NIAGARA FALLS WATER BOARD

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

December 31, 2023 and 2022

NIAGARA FALLS WATER BOARD

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Niagara Falls Water Board:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Niagara Falls Water Board (the Board), as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board, as of December 31, 2023, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit 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, 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 Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Board as of December 31, 2022, were audited by other auditor's whose report dated March 30, 2023, expressed an unmodified opinion on those statements.

Correction of Error

As discussed in note 14 to the financial statements, an error resulting in the misstatement of the Board's deferred outflows of resources - OPEB at December 31, 2022 was discovered in the current year. As a result, amounts reported for deferred outflows of resources - OPEB, unrestricted net position (deficit) and employee benefits as of and for the year ended December 31, 2022, have been restated to correct the error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 Board'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board'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 Board'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

GAAP requires that management's discussion and analysis and the 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 a part of the basic financial statements, is required by GASB 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2024 on our consideration of the Board'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 the Board's 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 Board's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 25, 2024

NIAGARA FALLS WATER BOARD

Management's Discussion and Analysis

December 31, 2023 and 2022

As management of the Niagara Falls Water Board (the Board), we offer readers of the Board's financial statements this narrative and analysis of the financial activities of the Board for the years ended December 31, 2023 and 2022.

Following this Management's Discussion and Analysis (MD&A) are the financial statements of the Board together with the notes thereto. Please read the MD&A in conjunction with the Board's financial statements and the accompanying notes in order to obtain a full understanding of the Board's financial position and results of operations.

The Board was created by an Act of the State of New York, as more fully described in note 1 to the financial statements, and commenced operations on September 25, 2003. In accordance with an agreement with the City of Niagara Falls, New York (the City) the Board received all assets, liabilities and operating activities (including all personnel) of the City's former Water and Sewer Funds. In return, the Board issued debt, which was used to defease outstanding City bonded debt relating to its Water and Sewer Funds.

Financial Highlights

- Total net position of the Board was $11,802,060 and $7,386,072 at December 31, 2023 and 2022 (as restated), respectively. At December 31, 2023 and 2022 the unrestricted net position (deficit) was, $(53,557,839) and $(61,682,726), respectively, which, may be used to meet the Board's ongoing obligations.
- The Board's operating income for the years ended December 31, 2023 and 2022 was $4,743,272 and $9,297,865, respectively.
- The Board's total bond indebtedness decreased by $4,670,211 and $2,709,498 during the years ended December 31, 2023 and 2022, respectively.
- The Board reflected a liability for other postemployment benefits of $81,404,487 and $76,183,820 at December 31, 2023 and 2022, respectively.
- Net position was restated as of December 31, 2022 as described in note 14.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements which include the financial activities of the Board, the Niagara Falls Public Water Authority (the Authority) (a blended component unit), and the notes to financial statements. The reasons for blending the financial activities are explained in note 1 to the financial statements. An overview of the responsibilities of the Board and the Authority is presented as follows.

Board	Authority
* Owns the System	* Issues debt
* Operates and maintains the System	* Provides proceeds of debt for construction and improvements
* Responsible for System improvements	* Provides oversight regarding adequacy of revenue and System conditions
* Sets rates and collects revenue	
* Pays debt service on bonds	

The financial statements are designed to provide readers with a broad overview of the Board's finances in a manner similar to a private-sector business, and are organized as follows:

- The statements of net position presents information on all of the Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the four 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 Board is improving or deteriorating.
- The statements of revenue, expenses and changes in net position presents information on how the Board's net position changed during each 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, revenue and expenses are reported in these statements for some items that will result in cash flows for future fiscal periods (e.g., uncollected water and sewer rents, earned but unused vacation and other postemployment benefits).
- The statements of cash flows presents information depicting the Board's cash flow activities for each reporting period and the effect that these activities had on the Board's cash and equivalent balances.
- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Board's financial position. Assets and deferred outflows exceeded liabilities and deferred inflows by $11,802,060 at December 31, 2023, as compared to $7,386,072 at December 31, 2022, as presented as follows:

Condensed Statements of Net Position

	December 31, 2023	2022*	2021
Current assets	$ 31,800,960	26,832,221	27,745,805
Noncurrent assets	163,743,878	161,850,009	157,906,675
Total assets	195,544,838	188,682,230	185,652,480
Deferred outflows	10,652,401	8,724,024	8,668,717
Current liabilities	22,426,405	13,752,927	14,805,848
Noncurrent liabilities	153,109,322	149,221,515	171,072,687
Total liabilities	175,535,727	162,974,442	185,878,535
Deferred inflows	18,859,452	27,045,740	8,330,875
Net investment in capital assets	45,416,014	48,223,089	40,935,506
Restricted	19,943,885	20,845,709	20,075,669
Unrestricted (deficit)	(53,557,839)	(61,682,726)	(60,899,388)
Total net position	$ 11,802,060	7,386,072	111,787

*Restated as described in note 14.

The Board's net investment in capital assets was $45,416,014 and $48,223,089 at December 31, 2023 and 2022, respectively. This results from the timing of the amortization of the Board's capital debt, as outstanding principal for most of the Board's serial bonds is not paid until late into the life of the debt, while depreciation occurs annually.

The Board's unrestricted net position (deficit) was $(53,557,839) and $(61,682,726) at December 31, 2023 and 2022, respectively. The restricted debt service portion of the Board's net position, $6,079,649 and $7,736,729 at December 31, 2023 and 2022, respectively, represents funds that are set aside to be used towards debt service. The restricted capital projects portion of the Board's net position, $786,581 at December 31, 2023 and 2022, represents funds that are set aside primarily for the reconstruction of the Falls Street Tunnel and capital projects. The restricted debt reserve fund portion of the Board's net position, $7,452,474 and $7,123,949 at December 31, 2023 and 2022, respectively, represents funds for future debt service payments. The restricted operating and maintenance reserve fund portion of the Board's net position, $5,625,181 and $5,198,450 at December 31, 2023 and 2022, respectively, represents funds to pay the cost of extraordinary repairs to and maintenance of the system.

The Board's unrestricted net position is the remainder of total net position after taking net investment in capital assets, restricted for capital projects, restricted for operations and maintenance and restricted for debt related reserves into account. Unrestricted net position (deficit) increased in 2023 by $8,124,887 because of a decrease in net investment in capital assets of $2,807,075 and a decrease of $901,824 in restricted net position. Unrestricted net position (deficit) decreased in 2022 by $783,338 because of an increase in net investment in capital assets of $7,287,583 and an increase of $770,040 in restricted net position.

A comparison of current assets to current liabilities of the Board at December 31, 2023, 2022 and 2021 follows:

		2023	2022	2021
Current assets	$	31,800,960	26,832,221	27,745,805
Current liabilities	$	22,426,405	13,752,927	14,805,848
Ratio of current assets to current liabilities		1.42	1.95	1.87

The Board's total net position increased by $4,415,988 and $7,274,285, respectively, during the years ended December 31, 2023 and 2022. Key elements of the changes in net position is as follows:

Changes in Net Position

		2023	2022*	2021
Total operating revenue	$	39,367,536	41,093,715	38,433,425
Total operating expenses		(34,624,264)	(31,795,850)	(31,328,973)
Operating income		4,743,272	9,297,865	7,104,452
Total nonoperating expenses		(327,284)	(2,023,580)	(1,983,605)
Change in net position	$	4,415,988	7,274,285	5,120,847

* Restated as described in note 14.

The Board's major sources of operating revenue are charges for water and sewer services which comprise approximately 98% and 88% of total operating revenue at December 31, 2023 and 2022, respectively. This was a $2,187,781 increase from 2022 to 2023 and an increase of $1,605,162 from 2021 to 2022. These revenues are dependent upon rates charged for these services, with such rates being determined by the Board. Please see the section entitled "Economic Factors and Next Year's Rates" within this MD&A for a listing of the rates charged during 2023 and approved rates for 2024.

The Board's largest operating expense area is for contractual expenses which were approximately 41% and 44% of total operating expenses for the years ended December 31, 2023 and 2022, respectively. In 2023, these costs totaled approximately $14.3 million as compared to $12.8 million in 2022, representing an approximate $1.5 million increase in this area.

In 2022, these costs totaled approximately $14.3 million as compared to $12.0 million, representing an approximate $2.3 million increase in this area.

Within the nonoperating revenue (expenses) category, interest expense is by far the largest expense item and represents the cost of carrying serial bonds, which totaled $73,361,962 and $77,902,419, at December 31, 2023 and 2022, respectively.

