

# Niagara Falls Water Board

Audit Presentation

Year ended December 31, 2024



# EFPR Engagement Team



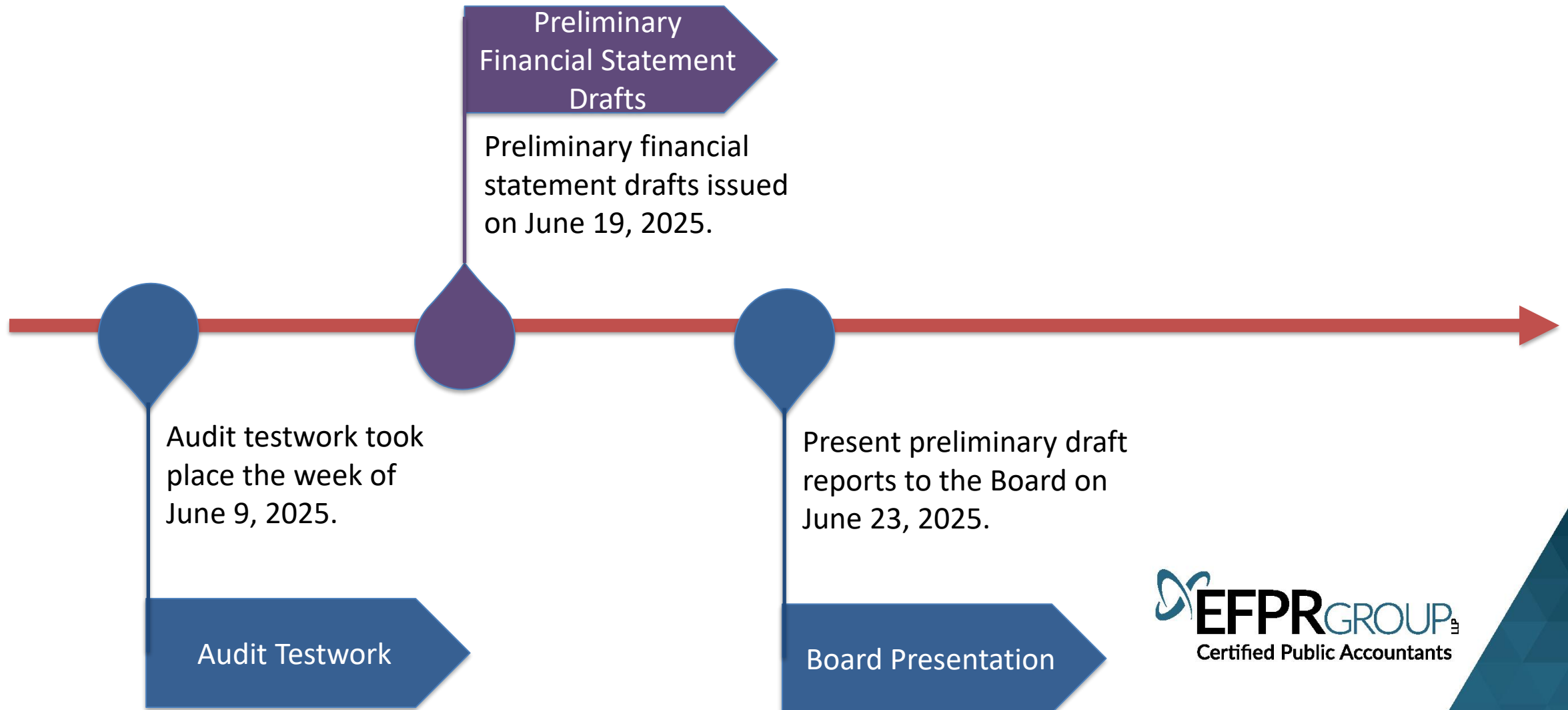
John Costilow, CPA  
Engagement Partner



Douglas Zimmerman, CPA  
Technical Review Partner



# Timing of Procedures



# Audit Results

- We expect to issue an unmodified opinion on the following report:
  - Basic Financial Statements
- We do not expect any material modifications to the preliminary draft reports issued. Current modifications are:
  - Change to note 10 on labor relations to correct length of collective bargaining agreements.
  - Addition to note 12 to include the 2024 DEC consent order.
- All records and information requested by EFPR Group were freely available for our inspection.
- The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



