Continuing Disclosure Report

Introduction

This 2026 Continuing Disclosure Report, prepared in September 2026 (the "2026 CDR" or the "2026 Report"), provides information to supplement and update information presented in the Feasibility Report of the Consulting Engineer and Rate Consultant, prepared in August 2005 (the "2005 Report"), included in the Official Statement for the 2005 Authority Bonds, the Feasibility Report prepared in June 2013, included in the Official Statement for the 2013 Bonds (the "2013 Report"), the Feasibility Report prepared in November 2016, included in the Official Statement for the 2016 Bonds (the "2016 Report"), the Feasibility Report prepared in March 2022, included in the Official Statement for the 2022 Bonds (the "2022 Report"), the 2007 Continuing Disclosure Report prepared in June 2007, the 2008 Continuing Disclosure Report prepared in June 2008, the 2009 Continuing Disclosure Report prepared in July 2009, the 2010 Continuing Disclosure Report prepared in July 2010, the 2011 Continuing Disclosure Report prepared in June 2011, the 2012 Continuing Disclosure Report prepared in June 2012, the 2014 Continuing Disclosure Report prepared in July 2014, the 2015 Continuing Disclosure Report prepared in July 2015, the 2016 Continuing Disclosure Report prepared in July 2016, the 2017 Continuing Disclosure Report prepared in September 2017, the 2018 Continuing Disclosure Report prepared in September 2018, the 2019 Continuing Disclosure Report prepared in September 2019, the 2020 Continuing Disclosure Report prepared in September 2020, the 2021 Continuing Disclosure Report prepared in September 2021, the 2022 Continuing Disclosure Report prepared in September 2022, the 2023 Continuing Disclosure Report prepared in September 2023, the 2024 Continuing Disclosure Report prepared in September 2024, and the 2025 Continuing Disclosure Report prepared in September 2025, collectively referred to as the "Prior Reports". Except where noted, the table numbers and titles used in the 2026 CDR correspond to the table numbers and titles in the Prior Reports. In matters presented in the Prior Reports where we have been advised by the Board that no material change has occurred since the preparation of the Prior Reports, no additional information is presented in this 2026 CDR. Throughout the 2026 CDR, references are made to the Water, Wastewater and Stormwater System of the Board (the "System") which serves the City of Niagara Falls, NY (the "City") and provides water service to small portions of adjacent communities.

Board and Authority Members

Richard Sirianni became the Chairman of the Board in June 28, 2024. Other members of the Board include Mr. Daniel L. Weiss, Ms. Renae Kimble, Mr. Matthew Cole and Mr. James S. Dean.

Mr. Jason Murgia is the Chairperson of the Authority (having previously been a member of the Authority). Mr. Michael Monaco is a second member of the Authority, while the third appointment is vacant.

Organization and Staff of the Board

After conducting a careful search through local/national employment resources and water and wastewater industry trade groups, in May 2024, the Water Board selected Sean W. Costello, who had served as its in-house General Counsel since 2018, as its Executive Director.

Sean W. Costello has served as Executive Director of the Water Board since May 2024. He was selected after the Water Board conducted a search through local and national employment resources and water and wastewater industry trade groups. Mr. Costello had been a Water Board employee since 2018, serving as its in-house General Counsel, a role he continues to fill. From 2012 to 2018 Mr. Costello had worked on Water Board legal matters as outside counsel. In addition to service as the Board's General Counsel, Mr. Costello previously served as Acting Executive Director during portions of 2020 and 2021. He has an active role at the Water Board in operational, regulatory, labor relations, and legal affairs.

Mr. Costello holds a Juris Doctor Degree from Syracuse University College of Law, and a Bachelor of Arts Degree in International Relations, *magna cum laude*, from Syracuse University College of Arts and Sciences. He is a member of various professional organizations, including the American Water Works Association (AWWA), New York Water Environment Association (NYWEA), Water Environment Federation (WEF), and the Niagara Frontier Section of the Air and Waste Management Association (AWMANFS).

The other executive positions at the Water Board are Director of Financial Services, Director of Technical & Regulatory Services, and Director of Administrative Services.

Deborah A. Ziolkowski, CPA, has served as Director of Financial Services since December 2025. Ms. Ziolkowski holds a Bachelor of Science Degree in Biochemistry and a Master of Arts Degree in Microbiology from the State University of New York at Buffalo. She also holds a Masters of Business Administration in Finance and a Masters of Business Administration in Professional Accounting from the State University of New York at Buffalo. She is a NYS licensed Certified Public Accountant and a member of the NYS Society of CPAs and American Institute of CPAs.

Douglas Williamson, P.E., has served as the Water Board's Director of Technical and Regulatory Services since 2017. Mr. Williamson received a Bachelor of Science degree in civil engineering from the State University of New York at Buffalo. He is a NYS licensed professional engineer in New York State. Mr. Williamson has 25 years of progressive experience focusing on construction and the water/wastewater fields and has been with the Water Board since 2009.

Caleb Holman has served as the Water Board's Director of Administrative Services since March 2025. Mr. Holman holds a Bachelor of Arts in Human Resources Management from Ottawa University.

The table presented below illustrates the staffing levels for the System as of June 30, 2026.

Table 1 – System Staffing

	Staff Positions *
Water Facilities Division	47.0
Wastewater Facilities Division	50.0
Total System	97.0

* Denotes filled positions. Authority and Board members as well as temporary personnel providing support services are not included in the above figures. The above totals also do not include staff members that are currently on unpaid leave.

The City provided certain support services to the System in the form of engineering, legal, billing and collection, accounting and fleet maintenance services during the initial years of the Board's operations. Under the terms of the Operations Agreement between the City and the Board, the Board notified the City that it wished to assume direct responsibility for certain support services provided by the City. For example, the Board installed a new financial management system and began billing customer accounts during 2008. The City continues to work with the Board, including in providing collection services for accounts and tax collection services and providing support for certain procurements. Under the terms of the agreement, the Board will pay the City approximately $100,000 per year for the services it receives.

Water Treatment

The average daily output from the Board's water treatment plant for 2022 through 2025 is shown in the following table.

Table 2 – Average Daily Production of Treated Water

Year	**2022**	**2023**	**2024**	**2025**
Flow (MGD)	19.82	19.05	18.6	19.13

Water Distribution System

The distribution system consists of approximately 260 miles of various diameter water mains, 2,287 fire hydrants, over 5,000 valves, two elevated water storage tanks and over 19,000 metered services. The distribution system is a single pressure system. The Water System services the City and several "out-of-town" customers adjoining the City. The Water System also has two major inter-municipal interconnections with the Niagara County Water District that allow for the purchase/sale of water in either direction for emergency or shut down maintenance events.