The following is a summary of the Board's cash flow activities for the years ended December 31, 2023, 2022 and 2021:

		2023	2022	2021
Cash flows provided by (used in):				
Operating activities	$	11,900,748	13,227,371	10,371,671
Capital and related financing activities		(7,669,342)	(14,046,325)	(11,168,031)
Investing activities		(616,701)	362,606	4,690,071
Change in cash and equivalents		3,614,705	(456,348)	3,893,711
Cash and equivalents at beginning of year		13,053,285	13,509,633	9,615,922
Cash and equivalents at end of year	$	16,667,990	13,053,285	13,509,633

The Board's available cash and equivalents increased by $3,614,705 during the year ended December 31, 2023, as compared to a decrease of $456,348 during the year ended December 31, 2022. Cash provided by operating activities reflected a positive balance was $11,900,748 and $13,227,371, respectively, for the years ended December 31, 2023 and 2022.

Capital Assets and Debt Administration

Capital Assets - The Board's investment in capital assets (net of accumulated depreciation) as of December 31, 2023 and 2022, amounted to $129,505,080 and $128,133,165, respectively. This includes land, plant and transmission (infrastructure type assets), machinery and equipment, and construction in progress. The Board's greatest investment in capital assets comes in the form of infrastructure. Significant factors affecting capital assets during the reporting period include:

- The Board recorded total additions to capital assets of $8,430,482.

- Additions to construction in progress totaled $8,430,482. Completed capital projects transferred to depreciable asset categories totaled $10,809,240.
- The Board recorded total depreciation and amortization of $7,038,507 and $6,878,867 for the years ended December 31, 2023 and 2022, respectively.

A summary of capital assets, net of depreciation and amortization, where applicable, is as follows:

		2023	2022	2021
Land	$	463,713	463,713	463,713
Construction in progress		13,794,125	16,172,883	9,903,918
Plant and transmission assets (water system)		36,436,072	37,319,932	40,202,634
Plant and transmission assets (wastewater system)		72,210,553	67,504,102	68,869,250
Machinery and equipment		6,451,546	6,389,726	5,742,230
Right to use lease assets		149,071	262,749	284,125
Total	$	129,505,080	128,113,105	125,465,870

Construction in progress represents ongoing capital construction which will be transferred to the appropriate asset category (and begin to be depreciated) upon completion.

More detailed information about the Board's capital assets is presented in the note 4 to financial statements.

Bonds - At December 31, 2023 and 2022, the Board had outstanding bonds totaling $73,361,962 and $77,902,419, respectively. During the years ended December 31, 2023 and 2022, the Board made principal payments of $4,540,457 and $38,509,774, respectively, on these bonds.

The Board used bond debt to finance the original purchase of the assets (net of liabilities and including the water, sewer and storm water systems) from the City. In the future, the Board may utilize bond debt issuances as a primary source of funds for construction, renovations and system improvements.

Other Postemployment Benefits - Upon retirement, the Board's employees are entitled to continuous health insurance coverage. At December 31, 2023 and 2022, the liability recorded for these benefits amounted to $81,404,487 and $76,183,820, respectively.

Compensated Absences - Upon separation, Board employees are entitled to payment of unused sick and vacation time. The total liability relating to these payments at December 31, 2023 and 2022, is $672,585 and $605,405, respectively. The timing of the payments relating to compensated absences is dependent upon many factors, including the retirement or separation from service, and is therefore difficult to predict; however, the Board estimates that $33,629 and $36,271 of such liability is current at December 31, 2023 and 2022, respectively.

Economic Factors and Next Year's Rates

As noted earlier, the Board's largest sources of operating revenues are water and sewer rents from customers. These revenues result from rates charged based on water usage by the individual customer. Rates can be adjusted accordingly in order to help meet the expenses of the Board. When considering rate changes, the Board utilizes the services of a rate consultant to help forecast the magnitude and effects of potential changes. As required by law, the general public's opinions are also taken into consideration, through public hearings, when contemplating a change in rates charged for services. Water rates charged for 2023 and approved rates to be charged for 2024 are as follows:

	2024		2023	
	Amount to be charged (per 100 cubic feet)		Amount to be charged (per 100 cubic feet)	
Amount Consumed	Inside city	Outside city	Inside city	Outside city
First 20,000 cubic feet per quarter	4.48	11.97	4.48	11.97
Next 60,000 cubic feet per quarter	3.88	10.45	3.88	10.45
Next 120,000 cubic feet per quarter	3.29	8.70	3.29	8.70
Over 200,000 cubic feet per quarter	2.75	7.33	2.75	7.33
Minimum charge for water consumption per quarter	58.24	155.61	58.24	155.61

In addition to the above schedule of rates for water consumed, a demand charge is assessed for each user's meter, as set forth below:

Size and Type	2024 Rate (per quarter)	2023 Rate (per quarter)
Under 1" Disc	$ 3.70	3.70
1" Disc	25.00	25.00
2" Disc	40.00	40.00
2" Compound	40.00	40.00
3" Compound	50.00	50.00
4" Compound	100.00	100.00
6" Compound	220.00	220.00
8" Compound	250.00	250.00
10" Compound	275.00	275.00
12" Compound	400.00	400.00

In addition to charging for water consumption and services, the Board also charges users with respect to sewer and wastewater services provided. All users have been divided into two "user classes" - Commercial/Small Industrial/Residential Users (CSIRU) and Significant Industrial Users (SIU).

Sewer rates for the CSIRU class are determined by the total metered water consumption in each quarter. Rates charged for 2023 and rates to be charged during 2024 are as follows:

Amount Consumed	2024	2023
Minimum charge per quarter (up to 1,300 cubic feet)	$ 77.09	77.09
Additional usage in excess of 1,300 cubic feet ($/cubic feet)	5.93	5.93

Sewer rates for the SIU class are determined each quarter based on the actual measured quantities and composition of wastewater flow. Such rates are determined by the Board and are based upon five representative 24-hour composite samples taken quarterly. Rates for the SIU class for the year ended December 31, 2023 and approved for 2024 were $416,521 per million gallons for wastewater flow; $1.34 per pound for all suspended solids discharged; and $2.31 per pound for all soluble organic carbon compounds discharged. In addition, SIU's are charged fees, as needed, for certain other "substances of concern" which are discharged in their wastewater.

Contacting the Board's Financial Management

This financial report is designed to provide taxpayers, customers, and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Brian Majchrowicz, Michael O'Laughlin Municipal Water Plant, 5815 Buffalo Avenue, Niagara Falls, New York 14304.

NIAGARA FALLS WATER BOARD
Statements of Net Position
December 31, 2023 and 2022

Assets	2023	2022*
Current assets:		
Cash and equivalents	$ 16,667,990	13,053,285
Accounts receivable, net of allowance for uncollectible accounts	10,825,192	9,869,836
Due from City of Niagara Falls, net of allowance for uncollectible accounts	2,918,203	2,500,569
Grants receivable	663,530	701,135
Current portion, lease receivable	168,634	184,790
Prepaid expenses	557,411	522,606
Total current assets	31,800,960	26,832,221
Noncurrent assets:		
Investments, unrestricted	19,952,151	22,287,346
Investments, restricted	13,532,123	8,899,838
Lease receivable	754,524	902,406
Net pension asset, proportionate share	-	1,647,314
Capital assets, net	129,505,080	128,113,105
Total noncurrent assets	163,743,878	161,850,009
Total assets	195,544,838	188,682,230
Deferred Outflows of Resources		
Loss on refunding	1,714,055	1,869,854
Pension	3,002,030	3,494,251
OPEB	5,936,316	3,359,919
Total deferred outflows of resources	10,652,401	8,724,024

(Continued)

* Restated as described in note 14.

See accompanying notes to financial statements.

NIAGARA FALLS WATER BOARD
Statements of Net Position, Continued

Liabilities	2023	2022*
Current liabilities:		
Accounts payable	$ 2,441,633	2,914,218
Accrued liabilities	1,653,583	1,977,901
EFC short-term financing	10,358,810	1,584,352
Current portion of noncurrent liabilities:		
Lease liability	64,868	76,216
Compensated absences	33,629	30,271
Total OPEB liability	2,707,159	2,629,512
Bonds payable	5,166,723	4,540,457
Total current liabilities	22,426,405	13,752,927
Noncurrent liabilities:		
Lease liability	119,010	183,878
Compensated absences	638,956	575,134
Net pension liability, proportionate share	4,042,310	-
Total OPEB liability	78,697,328	73,554,308
Bonds payable	69,611,718	74,908,195
Total noncurrent liabilities	153,109,322	149,221,515
Total liabilities	175,535,727	162,974,442
Deferred Inflows of Resources		
Pension	484,759	5,911,542
OPEB	16,823,828	19,340,387
Leases	884,995	1,066,945
Gain on refunding	665,870	726,866
Total deferred inflows of resources	18,859,452	27,045,740
Net Position		
Net investment in capital assets	45,416,014	48,223,089
Restricted	19,943,885	20,845,709
Unrestricted (deficit)	(53,557,839)	(61,682,726)
Total net position	$ 11,802,060	7,386,072

* Restated as described in note 14.

See accompanying notes to financial statements.

