

BUFFALO
SEWER AUTHORITY

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

BUFFALO, NEW YORK

**BUFFALO SEWER AUTHORITY
BUFFALO, NY**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2025**

PREPARED BY:

**ADMINISTRATIVE DEPARTMENT
CHARLES RILEY, EXECUTIVE SECRETARY AND
CHIEF FINANCIAL OFFICER**

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INTRODUCTORY SECTION



September 24, 2025

To the Members of the Buffalo Sewer Authority Board and
Citizens of the City of Buffalo and Erie County:

The annual comprehensive financial report of the Buffalo Sewer Authority (the “Authority”) for the fiscal year ended June 30, 2025, is hereby submitted. This report consists of management’s representation concerning the finances of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect the Authority’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”). Because the cost of internal control should not outweigh their benefits, the Authority’s framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Drescher & Malecki LLP, a firm of licensed certified public accountants, has audited the Authority’s financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority’s financial statements for the fiscal year ended June 30, 2025 are fairly stated. The independent auditor’s report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority’s MD&A can be found immediately following the independent auditor’s report.

Profile of the Authority

The Authority was created in 1935, by an Act of the State Legislature, as a public benefit corporation that is legally and financially independent of the City of Buffalo with a mission to protect public health and the environment from water pollution. The Authority is managed by a five-member board appointed by the Mayor of the City of Buffalo, subject to confirmation by the Common Council, and is regulated by the Public Authorities Law. The Authority’s powers include fixing and collecting rates, borrowing money and issuing negotiable bonds, and acquiring, holding and disposing of personal property for its corporate purpose.

The Authority operates the second largest wastewater treatment facility in New York State and provides collection and treatment services for the City of Buffalo and several neighboring suburban communities. All activities and functions performed by the Authority are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity. The budgetary and fiscal operations of the Authority are comparable to that of a governmental rather than a proprietary unit and, therefore, the Board has opted to record such activity in a governmental fund type (General Fund) rather than in a proprietary fund type (Enterprise Fund). The Authority's legal level of budgetary control is at the department level.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Authority operates.

Local Economic Condition and Outlook

The City of Buffalo is located on the western border of New York State and the eastern shore of Lake Erie. Buffalo is the second largest city in the State and serves as the seat of Erie County government. The City's boundaries cover 52.5 square miles, and the population is estimated at 278,349. The Peace Bridge, which connects downtown Buffalo with the Province of Ontario, serves as a major link between the United States and Canada.

The Buffalo-Niagara region has been in a constant struggle to rebuild its economic strength that existed prior to the diminishment of its manufacturing sector throughout the early 1980s. To promote economic advancement, many municipalities have been working relentlessly to pursue and attract high-tech, specialty manufacturing and service industries. Such economic diversification has allowed the area to manage national economic downturns. The 2020 US Census, revealed that the City of Buffalo exhibited a population increase to 278,349, growing nearly 7% from 2010, exhibiting its first such gain in 70 years. As the COVID-19 pandemic added challenges to the economic region, the City is in a positive position to meet and overcome the financial hurdles that have been presented.

Major Initiatives

The Authority laid the foundation for tackling one of Buffalo's public health concerns on March 18, 2014 with approval of its Combined Sewer Overflow Long Term Control Plan by the United States Environmental Protection Agency and NYS Department of Environmental Conservation. The Plan serves as a documented promise to address the City's stormwater challenge while simultaneously ensuring that Buffalo becomes more resilient in the face of a changing climate.

In continuance of the Authority's commitment to innovation, in fiscal year 2024–2025, over \$48M was invested in Green Infrastructure, Smart Sewers, and Facility enhancements to address stormwater throughout the collection system and renew sewerage facilities. The Authority continues to be a national leader in the delivery of Green Infrastructure, managing over 1,100 acres of urban runoff, keeping nearly 1 billion gallons of stormwater out of the sewer system and improving the local waterways. In building on the foundational smart sewer innovation, the Authority expanded the use of in-system sensors and artificial intelligence to more precisely deliver its water quality commitment.

