

ERIE COUNTY WATER AUTHORITY

Annual Comprehensive Financial Report

For The Years Ended December 31, 2025 and 2024

PREPARED BY:

THE FINANCE DEPARTMENT
ERIE COUNTY WATER AUTHORITY

ERIE COUNTY WATER AUTHORITY
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**INTRODUCTORY SECTION
(UNAUDITED)**



Erie County Water Authority

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Finance Department

June 18, 2026

To the Board of Commissioners and Customers/Ratepayers of the Erie County Water Authority:

On behalf of the Finance Department, I am pleased to submit the annual comprehensive financial report of the Erie County Water Authority (Authority). The report has been prepared in conformity with current accounting and financial reporting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority's Board of Commissioners and its management staff are responsible for the accuracy and completeness of the data and disclosures presented in this annual report.

Our independent auditors, Drescher & Malecki LLP, have issued an unmodified opinion on the Erie County Water Authority's financial statements for the year ending on December 31, 2025. The independent auditors' report is presented as the first component of the financial section of this report.

The Authority has taken all reasonable and prudent measures to accurately report material information, presented in a manner designed to fairly set forth the Authority's financial position and the results of its operations. The Authority acknowledges its responsibility for the development and implementation of internal controls, policies, and procedures, which provide reasonable assurance that fraud is prevented and detected. The Authority has developed and implemented such internal controls, policies, and procedures to provide such reasonable assurance of fraud prevention and detection, without having the cost of such measures exceed the benefits derived from these measures. The Authority's Board and management staff have not identified any significant deficiencies or material weaknesses in the development or implementation of internal controls over financial reporting, which could reasonably be expected to adversely affect the Authority's ability to record, process, summarize and report financial data.

The Management Discussion and Analysis complements this transmittal letter. It can be found immediately following the independent auditors' report and provides supplementary information not included in this introduction and should be read in conjunction with it.

PROFILE OF THE AUTHORITY

In 1949, the New York State Legislature enacted special legislation creating the Erie County Water Authority as a public benefit corporation to provide a potable water supply to the residents of Erie County, New York. Under its enabling statute, codified at Public Authorities Law §§1050 *et seq.*, the Authority has been granted powers to perform essential governmental

functions including, among other things, financing, constructing, operating, and maintaining a water supply. The Authority has been operating since 1953.

The Authority is financially self-sustaining, paying all operating expenses from revenues generated from the sale of water to 174,701 customers. The Authority is not an agency of New York State, nor an agency of Erie County government. The Authority is completely independent with respect to rate setting, budgeting, bonding authority, debt management and credit rating. The Authority's debt has been rated AA+ by both Standard & Poor's and Fitch rating services.

The Board of Commissioners (Board) is the policymaking, governing body of the Authority. The Board consists of three members appointed by the Chair of the Legislature of Erie County, subject to confirmation by a majority of said Legislature. Each Board member is appointed for a three-year term and continues to hold office until a successor is confirmed. The three-year terms of office are staggered.

Under its enabling legislation and By-Laws, the Authority members annually appoint a Chair, Vice Chair, and Treasurer, all of whom are Board members. The Board also appoints a Secretary who is not required to be a Board member. The Board establishes policies and oversees the Authority's operations.

The Authority is organized into the following divisions: Office of the Secretary, Finance, Operations, and Legal. Four Division Heads – Secretary to the Authority, Chief Financial Officer, Chief Operating Officer, and General Counsel – report directly to the Board. Additionally, the Director of Water Quality reports directly to the Board.

The Authority operates under three service models: direct, lease managed, and bulk sale. Under the direct service model, the Authority owns property and the facilities of the water system and is responsible for operation, maintenance, improvement, and replacement of such property and facilities. Under the lease managed model, the municipality owns the property and the facilities of the water system with the Authority operating and managing the assets of the water system. The Authority, under this model, is responsible for the day-to-day operation and maintenance of the assets while the municipality is responsible for the capital improvement and replacement of a water system asset. In a bulk sale service model, the Authority contracts to provide water to an independently owned water system. Under this model, the independent water system is responsible for all operation, maintenance, improvements, and replacement, as well as billings and customer collections.

The Authority's service areas include Erie County and parts of Chautauqua, Cattaraugus, Wyoming, and western Genesee counties. The Authority treats and distributes water from Lake Erie and the Niagara River, supplying approximately 27 billion gallons of high-quality water annually for residential, commercial, and industrial use in thirty-six municipalities, as well as the Seneca Nation of Indians.

In conformity with stringent water quality standards mandated by federal, state, and local agencies, the Authority removes harmful contaminants, treats, and distributes water from two water treatment plants. The Sturgeon Point Water Treatment Plant, located in the Town of

Evans, New York, treats water from Lake Erie while the Van de Water Water Treatment Plant, located in the Town of Tonawanda, New York, treats water from the upper Niagara River. These two water treatment plants, along with 36 pump stations, 38 water tanks, 4 process tanks, 3,692 miles of pipe, and 19,680 fire hydrants, all operated in direct service areas or under lease managed agreements, serve approximately 550,000 people in Western New York, 24 hours a day, 365 days a year.

FINANCIAL INFORMATION

Budgetary Controls. No governmental body, other than the Authority's Board of Commissioners, is legally required, under the provisions of the Public Authorities Law or other applicable law, to review, approve, or adopt an annual budget for the Authority. The Authority, through policy and practice, has developed and implemented an annual budgetary process ensuring fiscal responsibility and public accountability. Division and Department Heads evaluate and identify staffing and operational needs, as well as a five-year plan for capital improvements. Division and Department Heads prepare and submit budget requests to the Finance Department in the early part of September. Members of the Finance Department and Division and Department Heads form a management budget committee to review and discuss these budget requests. The management budget committee proposes to the Board an annual budget for the next calendar year, containing revenue projections, as well as expenses relating to debt service, operation and maintenance, and capital improvements. In September, the Board reviews and conducts budget hearings. The Board then approves and adopts an annual budget, on or before October 31 of each year, authorizing and controlling expenditures, satisfying the Authority's bond covenant obligations, and maintaining an adequate reserve to ensure ongoing operations.

Financial Reporting. The Finance Department prepares and reports on monthly financial statements and results of investment activity. The Chief Financial Officer and Comptroller discuss with the Board a year-to-date budget analysis comparing budgeted and actual expenses and revenues and alert the Board of any unforeseen circumstances.

OTHER RELEVANT INFORMATION

Meetings of the Board of Commissioners. The Board takes an active role in establishing policy and in fulfilling its responsibility of oversight of the Authority. The Board conducts public meetings on a regular schedule, posted on the Authority's website. The Board schedules work sessions with management as needed.

External Oversight. In addition to annual review by an independent audit firm, the Authority is subject to periodic audits by the Office of the New York State Comptroller and the Erie County Comptroller. The Authority also reports annually to the New York State Public Authorities Budget Office (ABO) as required by the Public Authorities Accountability Act of 2005 and the Public Authorities Reform Act of 2009.

Operations. Pursuant to Public Authorities Law §1054(10), the Authority has the power to make rules for the sale of water and the collection of rents and charges, subject to agreements

with bondholders. In compliance with §1054(10), the Board adopts and revises the Authority's Tariff, setting forth the type of water services, rules relating to such water service and rates including charges and fees for service connections, extensions of mains, public and private fire protection services, and such other matters of importance in servicing its customers and accounts. The Finance Department reviews the Tariff annually and recommends amendments if necessary. A copy of the Tariff is on file with the County Clerk and posted on the Authority's website.

The Board has adopted, through a series of resolutions, policies and procedures addressing employment practices, timekeeping, compensation, fringe benefits, code of ethics, conflicts of interest, protection for whistleblowing, and rules relating to the workplace. The Authority management annually reviews these policies and recommends amendments, as necessary. The Board also adopted and published an Open Meeting Policy and a Freedom of Information Policy.

In accordance Public Authorities Law §1069, the Authority is required to advertise and solicit sealed bids and proposals for all contracts for public work valued in excess of \$35,000 and for all purchase contracts valued in excess of \$20,000. The Board has adopted procurement policies and procedures to openly promote fair competition and to acquire the best quality of goods and services at the most reasonable price from responsible providers. The Authority fully complies with the provisions of the New York State Finance Law, relative to the procurement of goods, services and construction work and activity relating to real property. A copy of the Authority's Purchasing Guidelines and Procedures may be found on its website.

ECONOMIC CONDITION AND OUTLOOK

New York State and Erie County continued to see a decrease in unemployment. The labor force has been steadily growing within the Western New York area since 2021.

Given the reality of lower consumption and rising repair and infrastructure costs, the Authority relies on a base system fee and a fixed infrastructure investment charge to provide a stable revenue source as well as a more equitable distribution of infrastructure costs among customer classifications. During 2025, the Authority collected the monthly or quarterly base system fees for water services on approximately 39.2% of all bills sent to Authority customers. Infrastructure investment charges accounted for 22.7% and 22.5% of total water revenues in the years 2024 and 2025, respectively.

The Authority continues to support the concept of establishing a permanent Low-Income Household Water Assistance Program (LIHWAP). The prior program, which had been established by the State, ended September 30, 2023, and was very effective in helping Authority customers get much-needed relief from past due bills.

ENVIRONMENTAL FACTORS

Design work on Water Service Line Investigation and Lead Service Line Replacement was completed in early 2025 followed by bidding on the project. This project was developed under the Authority's response to the EPA's Lead and Copper Rule Improvements (LCRI). Contracts were awarded and service line investigation utilizing vacuum excavation were performed.

- ✓ 6,175 houses were investigated to determine the service material on the Public Side, Private Side or both
- ✓ 994 lead services were found on the Public Side
- ✓ 263 lead services were found on the Private Side
- ✓ 349 lead services were replaced on the Public Side
- ✓ 8 lead services were replaced on the Private Side

The U.S. EPA announced on April 10, 2024, new enforceable federal standards for per- and polyfluoroalkyl substances (PFAS) in drinking water. The EPA's enforceable standards acknowledge the importance of limiting exposure to PFAS in total and the role that drinking contaminated water plays in the potential for negative health impacts from PFAS. The Authority's drinking water is well below the new federal standards. A copy of the Authority's Water Quality Report is posted on its website.

LONG TERM FINANCIAL PLANNING

The Authority's Comprehensive Strategic Plan focuses on strategic initiatives and core principles while keeping with the original goal of supporting expansion, redundancy, automation and cyber security and investment in aging infrastructure. The Authority retains an outside rate consultant to review annual updates to our rate model to ensure we adopt rates that will address both current and future infrastructure needs to achieve long-term spending plans. In early 2026, the Authority entered into a three-year contract with a new rate consulting firm to assist in the rate setting and budget process beginning with budget year 2027.

The Authority continues to apply for grants and actively pursue other funding opportunities. We work with a grant writing agency to monitor additional funding sources for eligible projects.

The Authority secured a \$22,883,000 loan through the EPA under their Water Infrastructure Finance and Innovation Act (WIFIA) in December 2021 to fund projects at both water treatment plants, including transmission main redundancy, a wash water, tank and upgraded filters. Construction of these capital improvement projects is expected to continue through 2027. The Authority began to draw from the WIFIA funds during 2025.

The Authority continues robust efforts to identify additional sources of funding from state and federal sources to support its lead service line replacement program. These efforts have led to earmarks proposed within past and prospective spending bills, in addition to the \$15 billion bipartisan infrastructure law championed by Senator Schumer, which to-date included more than \$350 million to New York State.

The Authority must stay diligent about the rising operational and capital costs due to inflation, lack of job force, and aging infrastructure. An increase in rates cannot be the only influx of revenue to the Authority, so we need to continue to seek funding from outside sources that will supplement rate increases. Only then will we be well positioned to address current and future operating and infrastructure needs.

MAJOR INITIATIVES

Work at the Sturgeon Point Water Treatment Plant on the rehabilitation of all ten (10) filters continued in 2025 and included the completion of the new blower building and filter building extension. Demolition and replacement of filter gallery piping and filter No. 10 underdrain began as well as media replacement began, and electrical system upgrades continued. Construction of the filtration project is expected to continue through 2027. Approximately \$6,000,000 was spent on this project in 2025.

Construction of the new 500,000 gallon wash water tank at Sturgeon Point Water Treatment Plant was completed in 2025. The tank will be placed into service in conjunction with the filter upgrade project. Approximately \$760,000 was spent on this project in 2025.

A condition assessment of both transmission mains from Sturgeon Point to Windom and the rehabilitation of four sections of the 48" transmission main was completed during 2025. This is the first phase of the rehabilitation program for this main. Work is anticipated to continue through 2027. Approximately \$1,000,000 was spent on this project during 2025. This initiative is featured as the cover photo of this year's report.

Work was completed on the Filter No. 3 valve and actuator replacement project at the Van de Water Treatment Plant. This work included the removal and replacement of filter process valves, actuators and appurtenances on Filter No. 3, including: 53" filter influent, 36" filter waste water drain, 30" filter cell isolation, 24" filter flow rate control, 30" filter wash water, 8" filter surface wash, and 6" filter drain.

A \$1,900,000 rehabilitation on the Sandridge Tank was completed during 2025. The tank is a 1.5-million-gallon steel hydropillar. The project, done in collaboration with the County of Erie, included both interior and exterior refurbishment.

The Authority is in the process of implementing a SMART Hydrant program to assist with system management. These smart devices utilize fire hydrants within the distribution network to monitor both pressure and water temperatures year-round without putting hydrants out of service. This critical data along with sufficient system coverage allows the Authority to triangulate the source of pressure and temperature anomalies. The pressure anomalies assist in the development of heat maps which would be utilized to find leaks. The temperature monitoring is utilized to monitor system water quality to determine when the system is in need of flushing to improve water age. During 2025, six (6) iHydrants were procured at an estimated cost of \$20,000. Deployment is expected to be early 2026.

The Engineering Department at the Authority continued a program of tracking and quantifying water loss in the system including water loss from known leaks, water used for flushing (water quality, leak repairs, capital projects, etc.), tank draining, among other factors. In 2025, the following tasks were undertaken:

- ✓ Zone Scan Leak Detection – Utility Services Associates (USA) mobilized on October 6, 2025, and began investigating points of interest (POI) from the second satellite scan

completed in 2024. Following completion of this effort, a number of leaks were repaired. For this program, the ECWA invested approximately \$80,000.

AWARDS AND ACKNOWLEDGEMENTS

Since 2004, in the spirit of promoting meaningful financial and operational data for its operations, the Authority has prepared and submitted an Annual Comprehensive Financial Report. Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Erie County Water Authority for its annual comprehensive financial report for the fiscal year ended December 31, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. A copy of our certificate for the year ended December 31, 2024 is presented on the next page. We believe that our current annual comprehensive financial report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The submission of this year's Annual Comprehensive Financial Report would not have been possible without the concerted efforts of the finance team of the Authority. I wish to express my thanks and appreciation to my staff who have diligently and faithfully contributed to the continued improvement of the Authority's accounting and reporting function. I would also like to thank our independent auditors, Drescher & Malecki LLP.