NIAGARA FALLS WATER BOARD
Statements of Revenue, Expenses and Changes in Net Position
Years ended December 31, 2023 and 2022

	2023	2022*
Operating revenue:		
Water rents and charges	$ 12,842,591	12,219,614
Sewer rents and charges	25,572,184	24,007,380
Licenses and permits	211,989	234,068
Grants	734,746	4,600,664
Other services	6,026	31,989
Total operating revenue	39,367,536	41,093,715
Operating expenses:		
Personnel costs	6,809,309	6,551,398
Contractual expenses	14,331,060	12,847,649
Employee benefits	6,445,388	5,517,936
Depreciation expense	6,924,829	6,777,057
Amortization expense	113,678	101,810
Total operating expenses	34,624,264	31,795,850
Total operating income	4,743,272	9,297,865
Nonoperating revenue (expenses):		
Amortization of bond premium	34,951	190,750
Debt issuance costs	-	(353,518)
Use of money and property	1,680,389	357,879
Gain on sale of property	85,084	47,582
Interest expense	(2,127,708)	(2,266,273)
Total nonoperating expenses	(327,284)	(2,023,580)
Change in net position	4,415,988	7,274,285
Net position at beginning of year	7,386,072	111,787
Net position at end of year	$ 11,802,060	7,386,072

* Restated as described in note 14.

See accompanying notes to financial statements.

NIAGARA FALLS WATER BOARD
Statements of Cash Flows
Years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Receipts from customers and users	$ 37,241,888	36,714,635
Receipts from grants	772,351	5,031,812
Payments to suppliers	(13,808,747)	(16,293,046)
Payments to employees	(12,304,744)	(12,226,030)
Net cash provided by operating activities	11,900,748	13,227,371
Cash flows from capital and related financing activities:		
Issuance of lease liability	-	80,435
Payments on lease liability	(76,216)	(104,465)
Purchases of capital assets	(9,388,331)	(7,297,180)
Proceeds from insurance recoveries	-	31,331
Proceeds on sale of assets	85,084	76,829
Repayments of capital debt	(4,572,457)	(38,509,744)
Issuance of capital debt	8,806,458	35,930,000
Deferred loss on refunding	-	(1,869,854)
Interest paid on capital debt	(2,523,880)	(2,030,159)
Payment of debt issuance costs	-	(353,518)
Net cash used in capital and related financing activities	(7,669,342)	(14,046,325)
Cash flows from investing activities:		
Interest received	1,680,389	357,879
Change in restricted cash and investments	(2,297,090)	4,727
Net cash provided by (used in) investing activities	(616,701)	362,606
Change in cash and equivalents	3,614,705	(456,348)
Cash and equivalents at beginning of year	13,053,285	13,509,633
Cash and equivalents at end of year	$ 16,667,990	13,053,285

(Continued)

See accompanying notes to financial statements.

NIAGARA FALLS WATER BOARD

Statements of Cash Flows, Continued

	2023	2022*
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 4,743,272	9,297,865
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	6,924,829	6,777,057
Amortization	113,678	101,810
Allowance for doubtful accounts	1,152,265	809,798
Changes in:		
Accounts receivable	(971,531)	975,014
Due from City of Niagara Falls	(1,553,724)	(1,542,977)
Grants receivable	37,605	431,148
Lease receivable	164,038	161,699
Prepaid expenses	(34,805)	(30,957)
Net pension asset, proportionate share	1,647,314	(1,647,314)
Accounts payable	485,264	(3,414,440)
Accrued liabilities	71,854	(129,086)
Compensated absences	67,180	(88,812)
Total OPEB liability	5,220,667	(19,044,520)
Net pension liability, proportionate share	4,042,310	(19,321)
Deferred outflows of resources - pension	492,221	1,099,670
Deferred outflows of resources - OPEB	(2,576,397)	714,877
Deferred inflows of resources - pension	(5,426,783)	69,937
Deferred inflows of resources - OPEB	(2,516,559)	18,887,873
Deferred inflows of resources - leases	(181,950)	(181,950)
Total adjustments	7,157,476	3,929,506
Net cash provided by operating activities	$ 11,900,748	13,227,371
Supplemental schedule of cash flow information:		
Adjustment for capital assets financed by accounts payable	$ 1,331,651	2,289,500

* Restated as described in note 14.

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

The financial statements of the Niagara Falls Water Board (the Board) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Included in the Board's reporting entity is a blended component unit, the Niagara Falls Public Water Authority (the Authority).

(a) Reporting Entity

The Board was created by Chapter 325 of the Laws of 2002 of the State of New York (the State), codified as Sections 1231-a of Title 10-C of Article 5 of the Public Authorities Law of the State, as amended (the Board Act). The Authority was created by Chapter 275 of the Laws of 2002 of the State, constituting the Niagara Falls Public Water Authority Act, codified as Sections 1230-a through 1230-aa of Title 10-B of Article 5 of the Public Authorities Law of the State, as amended (the Authority Act).

The Board is a corporate municipal instrument of the State consisting of five members primarily responsible for the jurisdiction, control, possession, supervision and use of water, wastewater and storm water systems within the City of Niagara Falls, New York (the City).

The Authority is a public benefit corporation consisting of three members and is primarily responsible for obtaining financing for water, wastewater and storm water systems within the City.

Board members for both the Board and Authority are appointed pursuant to the enabling legislation.

Pursuant to the Board Act and the Authority Act, the Board, the Authority and the City executed an acquisition agreement effective September 25, 2003 whereby the Authority issued bonds enabling the Board to purchase all of the assets, net of liabilities, of the City's public water, wastewater and storm water systems. The Board began operations of these systems on that date.

Currently there are approximately 17,647 residential, 259 commercial and 22 large industrial type customers. Total population served by the water system is estimated at 47,993. The average daily demand is 19.0 million gallons per day. The Board's wastewater system generally covers the same service area and customer base as the water system. The wastewater treatment plant processes approximately 23.9 million gallons of wastewater per day.

Blended Presentation of Component Unit - Although they are legally separate entities, blended component units are, in substance, part of the government's operations. The following is a brief description of the blended component unit included in the primary government:

(1) Summary of Significant Accounting Policies, Continued

(a) Reporting Entity, Continued

Niagara Falls Public Water Authority - Among the powers given to the Authority is the ability to borrow money and issue negotiable or non-negotiable notes, bonds or other obligations for the acquisition, renovation and improvement to the regional water system.

The Authority may also apply for licenses, permits and approval of plans associated with the acquisition, renovation and improvement of the regional water system. In the process of borrowing funds to improve facilities, professional consultants may be retained to offer technical services and advice for the purpose and benefit of acquiring or improving the systems.

The Authority has entered into an agreement with the Board to make payments for the debt service required by these bonds. The Board is also required to make payments for Authority expenses. The obligation to make debt service is a general obligation to which its full faith and credit are pledged.

The Authority is considered a component unit since the Board is obligated to pay debt service and fund other accounts of the Authority. Thus, the Authority is “fiscally dependent” upon the Board to establish rates and collect fees necessary to pay these debts. Further, the Authority is “blended” with the Board in the financial statements because the Authority exists solely to provide services that predominantly benefit the Board. The Authority has no employees of its own.

(b) Measurement Focus and Basis of Accounting

The financial statements of the Board have been prepared in accordance with GAAP as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles.

The activities of the Board 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, liabilities, deferred outflows of resources, deferred inflows of resources, net position, revenue, 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 and sanitary sewer services are reported as operating revenues. Transactions which are capital, financing or investing related are reported as nonoperating revenues. All expenses related to operating systems are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses.

(1) Summary of Significant Accounting Policies, Continued

(c) Budgets

The annual budget is the financial plan for the effective operation of the Board and the Authority. The Board uses the budget as a management tool for internal control purposes and to assist in setting of appropriate user charges.

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

- Cash and Equivalents - The Board's cash and equivalents represent cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

- Restricted Cash and Investments - Debt Service Fund - As a result of the purchase of the water and sewer systems from the City, certain bond covenants, as disclosed in note 5, were established requiring resources (consisting of cash and investments) to be maintained for specific purposes necessary to operate the water and sewer systems. The total amount restricted for debt service fund amounted to $6,079,649 and $7,736,729, at December 31, 2023 and 2022, respectively.

- Restricted Cash and Investments - Debt Service Reserve Fund - This fund was established to fulfill the debt service reserve requirements on the outstanding bonds as and when they become due. The total amount restricted for debt service reserve fund amounted to $7,452,474 and $7,123,949, at December 31, 2023 and 2022, respectively.

- Restricted Cash and Investments - Operating and Maintenance - This fund is restricted to pay the cost of extraordinary repairs to and maintenance of the system. The total amount restricted for operating and maintenance amounted to $5,625,181 and $5,198,450, at December 31, 2023 and 2022, respectively.

- Cash has been deposited into various trust funds with a fiscal agent to satisfy certain covenants. Further, the amounts have been invested into various short-term investments incompliance with the Board's investment policy. Certain funds were used for their intended purposes and are no longer available for investment.

- Fair Value Measurements and Disclosures
  A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

  - Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Board has the ability to access.