Treated water is pumped from the water treatment plant to the Water System's 260 miles of pipe and also to the 56th Street elevated water storage tank that has a capacity of 2 million gallons ("mg"). The elevated tank provides added reliability to the Water System, as it will transparently pick up full system demand if the high-lift pump station is shutdown. A second 2 mg elevated storage tank at Beech Avenue is currently shut down and isolated from the Water System. The Board has been awarded grant funding for a project to recoat and then place the Beech Avenue tank back into service with addition of a pump station, which will provide additional system storage, pressure equalization, and redundancy to permit for maintenance at the 56th Street tank; this project is anticipated to be complete in 2027. The Beech Avenue water tank currently is being used to generate revenues through the lease of space for cellular antennas. The water distribution system utilizes various materials of construction including lined and unlined cast or ductile iron, polyvinyl chloride (PVC), reinforced concrete pressure pipe (RCPP), and high density polyethylene (HDPE) varying in size from 6 inch to 30 inch.

The following tables provide information on the water mains and the approximate age of the pipes comprising the water distribution system:

Table 3 – Water Distribution System Piping

Water Main	Material Type	Length (ft)
6-inch	PVC	1,500
8-inch	PVC	6,110
10-inch	PVC	700
12-inch	Asbestos Cement	5,500
20-inch	Cast/Ductile Iron	7,800
24-inch	RCPP	5,600
30-inch	RCPP	13,370
36-inch	RCPP	16,810
42-inch	RCPP	7,850
2-inch	Cast/Ductile Iron	700
4-inch	Cast/Ductile Iron	95,030
6-inch	Cast/Ductile Iron	596,540
8-inch	Cast/Ductile Iron	240,430
10-inch	Cast/Ductile Iron	121,455
12-inch	Cast/Ductile Iron	102,045
8-inch	HDPE	850
14-inch	HDPE	6,540
16-inch	Cast/Ductile Iron	62,760
20-inch	Cast/Ductile Iron	46,730
24-inch	Cast/Ductile Iron	26,230
30-inch	Cast/Ductile Iron	9,060
	Total	1,373,610

Table 4 – Niagara Falls Water Distribution System
Approximate Age of Pipe

Age	Feet	Percent
1890-1910	65,802	5%
1911-1930	515,179	37%
1931-1950	288,940	21%
1951-1970	251,682	18%
1971-1990	144,121	10%
1991-2021	101,772	7%
2022-2026	11,700	1%
Total	1,379,196	100%

Unbilled Water

In Prior Reports, this section was described as unaccounted-for water. The term unaccounted-for water is redefined below and a definition is provided for unbilled water. The Water Facilities Division calculates the percentage of unbilled water based on the difference in quantity between the treated water pumped into the Water System and the number of billed units provided to customers, divided by the treated water pumped. Unbilled water includes both known uses that are not measured or billed (e.g., water used in firefighting and hydrant flushing) and unaccounted-for water such as losses due to leaks in the System. Unbilled water has been 66% percent or more of treated water for more than ten years, a percentage that is higher than typical industry averages. This percentage has remained the same despite efforts to identify and to repair leaks and to test, calibrate, and replace large meters over the past five years. The table presented below shows the average percentages of unbilled water by year.

Table 5 – Unbilled Water

Year	Percent of Treated Water
2021	68%
2022	66%
2023	68%
2024	68%
2025	68%

The marginal cost to the Board of treating and pumping water that is not sold is relatively low; mostly the cost of treatment chemicals and electricity, as other fixed costs of production such as personnel, treatment facilities, and distribution piping may be attributed to the billed water and are not increased to provide the unsold water. Notwithstanding the absence of a significant cost incentive, the CIP for the Water System is focused primarily on improvements to the distribution system that will maintain system reliability and, over time, together with the increased focus on

identifying lost water, should result in a decline in unaccounted-for water. Nearly all water meters in the system have been replaced since 2012, with newer meters offering more accurate measurement of consumption and remote (drive by) reading to reduce labor costs. In 2025, the NFWB began a pilot project with deployment of 30 hydrant-based leak detectors. Preliminary results of the pilot project have been unsatisfactory, with few leaks accurately identified. In 2026, the NFWB began a proof-of-concept project utilizing Asterra, a company that employs satellite-based synthetic aperture radar data and artificial intelligence to detect underground moisture and water leaks, and infrastructure movement. This project has identified a number of previously non-surfacing leaks and has narrowed the area for future leak detection efforts.

To improve the water distribution system, the NFWB has undertaken a program to map and hydraulically model the existing water distribution system. The hydraulic model is being used to identify areas where water pressure is insufficient and to plan for future upgrades to the distribution system. Additionally, in 2017, the NFWB identified out-of-service fire hydrants as a major issue, and an aggressive program has been undertaken by the NFWB to repair or replace all out-of-service fire hydrants. The objective was to return all fire hydrants to a fully functional status, and having accomplished that goal in 2019, repairs/replacements now focus on hydrants that either are newly damaged or that are older models which are nearing the end of their useful service life. Many of these hydrants that are being replaced were also a source of water leakage. The system includes 2,236 fire hydrants. Since 2021, fire hydrants repair/replacements have been as follows:

	Replaced	Repaired
2021	68	38
2022	41	44
2023	72	35
2024	100	7
2025	30	68
2026*	24	54

* As of August 31, 2026

Water System Staffing

The following table illustrates the number of personnel in each of the eight (8) sections of the Water System as of June 30, 2026.

Table 6 – Water System Staffing

Section	Staff Positions
Administration	10.0
Laboratory	2.0
Information Technology	2.0
Engineering	3.0
Purification Operations	8.0
Inside Water Maintenance	9.0
Outside Water Maintenance	8.0
Meter Shop	5.0
Total Water System Staff	47.0

We believe that the Water System is adequately staffed and key management personnel have the qualifications and experience commensurate with their responsibilities.

Wastewater Treatment

The following table identifies the historical flows through the wastewater treatment plant ("WWTP").

Table 7 – Average Daily Wastewater Volume Treated

Year	2022	2023	2024	2025
Flow (MGD)	23.54	24.08	23.42	23.01

Wastewater Facilities

The facilities of the Wastewater System include a wastewater treatment plant ("WWTP"), 8 pumping stations, over 255 miles of combined and separate sanitary sewer lines and 6 combined sewer overflow points. The Wastewater System uses a collection system of lateral, collection and trunk sewers that convey wastewater to the WWTP. The majority of the service area utilizes combined sewers that carry both wastewater and storm water in one pipe. Pipe sizes range from 8 inches to 72 inches in diameter. The Wastewater System also includes approximately 15 miles of large conveyance structures ranging in size from 36 inches to 32 feet in diameter (tunnels).

The eastern portion of the City has a separated sanitary system and storm sewer system. This portion of the Wastewater System uses pumps to alleviate sanitary sewer overflows that occur during certain wet weather events. This procedure complies with the terms of the Board's permit from the DEC. The pumping stations of the Board are listed in the following table.