Respectfully Submitted,

Joyce Tomaka
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Erie County Water Authority
New York

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill

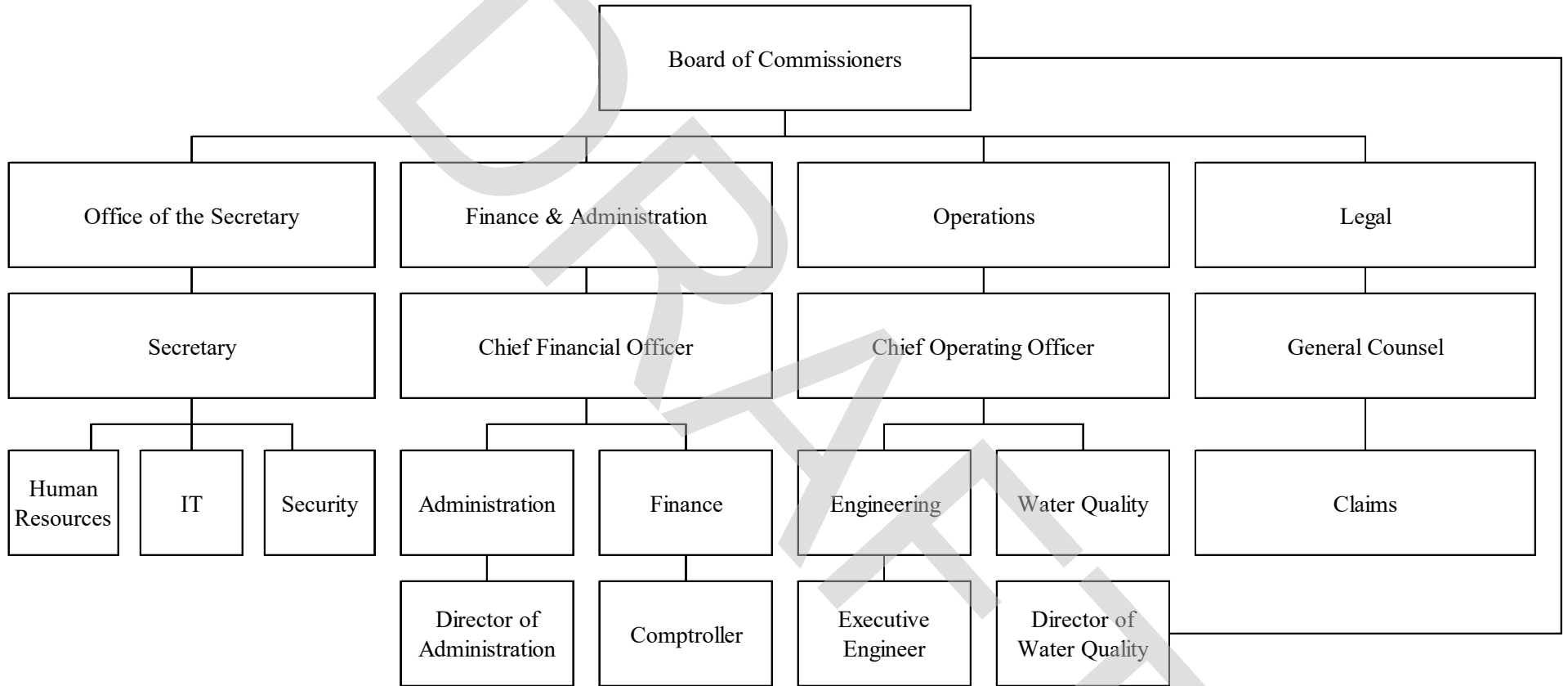
Executive Director/CEO

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.

<u>Board Members on 12/31/2025</u>	<u>Most Recent Appointment Date</u>
Jerome D. Schad, Chair	2025
Peggy A. LaGree, Vice Chair	2023
Michele M. Iannello, Treasurer	2024

ERIE COUNTY WATER AUTHORITY
Organizational Chart



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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 Erie County Water Authority (the "Authority"), as of and for the years ended December 31, 2025 and 2024, 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 Authority as of December 31, 2025 and 2024, 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 19, 2026 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 19, 2026 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.

Drescher & Malecki LLP

March 19, 2026

ERIE COUNTY WATER AUTHORITY
Management's Discussion and Analysis
For the Years Ended December 31, 2025 and 2024

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, 2025 and 2024. 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 \$562,952,863 and \$513,238,770, representing net position, at December 31, 2025 and 2024, respectively.
- The Authority’s net position increased \$49,714,093 during the year ended December 31, 2025. Net income before contribution in aid of construction represents \$47,875,715 of the 2025 increase. The remaining increase of \$1,838,378 resulted from capital contributions (contribution in aid of construction). Comparatively, 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 \$41,745,604 of the 2024 increase. The remaining increase of \$21,824,841 resulted from capital contributions (contribution in aid of construction).
- The Authority’s bonded indebtedness increased \$4,528,286 and decreased \$2,352,626 in 2025 and 2024, respectively. The increase in 2025 resulted from bond issuance of \$6,940,913 partially offset by principal payments of \$2,100,000 and \$312,626 of premium and discount amortization. The decrease in 2024 resulted from principal payments of \$2,040,000 and \$312,626 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 \$562,952,863 at December 31, 2025 compared to \$513,238,770 at December 31, 2024, as presented below in Table 1:

Table 1—Condensed Statements of Net Position

	December 31,		Increase/(Decrease)	
	2025	2024	Dollars	Percent (%)
Current assets	\$ 119,783,412	\$ 94,284,596	\$ 25,498,816	27.0
Noncurrent assets:				
Other noncurrent assets	28,198,276	26,759,205	1,439,071	5.4
Capital assets	<u>573,671,997</u>	<u>547,222,795</u>	<u>26,449,202</u>	4.8
Total assets	<u>721,653,685</u>	<u>668,266,596</u>	<u>53,387,089</u>	8.0
Deferred outflows of resources	<u>13,999,562</u>	<u>16,563,926</u>	<u>(2,564,364)</u>	(15.5)
Current liabilities	25,091,889	22,199,987	2,891,902	13.0
Noncurrent liabilities	<u>124,878,183</u>	<u>112,874,558</u>	<u>12,003,625</u>	10.6
Total liabilities	<u>149,970,072</u>	<u>135,074,545</u>	<u>14,895,527</u>	11.0
Deferred inflows of resources	<u>22,730,312</u>	<u>36,517,207</u>	<u>(13,786,895)</u>	(37.8)
Net position:				
Net investment in capital assets	516,687,499	496,431,467	20,256,032	4.1
Restricted	543,359	609,322	(65,963)	(10.8)
Unrestricted	<u>45,722,005</u>	<u>16,197,981</u>	<u>29,524,024</u>	182.3
Total net position	<u>\$ 562,952,863</u>	<u>\$ 513,238,770</u>	<u>\$ 49,714,093</u>	9.7

(continued)

Table 1—Condensed Statements of Net Position

(concluded)

	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	496,431,467	473,852,174	22,579,293	4.8
Restricted	609,322	411,077	198,245	48.2
Unrestricted	16,197,981	(24,594,926)	40,792,907	(165.9)
Total net position	\$513,238,770	\$449,668,325	\$ 63,570,445	14.1

The largest portion of the Authority's net position consists of the Authority's investment in capital assets. The investment in capital assets totaled \$516,687,499, \$496,431,467, and \$473,852,174 at December 31, 2025, 2024 and 2023, respectively. This amount is presented net of any outstanding debt which was used to acquire such capital assets.

The Authority's liabilities totaled \$149,970,072, \$135,074,545, and \$144,597,748, at December 31, 2025, 2024 and 2023 respectively. The largest component of liabilities in 2025, 2024 and 2023 is other postemployment benefits ("OPEB").

The Authority had current ratios of 4.77, 4.25, and 2.52, at December 31, 2025, 2024 and 2023, 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, 2025, 2024 and 2023 is presented on the following page.

Table 2—Comparison of Current Assets and Current Liabilities

	December 31,		
	2025	2024	2023
Current assets	\$ 119,783,412	\$ 94,284,596	\$ 67,449,719
Current liabilities	25,091,889	22,199,987	26,722,009
Ratio of current assets to current liabilities	4.77	4.25	2.52

Table 3 shows the changes in net position for the years ended December 31, 2025, 2024 and 2023:

Table 3—Changes in Net Position

	Year Ended December 31,	
	2025	2024
Operating revenues	\$ 120,945,951	\$ 108,775,531
Operating expenses:		
Operation and administration	41,515,067	37,621,286
Maintenance	19,810,310	17,928,045
Depreciation/amortization	16,593,008	15,752,215
Other postemployment benefit expense	(1,955,955)	(3,108,336)
Total operating expenses	<u>75,962,430</u>	<u>68,193,210</u>
Operating income	<u>44,983,521</u>	<u>40,582,321</u>
Nonoperating revenue (expenses):		
Legal settlement	1,508,996	-
Interest income on investments	2,704,670	2,586,875
Interest on loans receivable	56,986	61,688
Interest on leases receivable	61,969	57,271
Interest expense	(1,440,427)	(1,542,551)
Total nonoperating revenue (expenses)	<u>2,892,194</u>	<u>1,163,283</u>
Net income before contribution in aid of construction	47,875,715	41,745,604
Contribution in aid of construction	<u>1,838,378</u>	<u>21,824,841</u>
Change in net position	49,714,093	63,570,445
Net position—beginning of year	<u>513,238,770</u>	<u>449,668,325</u>
Net position—end of year	<u>\$ 562,952,863</u>	<u>\$ 513,238,770</u>

(continued)

Table 3—Changes in Net Position

(concluded)

	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	<u>(3,108,336)</u>	<u>(5,128,888)</u>
Total operating expenses	<u>68,193,210</u>	<u>63,832,415</u>
Operating income	<u>40,582,321</u>	<u>36,764,539</u>
Nonoperating revenue (expenses):		
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	<u>(1,542,551)</u>	<u>(1,514,178)</u>
Total nonoperating revenue (expenses)	<u>1,163,283</u>	<u>826,640</u>
Net income before contribution in aid of construction	41,745,604	37,591,179
Contribution in aid of construction	<u>21,824,841</u>	<u>2,327,121</u>
Change in net position	63,570,445	39,918,300
Net position—beginning of year	<u>449,668,325</u>	<u>409,750,025</u>
Net position—end of year	<u>\$ 513,238,770</u>	<u>\$ 449,668,325</u>

The Authority's operating revenue increased 11.2% from \$108,775,531 in 2024 to \$120,945,951 in 2025, compared to a 8.1% increase from \$100,596,954 in 2023 to \$108,775,531 in 2024. Operating expenses increased 11.4% from \$68,193,210 in 2024 to \$75,962,430 in 2025, compared to a 6.8% increase from \$63,832,415 in 2023 to \$68,193,210 in 2024.

A summary of operating revenues for the years ended December 31, 2025, 2024 and 2023 is presented on the following page in Table 4.

Table 4—Summary of Operating Revenues

	Year Ended December 31,		Increase/(Decrease)	
	2025	2024	Dollars	Percent (%)
Water sales:				
Residential	\$ 60,109,356	\$ 52,596,784	\$ 7,512,572	14.3
Commercial	13,213,154	11,683,119	1,530,035	13.1
Industrial	3,272,408	3,136,084	136,324	4.3
Public authorities	3,740,438	3,390,429	350,009	10.3
Fire protection	4,632,326	4,681,914	(49,588)	(1.1)
Sales to other utilities	6,621,886	5,756,018	865,868	15.0
Infrastructure investment charge	27,112,814	24,380,601	2,732,213	11.2
Other water sales	<u>1,802,788</u>	<u>1,734,030</u>	<u>68,758</u>	4.0
Total water sales	120,505,170	107,358,979	13,146,191	12.2
Other operating revenues:				
Rents from water towers	314,697	375,559	(60,862)	(16.2)
Grant income	122,160	1,014,659	(892,499)	(88.0)
Miscellaneous	<u>3,924</u>	<u>26,334</u>	<u>(22,410)</u>	(85.1)
Operating revenues	<u>\$ 120,945,951</u>	<u>\$ 108,775,531</u>	<u>\$ 12,170,420</u>	11.2

	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	<u>1,734,030</u>	<u>1,634,941</u>	<u>99,089</u>	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	<u>26,334</u>	<u>53,756</u>	<u>(27,422)</u>	(51.0)
Operating revenues	<u>\$ 108,775,531</u>	<u>\$ 100,596,954</u>	<u>\$ 8,178,577</u>	8.1

Water sales represent most of the operating revenue for the Authority 99.6%, 98.7%, and 99.6% for the years ended December 31, 2025, 2024 and 2023 respectively.

Following are some of the issues and events affecting operating revenues in 2025:

- Total water sales increased 12.2%, due to the following:
 - ✓ A volumetric rate increase of 11.0% across all customer classes effective January 1, 2025, contributed to an increase in total metered water sales of 13.2%, or \$10,394,808.
 - ✓ Residential water sales increased 14.3%, or \$7,512,572, because of an 11.0% increase in volumetric rates combined with a 3.6% increase in consumption when compared to 2024.
 - ✓ Commercial sales increased 13.1%, or \$1,530,035, due to the rate increase in addition to a 1.8% increase in consumption.
 - ✓ Industrial sales increased 4.3%, or \$136,324, due to an increase in volumetric rates offset by a 4.1% decrease in consumption.
 - ✓ Sales to public authorities increased 10.3%, or \$350,009, due to rate increases offset by a slight 0.4% decrease in consumption.
 - ✓ Sales to other utilities (bulk sales) increased 15.0%, or \$865,868, due to rate increases and an 8.3% increase in consumption.
 - ✓ Revenue from infrastructure investment charges increased \$2,732,213, due to the 11.0% rate increase in charges for all meter sizes.

Comparatively, the following issues and events impacted revenues in 2024:

- Total water sales increased 7.2%, due to the following:
 - ✓ A volumetric rate increase of 9.0% 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 9.0% 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.

Residential water sales represent the largest portion of water sales for the Authority, which was 49.9%, 49.0%, and 49.1%, of total water sales for the years ended December 31, 2025, 2024 and 2023, respectively. Infrastructure investment charges were the next largest revenue component at 22.5%, 22.7%, and 22.2% for years ended December 31, 2025, 2024 and 2023, respectively.

Table 5—Summary of Expenses

	Year Ended December 31,		Increase/(Decrease)	
	2025	2024	Dollars	Percent (%)
Operation and administration	\$ 41,515,067	\$ 37,621,286	\$ 3,893,781	10.3
Maintenance	19,810,310	17,928,045	1,882,265	10.5
Depreciation/amortization	16,593,008	15,752,215	840,793	5.3
Interest expense	1,440,427	1,542,551	(102,124)	(6.6)
Other postemployment benefits	(1,955,955)	(3,108,336)	1,152,381	(37.1)
Total	<u>\$ 77,402,857</u>	<u>\$ 69,735,761</u>	<u>\$ 7,667,096</u>	11.0

	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	<u>\$ 69,735,761</u>	<u>\$ 65,346,593</u>	<u>\$ 4,389,168</u>	6.7

Operation and administration expenses are the largest expense and account for 53.6%, 53.9%, and 54.5% of the Authority's expenses for the years ended December 31, 2025, 2024 and 2023, respectively. The second largest expense for the Authority for the years ended December 31, 2025, 2024 and 2023 was maintenance, which was 26.2%, 25.7%, and 27.2% respectively.

Following are some of the issues and events affecting expenses in 2025:

- Operation and administration and maintenance expenses increased a combined total of 10.4%, or \$5,776,046, due to the following significant fluctuations:
 - ✓ Salaries and labor costs increased 7.1%, or \$1,478,917. Overtime costs were up compared to the prior year due to temperature-related events experienced throughout the year. Contractual wage increases of 2.75% 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 added to this increase.
 - ✓ Overall fringe benefit costs were 4.7%, or \$474,082, higher due to increases in Medicare, unemployment insurance and pension expense. These increases were offset by reductions in workers compensation insurance, health insurance claims and sick pay accrual.

- ✓ The Authority's proportionate share of the New York State and Local Retirement System Plan pension expense decreased 37.8% from \$4,036,636 on March 31, 2024, to \$2,512,079 on March 31, 2025.
- ✓ Insurance premiums increased 8.9% when compared to 2024. The insurance premiums increased an average of 12% at the July 2025 renewal for General, Property and Auto. This was offset by reductions in other premiums such as workers' compensation. In addition to the increase in premiums, all deductibles were increased. Depending on the policy, the deductible was increased up to \$25,000 per claim.
- ✓ Injuries and Damages increased \$133,250 compared to the prior year and is a direct correlation to the increase in deductibles when the policies were renewed in July 2025.
- ✓ Chemical costs increased 15.7%, or \$306,586, from the prior year. Chemical contract pricing did not fluctuate substantially between the years. Therefore, the increase is all related to additional need for treatment of the water during 2025 compared to 2024.
- ✓ Water purchased increased to \$394,720 in 2025 compared to \$136,881 in 2024. The Authority has an interconnection tied in with the City of Buffalo (Texas and Lang). This interconnection is utilized when there is an increase in consumption—recreational, irrigation, etc. typically during the summer season. The region experienced warmer than normal temperatures and well below normal precipitation (drought) in the summer of 2025. This process helps flush our system and refill our tanks throughout the service area while maintaining adequate pressure within the entire system.
- ✓ The cost of electrical power purchased increased 64.3%, or \$2,593,264, in 2025 as compared to 2024. Rates increased 56.0% from an average of \$0.048 per kilowatt-hour (kWh) in 2024 to an average of \$.075 per kWh in 2025. The large increase in rate coupled with a 10.5% increase in consumption over last year accounted for the large variance.
- ✓ Payments to contractors for repairs increased \$1,080,341, or 108.9%, in 2025, in addition to increases in need for contractor repairs due to weather related breaks and leaks, the contract renewal in September had significant increases in line-item costs when compared to the contract that was in place since 2023.
- ✓ In conjunction with the increase in leaks and repairs, stone and cold patch expenses increased 50% to \$698,915 compared to \$464,398 in 2024.
- ✓ Payments to contractors for restoration increased 6%, or \$225,711. One of the restoration contracts was renewed in June 2024 with an overall cost increase of 14%.
- ✓ Uncollectible accounts decreased 10.7%, or \$146,454, due to an increase in accounts with a balance due that are over 180 days old. The New York State Office of Temporary and Disability Assistance's Low Income Household Water Assistance Program (LIHWAP) which provided payment assistance for past-due water bills to financially eligible customers was not renewed. The Authority is working on a plan to recover these funds which will be implemented in 2026.