The Secondary System Rehabilitation Project is over 50 percent complete. This \$62 million project has received \$32 million in Bipartisan Infrastructure Law and New York State Water Infrastructure Improvement grants. This project will substantially restore the biological treatment system to its original design capacity. Additionally, new recycled activated sludge (RAS) lines are being installed together with isolating valves to ensure that more regular maintenance and replacement of failing pipes can be conducted in the future without requiring half of the biological treatment system to be taken off-line.

During the 2024-2025 fiscal year, work commenced on Phase I of the Primary System Rehabilitation Project. This \$52.9 million project will rehabilitate the existing 1930s era primary gravity settling tanks and sludge pumping station together with installing new odor control facilities. This project has received a \$6 million grant from the Bipartisan Infrastructure Law, and a \$9.3 million New York State Water Infrastructure Improvement grant.

During the 2024-2025 fiscal year, work commenced on the Scajaquada & Black Rock real time control facility. This \$8.7 million project is scheduled for completion in the 2025-2026 fiscal year. This project has received a \$3.3 million grant and \$3.1 million in interest-free financing from the Bipartisan Infrastructure Law. This project will create real-time control of the Bailey-Amherst Quarry system together with balancing flows between the Bird Trunk and the Scajaquada Tunnel at Gates Circle and creating permanent flow monitoring stations at Bailey and Kerns and at Niagara Metering Station to ensure that storage capacity within the collection system is fully utilized before overflows are permitted to occur.

Five Year Capital Plan

In accordance with the Supplemental Bond Resolution, adopted by the Authority on May 3, 1993, the authority has adopted a five-year capital plan as a part of the annual budget process. The five-year capital plan includes \$877,975,939 in expected capital project expenses. Funding for each capital project is based on the most cost-effective method available. A bond sale, lease purchase or the use of reserve funds for capital projects may be used to fund these projects. The capital plan for fiscal year 2025-2026 totals \$120,931,098. Of this amount, \$57.7 million is for Bird Island Treatment Facility rehabilitation projects and \$63.2 million is estimated for the installation of innovative green, smart, and gray sewer system infrastructure.

Awards and Acknowledgements

Awards—The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Buffalo Sewer Authority for its annual comprehensive financial report for the fiscal year ended June 30, 2024. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports.

In order to be awarded a Certificate of Achievement, the Authority published an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such annual comprehensive finance reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Buffalo Sewer Authority has received a Certificate of Achievement for the last thirty-eight consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements—In submitting this Annual Comprehensive Financial Report, I wish to express my thanks and appreciation to my staff who have diligently and faithfully contributed to the continued improvement of the Authority's accounting and reporting function. I would also like to thank our independent auditors, Drescher & Malecki LLP.

Respectfully submitted,



Charles Riley
Executive Secretary



Rosaleen B. Nogle, P.E.
Principal Sanitary Engineer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Buffalo Sewer Authority
New York**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Monell

Executive Director/CEO

BUFFALO SEWER AUTHORITY
Officials
For the Year Ended June 30, 2025

Board Members

Christopher Roosevelt, Chairman
Thomas Caulfield, PHD, Vice Chairman
Patrick Sole, Jr., Secretary
Hope Young-Watkins, Assistant Secretary