Table 8 – Pump Station and Bypass Station Capacities

Lift Station	Location	Approximate Capacity (MGD)
Gorge	Gorge Pump Station Site	19.5
LS-1	Stephenson & 81st Streets	4.3
LS-2	Griffon Avenue	1.0
LS-3	Buffalo Avenue & 56th Street	1.7
LS-4	91st Street & Luick Avenue	1.7
LS-6	81st Street & Frontier Avenue	4.3
LS-7	Boiler Avenue & Military Road	0.8
LS-8	101st Street	1.0
BPS-1	Cayuga Drive & South Military Road	2.9
BPS-2	West Rivershore Drive	1.0

Like most urban systems of its age with combined storm water and sanitary sewer systems, the Wastewater System has incurred problems with infiltration whereby storm water and ground water enter the pipes devoted to wastewater. This has resulted in added treatment expense.

Like the Water System, the Wastewater System obtains low-cost hydropower from National Grid, which is made available through NYPA. In the case of the Wastewater System, this amounts to approximately 1.6 megawatts per year.

Wastewater System Staffing

The table presented below illustrates the number of personnel in each of the six (6) sections of the Wastewater System as of June 30, 2026:

Table 9 – Wastewater System Staffing

Section	Staff Positions
Monitoring and Compliance	4.0
Analytical Services	2.0
Sewer Collection System Maintenance (1)	12.0
Administrative / Technical	4.0
Plant Operations	16.0
Plant Maintenance	12.0
Total Wastewater System Staff	50.0

1) Includes sanitary sewers, combined sewers and storm sewers. Positions for stormwater maintenance were paid for through the City's General Fund, prior to acquisition of the System by the Board.

Wastewater System Customer Base

The Wastewater System serves the City and, through a mutual services agreement, limited portions of the Town of Niagara. The Wastewater System serves a population of approximately 48,671 according to the 2020 U.S. Census. The table below shows consumption and revenue information by category of customer.

Table 10 – Wastewater Demand, Revenue and Account Information by Customer Class

Class of Customer	2021	2022	2023	2024	2025
Residential/Commercial					
Consumption (CCF)	1,240,942	1,237,586	1,203,216	1,200,532	1,210,592
Number of Accounts	17,880	17,811	17,652	17,633	17,602
Revenues	$ 6,876,161	$ 8,006,756	$ 8,587,377	$ 8,643,362	$ 8,718,390
Industrial					
Consumption (CCF)	966,867	930,581	810,042	285,040	267,437
Number of Accounts	256	255	255	259	257
Revenues	$ 3,752,812	$ 4,251,287	$ 4,817,252	$ 5,561,665	$ 4,346,192
Significant Industrial Users (SIU)					
Consumption (CCF)	1,115,955	1,090,861	914,467	699,546	600,591
Number of Accounts	23	23	23	21	24
Revenues	$ 12,733,281	$ 11,709,705	$ 12,204,666	$ 9,793,690	$ 10,039,427
Total					
Consumption (CCF)	3,323,764	3,259,028	2,929,313	2,185,118	2,078,620
Number of Accounts	18,159	18,089	17,956	17,913	17,883
Revenues	$ 23,362,254	$ 23,967,748	$ 25,609,295	$ 23,998,717	$ 23,104,009
Plus: Other Departmental Revenues	$ 942,727	$ 590,863	$ 792,588	$ 638,449	$ 867,833
Less: Adjustments	-	-	-	-	-
Total Departmental Revenue	$ 24,304,981	$ 24,558,611	$ 26,401,883	$ 24,637,166	$ 23,971,842

Preliminary Capital Improvement Program (CIP)

The Board and the Authority have the responsibility to adopt and implement the CIP for the System. Table 11 presents the CIP for the System for 2026 through 2030. The CIP is updated periodically. The updated CIP as presented herein was most recently updated by the executive staff as of July 31, 2026.

Table 11 – Capital Improvement Plan ("CIP")

Description	2026	2027	2028	2029	2030	Total
COMBINED PROJECTS (WATER AND WASTEWATER)						
IT Plan Implementation	$30,000	$30,000	$30,000	$30,000	$30,000	$150,000
Meter Replacement & Upgrades	70,000	70,000	70,000	70,000	70,000	350,000
Fleet Replacement	80,000	80,000	80,000	80,000	80,000	400,000
Water/sewer GIS/GPS Mapping	5,000	5,000	5,000	5,000	5,000	25,000
Combined Projects - Miscellaneous	100,000	100,000	100,000	100,000	100,000	500,000
WASTEWATER INFRASTRUCTURE PROJECTS						
WWTP Equipment Upgrades	100,000	100,000	100,000	100,000	100,000	500,000
WWTP Electrical	500,000	100,000	100,000	100,000	100,000	900,000
WWTP SCADA Improvements	100,000	50,000	50,000	50,000	50,000	300,000
WWTP Intermediate Pumps	500,000	500,000	500,000	-	-	1,500,000
WWTP Chemical Bulk Storage	75,000	650,000	650,000	-	-	1,375,000
WWTP Structural / Masonry Repairs	50,000	50,000	50,000	50,000	50,000	250,000
WWTP Reconstruction - Engineering	250,000	250,000	250,000	250,000	250,000	1,250,000
WWTP CIP Projects	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
WWTP Building and Site Projects	100,000	100,000	100,000	100,000	100,000	500,000
WWTP Infrastructure Projects - Miscellaneous	200,000	200,000	200,000	200,000	200,000	1,000,000
WASTEWATER INFRASTRUCTURE PROJECTS						
Sanitary Lift Station Upgrades	40,000	40,000	40,000	40,000	40,000	200,000
Lasalle Area Sewer Improvements (SSO)	250,000	300,000	300,000	-	-	850,000
Calumet Avenue Sewer Main	500,000	700,000	-	-	-	1,200,000
Sewer /GPA Infrastructure Projects - Miscellaneous	500,000	100,000	100,000	100,000	100,000	900,000
WATER TREATMENT PLANT INFRASTRUCTURE PROJECTS						
WTP Pump and Piping Replacements	150,000	30,000	30,000	30,000	30,000	270,000
WTP SCADA Control System Upgrades	50,000	50,000	50,000	50,000	50,000	250,000
WTP Security Upgrades	25,000	25,000	-	-	-	50,000
WTP Building Improvements and Caulking	50,000	50,000	50,000	50,000	50,000	250,000
WTP Fluoride System Upgrades	-	50,000	200,000	200,000	-	450,000
WTP Infrastructure Projects	200,000	200,000	200,000	200,000	200,000	1,000,000

(continued)

(concluded)

Description	2026	2027	2028	2029	2030	Total
WATER INFRASTRUCTURE PROJECTS						
10th Street and Michigan Avenue Mains	-	450,000	450,000	-	-	900,000
81st street	-	70,000	-	1,000,000	1,000,000	2,070,000
College Terrace	-	-	250,000	250,000	-	500,000
Ontario Avenue Main - 13th Street to Main Street	17,000	17,000	500,000	400,000	-	934,000
Van Rensselaer Ave - 900 Block	-	-	200,000	-	-	200,000
West Rivershore Drive	1,800,000	-	-	-	-	1,800,000
Large Valve Replacement	20,000	200,000	200,000	200,000	200,000	820,000
Hydrant Replacement	170,000	170,000	170,000	170,000	170,000	850,000
20 inch main from Beach Ave. Storage Tank to Ontario St	500,000	2,000,000	-	-	-	2,500,000
Laughlin,Witkop Avenue and 85th Street Loop	500,000	1,800,000	-	-	-	2,300,000
Water Infrastructure Projects - Miscellaneous	120,000	120,000	120,000	120,000	120,000	600,000
Lead Service Lateral Inventory (LSLI)	100,000	100,000	100,000	100,000	100,000	500,000
Rivershore Drive	-	12,000	400,000	400,000	-	812,000
Beech Ave. Tank Rehabilitation	2,500,000	2,300,000	-	-	-	4,800,000
Beech Ave. Tank Pump Station	500,000	1,500,000	-	-	-	2,000,000
Total	**$11,152,000**	**$13,569,000**	**$6,645,000**	**$5,445,000**	**$4,195,000**	**$41,006,000**

On a System-wide basis, the CIP includes provisions for the implementation of new technology which is primarily focused on the monitoring and control of water and wastewater facilities. Such technology will enable Board personnel to continue to attempt to operate more efficiently and effectively. The past improvements have allowed for some significant reductions in personnel.

