Niagara Falls Water Board

Audit Presentation

Year ended December 31, 2025

NIAGARA FALLS WATER BOARD

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EFPR Engagement Team

Thomas Smith, CPA
Engagement Partner

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Technical Review Partner

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Engagement Senior

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Timing of Procedures

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Audit Results

- We expect to issue an unmodified opinion on the following report:
  - Basic Financial Statements
  - Investment Audit
- All records and information requested by EFPR Group were freely available for our inspection.
- The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under <u>Government Auditing Standards</u>.
  - Finding (2025-001) Annual Reporting to the New York State Authority Budget Office
    - The Board did not comply with the New York State Authority Budget Office's Public Authorities Reporting Information System (PARIS) reporting requirements, which requires the annual submission 90 days following the fiscal year end for the audited financial statements and investment report.

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Financial Results

- Total assets decreased $1,468,744 to a balance of $191,865,299, mainly as a result of:
  - Accounts receivable, net of allowance decreased $1,559,094 to a balance of $9,976,386.
  - Unrestricted investments decreased $3,875,089 to a balance of $16,440,827.
  - Capital assets, net of depreciation, decreased $2,969,548 to a balance of $128,875,796.
- Deferred outflows of resources decreased $2,127,801 to a balance of $6,861,850 mainly as a result of changes in actuarial assumptions related to the net pension liability and the total other postemployment benefits (OPEB) liability.

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Financial Results

- Total liabilities decreased $6,778,650 to a balance of $162,978,282, mainly as a result of:
  - Accounts payable decreased $402,749 to a balance of $1,172,776 primarily related to timing of expenses in relation to year-end.
  - Total OPEB liability decreased $516,083 to a balance of $79,176,508 from changes in actuarial assumptions.
  - Bonds payable decreased by $5,898,406 to as balance of $63,582,992 from scheduled principal payments.
- Deferred inflows of resources decreased $2,776,843 to a balance of $17,415,295 due to changes in actuarial assumptions related to the net pension liability and the total OPEB liability.

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Financial Results

- Total net position increased $5,958,948 to a balance of $18,333,572. The change in each classification was as follows:
  - Net investment in capital assets increased $3,902,274 to a balance of $52,721,626 as a result of principal payments made on bonds payable.
  - Restricted net position increased $538,703 to a balance of $17,717,640 primarily as a result of an increase in amounts reserved for debt service.
  - Unrestricted net position (deficit) decreased $1,517,971 to a deficit balance of $52,105,694. This deficit is a direct result of reporting OPEB as required by Governmental Accounting Standards Board (GASB) Statement No. 75.

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Financial Results

- Total operating revenue was $38,934,792, which was an increase of $2,419,226 from the prior year. The change was due to an increase in sewer rents and charges of $2,433,553.
- Total operating expenses were $32,078,930, which was a decrease of $3,295,553 over the prior year. This was primarily due to a decrease in contractual expenses of $1,946,096, and a decrease in employee benefits of $1,076,846.
- Total nonoperating expenses were $896,914, which was an increase of $328,395 over the prior year. This was primarily due to decreased interest income.

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Upcoming Accounting Pronouncements

- 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.
- GASB has issued Statement No. 105 – Subsequent Events. Effective for fiscal years beginning after June 15, 2026.

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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.

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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.
- 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.

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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.

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Conclusion/Questions?

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