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, Continued

- Level 2 - Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the assets or liabilities; and
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2023.

The following is a description of the valuation methodologies used for assets measured at fair value.

Certificates of deposit - Valued at the closing price reported on the active market in which the individual securities are traded.

Corporate securities (commercial paper and bonds) - Valued at the closing price reported on the active market in which the individual securities are traded.

U.S. Government securities and bonds - Valued at the closing price reported on the active markets in which the individual securities are traded.

The Board assess the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

- Accounts Receivable - All receivables, including accrued unbilled revenues, are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Board has adopted a policy of recognizing water and sewer revenues in the period in which the services are 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.

  The collection of current water and sewer charges is performed by the Board. The City, acting as collecting agent for the Board, collects delinquent water and sewer charges, which become a lien upon the premises collected with City taxes.

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, Continued

- Prepaid Expenses - Prepaid expenses reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

- Capital Assets - Capital assets acquired by the Board as part of the September 25, 2003 acquisition agreement with the City were reported at fair value on the acquisition date. Capital assets acquired by the Board subsequent to the initial acquisition are stated at cost including interest capitalized during construction, where applicable. Costs include material, direct labor and other items such as supervision, payroll taxes, employee benefits, transportation, and certain preliminary legal, engineering and survey costs. The costs of repairs and maintenance are expensed as incurred. Contributed fixed assets are recorded at fair market value at the date received.

  Construction projects are conducted on a continuing basis in order to maintain or enhance the systems. Preliminary legal, engineering and survey costs include studies conducted prior to the actual construction period that directly result in specific construction projects. While capital projects are in process, all associated costs are recorded as construction in progress. Once completed, all costs, including legal, engineering, survey and construction costs, are reclassified to their respective asset categories and depreciated according to their useful lives.

  Depreciation has been recorded using the straight-line method of depreciation. The estimated useful lives of the Board's major classes of depreciable assets are based on the utility of the respective assets. The estimated useful lives of depreciable fixed assets are as follows:

Assets	Years	Threshold
Land	N/A	N/A
Water and wastewater systems	20 - 50	$20,000
Machinery and equipment	3 - 15	$15,000

- Compensated Absences - Board employees are granted vacation and sick leave, and certain employes are permitted to earn compensatory absences in lieu of overtime. The amount of vacation and sick leave granted varies based on date of hire. In the event of termination or upon retirement, all union employees are entitled to payment for unused accumulated accruals, with limitations defined by their respective collective bargaining agreements. No employee is allowed to carry over more than 12 weeks' of paid vacation from year to year, which limits the Board's total deferred liability for this item. Nonunion employees receive similar benefits.

  Payments of vacation and sick leave and compensatory time are dependent upon many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payments of vacation leave and compensatory time when such payments become due.

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, Continued

In addition to providing pension benefits, the Board provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the Board's employees may become eligible for these benefits if they reach normal retirement age while working for the Board. Health care benefits are provided through the Board's self-insurance plan. The Board pays 100% of the cost for retiree's health care insurance, excluding co-pays which are the sole responsibility of the retirees. Survivors of retirees hired prior to December 31, 2007 continue to receive healthcare coverage. Future retirees hired after December 31, 2007 will pay 20% of the premiums for their insurance coverage. All retirees will be enrolled in a "Medicare Advantage Plan" at age 65. The Board recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

- Bond and Note Discounts/Premiums - Discounts and premiums are presented as components of bonds or notes payable. The discounts/premiums are amortized over the life of the bonds and notes on a straight-line interest method.
- Long-term Obligations - Long-term debt obligations are reported as liabilities in the accompanying statement of net position.
- Pension Plan - The Board provides retirement benefits for substantially all of its regular, full-time employees through contributions to the New York State Employees' and Local Employees' Retirement System (ERS). The ERS provides various plans and options, some of which require employee contributions, as described in note 9.
- Deferred Outflows of Resources and Deferred Inflows of Resources - Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.
- Net Position - The Board's financial statements utilize a net position presentation. Net position is categorized as 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.

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, Continued

Restricted Net Position - This category represents 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. Restricted net position totaled $19,943,885 and $20,845,709 as of December 31, 2023 and 2022, respectively.

Restricted for Capital Projects - Amounts restricted for capital projects is $786,581 at December 31, 2023 and 2022. In 2007, the Board received $19,000,000 from the Power Authority under a "Relicensing Settlement Agreement." The Agreement provided for the creation of a "Niagara Falls Water Board Capital Improvement Fund." These funds represent the remainder of the settlement funds and are restricted for future use related to capital improvements of the Board including but not limited to any specific project including the Falls Street Tunnel project.

Restricted for Debt Service Fund - Board restrictions for debt service were $6,079,649 and $7,736,729 at December 31, 2023 and 2022, respectively.

Restricted for Debt Service Reserve Fund - Amounts restricted for the debt service reserve fund were $7,452,474 and $7,123,949 at December 31, 2023 and 2022, respectively. These funds are controlled by bond trustee. The required minimum balance is the lessor of the maximum future annual debt service requirement or 125% of the average future annual debt service requirements for all outstanding bonds. The required minimum balance was $6,232,913 and $6,407,934 at December 31, 2023 and 2022, respectively. This resulted in excess reserves of $1,219,651 and $716,015 at December 31, 2023 and 2022, respectively.

Restricted for Operations and Maintenance - Amounts restricted for operations and maintenance were $5,625,181 and $5,198,450 at December 31, 2023 and 2022, respectively. These reserves may be used to pay the cost of extraordinary repairs to, and replacements of, the system. Surplus amounts on deposit at the end of the fiscal year may be used for any purpose determined by the Board to be beneficial for the system unless the Authority notifies the Board that it does not concur with such application of surplus and expenditures. The required minimum balance is 1/6th of the fiscal years' budgeted operating expenses which equates to $4,861,056 and $4,900,942 at December 31, 2023 and 2022, respectively. There were excess reserves of $764,125 and $297,508 at December 31, 2023 and 2022, respectively.

Unrestricted Net Position - This category of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets." When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, and then unrestricted resources as they are needed.

(1) Summary of Significant Accounting Policies, Continued

(e) Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(f) Income Taxes

The Board is a public benefit corporation of the State of New York. As such, income earned in the exercise of its essential government functions is exempt from State and Federal income taxes.

(g) Subsequent Events

The Board has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(2) Cash and Equivalents and Investments

The Board's investment policies are governed by State statute. Board monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Board is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand deposits and certificates of deposit in an amount equal to or greater than the amount of all deposits not covered by FDIC insurance coverage. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State.

Custodial Credit Risk - Deposits - In the case of deposits, this is the risk that, in the event of a bank failure, the Board's deposits may not be returned to it. As noted above, by State statute, all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2023 and 2022, all uninsured bank deposits were fully collateralized with securities held by the pledging financial institution's trust department or agent in the Board's name.

(2) Cash and Equivalents and Investments, Continued

The Board's collateral related to the above is as follows for the year ended December 31, 2023 and 2022:

	2023	2022
Book balance	$ 16,667,990	13,053,285
Bank balance	$ 16,682,689	13,689,617
Insured cash - FDIC	500,000	500,000
Uninsured - collateralized with securities held by pledging financial institution	16,922,749	14,266,588
Total insured and collateralized cash and equivalents	$ 17,422,749	14,766,588

Custodial Credit Risk - Investments - For investments, this is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments that are in the possession of an outside party. At December 31, 2023, all of the Board's restricted cash in the form of investments was registered in the Board's name and was invested in U.S. Government backed securities.

The Board's investments at December 31, 2023, consist of the following:

Investments	Maturity	Fair Value
Cash and equivalents	N/A	$ 3,777,743
Federal Home Mortgage Corp.	8/2024 - 9/2025	4,456,495
U.S. Treasury notes and bonds	1/2024 - 7/2024	12,827,287
Taxable money market funds	N/A	10,424,254
Certificates of deposit	1/2024 - 9/2024	1,998,495
Total investments		$ 33,484,274

These investments are classified as Level 1.

The Board's investments at December 31, 2022, consist of the following:

Investments	Maturity	Fair Value
Cash and equivalents	N/A	$ 7,335,361
Federal Home Mortgage Corp.	2/2023 - 6/2025	13,145,041
U.S. Treasury notes and bonds	1/2023 - 7/2024	7,063,140
Taxable money market funds	1/2023 - 6/2023	2,243,770
Certificates of deposit	2/2024 - 7/2024	1,237,350
Income	N/A	162,522
Total investments		$ 31,187,184

These investments are classified as Level 1.

(2) Cash and Equivalents and Investments, Continued

Concentration Credit Risk - For investments, this is the risk of loss attributable to the quantity of the government's investment in a single issuer. Investments in single issuers that equal or exceed 5% of total investments have a reportable concentration of credit risk. At December 31, 2023, the Board held 11% in cash and equivalents, 13% in Federal Home Mortgage Corp., 39% in U.S. Treasury Notes and Bonds, and 37% in Taxable Commercial Paper.