The NFWB is also currently proceeding with various Capital Improvements at the 1201 Buffalo Ave. Wastewater Treatment Plan (WWTP). The improvements are in response to the Order on Consent, entered with the NYDEC in 2017. Work is funded through a combination of grants and low interest loans administered by the NYS Environmental Facilities Corporation (EFC). Capital improvements at the WWTP will continue to constitute a large share of short-term budgeted funds for 2026 and 2027. However, the aforementioned capital expenditures are reimbursed at 50% with the remaining expenses converted to long term low interest loans. On the following page is a comprehensive list of the current Capital Improvements Projects and status to date.

- **Capital Project #1 Sedimentation Basin Upgrades**
  - The construction of the Order on Consent work was completed in August of 2025 on the WWTP scum system upgrades and the chain and flight sludge collection system at four (4) sedimentation basins.

- **Capital Project #2 Gorge Pump Station Improvements**
  - The construction of the Order on Consent work was completed by the end of March 2023 with the replacement of the three (3) existing pumps, channel grinders, and various ancillary components within the Gorge Pump Station.

- **Capital Project #3 Screenings and Grit Conveyance Improvements**
  - The construction of the Order on Consent work was completed for the improvements to the existing screening, grit, and polymer systems by the end of August of 2024.
  - Additional design work to improve the belt filter presses was completed in 2026 but the project is currently on hold pending the outcome of efforts to obtain EFC financing for project costs.

- **Capital Project #4 Activated Carbon Filter Media Replacement**
  - The replacement of activated carbon and gravel underdrain media within various filter beds prioritized on the basis of age and filter efficiency work per the Order on Consent has been completed.

- **Capital Project #5 Electrical System Improvements.**
  - Project involved the replacement and/or upgrade of various high voltage electrical components integral to the operability of the Wastewater Treatment Plant and electrical improvements through multiple phases.
  - The Construction of the Order on Consent work has been completed with the replacement of the power center no. 2 and no. 5 transformers in the Spring of 2026.

- **Capital Project #6 Chemical Treatment System Optimization.**
  - The project included improvements to improve operational efficiency of existing chlorination system, including pumping, distribution, and monitoring.
  - The construction of the Order on Consent work has been completed.
  - Additional design has been ongoing for Phase 2 work that includes replacement of sodium hypochlorite tank no. 216, chemical feed pumps and controls but the project is currently on hold pending the outcome of efforts to obtain EFC financing for the Water Board's share of project costs.

- **Capital Project #7 Heating and Ventilation System Upgrades**
  - The project included improvements to the existing heating and ventilation system throughout the Wastewater Treatment Plant to replace failing equipment that has deteriorated due to the harsh operating environment.
  - Construction of the Order on Consent work was completed by the end of June 2023.
- **Capital Project #8 Replacement of Air Scour Blower.**
  - Project included repair and/or replacement of air scour blower equipment associated with the carbon filter bed system.
  - Construction of the Order on Consent work has been completed.

- **Capital Project #9 Plant Waterline and Process Piping Replacement.**
  - Project included replacement of sections of failing process piping and ancillary equipment throughout the Wastewater Treatment Plant.
  - Construction of the Order on Consent work has been completed.

- **Capital Project #10 SCADA Improvements**
  - Construction of the Order on Consent work for the SCADA improvements to the capital improvement projects was completed in June of 2026.

- **Capital Project #11 Exterior Piping Improvements**
  - Construction of Order on Consent work for the exterior piping improvements was completed in the Spring of 2023.

- **Capital Project #12 Intermediate Pumps Assessment**
  - The Study phase was completed and a design report was received in January 2023, as additional Order on Consent work.
  - Work on intermediate pump no. 1 has been completed, which included replacement of a 42" butterfly valve on the suction piping from the wet well, reconditioning service to the motor and refurbishing of the rotating element, impellers and bearings. Similar repair work on intermediate pump no. 2 has been completed and will also include work on pumps no. 3 and no. 4.
  - Additional intermediate pump maintenance work, outside of the Order on Consent grant work, is currently anticipated to continue yearly.

The NFWB continues to address WWTP capital improvement projects, as currently shown in the CIP plan, yearly as needed and on an emergency basis.

In the Water Distribution System, the CIP is focused primarily on distribution system improvements to enhance overall water quality, system reliability and reduce water loss, including a water main, hydrant and large valve replacement programs. In addition, the meter replacement program has become an important part of reducing the cost of reading meters and replacement of

older faulty meters. The City of Niagara Falls assists with providing design, contract administration and inspection services on some projects.

The CIP also includes funds for specific water distribution main replacement projects, continued replacement of large valves, continued leak detection & distribution system modeling to reduce leakage rates, and funding for unplanned system repairs. The specific areas identified for replacement have been prioritized based on factors such as the history of main breaks, known areas of leakage, the need to upgrade the size or materials of the main and other factors. The NFWB continues to prioritize and assess the water distribution system to determine which mains need to be replaced. The continued implementation of a watermain replacement program should, over time, reduce the level of unaccounted-for water in the Water System. Current ongoing water projects in 2026 include: West Rivershore Drive watermain replacement, Laughlin Drive, Witkop Avenue and the 85th Street loop watermain replacement, the Beech Avenue tank rehabilitation and the lead service lateral inventory and replacement program. Water projects to start in 2027 include: The Beech Avenue pump station and the 20-inch water main from the Beech Avenue storage tank to Ontario Avenue. The NFWB continues to address WTP and Water capital improvement projects, as currently shown in the CIP plan, yearly as needed and on an emergency basis.

The NFWB continues work on LaSalle area sewer system improvements in response to an Order on Consent aimed at reducing sanitary sewer overflows, entered with the NYSDEC in 2008. The NFWB also continues to investigate and perform sewer main repairs, as currently shown in the CIP plan, as needed and on an emergency basis. Work to be performed in 2026 includes CIPP lining of 6,400 linear feet of sanitary sewer.

In the opinion of management, the CIP is reasonable and will help ensure that quality water and wastewater services are provided to customers in a reliable manner.