- There was a reduction in deferred inflows related to OPEB in which other postemployment benefit expenses increased \$1,152,381 due to an increase in the discount rate from 4.16% to 4.41%.
- Nonoperating revenues and contributions in aid of construction net of related expenses decreased \$18,257,552 in 2025 due primarily to the following:
 - ✓ Interest income on investments increased \$117,795 when compared to 2024 despite three reductions to the Fed Fund rate during 2025. The Fed Fund rate was 3.75% at the end of 2025 compared to 5% at the close of 2024.
 - ✓ Grant revenue of \$20,000,000 received during 2024 for capital improvements was not repeated, however, the Authority did receive a settlement payment of \$1,508,996 from a class action lawsuit with 3M during 2025.

Comparatively, these issues and events impacted expenses in 2024:

- Operation and administration and maintenance expenses increased a combined total of 4.1%, 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.

- ✓ Uncollectible 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 and contributions in aid of construction net of related expenses increased \$19,834,363 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.

Table 6—Summary of Cash Flow Activities

	Year Ended December 31,		Increase/(Decrease)
	2025	2024	Dollars
Cash flows provided by (used for):			
Operating activities	\$ 67,926,504	\$ 47,812,022	\$ 20,114,482
Nonoperating activities	1,508,996	-	1,508,996
Capital and related financing activities	(37,886,932)	(33,530,966)	(4,355,966)
Investing activities	(3,749,752)	(1,832,075)	(1,917,677)
Net increase in cash and cash equivalents	27,798,816	12,448,981	15,349,835
Cash and cash equivalents, beginning of year	47,639,336	35,190,355	12,448,981
Cash and cash equivalents, end of year	<u>\$ 75,438,152</u>	<u>\$ 47,639,336</u>	<u>\$ 27,798,816</u>
	Year Ended December 31,		Increase/(Decrease)
	2024	2023	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	(1,832,075)	9,500,080	(11,332,155)
Net increase (decrease) in cash and cash equivalents	12,448,981	(4,012,121)	16,461,102
Cash and cash equivalents, beginning of year	35,190,355	39,202,476	(4,012,121)
Cash and cash equivalents, end of year	<u>\$ 47,639,336</u>	<u>\$ 35,190,355</u>	<u>\$ 12,448,981</u>

At December 31, 2025, 2024 and 2023, the Authority maintained cash and cash equivalents as presented below:

Table 7—Summary of Cash and Cash Equivalents

	Year Ended December 31,		
	2025	2024	2023
Unrestricted	\$ 73,344,003	\$ 40,081,579	\$ 32,566,713
Restricted	<u>2,094,149</u>	<u>7,557,757</u>	<u>2,623,642</u>
Total	<u>\$ 75,438,152</u>	<u>\$ 47,639,336</u>	<u>\$ 35,190,355</u>

Cash and cash equivalents increased \$27,672,996 from December 31, 2024 to December 31, 2025 largely due to an increase in cash from operating activities. Cash and cash equivalents increased \$12,574,801 from December 31, 2023 to December 31, 2024, similarly, largely due to an increase in cash from operating activities.

Capital Assets

The Authority’s investment in capital assets as of December 31, 2025 amounted to \$573,671,997 (net of accumulated depreciation/amortization) as compared to \$547,222,795 and \$520,260,644 as of December 31, 2024 and December 31, 2023, 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 on the following page 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)	
	2025	2024	Dollars	Percent (%)
Capital assets not being depreciated:				
Land	\$ 5,584,931	\$ 5,584,931	\$ -	-
Construction work in progress	67,088,111	54,312,648	12,775,463	23.5
Total capital assets, not being depreciated/amortized	72,673,042	59,897,579	12,775,463	21.3
Capital assets being depreciated/amortized:				
Buildings and structures	342,476,094	339,606,835	2,869,259	0.8
Mains and hydrants	366,846,084	346,321,552	20,524,532	5.9
Equipment	85,019,573	81,402,546	3,617,027	4.4
Other	78,994,227	80,138,892	(1,144,665)	(1.4)
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	-	-
Total capital assets, being depreciated/amortized	875,534,194	849,668,041	25,866,153	3.0
Less accumulated depreciation/amortization	374,535,239	362,342,825	12,192,414	3.4
Total capital assets, being depreciated/amortized, net	500,998,955	487,325,216	13,673,739	2.8
Total capital assets	\$ 573,671,997	\$ 547,222,795	\$ 26,449,202	4.8
	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

Debt Administration

At December 31, 2025 the Authority had \$48,231,042 in water revenue bond principal outstanding, net of deferred amounts for bond premiums and discounts, as compared to \$43,702,755, and \$46,055,381 at December 31, 2024 and 2023, respectively. Water revenue bonds outstanding, net of deferred amounts from bond premiums and discounts, increased \$4,528,286 from 2024 to 2025. The increase resulted from

a bond issuance partially offset by 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,	
	2025	2024
2016 Series	\$ 1,110,000	\$ 1,060,000
2018 Series	990,000	980,000
Total water revenue bond payments	2,100,000	2,040,000
Amortization of bond premiums	318,820	318,820
Amortization of bond discount	(6,194)	(6,194)
Total water revenue bond payments, bond premiums, and bond discounts	<u>\$ 2,412,626</u>	<u>\$ 2,352,626</u>

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

Significant increases in consumption, other than those caused by extreme weather are not expected due to continued individual conservation efforts coupled with statutory and regulatory actions requiring appliances to conserve water. To maintain a steady revenue stream to address rising repair and replacement costs of its aging infrastructure, the Authority's rate structure utilizes a base system fee that offers a commodity allowance. Approximately 39.2% of all bills sent to Authority customers comprise this monthly or quarterly base system fee. The Authority also assesses a fixed infrastructure investment charge based on meter size to each customer bill. The infrastructure investment charge plus the base system fee provides the Authority with 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.

The Authority maintains a Comprehensive Strategic Plan with the goal of supporting expansion, strengthening infrastructure, complying with mandates, maintaining and exceeding water quality standards, maximizing technology, and preparing for emergencies. The Board had approved a rate increase of 11% for 2025. During 2025, 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 8.25% for 2026.

In October 2024, the Authority launched its Get the Lead Out program as an accelerated response to the United States Environmental Protections Agency (EPA) Lead and Copper Rule Improvements (LCRI) which mandate very stringent requirements of public and private water utilities to mitigate any lead exposure from drinking water. The Authority is committed to satisfying new federal government mandates requiring the identification and removal of water service lines throughout our service territory that are comprised of lead. The Get the Lead Out program is an accelerated response that protects current and future generations and permanently removes customer-owned and public-side lead water service lines from our community. This is a very costly program that will span over several years.

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. The Authority began drawing on this loan in 2025 and will continue to draw on it during 2026.

The Authority diligently continues its efforts to secure additional funds from federal sources. In the recent past, two distinct instances where earmarked funds were included in federal appropriations bills were passed into law, with the Authority slated to receive respective allocations of \$959,000 and \$1,600,000 that will be utilized to address the removal of lead service lines mandated by the new LCRI standards. With the costs of mandated removals of lead services continuing to rise, the Authority’s efforts to secure additional resources from federal and state partners is expected to continue for the foreseeable future.

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"

2025 Volumetric Rate — \$5.15 per 1,000 gallons
 2026 Volumetric Rate — \$5.57 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	
		2025	2026	2025	2026	2025	2026
		5/8-1	9,000	\$ 46.35	\$ 50.13	\$ 30.78	\$ 33.33

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

2025 Volumetric Rate — \$4.63 per 1,000 gallons
 2026 Volumetric Rate — \$5.01 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	
		2025	2026	2025	2026	2025	2026
1 1/4	27,000	\$ 125.01	\$ 135.27	\$ 120.54	\$ 130.47	\$ 245.44	\$ 265.74
1 1/2	39,000	180.57	195.39	120.54	130.47	301.11	325.86
2	63,000	291.69	315.63	192.84	208.74	484.53	524.37
3	120,000	555.60	601.20	361.59	391.41	917.19	992.61
4	198,000	916.74	991.98	602.61	652.32	1,519.35	1,644.30
6	390,000	1,805.70	1,953.90	1,205.19	1,304.61	3,010.89	3,258.51
8	630,000	2,916.90	3,156.30	1,928.28	2,087.37	4,845.18	5,243.67
10	900,000	4,167.00	4,509.00	2,771.97	3,000.66	6,938.97	7,509.66
12	1,230,000	5,694.90	6,162.30	5,182.29	5,609.82	10,887.19	11,772.12
20	2,820,000	13,056.60	14,128.20	22,303.05	24,143.04	35,359.65	38,271.24
24	3,840,000	17,779.20	19,238.40	45,040.11	48,755.91	62,819.31	67,994.31

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

2025 Volumetric Rate — \$4.04 per 1,000 gallons

2026 Volumetric Rate — \$4.37 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	
		2025	2026	2025	2026	2025	2026
1 1/4	27,000	\$ 109.08	\$ 117.99	\$ 120.54	\$ 130.47	\$ 229.62	\$ 248.46
1 1/2	39,000	157.56	170.43	120.54	130.47	278.10	300.90
2	63,000	254.52	275.31	192.84	208.74	447.36	484.05
3	120,000	484.80	524.40	361.59	391.41	846.39	915.81
4	198,000	799.92	865.26	602.61	652.32	1,402.53	1,517.58
6	390,000	1,575.60	1,704.30	1,205.19	1,304.61	2,780.79	3,008.91
8	630,000	2,545.20	2,753.10	1,928.28	2,087.37	4,473.48	4,840.47
10	900,000	3,636.00	3,933.00	2,771.97	3,000.66	6,407.97	6,933.66
12	1,230,000	4,969.20	5,375.10	5,182.29	5,609.82	10,151.49	10,984.92
20	2,820,000	11,392.80	12,323.40	22,303.05	24,143.04	33,695.85	36,466.44
24	3,840,000	15,513.60	16,780.80	45,040.11	48,755.91	60,553.71	65,536.71

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

ERIE COUNTY WATER AUTHORITY
Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 73,344,003	\$ 40,081,579
Restricted cash and cash equivalents	2,093,884	2,076,500
Unrestricted investments	10,585,638	10,553,783
Restricted investments	543,359	481,456
Customer accounts receivable, (net of allowance for doubtful accounts)	8,521,103	8,218,098
Lease receivable - current portion	204,222	182,174
Materials and supplies	5,223,914	4,777,255
Accrued revenue	14,631,688	13,300,128
Prepaid expenses and other assets	<u>4,635,601</u>	<u>14,487,803</u>
Total current assets	<u>119,783,412</u>	<u>94,158,776</u>
Noncurrent assets:		
Restricted cash and cash equivalents	265	5,481,257
Restricted investments	24,377,207	17,986,641
Long term accounts receivable	1,573,838	1,750,656
Lease receivable - long term	2,246,966	1,666,471
Capital assets, not being depreciated	72,673,042	59,897,579
Capital assets, net of accumulated depreciation/amortization	<u>500,998,955</u>	<u>487,325,216</u>
Total noncurrent assets	<u>601,870,273</u>	<u>574,107,820</u>
Total assets	<u>721,653,685</u>	<u>668,266,596</u>
DEFERRED OUTFLOWS OF RESOURCES		
Post-measurement date retirement contributions	2,445,083	2,216,400
Changes in retirement system assumptions	4,235,994	6,730,272
Actual versus projected other postemployment benefit factors	6,596,860	6,829,526
Advanced refunding of 2007 Series Bonds	<u>721,625</u>	<u>787,728</u>
Total deferred outflows of resources	<u>13,999,562</u>	<u>16,563,926</u>
LIABILITIES		
Current liabilities:		
Accounts payable	11,703,353	7,976,801
Advances for construction	1,673,155	1,331,554
Construction retention	3,597,869	3,767,784
Accrued interest on water revenue bonds	129,765	138,515
Accrued liabilities	1,659,825	1,975,239
Compensated absences - current portion	1,330,649	1,255,854
Lease liability - current portion	254,092	249,102
Subscription liability - current portion	116,899	113,482
Other postemployment benefit liability - current portion	1,869,697	2,979,029
Water revenue bonds, net - current portion	<u>2,756,585</u>	<u>2,412,627</u>
Total current liabilities	<u>25,091,889</u>	<u>22,199,987</u>
Noncurrent liabilities:		
Compensated absences - long term	4,731,115	4,473,163
Lease liability - long term	459,500	713,591
Subscription liability - long term	297,244	414,143
Net pension liability	10,027,888	8,645,881
Other postemployment benefit liability - long term	63,887,980	57,337,652
Water revenue bonds, net - long term	<u>45,474,456</u>	<u>41,290,128</u>
Total noncurrent liabilities	<u>124,878,183</u>	<u>112,874,558</u>
Total liabilities	<u>149,970,072</u>	<u>135,074,545</u>
DEFERRED INFLOWS OF RESOURCES		
Changes in retirement system assumptions	139,813	4,459,220
Changes in other postemployment benefit assumptions	20,298,005	30,326,899
Lease related	<u>2,292,494</u>	<u>1,731,088</u>
Total deferred inflows of resources	<u>22,730,312</u>	<u>36,517,207</u>
NET POSITION		
Net investment in capital assets	516,687,499	496,431,467
Restricted:		
Debt service account	543,359	609,322
Unrestricted	<u>45,722,005</u>	<u>16,197,981</u>
Total net position	<u>\$ 562,952,863</u>	<u>\$ 513,238,770</u>

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues	\$ 120,945,951	\$ 108,775,531
Operating expenses:		
Operation and administration	41,515,067	37,621,286
Maintenance	19,810,310	17,928,045
Depreciation/amortization	16,593,008	15,752,215
Other postemployment benefit expense	<u>(1,955,955)</u>	<u>(3,108,336)</u>
Total operating expenses	<u>75,962,430</u>	<u>68,193,210</u>
Operating income	<u>44,983,521</u>	<u>40,582,321</u>
Nonoperating revenues (expenses):		
Legal settlement	1,508,996	-
Interest income on investments	2,704,670	2,586,875
Interest on loans receivable	56,986	61,688
Interest on leases receivable	61,969	57,271
Interest expense	<u>(1,440,427)</u>	<u>(1,542,551)</u>
Total nonoperating revenues (expenses)	<u>2,892,194</u>	<u>1,163,283</u>
Net income before contribution in aid of construction	47,875,715	41,745,604
Contribution in aid of construction	<u>1,838,378</u>	<u>21,824,841</u>
Change in net position	49,714,093	63,570,445
Net position—beginning	<u>513,238,770</u>	<u>449,668,325</u>
Net position—ending	<u>\$ 562,952,863</u>	<u>\$ 513,238,770</u>

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, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 128,702,222	\$ 106,039,601
Receipts from operating grants	-	1,014,659
Payments to contractors	(26,012,836)	(25,495,441)
Payments to employees including fringe benefits	(34,762,882)	(33,746,797)
Net cash provided by operating activities	67,926,504	47,812,022
CASH FLOWS FROM NONOPERATING ACTIVITIES		
Receipts from legal settlements	1,508,996	-
Net cash provided by nonoperating activities	1,508,996	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(43,212,124)	(42,145,992)
Bond issuance	6,940,913	-
Bond repayment	(2,346,523)	(2,040,001)
Interest paid on revenue bonds	(1,449,176)	(1,787,791)
Advances for construction	341,601	(590,030)
Contribution in aid of construction	1,838,377	1,824,841
Receipts from capital grants	-	11,208,007
Net cash used for capital and related financing activities	(37,886,932)	(33,530,966)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(107,921,337)	(116,795,395)
Proceeds from sale or maturity of investments	101,526,285	112,238,340
Interest received	2,645,300	2,724,980
Net cash (used for) provided by investing activities	(3,749,752)	(1,832,075)
Net increase in cash and cash equivalents	27,798,816	12,448,981
Cash and cash equivalents—beginning (including amounts restricted for future construction, debt service reserve, debt service, customer deposits, and employee payroll withholdings)	47,639,336	35,190,355
Cash and cash equivalents—ending (including amounts restricted for future construction, debt service reserve, debt service, customer deposits, and employee payroll withholdings)	\$ 75,438,152	\$ 47,639,336

(continued)

ERIE COUNTY WATER AUTHORITY
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	(concluded)	
	2025	2024
Reconciliation of operating income to net cash provided by operating activities:		
Operating income:	\$ 44,983,513	\$ 40,582,321
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation/amortization expense	16,593,008	15,752,215
(Increase) in customer accounts receivable	(303,005)	(411,678)
(Increase) decrease in lease receivable	(602,543)	173,043
(Increase) decrease in materials and supplies	(446,659)	112,622
(Increase) in accrued revenue	(1,331,560)	(1,220,096)
Decrease (increase) in prepaid assets for operations	9,941,261	(552,904)
Decrease in long term accounts receivable	176,818	4,504
Decrease in deferred outflows of resources	2,498,261	5,699,345
Increase (decrease) in accounts payable	3,726,552	(2,068,022)
(Decrease) increase in other accrued liabilities	(315,414)	(69,435)
(Decrease) in lease liability	(249,101)	(244,227)
(Decrease) in subscription liability	(113,482)	-
Increase in compensated absences	332,747	129,898
Increase (decrease) in net pension liability	1,382,007	(3,892,040)
Increase (decrease) in other postemployment benefit liability	5,440,996	(1,006,378)
(Decrease) in deferred inflows of resources	(13,786,895)	(5,177,146)
Total adjustments	22,942,991	7,229,701
Net cash provided by operating activities	\$ 67,926,504	\$ 47,812,022
Schedule of non-cash capital and related financing activities:		
Construction retention	\$ 3,597,869	\$ 3,767,784
Initiation of subscription liability	-	592,285

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

ERIE COUNTY WATER AUTHORITY
Notes to the Financial Statements
Years Ended December 31, 2025 and 2024

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 1.90% and 1.85% of the original cost of average depreciable property for the years ended December 31, 2025 and 2024, 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.