(3) Receivables

Major revenue accrued by the Board at December 31, 2023 and 2022 include the following:

(a) Accounts Receivable

Accounts receivable primarily represents amounts due from customers for current and delinquent water and wastewater 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 user (industrial or residential), and the level of water and sewer usage. Customers may make payments without penalty on current charges up until 20 days after the date of issue. Any unpaid balances remaining after these 20 days are subject to a penalty of 6%, and those customers receive an unpaid bill notice. If balances still remain unpaid after 30 additional days, final unpaid notices are mailed. The customers are then given 10 days to remit payment, after which the property is tagged, and shut-off procedures begin.

During the first week of December of every year, unpaid balances are transferred to the City tax roll for collections through the subsequent year's tax levy or in-rem property sales. Any amounts relating to unpaid water and wastewater balances collected by the City through these means are delivered to the Board.

For the years ended December 31, 2023 and 2022, $1,290,479 and $1,274,304, respectively, were included in allowance for uncollectible accounts to account for receivable balances that may not be collected.

(b) Due from City of Niagara Falls

Due from City of Niagara Falls represents amounts due from the City for the tax transfer. The amount accrued at December 31, 2023 and 2022, net of allowance for uncollectible amounts, were $2,918,203 and $2,500,569, respectively.

(3) Receivables, Continued

(b) Due from City of Niagara Falls, Continued

The tax transfer represents uncollected water and sewer charges that have been turned over to the City for collection in conjunction with the City's property tax levy. The City remits amounts to the Board each January and July for collections it receives for the previous six-month period. The due from City of Niagara Falls amount includes any collected but not yet remitted charges at year-end. Charges from all previous years' water and sewer operations transferred to the City that are not collected totaled $10,574,844 and $9,021,120 at December 31, 2023 and 2022, respectively. Management has recorded an allowance for uncollectible accounts with respect to these balances of $7,656,641 and $6,520,551 at December 31, 2023 and 2022, respectively.

(4) Capital Assets

The Board's capital asset activity for the year ended December 31, 2023 is summarized as follows:

	Balance 12/31/2022	Increases	Decreases	Balance 12/31/2023
Capital assets, not being depreciated and amortized:				
Land	$ 463,713	-	-	463,713
Construction in progress	16,172,883	8,430,482	(10,809,240)	13,794,125
Total capital assets not being depreciated and amortized	16,636,596	8,430,482	(10,809,240)	14,257,838
Capital assets, being depreciated and amortized:				
Plant and transmission costs:				
Water system	92,183,878	2,148,131	-	94,332,009
Wastewater system	103,958,676	7,658,084	-	111,616,760
Machinery and equipment	13,985,290	1,003,025	-	14,988,315
Right to use lease assets	364,559	-	-	364,559
Total capital assets being depreciated and amortized	210,492,403	10,809,240	-	221,301,643
Less accumulated depreciation and amortization:				
Plant and transmission costs:				
Water system	(54,863,946)	(3,031,991)	-	(57,895,937)
Wastewater system	(36,454,574)	(2,951,633)	-	(39,406,207)
Machinery and equipment	(7,595,564)	(941,205)	-	(8,536,769)
Right to use lease assets	(101,810)	(113,678)	-	(215,488)

(4) Capital Assets, Continued

	Balance 12/31/2022	Increases	Decreases	Balance 12/31/2023
Total accumulated depreciation and amortized	$ (99,015,894)	(7,038,507)	-	(106,054,401)
Total capital assets being depreciated and amortized, net	111,476,509	3,770,733	-	115,247,242
Capital assets, net	$ 128,113,105	12,201,215	(10,809,240)	129,505,080

The Board's capital asset activity for the year ended December 31, 2022 is summarized as follows:

	Balance 12/31/2021	Increases	Decreases	Balance 12/31/2022
Capital assets, not being depreciated and amortized:				
Land	$ 463,713	-	-	463,713
Construction in progress	9,903,918	9,202,627	(2,933,662)	16,172,883
Total capital assets not being depreciated and amortized	10,367,631	9,202,627	(2,933,662)	16,636,596
Capital assets, being depreciated and amortized:				
Plant and transmission costs:				
Water system	92,041,188	142,690	-	92,183,878
Wastewater system	102,493,699	1,464,977	-	103,958,676
Machinery and equipment	12,876,530	1,629,613	(520,853)	13,985,290
Right to use lease assets	284,124	80,435	-	364,559
Total capital assets being depreciated and amortized	207,695,541	3,317,715	(520,853)	210,492,403
Less accumulated depreciation and amortization:				
Plant and transmission costs:				
Water system	(51,838,554)	(3,025,392)	-	(54,863,946)
Wastewater system	(33,624,449)	(2,830,125)	-	(36,454,574)
Machinery and equipment	(7,134,300)	(921,540)	460,276	(7,595,564)
Right to use lease assets	-	(101,810)	-	(101,810)

(4) Capital Assets, Continued

		Balance 12/31/2021	Increases	Decreases	Balance 12/31/2022
Total accumulated depreciation and amortized	$	(92,597,303)	(6,878,867)	460,276	(99,015,894)
Total capital assets being depreciated and amortized, net		115,098,238	(3,561,152)	(60,577)	111,476,509
Capital assets, net	$	125,465,869	5,641,475	(2,994,239)	128,113,105

(5) Indebtedness

The Authority issues debt to provide for the acquisition of the water and sewer systems and for the initial funding of operating and maintenance and debt reserves.

In 2012, the proceeds $(6,607,122) of the Series 2012B Clean Water Bonds issuance were used to payoff the Environmental Facilities Corporation (EFC) Note used to fund North Gorge Interceptor Capacity Restoration Project. These bonds are due in 2041 and bear interest at rates between 0.26-4.27%.

In 2013, the Board issued $74,240,000 in general obligation bonds with an average interest rate of 4.72% and received an additional premium of $142,002. The bonds were used for an advanced refunding of $63,535,000 of 2003 Bonds with an average interest rate of 3.79%. The net proceeds of approximately $64 million were deposited in a trust with an agent to provide for future debt service payments on the bonds. As a result, the bonds are considered defeased and the liability for those bonds has been removed from the Board's financial statements. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately $1.7 million.

During 2014 net proceeds of the Series B bonds were used to entirely refund the Series 2004 Serial Bonds of $4,095,000, specifically reducing the interest to be paid by approximately $610,000.

During 2015, net proceeds of the Series D bonds were used to entirely refund the Series 2005A&B Serial Bonds of $4,380,000 specifically reducing the interest to be paid by approximately $550,000. As a result, the bonds are considered defeased and the liability for these bonds has been removed from the Board's financial statements. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately $450,000.

(5) Indebtedness, Continued

During 2016, net proceeds of the Series A bonds were used to entirely refund the Series 2005 bonds of $23,115,000 specifically reducing the interest to be paid by approximately $4,100,000. As a result, the bonds are considered defeased and the liability for these bonds has been removed from the Board financial statements. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately $4.1 million. The accounting gain on this refunding was originally $1,097,923 which will be amortized through 2034. The unamortized gain on refunding amounted to $665,870 at December 31, 2023.

During 2019, the Board received proceeds of $2,189,993 from the NYS Power Authority for the Energy Efficiency Program at an interest rate of 2.79%.

During 2022, net proceeds of the Water and Sewer System Revenue Refunding Bonds Series 2022A totaling $35,930,000 were used to entirely refund the Series 2013A Serial Bonds of $34,120,000. The discount on this refunding was $1,869,854 which is being amortized beginning in 2024 through 2034. The Series 2022A bond will be repaid over 10 years beginning in 2024 with interest rates ranging from 2.00% - 3.375%.