On May 28, 2024 the NFWB entered into an Order on Consent with the NYSDEC (Order R9-20230411-13) regarding the ability of the NFWB WWTP to meet the narrative water quality parameter for turbidity, which as applicable requires “No increase that will cause a substantial visible contrast to natural conditions.” The Order on Consent requires the NFWB to develop an approvable updated preliminary engineering report (PER) for the Evaluation of the Conversion and Modification of the Niagara Falls Water Board Wastewater Treatment Plant into a Biological Treatment Process or Alternative Improvements to Meet Water Quality Standards. The PER was submitted for NYSDEC review in February 2026, after an RFP was issued, through an engineering consultant firm to address the plant upgrades needed to comply with a draft updated SPDES permit for the facility that DEC promulgated in December 2024. The new WWTP SPDES permit was issued on July 15, 2026 with an effective date of September 1, 2026.

As part of the scope of the PER work, the NFWB explored whether enhancements in treatment capabilities or construction of the recommended improvements can provide potential revenue sources, such as acceptance of landfill leachate for treatment, to offset operational costs. The PER also analyzed adding equipment such as sludge dryers to reduce operational expenses. In October

of 2026, the NFWB issued a Request for Qualifications (RFQ) to engineering consultants for the Biological Treatment Upgrades based on the PER.

The NFWB continues to seek grant funding to offset the cost of the WWTP and Sewer capital improvements, which ultimately have been recommended or required in connection with the Order on Consent and/or the new SPDES permit. The NFWB also continues to seek grant funding for necessary WTP and Water capital improvement projects to offset major capital costs and to prevent significant financial burdens from being passed onto Niagara Falls residential, commercial and industrial users.

Sources and Uses of Funds

Table 12 shown below presents the anticipated sources and uses of funds for the CIP. The amounts shown are preliminary, pending policy decisions of the Board. The table below presents assistance from New York State Environmental Facilities Corporation during the last quarter of 2026 through grant funding and long-term financing totaling $25 million.

Table 12 – Sources and Use of Funds for the CIP

	2026	2027	2028	2029	2030
Opening balance, January 1:					
Remaining funds restricted for capital projects*	$ 786,581	$ 14,634,581	$ 5,565,581	$ 3,420,581	$ 2,475,581
Sources of CIP funds:					
Bonded	12,500,000	-	-	-	-
Grants	12,500,000	3,000,000	3,000,000	3,000,000	2,000,000
Matching funds**	-	1,500,000	1,500,000	1,500,000	1,000,000
Use of CIP funds:					
CIP spending (per Table 11)	(11,152,000)	(13,569,000)	(6,645,000)	(5,445,000)	(4,195,000)
Ending balance, December 31	$ 14,634,581	$ 5,565,581	$ 3,420,581	$ 2,475,581	$ 1,280,581

* Represents debt proceeds (including NYPA) and annual contributions from operating funding coverage.

** Using available funds from operations for matching grant requirements.

It is anticipated that the cash requirements of the CIP for the 2026-2030 period will be met through 1) remaining funds currently on hand with the Board received from the New York Power Authority; 2) remaining funds on hand from cash surpluses from operations of the preceding years; 3) interest on funds on hand whose use is restricted to capital improvements; and 4) subsidized financing through the Environmental Facilities Corporation.

Outstanding Debt

The table below summarizes the outstanding bond issues and remaining principal amounts attributable to the System as of December 31, 2025.

Table 13 –Outstanding Debt

	Principal Balance December 31, 2025
Debt Instrument	
Niagara Falls Public Water Authority Bonds:	
Series 2022A Bonds	$ 34,345,000
Series 2016A Bonds	13,955,000
NYSEFC Water Revolving Funds Revenue Bonds:	
Series 2013B - Clean Water	6,725,000
Series 2014B - Drinking Water	2,575,000
Series 2012B - Clean Water	4,100,000
New York State Power Authority:	
Series 2019 Mortgage Loan	726,021
Total Amount	**$ 62,426,021**

The outstanding debt decreased by $5,768,652 from 2024 to 2025 as a result of scheduled principal payments.

Historical Cash Flows and Debt Service Coverage

The Board acquired the System from the City in September 2003. The Board has now completed twenty-two full years as the owner and operator of the System. A summary of the financial performance achieved during the years ending December 31, 2023, December 31, 2024, and December 31, 2025, is provided in Table 14 on the following page.

Table 14 –Historical Financial Performance

Line	Description	2023	2024	2025
1	Receipts from customers, users and grants	$ 38,014,239	$ 36,304,405	$ 40,785,793
2	Interest earnings	1,680,389	1,619,562	1,241,782
3	Proceeds from sales of assets	85,084	11,502	5,189
4	Total cash receipts	39,779,712	37,935,469	42,032,764
5	Payments to employees	12,304,744	12,855,766	12,367,654
6	Payments to suppliers	13,808,747	15,570,597	12,923,956
7	Total operating expenses	26,113,491	28,426,363	25,291,610
8	Cash available for debt service (line 4 - line 7)	13,666,221	9,509,106	16,741,154
9	Interest payment	2,523,880	2,370,398	2,057,865
10	Principal payment	4,572,457	5,374,789	6,043,152
11	Total debt service	$ 7,096,337	$ 7,745,187	$ 8,101,017
12	Surplus (line 8 - line 11)	$ 6,569,884	$ 1,763,919	$ 8,640,137
13	Debt service coverage (line 8/line 11)	1.93	1.23	2.07

The preceding table has been prepared based on cash flow information presented in the annual financial statements of the Board. The financial statements of the Board for the year ended December 31, 2025, 2024, and 2023 were audited by the firm EFPR Group, CPAs.

The results for the year ending December 31, 2023 indicate that the actual debt service coverage achieved by the Board was 193%, exceeding the minimum requirement of 115% of debt service. The results for the year ending December 31, 2024 indicate that the actual debt service coverage achieved by the Board was 123%, also exceeding the minimum requirement of 115% of debt service. The results for the year ending December 31, 2025 indicate that the actual debt service coverage achieved by the Board was 207%, also exceeding the minimum requirement of 115% of debt service.

In 2024, the Board reached a settlement with the collective bargaining agreements of all four of its labor unions. The agreements resulted in substantial savings in overtime, reduction in stewards, and the elimination of meal tickets. Without burden to rate payers, other cost-savings measures such as comprehensive training, professional development, and greater utilization of technology in

daily operations are also being implemented. The Board continued to engage in its long-term public relations campaign to better educate the public on future initiatives such as its aggressive pursuit of funds through the New York State Clean Water Infrastructure Act.

Billing and Collection

All but a limited number of water and sewer customers are billed quarterly based on actual or estimated meter reads. Significant industrial users are billed monthly based on two estimated months followed by an actual meter read in the third month.