Proceeds from legal settlement—The Authority received proceeds from a legal settlement that resolved claims alleging contamination of public drinking water systems.

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, 2025 and 2024 totaled \$3,386,639 and \$3,666,072, 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, 2025 and 2024 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, 2025, the implemented GASB Statement No. 102, *Certain Risk Disclosures*. GASB Statement No. 102 provides users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The implementation of GASB Statement No. 102 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. 103, *Financial Reporting Model Improvements*; and No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending December 31, 2026, and No. 105 *Subsequent Events*, effective for the year ending December 31, 2027. The Authority is, therefore, unable to disclose the impact that adopting GASB Statements No. 103, 104, and 105 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, 2025 and 2024, the Authority had the following restricted cash, cash equivalents, and investments:

	December 31, 2025		December 31, 2024	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Restricted for debt service:				
Cash	\$ 1,398	\$ 1,398	\$ 127,866	\$ 127,866
Investments - U.S. Treasury bills	541,065	541,961	481,456	481,456
	<u>542,463</u>	<u>543,359</u>	<u>609,322</u>	<u>609,322</u>
Restricted for customer deposits:				
Cash	2,080,955	2,080,955	1,907,620	1,907,620
Restricted for employee payroll withholdings:				
Cash	12,929	12,929	41,014	41,014
Current restricted cash, cash equivalents, and investments	<u>\$ 2,636,347</u>	<u>\$ 2,637,243</u>	<u>\$ 2,557,956</u>	<u>\$ 2,557,956</u>
Restricted for future construction:				
Cash	\$ 265	\$ 265	\$ 5,481,257	\$ 5,481,257
Investment - U.S. Treasury bills	24,169,339	24,377,207	17,860,821	17,986,641
	<u>24,169,604</u>	<u>24,377,472</u>	<u>23,342,078</u>	<u>23,467,898</u>
Noncurrent restricted cash, cash equivalents, and investments	<u>\$ 24,169,604</u>	<u>\$ 24,377,472</u>	<u>\$ 23,342,078</u>	<u>\$ 23,467,898</u>
Total restricted cash, cash equivalents and investments	<u>\$ 26,805,951</u>	<u>\$ 27,014,715</u>	<u>\$ 25,900,034</u>	<u>\$ 26,025,854</u>

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, 2025:

- Money market funds, DDA and NOW accounts of \$75,439,550 are valued using quoted prices for identical assets in active markets (Level 1 input).
- U.S. treasury bills of \$35,504,806 are valued using quoted prices for identical assets in active markets (Level 1 input).

Description	12/31/2025	Level 1 Investments	Level 2 Investments
Money Market/DDA/NOW Accounts	\$ 75,439,550	\$ 75,439,550	\$ -
U.S. Treasury bills	<u>35,504,806</u>	<u>35,504,806</u>	<u>-</u>
Total	<u>\$ 110,944,356</u>	<u>\$ 110,944,356</u>	<u>\$ -</u>

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	<u>28,896,060</u>	<u>28,896,060</u>	<u>-</u>
Total	<u>\$ 76,661,216</u>	<u>\$ 76,661,216</u>	<u>\$ -</u>

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, 2025 and 2024, 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, 2025, the Authority had \$35,504,806 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, 2025 and 2024 total \$4,688,747 and \$3,467,234.

4. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2025 and December 31, 2024 are presented on the following page.

	Balance 1/1/2025	Additions & Reclassifications	Retirements & Reclassifications	Balance 12/31/2025
Capital assets not being depreciated:				
Land	\$ 5,584,931	\$ -	\$ -	\$ 5,584,931
Construction work in progress	54,312,648	41,876,243	(29,100,780)	67,088,111
Total capital assets not being depreciated	<u>59,897,579</u>	<u>41,876,243</u>	<u>(29,100,780)</u>	<u>72,673,042</u>
Capital assets being depreciated/amortized:				
Buildings and structures	339,606,835	2,870,724	(1,465)	342,476,094
Mains and hydrants	346,321,552	20,533,877	(9,345)	366,846,084
Equipment	81,402,546	4,458,150	(841,123)	85,019,573
Other	80,138,892	2,570,668	(3,715,333)	78,994,227
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	<u>849,668,041</u>	<u>30,433,419</u>	<u>(4,567,266)</u>	<u>875,534,194</u>
Less accumulated depreciation/amortization:				
Buildings and structures	193,086,846	7,061,993	(1,465)	200,147,374
Mains and hydrants	74,258,476	3,507,321	(9,345)	77,756,452
Equipment	58,447,765	3,876,508	(674,451)	61,649,822
Other	35,791,078	1,772,648	(3,715,333)	33,848,393
Right-to-use leased asset - buildings	629,464	236,049	-	865,513
Right-to-use leased asset - equipment	60,096	20,032	-	80,128
SBITA asset - software	69,100	118,457	-	187,557
Total accumulated depreciation/amortization	<u>362,342,825</u>	<u>16,593,008</u>	<u>(4,400,594)</u>	<u>374,535,239</u>
Capital assets being depreciated/amortized, net	<u>487,325,216</u>	<u>13,840,411</u>	<u>(166,672)</u>	<u>500,998,955</u>
Total capital assets, net	<u>\$547,222,795</u>	<u>\$ 55,716,654</u>	<u>\$ (29,267,452)</u>	<u>\$573,671,997</u>

	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	<u>72,426,648</u>	<u>44,204,977</u>	<u>(56,734,046)</u>	<u>59,897,579</u>
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	<u>794,869,742</u>	<u>55,518,572</u>	<u>(720,273)</u>	<u>849,668,041</u>
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	<u>347,035,746</u>	<u>15,752,215</u>	<u>(445,136)</u>	<u>362,342,825</u>
Capital assets being depreciated/amortized, net	<u>447,833,996</u>	<u>39,766,357</u>	<u>(275,137)</u>	<u>487,325,216</u>
Total capital assets, net	<u>\$520,260,644</u>	<u>\$ 83,971,334</u>	<u>\$ (57,009,183)</u>	<u>\$547,222,795</u>

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 one year remaining and the Authority will receive monthly payments ranging from \$2,300 to \$4,033. The Authority recognized \$45,980 in principal and \$1,594 in interest during the current fiscal year related to this lease. As of December 31, 2025, the Authority’s receivable for lease payments was \$27,953. 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, 2025, the balance of the deferred inflow of resources was \$24,949.

The Authority leases certain space on the Harris Hill 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 \$3,406. The Authority recognized \$36,338 in principal and \$2,947 in interest during the current fiscal year related to this lease. As of December 31, 2025, the Authority’s receivable for lease payments was \$78,455. 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, 2025, the balance of the deferred inflow of resources was \$71,034.

The Authority leases certain space on the Wehrle Tower that is owned by the Authority. The lease has one year remaining and the Authority will receive monthly payments ranging from \$2,850 to \$3,563. The Authority recognized \$41,523 in principal and \$1,227 in interest during the current fiscal year related to this lease. As of December 31, 2025, the Authority’s receivable for lease payments was \$38,798. 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, 2025, the balance of the deferred inflow of resources was \$37,293.

The Authority leases certain space on a tower located at the Ball Pump Station that is owned by the Authority. The lease has eighteen years remaining and the Authority will receive monthly payments ranging from \$1,958 to \$4,873. The Authority recognized \$14,903 in principal and \$18,937 in interest during the current fiscal year related to this lease. As of December 31, 2025, the Authority's receivable for lease payments was \$623,127. 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, 2025, the balance of the deferred inflow of resources was \$546,885.

The Authority leases certain space on the Wehrle Tower that is owned by the Authority. The lease has thirteen years remaining and the Authority will receive monthly payments ranging from \$5,667 to \$8,571. The Authority recognized \$43,430 in principal and \$27,661 in interest during the current fiscal year related to this lease. As of December 31, 2025, the Authority's receivable for lease payments was \$898,138. 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, 2025, the balance of the deferred inflow of resources was \$833,988.

During the year ended December 31, 2025, the Authority entered into a lease for certain space on the Colvin Tower that is owned by the Authority. The lease has eighteen years remaining and the Authority will receive monthly payments ranging from \$5,000 to \$6,613. The Authority recognized \$41,748 in principal and \$28,252 in interest during the current fiscal year related to this lease. As of December 31, 2025, the Authority's receivable for lease payments was \$784,717. 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, 2025, the balance of the deferred inflow of resources was \$778,345.

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 that are significant, individually or in the aggregate, to the financial statements.

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, 2025, the value of the lease liability was \$324,365. 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 \$865,513.

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, 2025, the value of the lease liability was \$389,227. 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 \$80,128.

The Authority recognizes a long-term SBITA as the lease for software. As of December 31, 2025, the value of the SBITA liability was \$414,143. 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 \$187,557.

The future principal and interest payments as of December 31, 2025, were as follows:

Fiscal Year Ending	Leases		SBITA		Total
	Principal	Interest	Principal	Interest	
December 31,					
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	16,016	9,886	-	-	25,902
2031-2035	100,490	41,149	-	-	141,639
2036-2040	140,994	23,206	-	-	164,200
2041-2044	79,250	2,832	-	-	82,082
Totals	<u>\$ 713,592</u>	<u>\$ 124,702</u>	<u>\$ 414,143</u>	<u>\$ 21,880</u>	<u>\$ 1,274,317</u>

6. LONG-TERM DEBT

At December 31, 2025 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, 2025:

Series	Final Annual Principal Payment Due	Year of Earliest Principal Payment	Interest Rate	Original Issue	Principal Outstanding 12/31/2025
2016 Series	12/1/2036	2017	2.75-5.00% (*)	30,725,000	\$ 15,805,000
2018 Series	12/1/2048	2019	3.00-5.00%	24,900,000	20,860,000
2023 Series - WIFIA	7/15/2046	2026	1.66%	6,940,913	6,940,913
Total					43,605,913
Less portion due within one year					(2,443,959)
Total					<u>\$ 41,161,954</u>

(*) 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.

2023 Series Bonds

On December 9, 2021, the Authority initiated 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.

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 began in 2025. Accordingly, as of December 31, 2025, \$6,940,913 of the bond has been incurred.

Interest on the 2023 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
2026	\$ 2,443,959	\$ 1,645,351
2027	2,503,590	1,559,520
2028	2,618,297	1,443,812
2029	2,733,083	1,322,528
2030	2,877,948	1,195,662
2031-2035	11,460,592	4,678,694
2036-2040	9,304,923	2,942,170
2041-2045	6,185,779	1,564,860
2046-2049	<u>3,477,742</u>	<u>320,436</u>
Total	43,605,913	16,673,033
Less portion due within one year	<u>(2,443,959)</u>	<u>(1,645,351)</u>
Total noncurrent portion	<u>\$ 41,161,954</u>	<u>\$ 15,027,682</u>

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, 2025 and December 31, 2024:

	Balance 1/1/2025	Additions	Reductions	Balance 12/31/2025	Due Within One Year
2016 Series	\$ 16,915,000	\$ -	\$ (1,110,000)	\$ 15,805,000	\$ 1,165,000
2018 Series	21,850,000	-	(990,000)	20,860,000	1,000,000
2023 Series - WIFIA	-	6,940,913	-	6,940,913	278,959
Total bonds payable	38,765,000	6,940,913	(2,100,000)	43,605,913	2,443,959
Bond premiums	5,020,630	-	(318,820)	4,701,810	318,820
Bonds discounts	(82,875)	-	6,193	(76,682)	(6,194)
Net bonds payable	<u>\$ 43,702,755</u>	<u>\$ 6,940,913</u>	<u>\$ (2,412,627)</u>	<u>\$ 48,231,041</u>	<u>\$ 2,756,585</u>
Compensated absences*	<u>\$ 5,729,017</u>	<u>\$ 332,747</u>	<u>\$ -</u>	<u>\$ 6,061,764</u>	<u>\$ 1,330,649</u>
Lease liability	<u>\$ 962,693</u>	<u>\$ -</u>	<u>\$ (249,101)</u>	<u>\$ 713,592</u>	<u>\$ 254,092</u>
Subscription liability	<u>\$ 527,625</u>	<u>\$ -</u>	<u>\$ (113,482)</u>	<u>\$ 414,143</u>	<u>\$ 116,899</u>

	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	<u>\$ 46,055,381</u>	<u>\$ -</u>	<u>\$ (2,352,626)</u>	<u>\$ 43,702,755</u>	<u>\$ 2,412,627</u>
Compensated absences	<u>\$ 5,599,119</u>	<u>\$ 706,060</u>	<u>\$ (576,162)</u>	<u>\$ 5,729,017</u>	<u>\$ 1,255,854</u>
Lease liability	<u>\$ 1,206,920</u>	<u>\$ -</u>	<u>\$ (244,227)</u>	<u>\$ 962,693</u>	<u>\$ 249,102</u>
Subscription liability	<u>\$ -</u>	<u>\$ 592,285</u>	<u>\$ (64,660)</u>	<u>\$ 527,625</u>	<u>\$ 113,482</u>

(*Additions to the compensated absences liability are shown net of reductions.)

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:

<u>Year Ended December 31,</u>	<u>Amount</u>
2025	\$ 3,260,111
2024	2,955,203
2023	2,519,730

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions—The Authority's proportionate share of net pension liability was \$10,027,888 and \$8,645,881 as of December 31, 2025 and 2024, respectively. The net pension liability was measured as of March 31 of each year and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1 of the prior year. The Authority's proportion of the net pension liability 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, 2025 and 2024, the Authority's proportion of the pension liability was 0.058%. For the years ended December 31, 2025 and December 31, 2024, the Authority recognized pension expense of \$2,512,079 and \$4,036,636, respectively. As of December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown below:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,494,991	\$ 117,407
Changes of assumptions	420,550	-
Net difference between projected and actual earnings on pension plan investments	786,760	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	533,693	22,406
Authority contributions subsequent to the measurement date	2,445,083	-
Total deferred outflows/inflows of resources	<u>\$ 6,681,077</u>	<u>\$ 139,813</u>

As of December 31, 2024, 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	\$ 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	<u>\$ 8,946,672</u>	<u>\$ 4,459,220</u>

The \$2,445,083 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, 2026. 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
2026	\$ 1,994,828
2027	2,712,875
2028	(746,576)
2029	135,054

Actuarial assumptions—The total pension liability as of the March 31, 2025 measurement date was determined by using an actuarial valuation as of April 1, 2024, with update procedures used to roll forward the total pension liability to March 31, 2025. The valuation used the following actuarial assumptions:

Actuarial cost method	Aggregate Cost Method
Inflation	2.9%
Salary scale	4.3%
Investment rate of return	5.9%
Cost of living adjustments	1.5%
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 on the following page for the measurement date of March 31, 2025.