Indebtedness activity for the year ended December 31, 2023 is presented as follows:

	Principal Outstanding 12/31/2022	Issued	Paid	Principal Outstanding 12/31/2023	Due Within One Year
EFC Water Revolving Funds Revenue Bonds - Direct Borrowings:					
Series 2012B - Clean Water bond issued in 2012 for $6,607,122 and maturing in 2041 bearing interest paid semi-annually at 0.26% to 4.27%	$ 4,660,000	-	(185,000)	4,475,000	185,000
Series 2013B - Clean Water bond issued in 2013 for $14,030,000 and maturing in 2033 bearing interest paid semi-annually at 3.88% to 5.05%	8,805,000	-	(670,000)	8,135,000	695,000
Series 2013B - Drinking Water bond issued in 2013 for $5,580,000 and maturing in 2023 bearing interest paid semi-annually at 4.75% to 4.91%	2,370,000	-	(2,370,000)	-	-
Series 2015D - Drinking Water bond issued in 2015 for $4,380,000 and maturing in 2034 bearing interest paid semi-annually at 3.81% to 4.57%	3,170,000	-	(190,000)	2,980,000	200,000
Total EFC Water Revolving Funds Revenue Bonds - Direct Borrowings	19,005,000	-	(3,415,000)	15,590,000	1,080,000

(5) Indebtedness, Continued

	Principal Outstanding 12/31/2022	Issued	Paid	Principal Outstanding 12/31/2023	Due Within One Year
Serial Bonds:					
Series 2013B bonds issued in 2013 for $8,415,000 and maturing in 2024 bearing interest paid semi-annually at 4.309%	$ 1,475,000	-	(925,000)	550,000	550,000
Series 2016A bonds issued in 2016 for $20,130,000 and maturing in 2034 bearing interest paid annually at 3.13% to 5.0%	20,130,000	-	-	20,130,000	2,750,000
Series 2022A bonds issued in 2022 for $35,930,000 and maturing in 2034 bearing interest paid semi-annually at 2.0% to 3.375%	35,930,000	-	-	35,930,000	575,000
Unamortized premium on bonds issued in 2016 for $2,335,569 and maturing in 2034	1,546,233	-	(129,754)	1,416,479	129,754
Total Serial Bonds	59,081,233	-	(1,054,754)	58,026,479	4,004,754
NYS Power Authority - Direct Borrowing:					
Series 2019 Mortgage Loan issued in 2019 for $2,189,993 and maturing in 2028 bearing interest paid semi-annually at 2.79%	1,362,419	-	(200,457)	1,161,962	211,723
Total	$79,448,652	-	(4,670,211)	74,778,441	5,296,477

	Principal Outstanding 12/31/2021	Issued	Paid	Principal Outstanding 12/31/2022	Due Within One Year
EFC Water Revolving Funds Revenue Bonds - Direct Borrowings:					
Series 2012B - Clean Water bond issued in 2012 for $6,607,122 and maturing in 2041 bearing interest paid semi-annually at 0.26% to 4.27%	$ 4,840,000	-	(180,000)	4,660,000	185,000
Series 2013B - Clean Water bond issued in 2013 for $14,030,000 and maturing in 2033 bearing interest paid semi-annually at 3.88% to 5.05%	9,455,000	-	(650,000)	8,805,000	670,000
Series 2013B - Drinking Water bond issued in 2013 for $5,580,000 and maturing in 2023 bearing interest paid semi-annually at 4.75% to 4.91%	4,660,000	-	(2,290,000)	2,370,000	2,370,000
Series 2015D - Drinking Water bond issued in 2015 for $4,380,000 and maturing in 2034 bearing interest paid semi-annually at 3.81% to 4.57%	3,355,000	-	(185,000)	3,170,000	190,000
Total EFC Water Revolving Funds Revenue Bonds - Direct Borrowings	22,310,000	-	(3,305,000)	19,005,000	3,415,000

(5) Indebtedness, Continued

	Principal Outstanding 12/31/2021	Issued	Paid	Principal Outstanding 12/31/2022	Due Within One Year
Serial Bonds:					
Series 2013A bonds issued in 2013 for $36,060,000 and maturing in 2034 bearing interest paid semi-annually at 3.0% to 5.0%.	$34,120,000	-	(34,120,000)	-	-
Series 2013B bonds issued in 2013 for $8,415,000 and maturing in 2024 bearing interest paid semi-annually at 4.309%.	$ 2,350,000	-	(875,000)	1,475,000	925,000
Series 2016A bonds issued in 2016 for $20,130,000 and maturing in 2034 bearing interest paid annually at 3.13% to 5.0%	20,130,000	-	-	20,130,000	-
Series 2022A bonds issued in 2022 for $35,930,000 and maturing in 2034 bearing interest paid semi-annually at 2.0% to 3.375%	-	35,930,000	-	35,930,000	-
Unamortized premium on bonds issued in 2016 for $2,335,569 and maturing in 2034	1,675,987	-	(129,754)	1,546,233	-
Total Serial Bonds	58,275,987	35,930,000	(35,124,754)	59,081,233	925,000
NYS Power Authority - Direct Borrowing:					
Series 2019 Mortgage Loan issued in 2019 for $2,189,993 and maturing in 2028 bearing interest paid semi-annually at 2.79%	1,572,163	-	(209,744)	1,362,419	200,457
Total	$82,158,150	35,930,000	(38,639,498)	79,448,652	4,540,457

The annual maturities of long-term debt as of December 31, 2023 are as follows:

NYS EFC Revolving Fund Revenue Bonds - Direct Borrowings:

Year	Principal	Interest	Total
2024	$ 1,080,000	712,085	1,792,085
2025	1,110,000	663,618	1,773,618
2026	1,145,000	613,235	1,758,235
2027	1,180,000	560,702	1,740,702
2028	1,215,000	505,215	1,720,215
2029-2033	6,710,000	1,632,036	8,342,036
2034-2038	1,905,000	436,155	2,341,155
2039-2041	1,245,000	126,576	1,371,576
	$ 15,590,000	5,249,622	20,839,622

(5) Indebtedness, Continued

Serial Bonds:

Year	Premium on bonds	Principal	Interest	Total
2024	$ 129,754	3,875,000	2,026,192	5,901,192
2025	129,754	4,435,000	1,853,492	6,288,492
2026	129,754	4,620,000	1,659,517	6,279,517
2027	129,754	4,820,000	1,455,427	6,275,427
2028	129,754	5,035,000	1,239,337	6,274,337
2029-2033	648,770	27,385,000	3,832,364	31,217,364
2034	118,939	6,440,000	237,988	6,677,988
	$ 1,416,479	56,610,000	12,304,317	68,914,317

NYS Power Authority - Direct Borrowing:

Year	Principal	Interest	Total
2024	$ 211,723	58,410	270,133
2025	223,621	46,512	270,133
2026	236,188	33,945	270,133
2027	249,461	20,672	270,133
2028	240,969	6,653	247,622
	$ 1,161,962	166,192	1,328,154

Interest on long-term debt for the year was composed of:

Interest paid:	$ 2,523,880
Plus: Interest accrued in the current year	1,003,477
Less: Interest accrued in the prior year	(1,399,649)
Total interest expense	$ 2,127,708

Financing Agreement Covenants

The financing agreement between the Authority and the Board relating to all current and future bonding contain various covenants pertaining to the use and maintenance of the trust funds established from the proceeds of each bonding. At December 31, 2023, management believes the Board was in compliance with the following loan covenants:

The Board is required to establish and collect rates, fees and charges sufficient in each fiscal year at least equal to the sum of:

(1) 115% of the estimated aggregate debt service and projected debt service payable in such fiscal year;

(2) 100% of Board operating expenses and Authority expenses payable in such fiscal year; and

(5) Indebtedness, Continued

Financing Agreement Covenants, Continued

(3) 100% of the amount necessary to pay the required deposits for such fiscal year.

The Board shall review the adequacy of fees, rates and charges at least semi-annually.

The Board shall enforce the payment of any and all amounts owed for the use of the systems.

The Board shall (unless required by law) not furnish or supply, or cause to be furnished or supplied, any product, use or service of the systems, free of charge.

The debt service fund balance, beginning with the first day of each calendar month, shall receive all revenues until the balance in the debt service fund equals the minimum monthly balance. The minimum monthly balance is defined as an amount equal to the sum of the aggregate amounts of debt service that have accrued with respect to all series of bonds, calculating the debt service that has accrued as an amount equal to the sum of:

(1) The interest on the bonds that has accrued and is unpaid and that will have accrued by the end of the then calendar month; and

(2) The portion of the next due principal installment for the bonds that would have accrued (as deemed to accrue in the manner interest accrues) by the end of the then calendar month.

Remedies for Default

In the event that the Board shall default in the payment of principal of or interest on any issue of bonds after the same shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty days, or in the event that the Board shall fail or refuse to comply with the provisions of this title or shall default in any agreement made with the holders of any issue of bonds, the holders of twenty-five percent in aggregate principal amount of the bonds of such issue then outstanding, by instrument or instruments filed in the offices of the clerk of the City, secretary of the Board and the Authority and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such bonds for the purpose herein provided.

The Board’s direct borrowings with EFC contain a provision that in the event of default, EFC may take whatever action at law or in equity may appear necessary or desirable to remedy such default. These remedies include, but are not limited to, mandatory redemption, acceleration, or requiring the Board to immediately redeem the bonds in whole together with all other sums due to EFC. The Board may also owe to EFC interest accrued on the overdue balance.

On April 1, 2021, the Authority issued a Bond Anticipation Note (BAN) Series 2021 through EFC for a maximum amount of $27,000,000 for the planning, design and construction of improvements to the wastewater treatment plant (WWTP) and Gorge Pump Station. This BAN included $13,500,000 of interest-free financing and $13,500,000 of market-rate sum financing. The initial interest rate is 0.00% per annum for the interest-free portion and 0.00% per annum for the market-rate portion under a NYS EFC short-term financing program, which is considered a direct borrowing. This BAN has a maturity date of April 1, 2026.