Customers of the Board can pay their water and sewer bills online, at Bank on Buffalo, or to the City of Niagara Falls Billing and Collection Department at City Hall. In 2026, the Board implemented an online payment system that allows credit card payments, with the processing fee paid by the user. All revenues, including those collected by the City, are put immediately into the Board's depository account of the Local Water Fund. The City collects on delinquent accounts and, in particular, any unpaid balances that remain as of November 21 of each year create a lien on the property and are added to the next year's City tax bill. These liens then become due and payable with the tax collection. The City collects the funds, reconciles the tax roll and water/sewer liens and disburses a check to the Board in July and the following January for the two collection periods. These amounts are reconciled to the Board's records for verification of the receipts.

Having completed a major meter replacement project covering virtually all residential and small commercial meters in 2015, the Board from 2021 to 2026 has emphasized testing, and where necessary replacement, of large industrial meters in order to capture revenue that could be lost if consumption is not accurately metered and billed.

Table 15 – Water and Sewer Billings and Cash Collections – Historical

FYE 12/31	**2021**	**2022**	**2023**	**2024**	**2025**
Service Billings	$ 34,048,559	$ 35,969,824	$ 38,518,292	$ 34,478,279	$ 38,187,000
Penalties	637,524	588,687	722,661	523,263	713,257
Invoice Adjustments	953,024	719,764	867,249	1,491,573	34,534
Total Billed	$ 35,639,107	$ 37,278,275	$ 40,108,202	$ 36,493,115	$ 38,934,791
Total Cash Collections - Billings	32,896,275	35,227,195	35,415,578	33,327,948	38,436,568
Total Cash Collections - Property Tax Bill	1,370,344	1,487,440	1,826,310	2,310,555	2,342,312
Total Collections	$ 34,266,619	$ 36,714,635	$ 37,241,888	$ 35,638,503	$ 40,778,880
% of Total Cash Collections to Total Billed	96.1%	98.5%	92.9%	97.7%	104.7%

Compliance with Reserve Fund Requirements

Under the terms of the Financing Agreement between the Board and the Authority, the Board is required to maintain minimum balances in reserve funds relating to its operating expenses and debt service. The amounts on deposit in the Operation and Maintenance Reserve Fund must equal or exceed two months' of the anticipated operation and maintenance expenses in the upcoming year. The amounts on deposit in the Debt Service Reserve Fund must equal or exceed the maximum annual debt service in any future year. The amounts on deposit in the Board's Operation and Maintenance Reserve Fund and Debt Service Reserve Fund as of December 31, 2025 are in compliance with the requirements of the Financing Agreement.

Projected Cash Flows and Rates

The preliminary projection of cash flows of the System is presented in Table 16. These projections are preliminary and subject to change. The future cash flows of the Board are dependent upon many factors, including economic conditions and Board policy decisions regarding the size, scope and timing of the CIP. Future increases in rates and revenues are also dependent upon actual experience and assumptions for regarding customer demand as well as other factors. The achievement of any projection of future conditions is dependent upon the occurrence of other future events and circumstances such as changes in the local and national economy, demographic changes, variations in interest rates and inflation, new regulatory agency initiatives and other factors that cannot be predicted. Therefore, the actual financial requirements and performance of the System may vary from the estimates presented herein, and such variations could be material.

The projected cash flows in 2026 through 2030 assume that the Board will enact increases in water and wastewater rates and charges of 2.0% each year. The projection indicates that under the conditions reflected herein, the System will generate operating revenues of approximately $38.8 million in 2026, which is expected to increase to $42.0 million through 2030.

Taking into consideration non-operating revenues, total revenues available for debt service and expenses are projected to be $12.3 million in 2026, decreasing to $10.4 million in 2030. These projections are preliminary and subject to change. The projected user payments reflect the assumption that water consumption by customers will remain stable throughout the projection period. If such projections in water sales are not achieved, then the Board will have to increase water and sewer rates at a pace that is greater than assumed and/or decrease expenses in order to achieve the debt service coverage requirement.

On a preliminary basis, operating expenses are projected to increase from approximately $26.5 million in 2026 to $31.6 million in 2030. Operating expenses in 2026 through 2030 are expected to increase with inflation, with the exception of employee benefits which are projected using historical increases.

The projected debt service includes principal and interest payments on outstanding bonds. The Board does not anticipate issuing future debt throughout the projection period. These amounts and the timing of the potential issuance of debt are subject to change based on policy decisions by the Board. The proceeds of such bonds or notes will be used to pay a portion of the costs associated with the CIP.

In 2026, pursuant to its 2012 agreement with the City, the Board is obligated to make annual payments in lieu of taxes to the City. The projected amount to be paid from 2026 through 2030 is $700,000 per year.

The debt service coverage ratios in Table 16 are based on total revenues available for expenses and debt service minus Operating Expenses divided by Total Debt Service. It is projected that debt service coverage will be equal to, or greater than, the minimum requirement of 1.15 throughout the Projection Period. All projections are presented on a preliminary basis and are subject to change. This conclusion assumes the following: the Board adopts the projected rate increases described above, expenses are maintained at or below projected levels, and the future changes in customer usage are consistent with the assumed rate of change. As noted earlier, the actual financial requirements and performance of the System may vary from the estimates presented herein, and such variations could be material. With regard to the figures presented in Table 16, the preliminary projections show that debt service coverage is maintained at approximately the minimum levels required by the Bond Resolution. Drescher & Malecki LLP recommends that the Board consider taking the actions necessary such that the debt service coverage and surplus exceed the minimum requirement of 1.15 throughout the Projection Period so that if adverse changes occur (e.g., a greater than assumed decline in customer usage), the Board will have some flexibility to address such changes.

Table 16 – Preliminary Projections of Cash Flows and Rates

Line		Estimated				
		2026	**2027**	**2028**	**2029**	**2030**
	Revenues					
1	Operating revenues	38,841,976	39,618,816	40,411,192	41,219,416	42,043,804
2	Total	38,841,976	39,618,816	40,411,192	41,219,416	42,043,804
	Operations and Maintenance Expenses					
3	Salaries and benefits	12,943,614	13,720,231	14,269,040	14,839,802	15,433,394
4	Chemicals/sludge	6,825,536	7,508,090	7,883,494	8,277,669	8,691,552
5	Insurance	740,000	769,600	800,384	832,399	865,695
6	Maintenance/repairs	1,253,669	1,278,742	1,304,317	1,330,404	1,357,012
7	Utilities	3,045,365	3,167,180	3,293,867	3,425,621	3,562,646
8	Other expenses	804,405	820,493	836,903	853,641	870,714
9	Equipment	212,369	200,000	150,000	150,000	150,000
10	PILOT payment to City	700,000	700,000	700,000	700,000	700,000
11	Total	26,524,958	28,164,336	29,238,005	30,409,536	31,631,013
12	**Revenues available for debt service**	12,317,018	11,454,480	11,173,187	10,809,880	10,412,791
	Debt Service					
13	Debt service on outstanding bonds	8,307,885	8,736,262	8,692,174	8,419,126	8,389,869
14	Debt service on future Authority bonds	-	-	-	-	-
15	Total	8,307,885	8,736,262	8,692,174	8,419,126	8,389,869
16	**Surplus (line 12 - line 15)**	4,009,133	2,718,218	2,481,013	2,390,754	2,022,922
17	**Debt Service Coverage (minimum 1.15)**	1.48	1.31	1.29	1.28	1.24
18	**Actual/Proposed Rate Increase**	5.9%	2.0%	2.0%	2.0%	2.0%

Notes:

1) Projected cash flow and rates above are subject to change.