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity	25.0%	3.5%
International equity	14.0%	6.6%
Private equity	15.0%	7.3%
Real estate	12.0%	5.0%
Opportunistic/Absolute return strategies	3.0%	5.3%
Credit	4.0%	5.4%
Real assets	4.0%	5.6%
Fixed income	22.0%	2.0%
Cash	1.0%	0.3%
Total	100.0%	

Discount rate—The discount rate used to calculate the total pension liability at December 31, 2025 and 2024 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 below 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.

	2025	2024
Current discount rate	5.9%	5.9%
Pension liability/(asset) at:		
Current discount rate	\$ 10,027,888	\$ 8,645,881
1% increase in discount rate	(5,832,185)	(6,836,908)
1% decrease in discount rate	29,021,982	27,183,546

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, 2025 and 2024 were as shown below:

	2025	2024
	(in thousands)	(in thousands)
Employers' total pension liability	\$ 247,600,239	\$ 240,696,851
Plan net position	(230,454,512)	(225,972,801)
Employers' net pension liability/(asset)	\$ 17,145,727	\$ 14,724,050
Fiduciary net position as a percentage of total pension liability	93.08%	93.88%

8. LABOR RELATIONS

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

On July 7, 2022, the Authority entered into an amended collective bargaining agreement with the BWNYYW 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 retirees or spouses receiving health care benefits as of December 31, 2025 and December 31, 2024.

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 below defines employee eligibility and the required contribution level for each class of employee.

Employee Group	Hire Date	Eligibility Health Benefits		15% Contribution
		Age	Years of Service	
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
BWNYYW	Before 01/01/1991	55	30	No
BWNYYW	01/01/1991-01/01/2006	58	15	No
BWNYYW	01/01/2006-07/26/2012	58	20	No
BWNYYW	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, 2025 and 2024, the following employees were covered by the benefit terms:

	2025	2024
Inactive employees or beneficiaries currently receiving benefit payments	156	204
Active employees	189	236
Total	<u>345</u>	<u>440</u>

Total OPEB Liability—The Authority’s total OPEB liability of \$65,757,677 was measured as of December 31, 2025 and was determined by an actuarial valuation. For purposes of determining benefit obligations and costs as of the December 31, 2025 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.

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

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, 2025
Measurement date — December 31, 2025
Actuarial valuation date — January 1, 2024
Discount rate as of the measurement date — 4.41%
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 — 6.248 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
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, 2025 and December 31, 2024.

	Total OPEB Liability	
	December 31,	
	2025	2024
Beginning balance	\$ 60,316,681	\$ 61,323,059
Changes for the year:		
Service cost	1,994,797	2,238,595
Interest cost	2,542,253	2,353,324
Change of benefit terms	-	1,312,558
Differences between expected and actual experience	(35,320)	(24,955)
Changes of assumptions or other inputs	3,338,543	(4,644,652)
Actual benefit payments	(2,399,277)	(2,241,248)
Net changes	5,440,996	(1,006,378)
Ending balance	\$ 65,757,677	\$ 60,316,681

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 the effect on the total OPEB liability of a 1% change in the discount rate and a 1% change in the initial (8.50%)/ultimate (4.04%) healthcare cost trend rates.

	2025	2024
Current discount rate	4.41%	4.16%
Current healthcare cost trend rates - initial/ultimate	8.50%/4.04%	7.75%/4.04%
OPEB liability at:		
Current discount rate	\$ 65,757,677	\$ 60,316,681
1% increase in discount rate	57,492,487	52,661,803
1% decrease in discount rate	75,978,177	69,797,758
OPEB liability at:		
Current healthcare cost trend rates	\$ 65,757,677	\$ 60,316,681
1% increase in healthcare cost trend rates	78,314,270	71,445,465
1% decrease in healthcare cost trend rates	55,894,803	51,585,261

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB—For the years ended December 31, 2025 and 2024 the Authority recognized annual OPEB expense of \$(1,955,955) and \$(3,108,336), 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 below presents the Authority’s deferred outflows and inflows of resources at December 31, 2025 and 2024.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2025	2024	2025	2024
Differences between expected and actual experience	\$ -	\$ -	\$ 6,489,391	\$ 11,699,848
Changes in assumptions	<u>6,596,860</u>	<u>6,829,526</u>	<u>13,808,614</u>	<u>18,627,051</u>
Total	<u>\$ 6,596,860</u>	<u>\$ 6,829,526</u>	<u>\$ 20,298,005</u>	<u>\$ 30,326,899</u>

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,	
2026	\$ (5,896,606)
2027	(5,479,129)
2028	(2,743,936)
2029	227,783
2030	59,630
2031	131,113

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,	
	2025	2024
Capital assets, net of accumulated depreciation/amortization	\$ 573,671,997	\$ 547,222,795
Related debt:		
Water revenue bonds issued for capital assets	(43,605,913)	(38,765,000)
Bond premium	(4,701,810)	(5,020,630)
Bond discount	76,682	82,876
Lease liability	(713,592)	(962,694)
Subscription liability	(414,143)	(527,625)
Accounts payable	(4,749,478)	(2,618,199)
Retainage payable	(3,597,869)	(3,767,784)
Total related debt	515,965,874	495,643,739
Advanced refunding of Series 2007 Bonds	721,625	787,728
Net investment in capital assets	<u>\$ 516,687,499</u>	<u>\$ 496,431,467</u>

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, 2025 and 2024, 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 19, 2026, 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

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement date	March 31, 2025	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
Authority's proportion of the net pension liability/(asset)	0.0584863%	0.0587195%	0.0584681%	0.0583016%	0.0543390%	0.0539816%	0.0555064%	0.0546663%	0.0561145%	0.0558137%
Authority's proportionate share of the net pension liability/(asset)	<u>\$ 10,027,888</u>	<u>\$ 8,645,881</u>	<u>\$ 12,537,925</u>	<u>\$ (4,765,913)</u>	<u>\$ 54,107</u>	<u>\$ 14,294,636</u>	<u>\$ 3,932,796</u>	<u>\$ 1,764,324</u>	<u>\$ 5,272,641</u>	<u>\$ 8,958,247</u>
Authority's covered payroll	\$ 20,459,101	\$ 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
Authority's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	49.0%	43.2%	63.4%	(25.0%)	0.3%	85.2%	24.3%	11.0%	33.7%	59.6%
Plan fiduciary net position as a percentage of the total pension liability	93.1%	93.9%	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 3,260	\$ 2,955	\$ 2,520	\$ 2,157	\$ 2,932	\$ 2,422	\$ 2,333	\$ 2,327	\$ 2,339	\$ 2,387
Contributions in relation to required contribution	<u>2,955</u>	<u>2,955</u>	<u>2,520</u>	<u>2,157</u>	<u>2,932</u>	<u>2,422</u>	<u>2,333</u>	<u>2,327</u>	<u>2,339</u>	<u>2,387</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 22,721	\$ 20,784	\$ 20,000	\$ 19,529	\$ 18,524	\$ 18,310	\$ 16,588	\$ 16,272	\$ 15,800	\$ 15,567
Contributions as a percentage of covered payroll	14.348%	14.218%	12.600%	11.045%	15.828%	13.228%	14.064%	14.301%	14.804%	15.334%

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

	Year Ended December 31,							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 1,994,797	\$ 2,238,595	\$ 1,760,020	\$ 3,505,196	\$ 3,665,987	\$ 2,785,643	\$ 2,766,281	\$ 3,378,431
Interest cost	2,542,253	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	(35,320)	(24,955)	(30,402)	(11,363,153)	(6,851,571)	(15,064,932)	(13,271,429)	191,341
Change of assumptions or other inputs	3,338,543	(4,644,652)	4,699,000	(27,045,010)	4,123,866	10,396,743	9,655,142	(14,821,432)
Actual benefit payments	(2,399,277)	(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	5,440,996	(1,006,378)	6,698,563	(35,349,602)	942,087	(1,050,525)	435,657	(9,993,428)
Total OPEB liability—beginning	60,316,681	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	<u>\$ 65,757,677</u>	<u>\$ 60,316,681</u>	<u>\$ 61,323,059</u>	<u>\$ 54,624,496</u>	<u>\$ 89,974,098</u>	<u>\$ 89,032,011</u>	<u>\$ 90,082,536</u>	<u>\$ 89,646,879</u>
Plan fiduciary net position								
Contributions—employer	\$ 2,399,277	\$ 2,241,248	\$ 1,973,661	\$ 1,939,396	\$ 1,831,837	\$ 1,753,051	\$ 2,103,839	\$ 2,234,009
Actual benefit payments	(2,399,277)	(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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's net OPEB liability—ending	<u>\$ 65,757,677</u>	<u>\$ 60,316,681</u>	<u>\$ 61,323,059</u>	<u>\$ 54,624,496</u>	<u>\$ 89,974,098</u>	<u>\$ 89,032,011</u>	<u>\$ 90,082,536</u>	<u>\$ 89,646,879</u>
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%	0.00%
Covered-employee payroll	\$ 20,459,101	\$ 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	321.41%	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.

ERIE COUNTY WATER AUTHORITY
Note to the Required Supplementary Information
Year Ended December 31, 2025

1. OPEB LIABILITY

Changes of assumptions—The assumption changes as of December 31, 2025 include a change in the discount rate from 4.16% to 4.41%.

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.

STATISTICAL SECTION

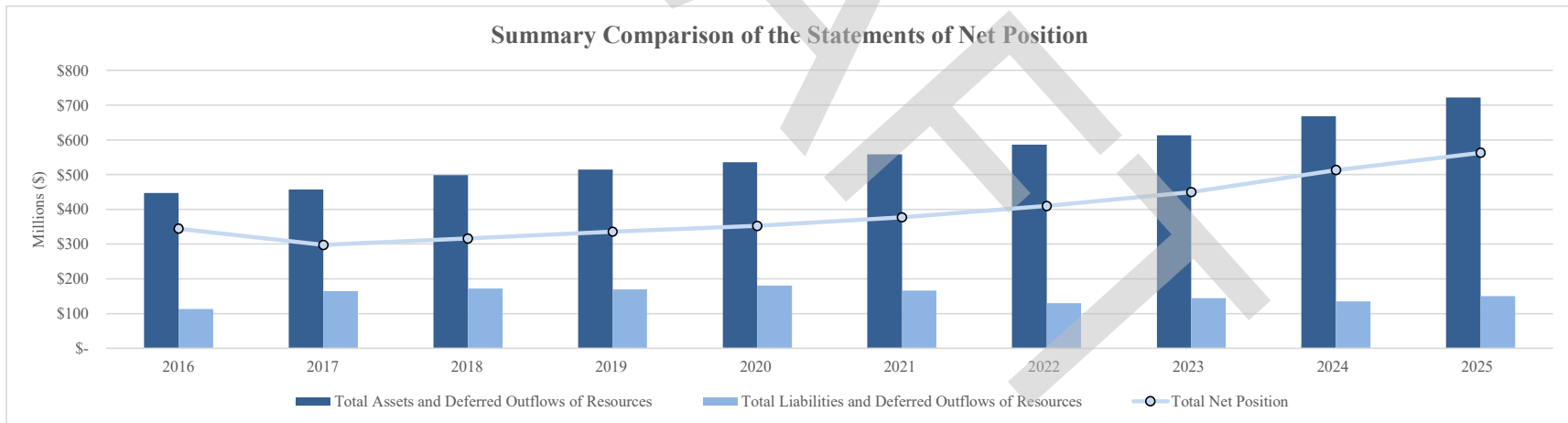
(UNAUDITED)

This section of the Erie County Water Authority’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority’s overall financial health.

Contents	Page
Financial Trends	62
<i>These schedules contain trend information to help the reader understand how the Authority’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	67
<i>These schedules contain information to help the reader assess the Authority’s most significant local revenue source, the charges for services.</i>	
Debt Capacity	69
<i>These schedules present information to help the reader assess the affordability of the Authority’s current levels of outstanding debt and the Authority’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information	72
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority’s financial activities take place.</i>	
Operating Information	74
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Authority’s financial report relates to the services the Authority provides and the activities it performs.</i>	

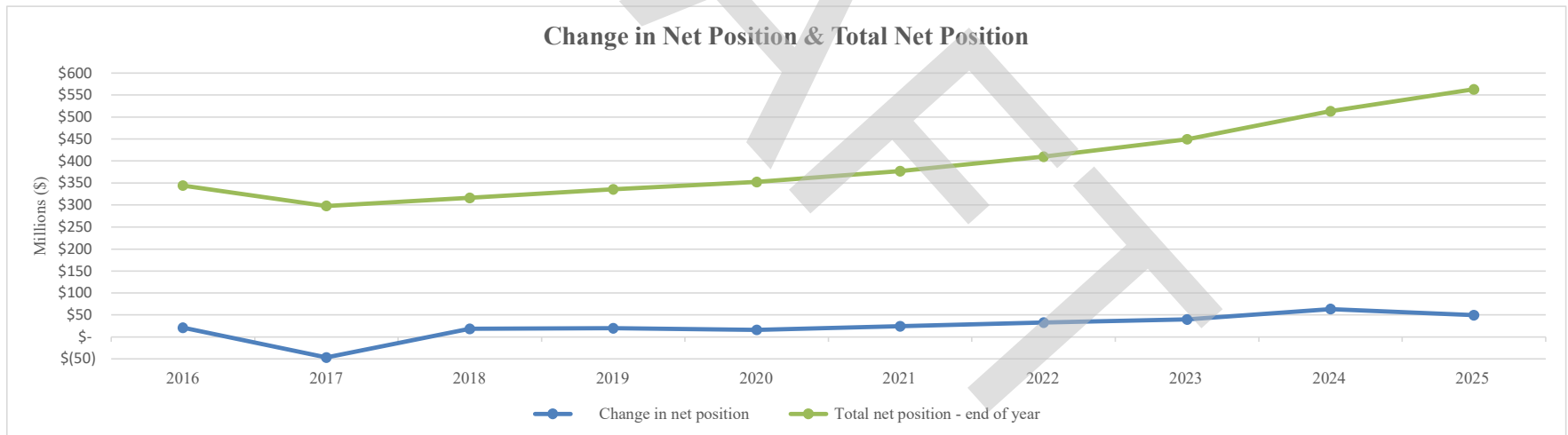
ERIE COUNTY WATER AUTHORITY
 Summary Comparison of the Statements of Net Position
 Last Ten Fiscal Years
 (Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Current assets	\$ 46,028,227	\$ 46,299,755	\$ 59,100,141	\$ 81,908,325	\$ 84,538,520	\$ 82,000,338	\$ 75,563,027	\$ 67,449,719	\$ 94,158,776	\$ 119,783,412
Noncurrent assets	401,035,047	410,625,529	439,417,841	432,988,614	451,601,072	476,043,643	511,052,003	546,181,333	574,107,820	601,870,273
Total assets	447,063,274	456,925,284	498,517,982	514,896,939	536,139,592	558,043,981	586,615,030	613,631,052	668,266,596	721,653,685
Deferred outflows of resources	11,107,335	6,316,419	7,813,239	13,176,036	26,960,233	29,618,903	23,060,405	22,329,374	16,563,926	13,999,562
Total assets and deferred outflows of resources	458,170,609	463,241,703	506,331,221	528,072,975	563,099,825	587,662,884	609,675,435	635,960,426	684,830,522	735,653,247
Current liabilities	21,577,629	20,914,751	16,896,255	14,981,315	20,351,066	23,153,819	23,732,968	26,722,009	22,199,987	25,091,889
Noncurrent liabilities	91,245,363	143,611,384	155,042,743	154,418,631	160,457,384	143,346,440	105,783,673	117,875,739	112,874,558	124,878,183
Total liabilities	112,822,992	164,526,135	171,938,998	169,399,946	180,808,450	166,500,259	129,516,641	144,597,748	135,074,545	149,970,072
Deferred inflows of resources	1,092,360	823,562	18,249,168	22,723,220	29,919,352	44,249,226	70,408,769	41,694,353	36,517,207	22,730,312
Total liabilities and deferred outflows of resources	113,915,352	165,349,697	190,188,166	192,123,166	210,727,802	210,749,485	199,925,410	186,292,101	171,591,752	172,700,384
Net investment in capital assets	313,073,344	332,979,635	348,212,701	346,950,326	368,687,811	396,359,868	430,761,169	473,852,174	496,431,467	516,687,499
Restricted	8,345,445	8,375,301	3,388,454	1,839,753	1,856,453	1,787,953	2,270,167	411,077	609,322	543,359
Unrestricted	22,836,468	(43,462,930)	(35,458,100)	(12,840,270)	(18,172,241)	(21,234,422)	(23,281,311)	(24,594,926)	16,197,981	45,722,005
Total net position	\$ 344,255,257	\$ 297,892,006	\$ 316,143,055	\$ 335,949,809	\$ 352,372,023	\$ 376,913,399	\$ 409,750,025	\$ 449,668,325	\$ 513,238,770	\$ 562,952,863



