March 24, 2020

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, 2019 and 2018, and have issued our report thereon dated March 24, 2020. 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 November 25, 2019, our responsibility, as described by professional standards, is to form and express an opinion 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 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 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.

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.

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, 2019.

During the year ended December 31, 2019, the Authority implemented Governmental Accounting Standards Board ("GASB") Statements No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct* Placements; No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; and No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 16*. GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of the liability and corresponding deferred outflow of resources for asset retirement obligations ("AROs"). GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities. GASB Statement No. 88 enhances the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 89's objectives are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB Statements No. 83, 84, 88, 89, and 90 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

Accounting estimates 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 estimates affecting the financial statements are the estimate 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.

Management's estimate 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 are based on past trends, estimates of specialist third parties, and actuarial valuations. We evaluated the key factors and assumptions used to develop the estimates for 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 and determined that they are reasonable in relation to the basic financial statements taken as a whole.

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 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 misstatements were identified during our audit.

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 24, 2020.

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.

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, 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.

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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 24, 2020