

ERIE COUNTY
WATER AUTHORITY
Schedule of Overhead Percentage for the
Year Ended December 31, 2020 and
Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Erie County Water Authority

Report on the Schedule

We have audited the accompanying schedule of overhead percentage (the "schedule") of the Erie County Water Authority (the "Authority") for the year ended December 31, 2020.

Management's Responsibility for the Schedule

The Authority's management is responsible for the preparation and fair presentation of this schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the schedule referred to above presents fairly, in all material respects, the overhead percentage of the Authority for the year ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Erie County Water Authority as of and for the year ended December 31, 2020, and our report thereon, dated March 25, 2021, expressed an unmodified opinion on those financial statements.

March 25, 2021

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ERIE COUNTY WATER AUTHORITY
Schedule of Overhead Percentage
Year Ended December 31, 2020

2020 Operating and Maintenance Expenses and Construction Costs

Operating & maintenance expenses, gross of capitalized costs	\$49,023,560
Construction costs	<u>33,510,876</u>
Total operating and maintenance expenses and construction costs	<u>\$82,534,436</u>

Construction percentage (1) 40.60%

Composition of Overhead:

Design	\$ 1,082,922
Construction - less payments to contractors, tanks	955,576
New services - less payments to repair contractor	415,043
Restoration - less payments to restoration contractor	325,010
Administration	213,474
Central Purchasing	383,578
Information Services - Service Center	629,295
Comptroller	247,198
Accounting	492,405
Legal	1,659,423
Secretary to the Authority	325,370
Information Services - Ellicott Square Building	156,937
General Expense	<u>2,075,233</u>
Total overhead	<u>\$ 8,961,464</u>

Total overhead multiplied by construction percentage \$ 3,638,560

Overhead percentage (2) 10.86%

(1) Construction costs divided by total expenses.

(2) Total overhead multiplied by construction percentage divided by construction cost.

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