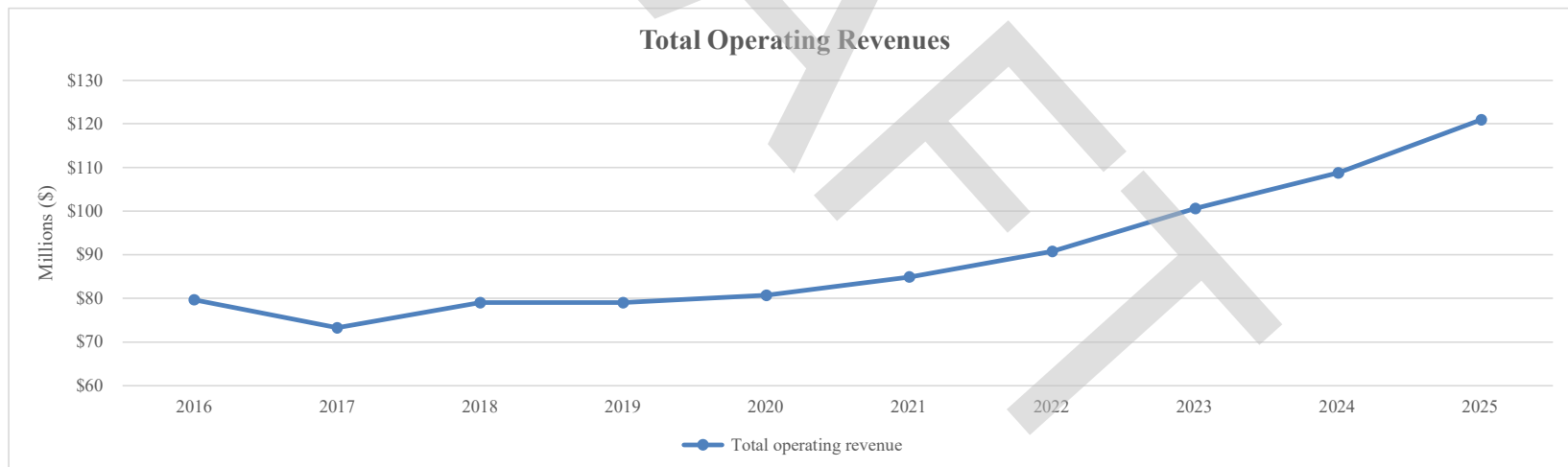
ERIE COUNTY WATER AUTHORITY
 Comparison of Statements of Revenue, Expenses and Changes in Net Position
 Last Ten Fiscal Years
 (Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating revenues	\$ 79,711,080	\$ 73,291,512	\$ 79,010,108	\$ 79,062,911	\$ 80,750,594	\$ 84,913,199	\$ 90,787,720	\$ 100,596,954	\$ 108,775,531	\$ 120,945,951
Operating expenses	<u>59,501,792</u>	<u>59,631,359</u>	<u>61,418,006</u>	<u>59,855,894</u>	<u>63,863,106</u>	<u>61,899,999</u>	<u>58,582,202</u>	<u>63,832,415</u>	<u>68,193,210</u>	<u>75,962,430</u>
Operating income	20,209,288	13,660,153	17,592,102	19,207,017	16,887,488	23,013,200	32,205,518	36,764,539	40,582,321	44,983,521
Nonoperating revenues (expenses)	(813,212)	(875,708)	(454,054)	(832,217)	(1,633,250)	(1,743,837)	(1,030,295)	826,640	1,163,283	2,892,194
Net income before contribution in aid of construction and special items & GASB implementation changes	19,396,076	12,784,445	17,138,048	18,374,800	15,254,238	21,269,363	31,175,223	37,591,179	41,745,604	47,875,715
Contribution in aid of construction	1,644,087	1,628,369	1,113,001	1,431,954	1,167,976	3,272,013	1,661,403	2,327,121	21,824,841	1,838,378
Special items & GASB implementation changes GASB Statement No. 75 implementation	-	(60,776,065)	-	-	-	-	-	-	-	-
Change in net position	21,040,163	(46,363,251)	18,251,049	19,806,754	16,422,214	24,541,376	32,836,626	39,918,300	63,570,445	49,714,093
Total net position - beginning of year	<u>323,215,094</u>	<u>344,255,257</u>	<u>297,892,006</u>	<u>316,143,055</u>	<u>335,949,809</u>	<u>352,372,023</u>	<u>376,913,399</u>	<u>409,750,025</u>	<u>449,668,325</u>	<u>513,238,770</u>
Total net position - end of year	<u>\$ 344,255,257</u>	<u>\$ 297,892,006</u>	<u>\$ 316,143,055</u>	<u>\$ 335,949,809</u>	<u>\$ 352,372,023</u>	<u>\$ 376,913,399</u>	<u>\$ 409,750,025</u>	<u>\$ 449,668,325</u>	<u>\$ 513,238,770</u>	<u>\$ 562,952,863</u>



ERIE COUNTY WATER AUTHORITY
 Operating Revenues by Source
 Last Ten Fiscal Years
 (Unaudited)

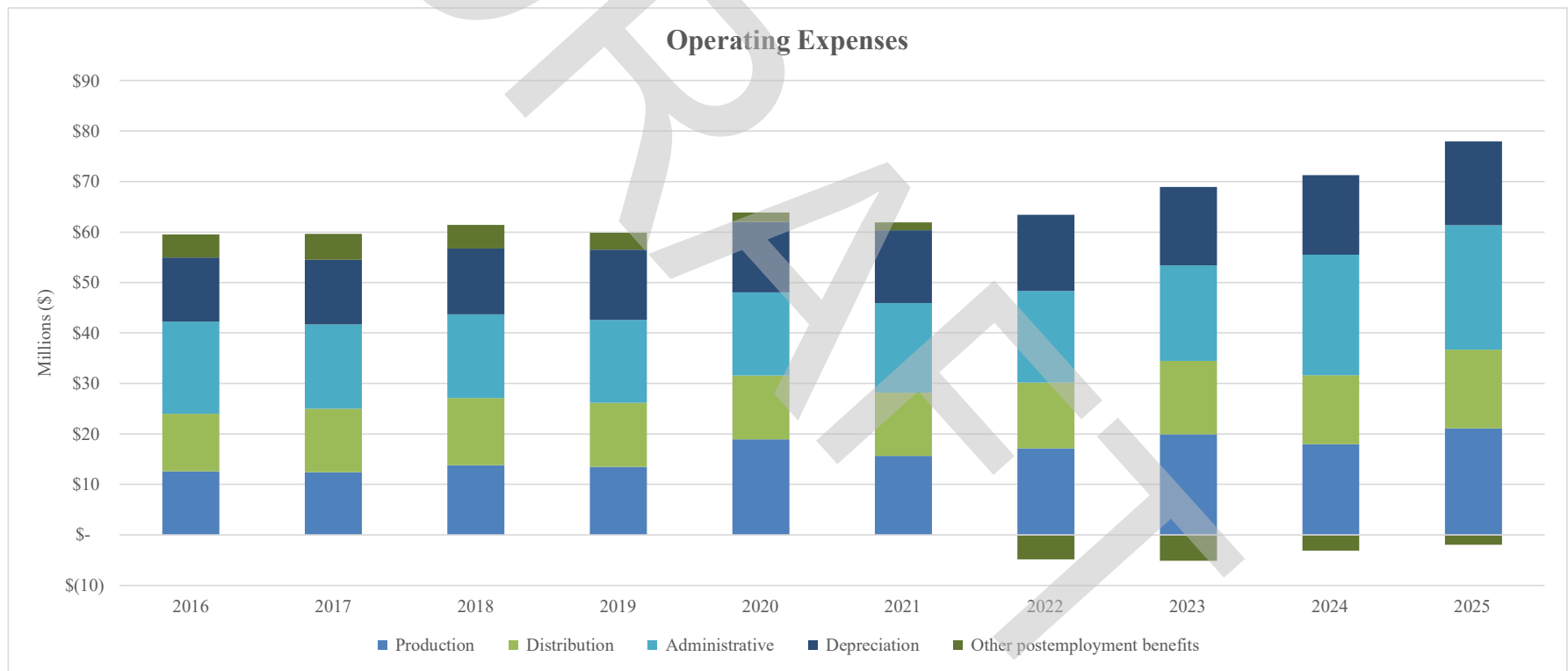
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water revenue										
Residential	\$ 41,060,222	\$ 36,925,206	\$ 38,757,174	\$ 38,008,741	\$ 40,992,521	\$ 42,161,040	\$ 44,655,219	\$ 49,186,312	\$ 52,596,784	\$ 60,109,356
Commercial	8,601,762	7,577,863	8,087,910	8,028,503	7,573,037	8,545,511	9,534,901	10,664,444	11,683,119	13,213,154
Industrial	1,910,133	1,957,186	2,120,799	2,322,603	2,304,405	2,258,331	2,513,979	3,004,389	3,136,084	3,272,408
Public authorities	2,519,639	2,438,488	2,553,389	2,591,717	2,277,491	2,549,373	2,809,012	3,231,241	3,390,429	3,740,438
Fire protection	4,336,263	4,366,663	4,396,402	4,436,491	4,575,284	4,532,365	4,578,422	4,607,881	4,681,914	4,632,326
Sales to other utilities	4,281,064	3,940,896	4,265,708	4,107,991	4,094,815	4,337,686	4,724,744	5,552,522	5,756,018	6,621,886
Infrastructure investment charge	13,251,131	14,186,008	15,479,723	16,842,861	17,324,191	18,507,611	19,798,219	22,282,813	24,380,601	27,112,814
Other water revenue	3,153,218	1,348,055	1,368,416	1,378,241	976,833	1,441,908	1,465,391	1,634,941	1,734,030	1,802,788
Total water revenue	79,113,432	72,740,365	77,029,521	77,717,148	80,118,577	84,333,825	90,079,887	100,164,543	107,358,979	120,505,170
Rents from water towers	551,765	505,662	529,015	537,274	549,270	524,585	491,448	378,655	375,559	314,697
Grant Income	-	-	-	-	-	-	-	-	1,014,659	122,160
Other operating revenue	45,883	45,485	1,451,572	808,489	82,747	54,789	216,385	53,756	26,334	3,924
Total operating revenue	\$ 79,711,080	\$ 73,291,512	\$ 79,010,108	\$ 79,062,911	\$ 80,750,594	\$ 84,913,199	\$ 90,787,720	\$ 100,596,954	\$ 108,775,531	\$ 120,945,951
Water sales as a percent of total operating revenue	99.3%	99.2%	97.5%	98.3%	99.2%	99.3%	99.2%	99.6%	98.7%	99.6%



ERIE COUNTY WATER AUTHORITY

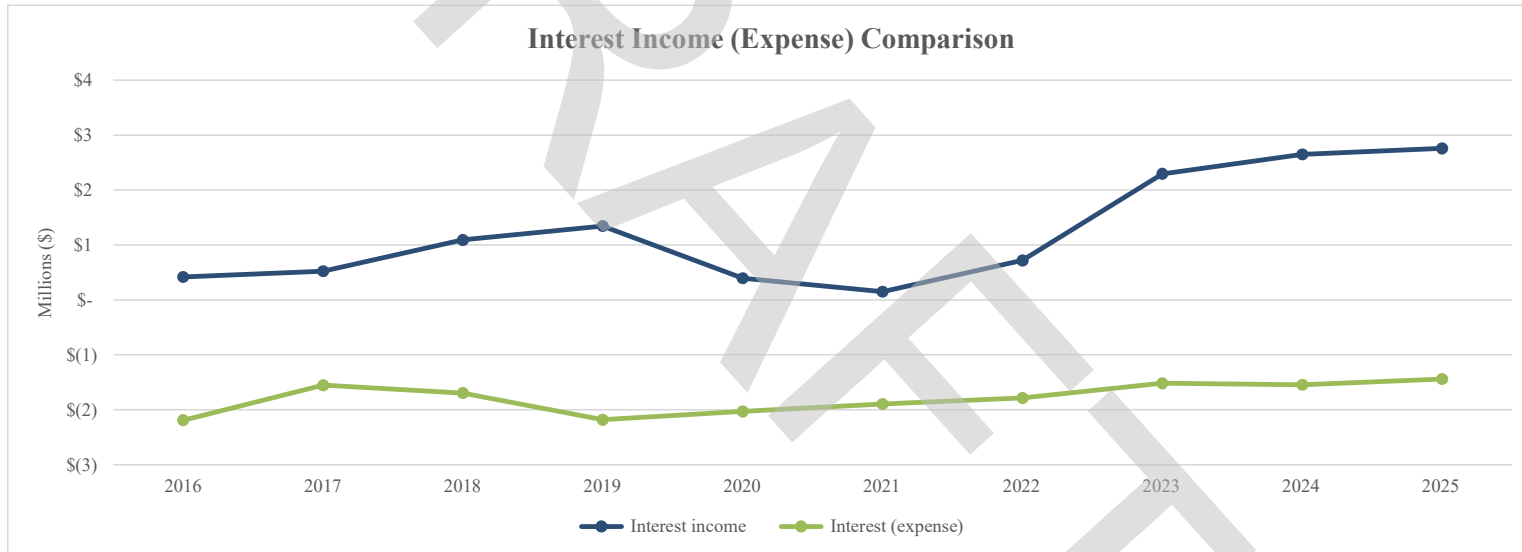
Operating Expenses
Last Ten Fiscal Years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Production	\$ 12,585,854	\$ 12,431,358	\$ 13,795,165	\$ 13,473,590	\$ 18,911,152	\$ 15,657,060	\$ 17,129,416	\$ 19,937,836	\$ 17,994,288	\$ 21,135,547
Distribution	11,409,348	12,561,859	13,352,372	12,732,892	12,702,785	12,497,735	13,016,813	14,520,465	13,632,440	15,597,053
Administrative	18,270,768	16,696,140	16,561,942	16,398,261	16,440,358	17,760,800	18,210,165	18,900,288	23,922,603	24,592,777
Depreciation	12,713,386	12,823,738	13,038,530	13,906,284	14,001,096	14,472,846	15,071,933	15,602,714	15,752,215	16,593,008
Other postemployment benefits	4,522,436	5,118,264	4,669,997	3,344,867	1,807,715	1,511,558	(4,846,125)	(5,128,888)	(3,108,336)	(1,955,955)
Total operating expense	\$ 59,501,792	\$ 59,631,359	\$ 61,418,006	\$ 59,855,894	\$ 63,863,106	\$ 61,899,999	\$ 58,582,202	\$ 63,832,415	\$ 68,193,210	\$ 75,962,430