# Financial Results

- Total assets decreased \$2.2mil (1.1%) to a balance of \$193.3mil, mainly as a result of:
  - Cash and equivalents decreased \$2.5mil (15.0%) to a balance of \$14.2mil.
  - Investments decreased \$2.4mil (7.2%) to a balance of \$31.1mil.
  - Capital assets, net of depreciation, increased \$2.3mil (1.8%) to a balance of \$131.9mil.
- Deferred outflows of resources decreased \$1.7mil (15.6%) to a balance of \$9.0mil mainly as a result of changes in actuarial assumptions related to the net pension liability and the total other postemployment benefits (OPEB) liability.

# Financial Results

- Total liabilities decreased \$5.8mil (3.3%) to a balance of \$169.8mil, mainly as a result of:
  - Accounts payable decreased \$870k (35.5%) to a balance of \$1.6mil primarily related to timing of Plant Fund capital asset expenses.
  - Environmental Facilities Corporation short-term financing increased \$3.3mil (32.3%) to a balance of \$13.7mil from additional borrowings.
  - Net pension liability decreased \$1.2mil (29.8%) to a balance of \$2.8mil due to actuarial changes as reported by ERS.
  - Total OPEB liability decreased \$1.7mil (2.1%) to a balance of \$79.7mil from changes in actuarial assumptions.
  - Bonds payable decreased by \$5.3mil (7.1%) to as balance of \$69.5mil from scheduled principal payments.
- Deferred inflows of resources increased \$1.3mil (7.1%) to a balance of \$20.2mil due to changes in actuarial assumptions related to the net pension liability and the total OPEB liability.

# Financial Results

- Total net position increased \$570k (4.9%) to a balance of \$12.4mil. The change in each classification was as follows:
  - Net investment in capital assets increased \$4.2mil (9.2%) to a balance of \$49.6mil as a result of additions exceeding bond principal payments and depreciation.
  - Restricted net position decreased \$2.8mil (13.9%) to a balance of \$17.2mil primarily as a result of a decrease in amounts reserved for debt service.
  - Unrestricted net position (deficit) decreased \$860k (1.6%) to a deficit balance of \$54.4mil. This deficit is a direct result of reporting OPEB as required by Governmental Accounting Standards Board (GASB) Statement No. 75.

# Financial Results

- Total operating revenue was \$36.5mil, which was a decrease of \$2.8mil from the prior year. The was due to decreases in sewer rents of \$2.1mil and grant revenue of \$725k.
- Total operating expenses were \$35.4mil, which was an increase of \$750k over the prior year. This was primarily due to an increase in personnel costs of \$201k, contractual expenses of \$701k and depreciation of \$265k which was offset by a decrease in employee benefits of \$391k.
- Total nonoperating expenses were \$569k, which was an increase of \$241k over the prior year. This was primarily due to decreased interest income and increased interest expense.



# Upcoming Accounting Pronouncements

- GASB has issued Statement No. 102 – Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.
- GASB has issued Statement No. 103 – Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.
- GASB has issued Statement No. 104 – Disclosure of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2025.



# Report to the Board

- Significant accounting practices are described in note 1 to the financial statements.
- Accounting estimates were reasonable and supported.
- The financial statement disclosures are neutral, consistent and clear.
- There were no disagreements with management over any accounting, reporting or auditing matters, however, there were significant delays in performing and completing our audit as numerous accounts were not reconciled at the time of scheduled fieldwork.

# Report to the Board, Continued

- We will obtain a management representation letter.
- There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
- There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the Board's financial reporting that we were made aware of as a result of our inquiries.

# Report to the Board, Continued

- We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
- There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the Board's financial statements or to our auditors' report.
- There are no other matters that we consider significant to the oversight of the Board's financial reporting process that have not been previously communicated.

# Conclusion/Questions?