Water Sales by Customer Class

Table 17 below illustrates the water consumption by customer class for each of the last four years.

Table 17 – Water Consumption by Customer Class
(Units in ccf (100 cubic feet)

District 1 - Residential	**2022**	**2023**	**2024**	**2025**
1st billing	95,586	91,956	87,984	84,136
2nd billing	103,064	96,147	95,122	103,305
3rd billing	98,794	96,009	98,407	91,533
4th billing	106,703	98,368	108,563	98,141
Total	404,147	382,480	390,076	377,115
District 2 - Residential				
1st billing	111,954	108,673	106,830	111,144
2nd billing	109,012	109,659	107,706	112,041
3rd billing	119,215	122,925	116,083	120,633
4th billing	126,578	119,539	121,321	126,221
Total	466,759	460,796	451,940	470,039
District 3 - Residential				
1st billing	89,466	88,459	84,463	91,984
2nd billing	89,557	85,461	87,300	94,182
3rd billing	94,433	95,114	96,193	91,465
4th billing	93,224	90,906	90,560	85,807
Total	366,680	359,940	358,516	363,438
District - Industrial				
1st billing	257,908	215,974	63,052	58,223
2nd billing	199,982	163,110	51,006	52,865
3rd billing	206,656	178,408	62,461	53,114
4th billing	266,035	252,550	108,521	103,235
Meter adjustment	-	92,572	-	-
Total	930,581	902,614	285,040	267,437
District - SIU				
1st billing	263,932	232,730	152,754	147,700
2nd billing	258,084	207,002	178,566	190,425
3rd billing	303,606	237,446	188,455	110,102
4th billing	265,239	237,289	179,771	152,364
Total	1,090,861	914,467	699,546	600,591
District - NR				
1st billing	492	369	754	1,002
2nd billing	590	332	705	1,492
3rd billing	570	560	731	1,569
4th billing	427	327	675	616
Total	2,079	1,588	2,865	4,679
Grand Total ccf	3,261,107	3,021,885	2,187,983	2,083,299
% Change from Prior Year	-1.94%	-7.34%	-27.60%	-4.78%

As illustrated by Table 17, water consumption has seen a significant decrease through 2025, following the complete closure of major customers in the Significant Industrial Users (SIU) category.

The ten largest water customers and wastewater customers are listed in Table 17A below.

Table 17A – Ten Largest Water and Wastewater Customers

	Name	12/31/2025 Revenue	% of Total	6/30/2026 YTD
1	Cascades Holding US Inc.	$ 6,717,923	35.67%	$ 2,230,660
2	Niacet Corporation	4,420,867	23.47%	1,534,166
3	Town of Niagara	1,430,535	7.59%	1,022,951
4	Seneca NF Gaming - Hotel	1,238,028	6.57%	565,128
5	Olin Corporation (#23)	1,236,615	6.57%	521,538
6	Occidental Petroleum Corporation	952,518	5.06%	418,670
7	Reworld Niagara I, LLC	874,521	4.64%	487,033
8	Olin Corporation (#5)	849,687	4.51%	416,454
9	Goodyear Tire & Rubber Co.	567,263	3.01%	324,415
10	Seneca NF Gaming	547,421	2.91%	254,015
		$ 18,835,378	100%	$ 7,775,030

The following table illustrates the historical trends in water consumption as well as the distribution of water sales by customer class:

Table 17B – Water Demand, Revenue and Account Information by Customer Class

Class of Customer	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residential/Commercial									
Consumption (CCF)	1,272,267	1,299,934	1,252,451	1,236,314	1,240,942	1,237,586	1,203,216	1,200,532	1,210,592
Number of Accounts	17,835	17,917	17,944	17,920	17,880	17,811	17,652	17,633	17,602
Revenues	$ 4,822,853	$ 5,120,518	$ 4,985,808	$ 4,981,737	$ 5,167,139	$ 6,013,741	$ 6,452,465	$ 6,477,094	$ 6,523,230
Industrial									
Consumption (CCF)	852,457	926,684	912,621	887,571	966,867	930,581	810,042	285,040	267,437
Number of Accounts	261	245	245	258	256	255	255	259	257
Revenues	$ 2,327,816	$ 2,722,250	$ 2,597,846	$ 2,358,805	$ 2,797,914	$ 2,989,506	$ 3,013,104	$ 3,091,994	$ 3,091,661
Significant Industrial Users (SIU)									
Consumption (CCF)	971,721	876,822	890,139	930,712	1,115,955	1,090,861	914,467	699,546	600,591
Number of Accounts	23	24	22	23	23	23	23	21	23
Revenues	$ 2,166,094	$ 2,238,898	$ 2,067,362	$ 2,219,211	$ 2,790,450	$ 2,923,470	$ 2,702,668	$ 2,707,184	$ 2,522,834
Non-Resident Users*									
Consumption (CCF)	3,586	2,605	1,747	2,478	1,784	2,019	1,588	2,865	4,679
Number of Accounts	27	27	26	26	26	26	26	26	24
Revenues	$ 30,912	$ 22,467	$ 22,232	$ 30,633	$ 42,265	$ 43,455	$ 34,579	$ 50,965	$ 88,213
Total									
Consumption (CCF)	3,100,031	3,106,045	3,056,958	3,057,075	3,325,548	3,261,047	2,929,313	2,187,983	2,083,299
Number of Accounts	18,146	18,213	18,237	18,227	18,185	18,115	17,956	17,961	17,906
Revenues	9,347,675	10,104,133	9,673,248	9,590,386	10,797,768	11,970,172	12,202,816	12,327,237	12,225,938
Plus: Other Departmental Revenues	1,497,008	1,450,379	1,921,647	1,351,427	1,193,950	1,053,754	1,503,503	1,293,879	2,246,433
Less: Adjustments	(304,026)	(25,013)	(10,629)	(1,124)	-	-	-	-	-
Total Departmental Revenue	$ 10,540,657	$ 11,529,499	$ 11,584,266	$ 10,940,689	$ 11,991,718	$ 13,023,926	$ 13,706,319	$ 13,621,116	$ 14,472,371

Rates for Water Service and Wastewater Service

The rates for water service and wastewater service in 2026 increased 5.9 percent from 2025 for both customers within and outside the City. The Board provides wastewater service to Town of Niagara customers outside of the City. The Board reached an agreement with the Town of Niagara in 2015 that includes the use of wastewater flow meters for measuring actual wastewater volumes discharged to the NFWB collection system. These two changes should result in increased revenues from these Out of District users. In addition, the Board is aggressively pursuing water theft and the potential under-recording of water use to ensure that every customer pays their fair share. This includes timely investigation of low or zero-meter readings and the recently completed meter replacement program. Water and wastewater rates for 2025 and 2024 are provided in the financial statements of the Board. The consumption-related water rates of the Board for 2025-26 are shown in Table 17C below. Historical rate increases for water and wastewater customers are presented in Table 18 that follows.