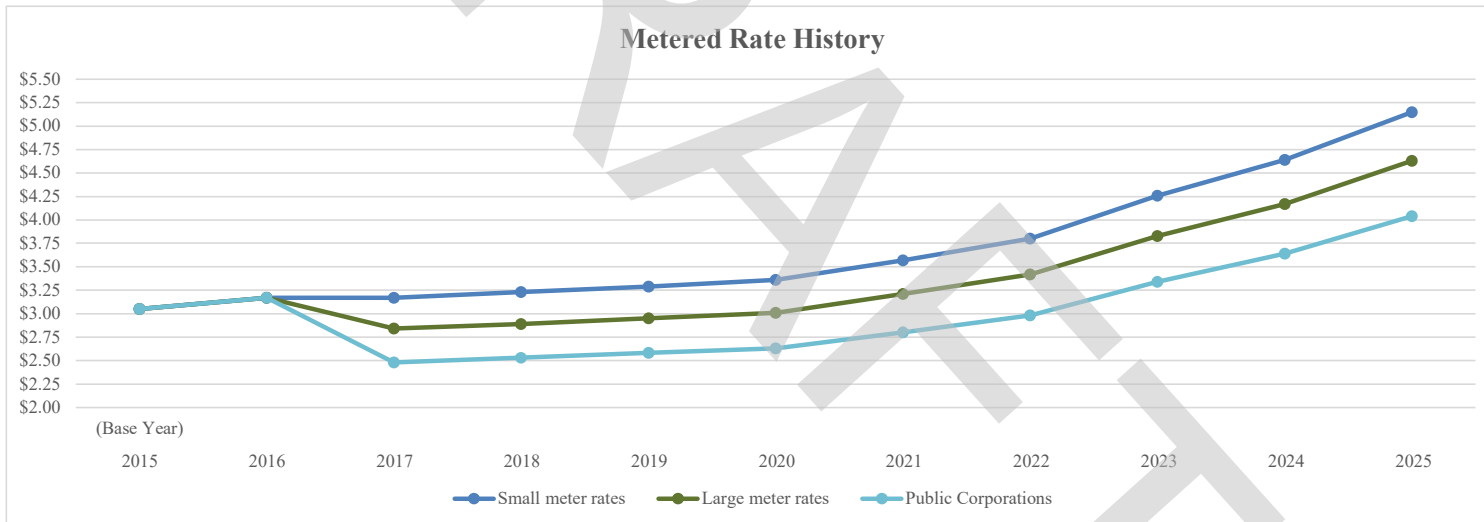
ERIE COUNTY WATER AUTHORITY
 Nonoperating Revenue (Expense)
 Last Ten Fiscal Years
 (Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Nonoperating revenue (expense)										
Interest (expense)	\$ (2,189,655)	\$ (1,551,606)	\$ (1,691,686)	\$ (2,180,069)	\$ (2,031,634)	\$ (1,894,295)	\$ (1,784,413)	\$ (1,514,178)	\$ (1,542,551)	\$ (1,440,427)
Gain on sale of investments	852,694	-	-	-	-	-	-	-	-	-
Grant income	-	-	-	-	-	-	-	-	20,000,000	-
Legal settlement	-	-	-	-	-	-	-	-	-	1,508,996
Interest income	418,366	524,424	1,092,520	1,347,852	398,384	150,458	719,098	2,294,094	2,648,563	2,761,656
Interest on leases receivable	-	-	-	-	-	-	35,020	46,724	57,271	61,969
Interest capitalized during construction	105,383	151,474	145,112	-	-	-	-	-	-	-
Net nonoperating revenue (expense)	\$ (813,212)	\$ (875,708)	\$ (454,054)	\$ (832,217)	\$ (1,633,250)	\$ (1,743,837)	\$ (1,030,295)	\$ 826,640	\$ 21,163,283	\$ 2,892,194



ERIE COUNTY WATER AUTHORITY
 Metered Water Rate History
 Last Ten Fiscal Years
 (Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Small meter rates	(Base Year) \$3.05	\$3.17	\$3.17	\$3.23	\$3.29	\$3.36	\$3.57	\$3.80	\$4.26	\$4.64	\$5.15
Percentage increase (%)		3.93%	0.00%	1.89%	1.86%	2.13%	6.25%	6.44%	12.11%	8.92%	10.99%
Large meter rates	3.05	\$3.17	\$2.84	\$2.89	\$2.95	\$3.01	\$3.21	\$3.42	\$3.83	\$4.17	\$4.63
Percentage increase/(decrease) %		3.93%	-10.41%	1.76%	2.08%	2.03%	6.64%	6.54%	11.99%	8.88%	11.03%
Public Corporations	3.05	\$3.17	\$2.48	\$2.53	\$2.58	\$2.63	\$2.80	\$2.98	\$3.34	\$3.64	\$4.04
Percentage increase/(decrease) %		3.93%	-21.77%	2.02%	1.98%	1.94%	6.46%	6.43%	12.08%	8.98%	10.99%



ERIE COUNTY WATER AUTHORITY

Largest Customers

Current Year and Nine Years Ago

(Unaudited)

Year End December 31, 2025		Year End December 31, 2016	
Non-Municipal Customers	Amount Billed	Non-Municipal Customers	Amount Billed
Upstate Farms Cooperative	\$ 769,861	Benderson Development Co.	\$ 368,279
Mayer Brothers Apple Products, Inc.	659,333	Upstate Farms Cooperative	321,071
Benderson Development Co.	618,460	Mayer Brothers Apple Products, Inc.	210,472
Rosina Food Products, Inc.	515,610	Delta Sonic	205,207
Delta Sonic	306,166	Rosina Food Products Inc.	191,498
Sky Harbor Property, LLC	243,223	Republic Engineered Products	164,836
GO Car Wash	229,799	Uniland Development Co.	163,036
Uniland Development Co.	224,452	Idylwood Resort Apartments	142,522
Bills Stadium and Events Company LLC	224,147	BGMHC LLC	137,255
Buffalo Tungsten, Inc.	203,351	Sky Harbor Property LLC	125,019
Total of Largest Non-Municipal Customers	\$ 3,994,402	Total of Largest Non-Municipal Customers	\$ 2,029,195
Percent of total billings	3.4%	Percent of total billings	2.6%
Municipal Customers	Amount Billed	Municipal Customers	Amount Billed
Town of Elma	\$ 1,868,355	Town of Elma	\$ 1,681,300
State University of New York at Buffalo	1,099,612	State University of New York at Buffalo	717,170
Village of East Aurora	932,810	Village of East Aurora	642,243
Monroe County Water Authority	902,320	Monroe County Water Authority	322,469
Village of Orchard Park	575,263	Village of Orchard Park	287,526
Village of Angola	571,249	Seneca Nation of Indians	229,041
Seneca Nation of Indians	433,874	Village of Silver Creek	179,973
Village of Silver Creek	340,372	Niagara Frontier Transportation Authority	166,205
Town of Amherst	299,438	Village of Angola	155,636
Niagara Frontier Transportation Authority	233,889	Town of Amherst	147,105
Total of Largest Municipal Customers	\$ 7,257,182	Total of Largest Municipal Customers	\$ 4,528,668
Percent of total billings	6.1%	Percent of total billings	5.8%

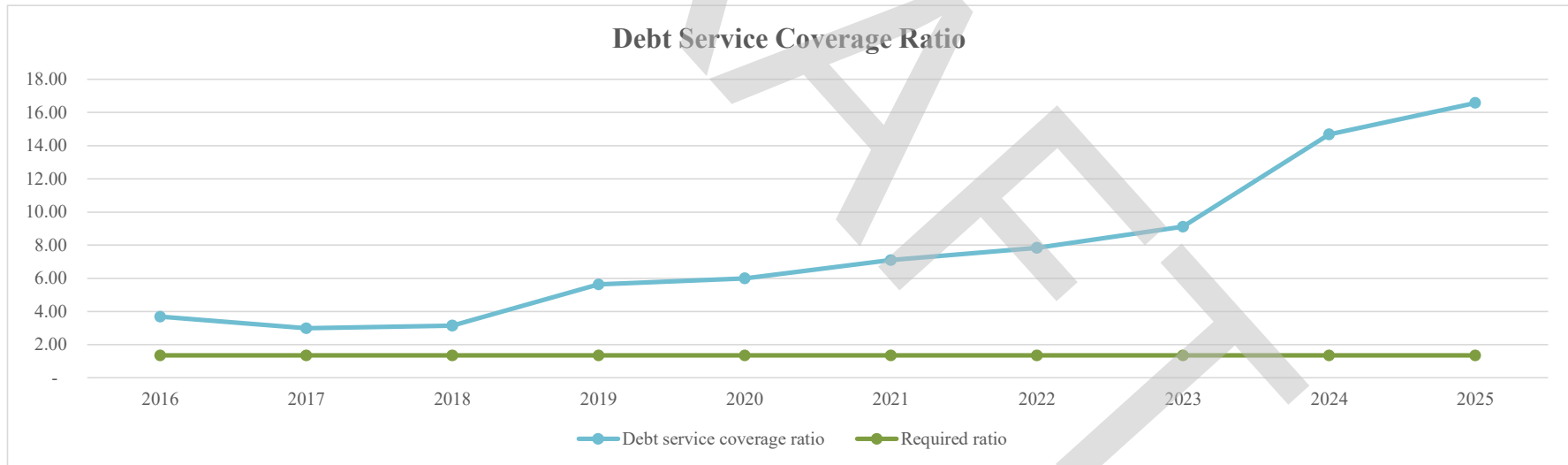
ERIE COUNTY WATER AUTHORITY

Debt Service Coverage Ratio

Last Ten Fiscal Years

(Unaudited)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating revenues	\$ 79,711,080	\$ 73,291,512	\$ 79,010,108	\$ 79,062,911	\$ 80,750,594	\$ 84,913,199	\$ 90,787,720	\$100,596,954	\$108,775,531	\$120,945,951
Interest income	418,366	524,424	1,092,520	1,347,852	398,384	150,458	719,098	2,294,094	2,648,563	2,761,656
Operating expenses less non-cash expenses	<u>(42,265,970)</u>	<u>(41,689,357)</u>	<u>(43,709,479)</u>	<u>(42,604,743)</u>	<u>(48,054,295)</u>	<u>(45,915,595)</u>	<u>(48,356,394)</u>	<u>(53,358,589)</u>	<u>(55,549,331)</u>	<u>(61,325,377)</u>
Net revenue	<u>\$ 37,863,476</u>	<u>\$ 32,126,579</u>	<u>\$ 36,393,149</u>	<u>\$ 37,806,020</u>	<u>\$ 33,094,683</u>	<u>\$ 39,148,062</u>	<u>\$ 43,150,424</u>	<u>\$ 49,532,459</u>	<u>\$ 55,874,763</u>	<u>\$ 62,382,230</u>
Debt service	<u>\$ 10,253,117</u>	<u>\$ 10,727,082</u>	<u>\$ 11,566,414</u>	<u>\$ 6,723,261</u>	<u>\$ 5,512,637</u>	<u>\$ 5,510,420</u>	<u>\$ 5,504,951</u>	<u>\$ 5,430,887</u>	<u>\$ 3,804,181</u>	<u>\$ 3,762,181</u>
Debt service coverage ratio	3.69	2.99	3.15	5.62	6.00	7.10	7.84	9.12	14.69	16.58
Required ratio	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35



ERIE COUNTY WATER AUTHORITY
Debt Service Maturity Schedule
(Unaudited)

	Issued Directly by the Authority						Total Principal	Total Interest	Total Principal & Interest
	2016 Series Bonds		2018 Series Bonds		2023 Series Bonds - WIFIA				
	Principal	Interest	Principal	Interest	Principal	Interest			
2026	1,165,000	595,213	1,000,000	961,969	278,959	88,169	2,443,959	1,645,351	4,089,310
2027	1,220,000	536,963	1,000,000	911,969	283,590	110,588	2,503,590	1,559,520	4,063,110
2028	1,280,000	475,963	1,050,000	861,969	288,297	105,880	2,618,297	1,443,812	4,062,109
2029	1,340,000	411,963	1,100,000	809,469	293,083	101,096	2,733,083	1,322,528	4,055,611
2030	1,405,000	344,963	1,175,000	754,469	297,948	96,230	2,877,948	1,195,662	4,073,610
2031	1,455,000	288,763	525,000	695,719	302,894	91,284	2,282,894	1,075,766	3,358,660
2032	1,510,000	230,563	540,000	679,969	307,922	86,256	2,357,922	996,788	3,354,710
2033	1,545,000	189,038	555,000	663,094	313,034	81,144	2,413,034	933,276	3,346,310
2034	1,585,000	146,550	270,000	645,750	318,230	75,948	2,173,230	868,248	3,041,478
2035	1,630,000	99,000	280,000	634,950	323,513	70,666	2,233,513	804,616	3,038,129
2036	1,670,000	50,100	300,000	623,750	328,883	65,296	2,298,883	739,146	3,038,029
2037	-	-	2,035,000	611,750	334,342	59,836	2,369,342	671,586	3,040,928
2038	-	-	2,115,000	530,350	339,892	54,286	2,454,892	584,636	3,039,528
2039	-	-	725,000	445,750	345,535	48,644	1,070,535	494,394	1,564,929
2040	-	-	760,000	409,500	351,271	42,908	1,111,271	452,408	1,563,679
2041	-	-	800,000	371,500	357,102	37,076	1,157,102	408,576	1,565,678
2042	-	-	835,000	331,500	363,029	31,148	1,198,029	362,648	1,560,677
2043	-	-	880,000	289,750	369,056	25,122	1,249,056	314,872	1,563,928
2044	-	-	890,000	245,750	375,182	18,996	1,265,182	264,746	1,529,928
2045	-	-	935,000	201,250	381,410	12,768	1,316,410	214,018	1,530,428
2046	-	-	980,000	154,500	387,741	6,436	1,367,741	160,936	1,528,677
2047	-	-	1,030,000	105,500	-	-	1,030,000	105,500	1,135,500
2048	-	-	1,080,000	54,000	-	-	1,080,000	54,000	1,134,000
Total	\$ 15,805,000	\$ 3,369,079	\$ 20,860,000	\$ 11,994,177	\$ 6,940,913	\$ 1,309,777	\$ 43,605,913	\$ 16,673,033	\$ 60,278,946

ERIE COUNTY WATER AUTHORITY

Principal Debt Outstanding by Issue, Leases and Subscription Based Information Technology Agreements (SBITA)
(Unaudited)

	Issued Directly by the Authority					
	Series	Series	Series	Leases	SBITA	Total
	2016	2018	2023 - WIFIA			
2026	1,165,000	1,000,000	278,959	254,092	116,899	2,814,950
2027	1,220,000	1,000,000	283,590	94,306	120,419	2,718,315
2028	1,280,000	1,050,000	288,297	13,643	124,044	2,755,984
2029	1,340,000	1,100,000	293,083	14,801	52,781	2,800,665
2030	1,405,000	1,175,000	297,948	16,016	-	2,893,964
2031	1,455,000	525,000	302,894	20,098	-	2,302,992
2032	1,510,000	540,000	307,922	20,098	-	2,378,020
2033	1,545,000	555,000	313,034	20,098	-	2,433,132
2034	1,585,000	270,000	318,230	20,098	-	2,193,328
2035	1,630,000	280,000	323,513	20,098	-	2,253,611
2036	1,670,000	300,000	328,883	28,199	-	2,327,082
2037	-	2,035,000	334,342	28,199	-	2,397,541
2038	-	2,115,000	339,892	28,199	-	2,483,091
2039	-	725,000	345,535	28,199	-	1,098,734
2040	-	760,000	351,271	28,199	-	1,139,470
2041	-	800,000	357,102	19,813	-	1,176,915
2042	-	835,000	363,029	19,813	-	1,217,842
2043	-	880,000	369,056	19,813	-	1,268,869
2044	-	890,000	375,182	19,813	-	1,284,995
2045	-	935,000	381,410	-	-	1,316,410
2046	-	980,000	387,741	-	-	1,367,741
2047	-	1,030,000	-	-	-	1,030,000
2048	-	1,080,000	-	-	-	1,080,000
Total bonds, leases and SBITA payable	\$ 15,805,000	\$ 20,860,000	\$ 6,940,913	\$ 713,592	\$ 414,143	\$ 44,733,648
add bond premiums	2,369,337	2,332,473	N/A	N/A	N/A	4,701,810
less bond discount	59,339	17,343	N/A	N/A	N/A	76,682
Net bonds, leases and SBITA payable	\$ 18,114,998	\$ 23,175,130	\$ 6,940,913	\$ 713,592	\$ 414,143	\$ 49,358,776

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total principal debt and leases outstanding	\$ 56,339,767	\$ 47,242,359	\$ 65,301,899	\$ 60,784,273	\$ 57,301,646	\$ 53,684,019	\$ 49,916,392	\$ 47,262,301	\$ 45,193,074	\$ 49,358,776
Outstanding debt, leases and SBITA per customer	\$ 333	\$ 278	\$ 383	\$ 354	\$ 332	\$ 310	\$ 288	\$ 271	\$ 259	\$ 283

