 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 the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 schedules.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, 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 schedules.
- 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 Authority'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 schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

Other Matter

We have audited, in accordance with GAAS, the financial statements of the Authority as of and for the year ended December 31, 2024, and our report thereon, dated March 20, 2025, expressed an unmodified opinion on those financial statements.

March 20, 2025

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ERIE COUNTY WATER AUTHORITY
Schedule of Cash and Investments
December 31, 2024

	Fair Value	Amortized Cost
Working Funds:		
Extension and improvement accounts:		
Money market funds	$ 5,481,257	$ 5,481,257
U.S. Treasury bills	17,860,821	17,986,641
Total extension and improvement accounts	23,342,078	23,467,898
Operating and maintenance accounts:		
DDA & NOW accounts	22,835,073	22,835,072
Money market funds	17,372,326	17,372,326
U.S. Treasury bills	10,553,783	10,554,641
Total operating and maintenance accounts	50,761,182	50,762,039
Customer deposit accounts:		
NOW accounts	1,907,620	1,907,620
Total customer deposit accounts	1,907,620	1,907,620
Employee withholding deposits:		
NOW accounts	41,014	41,014
Total employee witholding deposits	41,014	41,014
Total working funds	76,051,894	76,178,571
Fiscal Agent Funds:		
Debt service accounts:		
Money market funds	127,866	127,866
U.S. Treasury bills	481,456	481,456
Total debt service accounts	609,322	609,322
Total fiscal agent funds	609,322	609,322
Total	$ 76,661,216	$ 76,787,893

The accompanying notes are an integral part of this schedule.

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ERIE COUNTY WATER AUTHORITY
Schedule of Income from Cash and Investments
Year Ended December 31, 2024

Working Funds:	
Extension and improvement accounts	$ 1,204,914
Operating and maintenance accounts	1,344,247
Customer deposit accounts	20,963
Employee withholding deposits	173
Total income from working funds	2,570,297
Fiscal Agent Funds:	
Debt service accounts	74,471
Total income from fiscal agent funds	74,471
Net increase in the fair value of cash and investments	(57,893)
Total income from cash and investments	$ 2,586,875

The accompanying notes are an integral part of this schedule.

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ERIE COUNTY WATER AUTHORITY
Notes to the Schedules of Cash and Investments and
Income from Cash and Investments
Year Ended December 31, 2024

1. ORGANIZATION AND FUNCTION OF THE AUTHORITY

The Erie County Water Authority (the "Authority") is a public benefit corporation created in 1949 by the State of New York for the purpose of constructing, operating and maintaining a public water supply for certain parts of Erie County.

The Authority operates its business activities on a direct service basis where the Authority owns the assets and is responsible for their operation, maintenance, improvement and replacement; on a leased managed service basis where the Authority is responsible for the operation and maintenance of the assets while the lessor is responsible for the improvement and replacement of assets; and on a bulk sales basis where the Authority contracts with the customer to provide water while the customer owns the assets and is responsible for their operation, maintenance, improvement and replacement as well as billings and customer collections.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments are made by the Authority in accordance with the Bond Resolutions relating to the Series 2016, Series 2018, and Series 2021 Bonds and investment guidelines. At December 31, 2024, the Authority had invested substantially all of its funds in the following:

Security	Interest Rate
U.S. Government obligations	5.24%-5.39%
Cash equivalents (including money market funds)	0.01%-0.56%

Investments are carried at fair value for those investments subject to market forces and at amortized cost for investments not subject to market forces. The amortized cost recorded is either original cost (government obligations and asset-based securities) or face value (money market funds). Any premium or discount resulting from the purchase of government securities is included in cost and amortized into income over the term of the security.

Income from investments is recorded on the accrual basis and includes realized gains and losses from sales of investments.

3. FAIR VALUE MEASUREMENT

The Authority reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are shown on the following page.

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Authority has access at the measurement date.

- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

  - Quoted prices for similar assets or liabilities in active markets;

  - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and

  - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

The Authority has the following fair value measurements as of December 31, 2024:

- Money market funds, DDA and NOW accounts of $47,765,156 are valued using quoted prices for identical assets in active markets (Level 1 input).

- U.S. treasury bills of $28,896,060 are valued using quoted prices for identical assets in active markets (Level 1 input).

Description	12/31/2024	Level 1 Investments
Money Market/DDA/NOW accounts	$ 47,765,156	$ 47,765,156
U.S. Treasury bills	28,896,060	28,896,060
Total	$ 76,661,216	$ 76,661,216