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July 21, 2026

CONFIDENTIAL

The Board of Directors
Niagara Falls Water Board

We have completed our audit of the financial statements of Niagara Falls Water Board (the Board) for the year ended December 31, 2025. Considering the test character of our audit, you will appreciate that reliance must be placed on adequate methods of internal controls as your principal safeguard against irregularities which a test examination might not disclose. We now present for your consideration our observations and recommendations noted during our audit.

This report is solely for the information and use of the Members of the Board of Directors, management and others within the Board.

Status of Prior Year Recommendations

We received the disposition of recommendations included in our letter dated July 18, 2025. The following is a summary of the actions taken by the Board with regard to our recommendations.

Uncollectible Billings

The Board currently has a significant balance of uncollectible water and sewer billings that is being carried, and this amount increases annually. 100% of the amounts transferred to the City of Niagara Falls, New York (the City), are reserved as uncollectible one year after they are transferred to the City. In addition, 100% of the amounts more than 120 days old from the non-transferred receivables are reserved as uncollectible.

We recommended that the Board review all outstanding accounts receivable and determine whether those amounts are in fact uncollectible and those amounts should be written off the books. Additionally, for those customers that are deemed uncollectible, an assessment should be made to ensure that no additional services are being provided to those customers.

Bank Reconciliations

During our 2024 audit we noted that bank reconciliations are being prepared by the Director of Financial Services and, therefore, are not reviewed each month. We recommended that bank reconciliations be reviewed by either the Executive Director or a Member of the Board. This process has been updated so that the Director of Financial Services no longer prepares the bank reconciliations, but reviews them instead. This comment is considered resolved.

*   *   *   *   *

We wish to take this opportunity to express our appreciation for the courtesy and cooperation extended to us by the Board during our audit. If you have any questions regarding the foregoing comments or wish any assistance in their implementation, please contact us at your convenience.

Very truly yours,

EFPR Group, CPAs, PLLC

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