Table 17C – 2026 Rates for Water Customers

	Inside City ($/ccf)	Outside City ($/ccf)
First 20,000 CF	4.74	12.67
Next 60,000 CF	4.11	11.07
Next 120,000 CF	3.48	9.21
> 200,000 CF	2.88	7.76

Table 18 –Historical Percentage Increases in Rates for Water and Wastewater Customers

2018	2019	2020	2021	2022	2023	2024	2025	2026
2.40%	2.00%	0.00%	2.99%	16.90%	8.90%	0.00%	0.00%	5.90%

The rate structure for sewer service consolidates all consumers into two classes: Significant Industrial Users (SIU), and Commercial, Small Industrial, and Residential Users (CSIRU). The user charge system includes ten Substance of Concern charges that are assessed exclusively within the SIU class.

The 2026 wastewater user charges for the CSIRU class of customers are summarized in Table 19.

Table 19 – 2026 Wastewater Rates for CSIRU Customers

Minimum Charge	Volume Charge
All meter sizes and flow up to 1,300 cf	Usage in excess of 1,300 cf per quarter (per 100 cf)
$81.64	$6.28

Three of the wastewater user charges for the SIU class of customers in 2026 are summarized in Table 20.

Table 20 – 2026 Wastewater Rates & Charges for SIU Customers

Flow Charge ($/MG)	Solids Charge ($/lb)	SOC Charge ($/lb)
4,415	1.42	2.44

Interest Earnings

The System will earn interest on the funds maintained by the Board and the Authority. Based on the anticipated balances in each fund and the current investment rates, Table 21 presents the estimated interest earnings for 2026.

Table 21 – Estimated Interest Earnings - 2026

Fund	Average End of Month Balance	Interest Earnings Rate	Estimated Annual Earnings
Debt Service restricted cash	$ 11,305,878	Varies	$ 565,294
Unrestricted investments	10,029,065	Varies	$ 501,453
Capital Project restricted cash	786,581	0.35%	2,753
Operations and maintenance restricted cash	5,625,181	0.35%	19,688
Operating cash	20,966,354	0.15%	31,450
			$ 1,120,638

Interest earnings have increased throughout the pandemic and have seen a small decrease in 2025 but expected to remain a strong source of revenue during the projection period.

System Operating Expenses

The System's expenses include the costs associated with the operation, maintenance and administration of the water treatment facilities and distribution system, as well as the costs associated with the operations of the wastewater collection and treatment facilities and stormwater facilities. The principal components of operating expenses other than labor as projected for 2026 are shown in Table 22.

Table 22 – Major Components of Expenses Other Than Labor - 2026

Item	Amount
Chemicals	$ 6,825,536
Utilities	3,045,365
Maintenance	1,253,669
Computer Service Contracts / Supplies / Professional Services	804,405
Insurance	740,000
Equipment	212,369

Chemicals are used in both the water treatment and the wastewater treatment processes although the majority of the cost of chemicals is wastewater related. The System receives low-cost hydroelectric power from the New York Power Authority which significantly reduces its electrical costs relative to market rates. The Board will be proactively seeking opportunities to further reduce

such costs. Other expenses are assumed to be affected by inflation as well as the results of cost saving initiatives of the Board during the projection period.

The total operating expenses of the Board in 2023, 2024 and 2025 were $29.7 million, $30.3 million, and $26.7 million, respectively.

ECONOMIC AND DEMOGRAPHIC DATA

The following information was provided by other sources and provides updated information regarding the Board's Service Area. Since the Service Area consists primarily of the City of Niagara Falls, the information is limited to that portion of the Service Area that is within the boundaries of the City.

Major Employers in Niagara Falls Area

City / County	Employer	Employees
County	Niagara Falls Air Reserve Station	3000
City	Seneca Niagara Casino and Hotel	2560
County	General Motors Components Holdings, LLC	1632
City	Niagara Falls City School District	1452
County	Niagara County	1422
County	Fashion Outlets of Niagara	1339
City	North Tonawanda City School District	704
City	Lockport City School District	675
City	Niagara Falls Memorial Medical Center	637
County	Niagara University	636

Source: Niagara County Center for Economic Development

Population

Changes in the City's population compared to changes in the population of the County, the State and the United States are as follows:

	2000	2010	2020	% of Change 2000-2010	% of Change 2010-2020
City	55,593	50,193	48,671	-9.71%	-3.03%
County	219,846	216,469	212,666	-1.54%	-1.76%
State	18,876,457	19,378,102	20,201,249	2.66%	4.25%
United States	281,421,906	308,745,338	331,449,281	9.71%	7.35%

Source: United States Bureau of the Census

Civilian Labor Force – Annual Average (thousands)

	2021	2022	2023	2024	2025
City	20.6	20.5	20.8	20.3	20.9
County	97.3	97.8	99.3	97.4	100.0
State	8,857.0	9,178.6	9,717.7	9,863.2	9,597.0

Source: New York State Department of Economic Development: Bureau of Economic and Demographic Information (note that "City" refers to Niagara Falls city, NY Statistical Area).

Yearly Average Unemployment Rates

Year	City	County	State
2021	8.0%	7.2%	6.9%
2022	4.8%	3.8%	4.3%
2023	5.1%	4.0%	4.2%
2024	5.2%	4.3%	4.4%
2025	5.8%	4.4%	4.6%

Source: New York State Department of Labor, Bureau of Labor Statistics, Information not seasonally adjusted (note that "City" refers to Niagara Falls city, NY Statistical Area)

Monthly Unemployment Rates

Month	City	County	State
January, 2026	7.0%	5.3%	4.6%
February	7.3%	5.9%	4.6%
March	6.4%	5.2%	4.6%

Source: New York State Department of Labor, Bureau of Labor Statistics, Information not seasonally adjusted (note that "City" refers to Niagara Falls city, NY Statistical Area).

Comparative Housing, Income and Population Data (as of December 2013)

	City	State	U.S.
Age Distribution:			
% under 5 years	5.6	6.0	6.4
% 20 to 64	61.0	80.0	80.2
% 65 and over	15.0	13.8	13.4
Median age	39.4	38.1	37.3
Person / Household	2.28	2.61	2.63
Housing:			
% owner occupied housing units	55.8%	54.2%	64.9
Median value housing ($)	66,600	288,200	176,700
Median gross rent ($)	718	1,109	962
% housing built 1990 - 2000	7.0	6.0	13.9
% housing built before 1939	33.2	33.1	13.7
% with 5 or more units in structure	14.1	34.9	24.5
Income:			
Per capita income ($)	20,549	32,382	28,155
Median family income ($)	32,326	58,003	53,046
% below poverty level	24.9	15.3	15.4

Source: Census of Population and Housing, U.S. Department of Commerce, Bureau of Census (note that "City" refers only to Niagara Falls)