ERIE COUNTY WATER AUTHORITY

Demographic and Economic Statistics

Last Ten Fiscal Years

(Unaudited)

	Erie County			Unemployment Rate ¹		Labor Force ¹
	Population ²	Per Capita Income ²	Aggregate Income ³	Erie County	New York State	
	2016	918,678	47,458	28,967,352,200	5.2%	
2017	919,034	50,032	29,513,898,300	5.3%	4.6%	543,052
2018	919,717	51,406	30,162,095,700	4.6%	4.1%	540,470
2019	918,702	53,498	31,832,325,000	4.2%	3.8%	539,017
2020	917,241	56,748	32,206,631,100	9.7%	10.0%	537,397
2021	950,683	57,625	34,317,709,200	5.5%	6.9%	531,799
2022	950,312	57,900	38,596,078,400	4.5%	5.4%	539,813
2023	946,147	62,207	38,279,552,900	4.3%	4.6%	540,036
2024	950,602	64,801	40,318,012,600	3.9%	4.3%	556,436
2025	N/A	N/A	N/A	N/A	4.3%	566,424

(N/A: Not Available)

Sources:

¹US Department of Labor - Bureau of Labor Statistics

²US Bureau of Economic Analysis

³US Bureau of the Census - American Community Survey

ERIE COUNTY WATER AUTHORITY
 Largest Employers in Western New York
 Current Year and Nine Years Ago
 (Unaudited)

Employer	<u>2025</u>			<u>2016</u>		
	Employees	Percentage of Total Labor Force	Rank	Employees	Percentage of Total Labor Force	Rank
State of New York	26,861	4.7%	1	23,350	4.3%	1
United States of America	11,420	2.0%	2	10,000	1.8%	2
Kaleida Health	9,553	1.7%	3	10,000	1.8%	3
Catholic Health	7,949	1.4%	4	7,918	1.5%	4
M & T Bank	7,938	1.4%	5	7,500	1.4%	5
University at Buffalo	7,018	1.2%	6	6,992	1.3%	7
Buffalo City School District	6,300	1.1%	7	-	0.0%	-
Erie County	4,584	0.8%	8	5,039	0.9%	8
Tops Friendly Markets	4,497	0.8%	9	3,942	0.7%	10
Walmart	4,200	0.7%	10	-	-	-
Employer Services Corp	-	-	-	7,488	1.4%	6
Seneca Gaming Corp	-	-	-	4,000	0.7%	9
Total of Largest Employers	<u><u>90,320</u></u>	<u><u>15.9%</u></u>		<u><u>86,229</u></u>	<u><u>15.8%</u></u>	

ERIE COUNTY WATER AUTHORITY

Operating Statistics Last Ten Years (Unaudited)

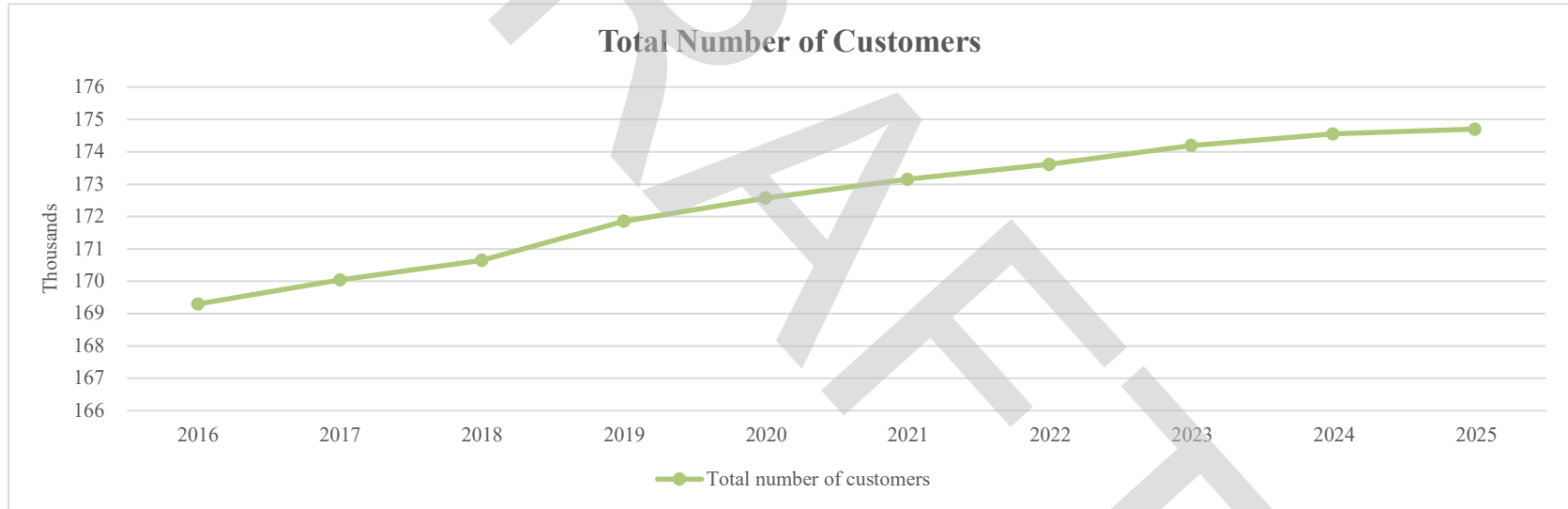
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total number of customers	169,297	170,042	170,648	171,854	172,572	173,155	173,614	174,198	174,558	174,701
Number of employees*	246.0	249.8	251.6	260.2	274.0	284.0	287.0	240.4	240.2	248.2
Customers per employee	688.2	680.7	678.3	660.5	629.8	609.7	604.9	724.6	726.7	703.9
Total water output (MG)**	26,499.2	24,850.3	26,562.9	26,528.2	26,368.0	26,284.0	25,380.6	25,116.0	16,865.4	19,871.5
Output per customer (gallons)	156,524.9	146,142.1	155,659.0	154,364.8	152,794.2	151,794.6	146,189.8	144,180.7	96,617.9	113,745.6
Total water sales (MG)	17,732.0	16,373.0	17,023.0	16,339.8	16,551.7	16,315.4	16,507.6	16,428.2	15,994.1	16,509.3
Sales per customer (gallons)	104,739.0	96,288.0	99,755.1	95,079.5	95,911.9	94,224.2	95,082.2	94,307.6	91,626.5	94,500.3
Percentage of water sold	66.9%	65.9%	64.1%	61.6%	62.8%	62.1%	65.0%	65.4%	94.8%	83.1%
Average daily production (MGD)	72.6	68.1	72.8	72.7	72.2	72.0	69.5	68.8	71.8	74.9
Peak daily production (MGD)	110.4	86.8	103.9	92.3	111.7	94.9	96.2	102.9	88.1	103.3
Average daily sales (MGD)	48.6	44.9	46.6	44.8	45.3	44.7	45.2	45.0	43.8	45.2
Total operating expenses	\$ 59,501,792	\$ 59,631,359	\$ 61,418,006	\$ 59,855,894	\$ 63,863,106	\$ 61,899,999	\$ 58,582,202	\$ 63,832,415	\$ 68,193,210	\$ 75,962,430
Operating expense per customer	\$ 351	\$ 351	\$ 360	\$ 348	\$ 370	\$ 357	\$ 337	\$ 366	\$ 391	\$ 435
Total operating revenue	\$ 79,711,080	\$ 73,291,512	\$ 79,010,108	\$ 79,062,911	\$ 80,750,594	\$ 84,913,199	\$ 90,787,720	\$ 100,596,954	\$ 108,775,531	\$ 120,945,951
Operating revenue per customer	\$ 471	\$ 431	\$ 463	\$ 460	\$ 468	\$ 490	\$ 523	\$ 577	\$ 623	\$ 692

*Number of employees represents the number of full time equivalents based on 2,080 hours. 2015-2022 used budgeted positions; 2023-2024 used actual.

**2024 & 2025 Water output has been adjusted to remove Non-Revenue Water; see write-up in the Introduction Section on Page 7.

ERIE COUNTY WATER AUTHORITY
 Number of Customers by Classification
 Last Ten Fiscal Years
 (Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Number of customers										
Residential	159,187	159,886	160,493	161,670	162,340	162,853	163,273	163,821	164,212	164,401
Commercial	7,659	7,659	7,640	7,642	7,669	7,708	7,732	7,733	7,698	7,655
Industrial	338	337	335	331	332	333	333	333	330	325
Public authorities	718	717	716	715	719	708	699	698	696	685
Fire protection	1,374	1,422	1,443	1,475	1,491	1,531	1,555	1,591	1,600	1,613
Bulk sales	21	21	21	21	21	22	22	22	22	22
Total number of customers	169,297	170,042	170,648	171,854	172,572	173,155	173,614	174,198	174,558	174,701

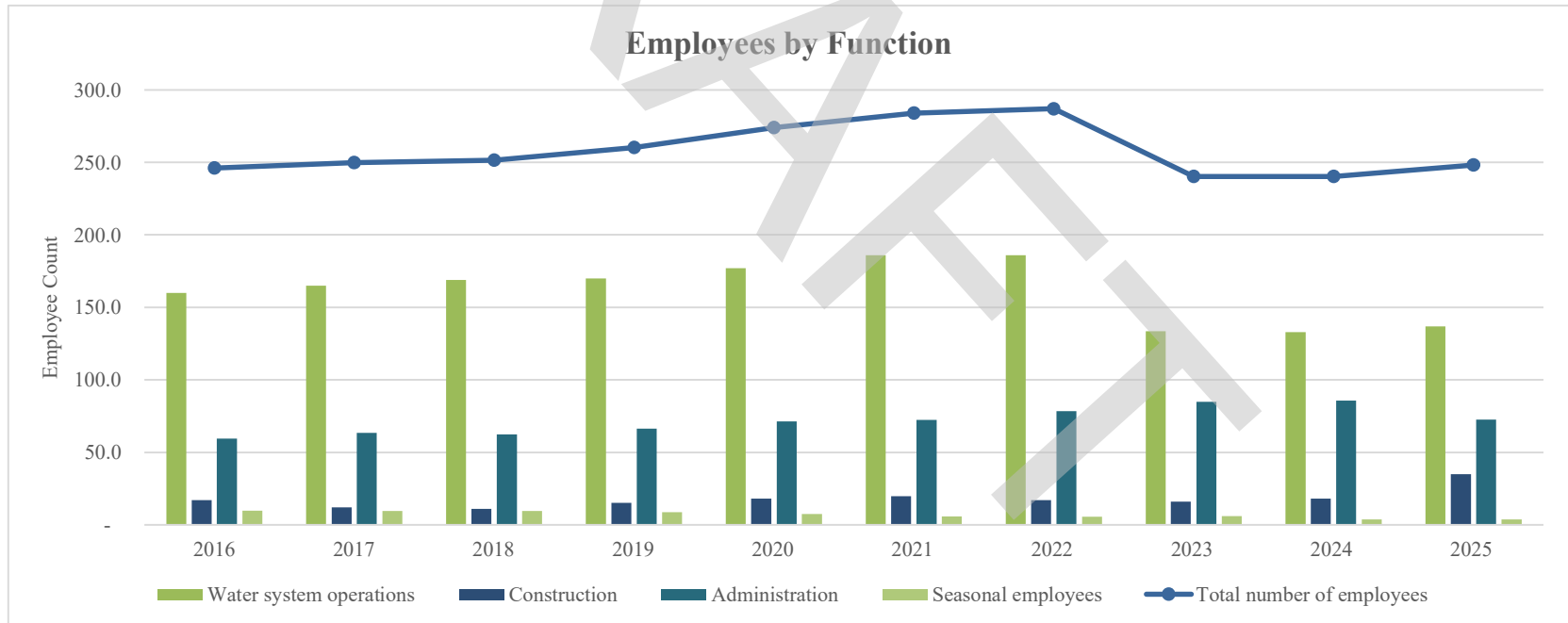


ERIE COUNTY WATER AUTHORITY

Number of Employees¹ by Function
Last Ten Fiscal Years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water system operations	160.0	165.0	168.8	170.0	177.0	186.0	186.0	133.5	133.0	137.0
Construction	17.0	12.0	11.0	15.0	18.0	19.8	17.0	16.0	18.0	35.0
Administration	59.4	63.4	62.4	66.4	71.4	72.4	78.4	84.9	85.6	72.6
Seasonal employees	9.6	9.4	9.4	8.8	7.6	5.8	5.6	6.0	3.6	3.6
Total number of employees	246.0	249.8	251.6	260.2	274.0	284.0	287.0	240.4	240.2	248.2

¹Number of employees represents the number of full time equivalents based on 2,080 hours. 2015-2022 used budgeted positions; 2023-2024 used actual.



ERIE COUNTY WATER AUTHORITY

Operating and Capital Indicators

Last Ten Fiscal Years

(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Main lines in direct service areas (miles)	2,083	2,079	2,085	2,246	2,258	2,258	2,266	2,267	2,265	2,267
Main lines in lease managed areas (miles)	1,535	1,549	1,548	1,409	1,403	1,409	1,409	1,415	1,420	1,425
Total main lines	<u>3,618</u>	<u>3,628</u>	<u>3,633</u>	<u>3,655</u>	<u>3,661</u>	<u>3,667</u>	<u>3,675</u>	<u>3,682</u>	<u>3,685</u>	<u>3,692</u>
Number of hydrants in direct service areas	9,783	9,811	9,857	9,872	11,050	11,060	11,094	11,176	11,225	11,258
Number of hydrants in lease managed areas	9,167	9,158	9,228	9,272	8,269	8,289	8,332	8,392	8,403	8,422
Total number of hydrants	<u>18,950</u>	<u>18,969</u>	<u>19,085</u>	<u>19,144</u>	<u>19,319</u>	<u>19,349</u>	<u>19,426</u>	<u>19,568</u>	<u>19,628</u>	<u>19,680</u>
Number of direct service water tanks	20	20	20	22	27	27	24	27	27	27
Number of lease managed water tanks	17	17	17	15	10	10	13	11	11	11
Total number of water tanks	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>	<u>38</u>	<u>38</u>	<u>38</u>
Storage capacity of direct service tanks (MM gallons)	64.3	64.3	64.3	65.0	66.3	66.3	65.5	66.3	66.3	66.3
Storage capacity of lease managed tanks (MM gallons)	7.0	7.0	7.0	6.3	5.0	5.0	5.8	6.5	6.5	6.5
Total storage capacity of tanks (MM gallons)	<u>71.3</u>	<u>71.3</u>	<u>71.3</u>	<u>71.3</u>	<u>71.3</u>	<u>71.3</u>	<u>71.3</u>	<u>72.8</u>	<u>72.8</u>	<u>72.8</u>
Number of direct service pump stations	21	21	21	26	31	31	28	30	30	30
Number of lease managed pump stations	14	14	14	9	4	4	7	6	6	6
Number of pump stations	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>35</u>	<u>36</u>	<u>36</u>	<u>36</u>
Number of new service taps in direct service areas	189	251	256	259	274	301	256	248	214	214
Number of new service taps in lease managed areas	357	264	207	248	273	258	277	187	202	202
Total number of new service taps	<u>546</u>	<u>515</u>	<u>463</u>	<u>507</u>	<u>547</u>	<u>559</u>	<u>533</u>	<u>435</u>	<u>416</u>	<u>416</u>

ERIE COUNTY WATER AUTHORITY

Annual Capital Project Expenditures

Last Ten Years

(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Production	\$ 9,311,730	\$ 10,502,150	\$ 5,582,624	\$ 5,493,433	\$ 10,740,217	\$ 12,312,947	\$ 13,660,187	\$ 13,455,745	\$ 24,869,976	\$ 10,407,201
Distribution	9,161,837	9,167,498	15,639,868	11,659,896	27,937,068	24,145,225	27,450,728	34,059,739	11,007,537	23,693,797
Administrative	1,403,477	2,300,890	3,676,658	1,528,116	638,480	315,313	4,501,213	903,001	826,261	4,748,649
Total capital expenditures	\$ 19,877,044	\$ 21,970,538	\$ 24,899,150	\$ 18,681,445	\$ 39,315,765	\$ 36,773,485	\$ 45,612,128	\$ 48,418,485	\$ 36,703,774	\$ 38,849,647
 Capital expenditures per customer	 \$ 117	 \$ 129	 \$ 146	 \$ 109	 \$ 228	 \$ 212	 \$ 263	 \$ 278	 \$ 210	 \$ 222