(5) Indebtedness, Continued

Remedies for Default, Continued

The following is a summary of changes in short-term debt for the years ended December 31, 2023 and 2022:

	2023	2022
Balance at January 1	$ 1,584,352	1,584,352
Borrowings	8,806,458	-
Payments	(32,000)	-
Balance at December 31	$ 10,358,810	1,584,352

(6) Leases

(a) Receivable

The Board's leasing operations consist of the leasing of land for cellular towers to telecommunication companies. All leases are subject to public procurement requirements, and each has a different mechanism for determining rates and charges. The lease receivables were discounted to a net present value at December 31, 2023 and 2022 using a 2.05% interest rate. Activity of lease inflows for the years ended December 31, 2023 and 2022 is summarized as follows:

	2023	2022
Lease principal	$ 164,038	181,950
Interest	20,752	20,752
Total lease inflows	$ 184,790	202,702

Future minimum lease payments due to the Board are related deferred inflows of resources as of December 31, 2023 were as follows:

Year	Premium on bonds	Principal	Interest	Total	Deferred Inflows of Resources
2024	$ 129,754	3,875,000	2,026,192	5,901,192	181,800
2025	129,754	4,435,000	1,853,492	6,288,492	146,594
2026	129,754	4,620,000	1,659,517	6,279,517	146,594
2027	129,754	4,820,000	1,455,427	6,275,427	70,940
2028	129,754	5,035,000	1,239,337	6,274,337	70,940
2029-2033	648,770	27,385,000	3,832,364	31,217,364	223,489
2034	118,939	6,440,000	237,988	6,677,988	44,638
	$ 1,416,479	56,610,000	12,304,317	68,914,317	884,995

(6) Leases, Continued

(b) Payable

Activity of lease liability for the year ended December 31, 2023 is summarized as follows:

Principal Outstanding 12/31/2022	Additions	Deductions	Principal Outstanding 12/31/2023	Amount due within one year
$ 260,094	-	(76,216)	183,878	64,868

Activity of lease liability for the year ended December 31, 2022 is summarized as follows:

12/31/2021	Additions	Deductions	12/31/2022
$ 284,124	80,435	(104,465)	260,094

Annual requirements to amortize long-term obligations and related interest are as follows:

Year	Principal	Interest	Total
2024	64,868	3,158	68,026
2025	59,881	1,856	61,737
2026	46,533	697	47,230
2027	12,596	108	12,704
	$ 183,878	5,819	189,697

(7) Compensated Absences

The Board reports the value of compensated absences as a liability. The annual budgets of the operating funds provide funding for these benefits as they become payable. The payment of compensated absences is dependent on many factors; therefore, the timing of future payments is not readily determinable.

12/31/2021	Deletions	12/31/2022	Additions	12/31/2023	Due within one year
$ 694,217	(88,812)	605,405	67,180	672,585	33,629

(8) Other Postemployment Benefits (OPEB)

(a) Plan Description and Benefits

Plan Description - The Board provides continuation of medical, prescription drug, dental, vision and chiropractic coverage for employees who retire and are at least age 50 and have an age, plus years of service, of at least 70. All retirees and future retirees hired prior to December 31, 2007 have no contribution requirements for both individual and family coverage. All future retires hired after December 31, 2007 are required to pay 20% of the individual and family premiums. The Board currently pays for postemployment health care benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue.

The Board provides certain health care benefits for retired employees. Substantially all of the employees may become eligible for these benefits if they reach the normal retirement age and have the required minimum age plus years of service working for the Board. At December 31, 2023, the current portion of the postemployment benefits liability was $2,707,159. The noncurrent portion of the postemployment benefits liability amounted to $78,697,328 at December 31, 2023.

(b) Employees covered by benefit terms

At December 31, 2023, the following employees were covered by the benefit terms:

Current retirees	110
Active employees	113
	223

(c) Total OPEB Liability

At December 31, 2023 and 2022, the Board reported a liability of $81,404,487 and $76,183,820, respectively, for its total OPEB liability. The OPEB liability was measured as of December 31, 2023 with roll forward calculation to the measurement date, and was determined by an actuarial valuation as of January 1, 2022.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Discount rate	3.88%
Healthcare cost trend rates	7.0% for 2023, decreasing to an ultimate rate of 4.5% for 2033

Mortality rates were based on the Society of Actuaries Mortality Improvement Scale MP-2021.

(8) Other Postemployment Benefits (OPEB), Continued

(e) Changes in the Total OPEB Liability

Total OPEB liability at beginning of year	$ 76,183,820
Changes for the year:	
Service cost	1,228,756
Interest on total OPEB liability	2,904,920
Changes in assumptions	3,716,503
Benefit payments	(2,629,512)
Total changes	5,220,667
Total OPEB liability at end of year	$ 81,404,487

(f) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.88%) or 1-percentage point higher (4.88%) than the current discount rate:

	1% Decrease (2.88%)	Current Discount Rate (3.88%)	1% Increase (4.88%)
Total OPEB liability	$ 95,558,871	81,404,487	70,407,317

(g) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rates

The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 68,909,176	81,404,487	97,634,560

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2023 and 2022, the Board recognized OPEB expense of $2,757,223 and $3,226,131, respectively. At December 31, 2023 and 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(8) Other Postemployment Benefits (OPEB), Continued

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 5,936,316	16,823,828	3,359,919	19,340,387

Amounts reported as deferred outflows and inflows of resources related to the pension will be recognized in pension expense as follows:

Year ending	
2024	$ (1,376,453)
2025	(1,376,453)
2026	(1,376,453)
2027	(1,590,919)
2028	(2,071,071)
Thereafter	(3,096,163)
Total	$ (10,887,512)

(9) Pension Plan

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The Board participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Authority (the Authority), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Board and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, 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 Board also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System 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.

(9) Pension Plan

(a) Plan Descriptions and Benefits Provided, Continued

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary. Employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees in ERS contribute 3% of their salary throughout their active membership. For employees who joined after April 1, 2012, employees contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

(b) Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2023 and 2022, the Board reported an asset (liability) of ($4,042,310) and $1,647,314, respectively, for its proportionate share of the net pension asset (liability). The total net pension liability was measured as of March 31, 2023 and 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2023 and 2022. The Board’s proportion of the net pension liability was based on projections of the Board’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2023 and 2022, the Board’s proportionate share of the net asset (liability) was 0.0188505% and 0.0201517%. The Board’s proportionate share of the net asset (liability) increased (decreased) (0.0013012) and 0.0007478 from the March 31, 2022 and 2021 measurement date, respectively.

For the years ended December 31, 2023 and 2022, the Board recognized pension expense of $1,359,423 and $79,274, respectively. At December 31, 2023 and 2022, the Board’s reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(9) Pension Plan, Continued

(b) Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension, Continued

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 430,538	113,523	124,753	161,812
Changes of assumptions	1,963,206	21,697	2,749,183	46,389
Net difference between projected and actual investment earnings on pension plan investments	-	23,748	-	5,394,265
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	133,720	325,791	219,479	309,076
Board's contributions subsequent to the measurement date	474,566	-	400,836	-
Total	$ 3,002,030	484,759	3,494,251	5,911,542

Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. 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 ending	
2024	$ 473,264
2025	(266,953)
2026	768,795
2027	1,067,599
	$ 2,042,705

(c) Actuarial Assumptions

The total pension liability as of the March 31, 2023 measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

(9) Pension Plan, Continued

(c) Actuarial Assumptions, Continued

Measurement date	March 31, 2023
Actuarial valuation date	April 1, 2022
Inflation	2.9%
Salary increases	4.4%
Investment rate of return, (net of investment expense, including inflation)	5.9%
Cost-of-living adjustments	1.5%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2021 used the same assumptions to measure the total pension liability.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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 returns, net of investment expense 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 the arithmetic real rates of return for each major asset class are summarized as follows:

Measurement date	March 31, 2023	
	Target Allocation	Long-term expected real rate of return*
Asset type:		
Domestic equity	32.00%	4.30%
International equity	15.00%	6.85%
Private equity	10.00%	7.50%
Real estate	9.00%	4.60%
Opportunistic/ARS portfolio	3.00%	5.38%
Credit	4.00%	5.43%
Real assets	3.00%	5.84%
Fixed income	23.00%	1.50%
Cash	1.00%	0.00%
	100.00%	

* The real rate of return is net of the long-term inflation assumption of 2.50%.

(9) Pension Plan, Continued

(d) Discount Rate

The discount rate used to calculate the total pension liability 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 statutorily required rates, actuarially determined. Based upon those assumptions, the System'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.

(e) Sensitivity of the Proportionate Share of the Net Pension Asset/Liability to the Discount Rate

The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Board's proportionate share of the net pension asset (liability)	$ (9,768,529)	(4,042,310)	742,612

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)	
Measurement date	3/31/2023	3/31/2022
Employers' total pension liability	$ (232,627)	(223,875)
Plan fiduciary net position	211,183	232,049
Employers' net pension asset (liability)	$ (21,444)	8,174
Ratio of plan fiduciary net position to the employers' total pension asset (liability)	90.78%	103.65%

(9) Pension Plan, Continued

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of December 31, 2023 and 2022 represent the projected employer contribution for the period of April 1, 2023 through March 31, 2024 and April 1, 2022 through March 31, 2023, respectively, based on paid ERS wages multiplied by the employer's contribution rate, by tier. These amounts have been recorded as deferred outflows of resources in the accompanying financial statements.

(10) Labor Relations

The majority of the Board's employees are represented by various unions under four collective bargaining units agreements, with the balance governed by Board policies. Contracts for all of the bargaining units covered a seven year term, contracts with three units expire on May 31, 2024 and the fourth contract expires December 31, 2024.

(11) Risk Management and Contingent Liabilities

(a) Insurance

The Board is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; injuries to employees; and natural disasters, for which the Board carries commercial insurance. There were no settlements that significantly exceeded insurance coverage for the year ended December 31, 2023.

(b) Litigation

The Board is a defendant in a number of lawsuits that have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the Board, these actions when finally adjudicated will not have a material adverse effect on the financial position of the Board.

(12) Significant Events

As a result of alleged discharges from the waste water treatment plant during the Summer of 2017, the New York State Department of Environmental Conservation (NYSDEC) and the Board entered into a Consent Order on *December* 19, 2017 (R9-20170906-129). This Consent Order required the Board to pay a civil penalty in the amount of $50,000 and to implement a schedule of enumerated actions over the following fifteen (15) months. The Board is in the process of implementing these actions under the supervision of the NYSDEC.

(13) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

(14) Correction of Error

Net position as of December 31, 2022 was restated for a correction of error as follows:

Deferred outflows of resources - OPEB, as originally stated	$ 5,989,431
Correction of error	(2,629,512)
Deferred outflows of resources - OPEB, as restated	$ 3,359,919
Unrestricted net position (deficit), as originally stated	$ (59,053,214)
Correction of error	(2,629,512)
Unrestricted net position (deficit), as restated	$ (61,682,726)
Employee benefits, as originally stated	$ 2,888,424
Correction of error	2,629,512
Employee benefits, as restated	$ 5,517,936

NIAGARA FALLS WATER BOARD
Required Supplementary Information
Schedule of Changes in the Board's Total OPEB Liability and Related Ratios
Year ended December 31, 2023

Total OPEB liability:	2023	2022	2021	2020	2019	2018
Service cost	$ 1,228,756	1,103,028	1,377,099	1,349,028	556,876	540,656
Interest on total OPEB liability	2,904,920	3,924,785	1,921,160	1,769,731	3,280,087	3,234,085
Changes in assumptions	3,716,503	(21,404,432)	(520,053)	5,504,550	-	-
Benefit payments	(2,629,512)	(2,667,901)	(2,530,010)	(2,507,223)	(2,581,965)	(2,546,361)
Net change in total OPEB liability	5,220,667	(19,044,520)	248,196	6,116,086	1,254,998	1,228,380
Total OPEB liability - beginning	76,183,820	95,228,340	94,980,144	88,864,058	87,609,060	86,380,680
Total OPEB liability - ending	$ 81,404,487	76,183,820	95,228,340	94,980,144	88,864,058	87,609,060
Covered payroll	$ 5,433,874	5,433,874	4,310,662	4,310,662	3,900,691	3,900,691
Total OPEB liability as a percentage of covered payroll	1498.1%	1402.0%	2209.1%	2203.4%	2278.2%	2246.0%

Notes to schedule:

There are no assets accumulated in a trust that meet the criteria of GASB Statement No. 75, paragraph 4.

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2023	2022	2021	2020	2019	2019
3.88%	4.18%	2.05%	2.02%	3.80%	3.80%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Board is presenting information for those years for which information is available.

NIAGARA FALLS WATER BOARD
Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net Pension Asset/Liability
Year ended December 31, 2023

ERS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
The Board's proportion of the net pension asset (liability)	0.0188505%	0.0201517%	0.0194039%	0.0178786%	0.0160886%	0.0147209%	0.0137476%	0.0134405%	0.0141606%
The Board's proportionate share of the net pension asset (liability)	$ (4,042,310)	1,647,314	(19,321)	(4,734,365)	(1,139,930)	(475,108)	(1,291,751)	(2,157,242)	(478,381)
The Board's covered payroll	$ 5,814,126	5,609,483	5,609,604	5,463,366	4,917,159	4,374,241	4,719,361	4,397,005	4,082,614
The Board's proportionate share of the net pension asset (liability) as a percentage of covered payroll	69.53%	29.37%	0.34%	86.66%	23.18%	10.86%	27.37%	49.06%	11.72%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.29%	94.70%	90.70%	97.95%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Board is presenting information for those years for which information is available.

NIAGARA FALLS WATER BOARD
Required Supplementary Information
Schedule of the Board's Pension Contributions
Year ended December 31, 2023

ERS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 632,755	534,448	725,652	640,535	566,475	583,405	659,383	646,238	725,071	864,054	900,289
Contributions in relation to the contractually required contribution	632,755	534,448	725,652	640,535	566,475	583,405	659,383	646,238	725,071	864,054	900,289
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-	-
Board's covered payroll	$ 5,814,126	5,609,483	5,609,604	5,463,366	4,917,159	4,374,241	4,719,361	4,397,005	4,082,614	4,483,962	4,442,277
Contributions as a percentage of covered payroll	10.88%	9.53%	12.94%	11.72%	11.52%	13.34%	13.97%	14.70%	17.76%	19.27%	20.27%

Schedule 1

NIAGARA FALLS WATER BOARD
Other Supplementary Information
Niagara Falls Water Authority (a Blended Component Unit)
Statements of Net Position
December 31, 2023 and 2022

Assets	2023	2022
Current assets - cash and equivalents	$ 244,329	196,329
Noncurrent assets - due from Water Board	84,089,066	75,626,198
Total assets	84,333,395	75,822,527
Deferred Outflows of Resources		
Loss on refunding	1,714,055	1,869,854
Liabilities		
Current liabilities:		
EFC short-term financing	10,358,810	1,584,352
Current portion, bonds payable	5,166,723	4,540,457
Total current liabilites	15,525,533	6,124,809
Noncurrent liabilities - bonds payable	69,611,718	74,908,195
Total liabilities	85,137,251	81,033,004
Deferred Inflows of Resources		
Gain on refunding	665,870	726,866
Net Position		
Unrestricted (deficit)	$ 244,329	(4,067,489)

Schedule 2

NIAGARA FALLS WATER BOARD
Other Supplementary Information
Niagara Falls Water Authority (a Blended Component Unit)
Statements of Revenue, Expenses and Changes in Net Position
Years ended December 31, 2023 and 2022

	2023	2022
Operating revenue - transfers in	$ 6,402,043	463,371
Operating expense - contractual	2,000	-
Total operating income	6,400,043	463,371
Nonoperating revenue (expenses):		
Amortization of bond premium	34,951	190,750
Debt issuance costs	-	(353,518)
Interest expense	(2,123,176)	(2,261,162)
Total nonoperating expenses	(2,088,225)	(2,423,930)
Change in net position	4,311,818	(1,960,559)
Net position at beginning of year (deficit)	(4,067,489)	(2,106,930)
Net position at end of year (deficit)	$ 244,329	(4,067,489)

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Niagara Falls Water Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Niagara Falls Water Board (the Board), as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated March 25, 2024.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 25, 2024

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REPORT ON INVESTMENT COMPLIANCE WITH SECTION 201.3
OF TITLE TWO OF THE OFFICIAL COMPILATION OF CODES,
RULES AND REGULATIONS OF THE STATE OF NEW YORK

The Board of Directors
Niagara Falls Water Board:

We have examined the Niagara Falls Water Board's (the Board), compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules and Regulations of the State of New York (Section 201.3) during the year ended December 31, 2023. Management is responsible for the Board's compliance with Section 201.3. Our responsibility is to express an opinion on the Board's compliance with Section 201.3 based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about the Board's compliance with Section 201.3. An examination involves performing procedures to obtain evidence about the Board's compliance with Section 201.3. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Board's compliance with Section 201.3, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with ethical requirements relating to the engagement.

In our opinion, the Board complied in all material respects with Section 201.3 during the year ended December 31, 2023.

In accordance with Government Auditing Standards, we are required to report significant deficiencies in internal control, violations of provisions of laws, regulations, contracts, or grant agreements, and abuse that are material to the Board's compliance with Section 201.3 and any fraud or illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain views of management on those matters. We performed our examination to express an opinion on the Board's compliance with Section 201.3 and not for the purpose of expressing an opinion on internal control over compliance with Section 201.3 or other matters; accordingly, we express no such opinion. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of Board management, the Board of Directors, the New York State Office of the State Comptroller, and the New York State Authority Budget Office and is not intended and should not be used by anyone other than those specified parties.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 25, 2024