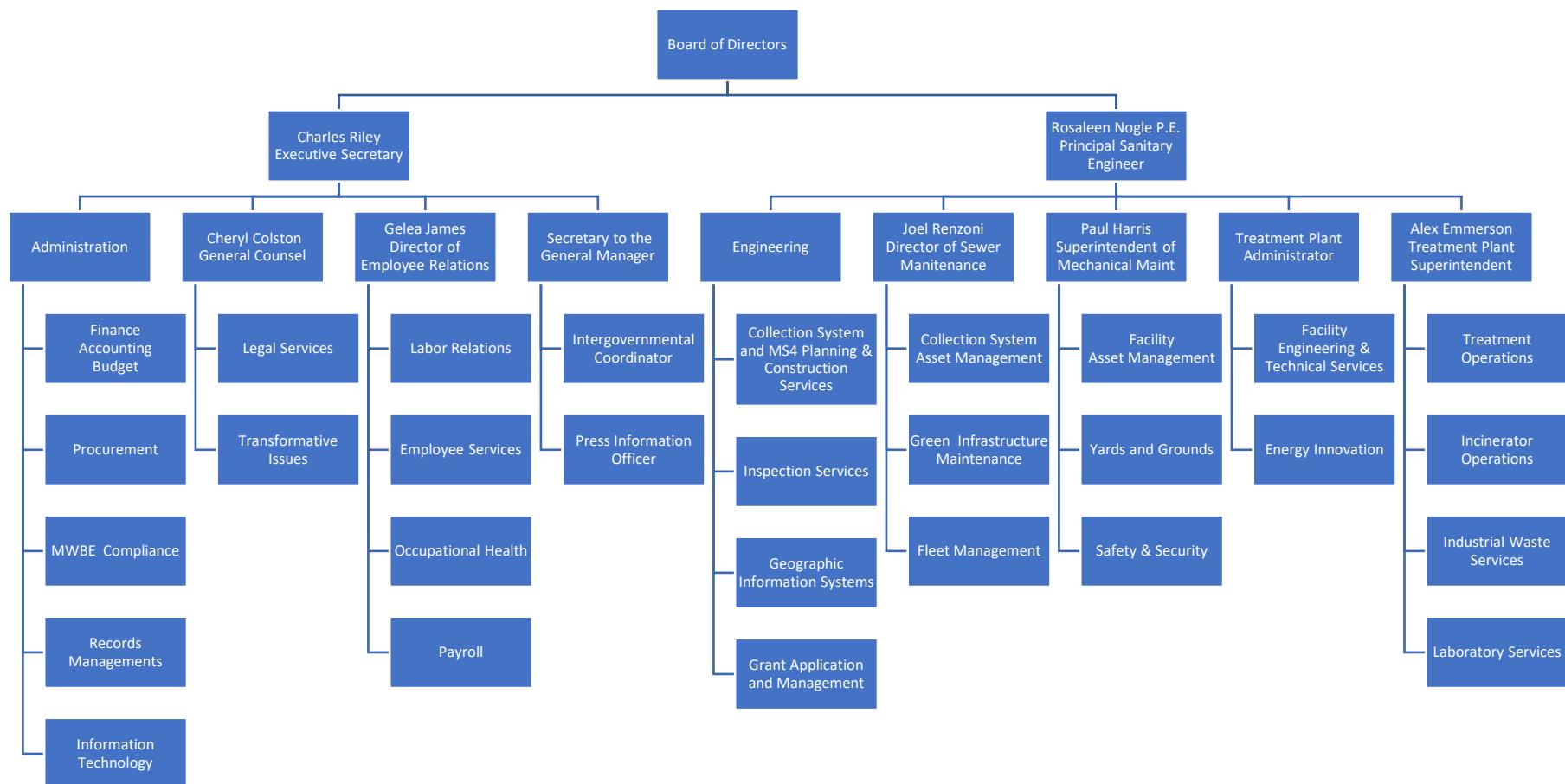
Professional Staff

Jessica Smith, Secretary to the General Manager
Charles Riley, PMP, Executive Secretary and Chief Financial Officer
Paul Harris, PMP, Superintendent of Mechanical Maintenance
Alex Emmerson, Treatment Plant Superintendent
Joel Renzoni, Director of Sewer Maintenance
Rosaleen B. Nogle, P.E., Principal Sanitary Engineer
Cheryl Colston, General Counsel
Tim Blake, Facilities Capital Projects

Address of the Authority

City Hall Room 1038
Buffalo, New York 14202

BUFFALO SEWER AUTHORITY
Organizational Chart
June 30, 2025



FINANCIAL SECTION

DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



INDEPENDENT AUDITORS' REPORT

The General Manager and Members
of the Buffalo Sewer Authority Board
Buffalo, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Buffalo Sewer Authority, New York (the "Authority"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2025, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Authority 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Authority's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly after.

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 opinions. 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 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 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 Authority'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 Authority'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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and 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 the Governmental Accounting Standards Board 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 auditing standards generally accepted in the United States of America, 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The 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.

The Supplementary Information, as listed in the table of contents, 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the Authority's Annual Comprehensive Financial Report. The other information comprises the Introductory Section and Statistical Section, as listed in the table of contents, but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Drescher + Maleki LLP

September 29, 2025

BUFFALO SEWER AUTHORITY
Management's Discussion and Analysis
Year Ended June 30, 2025

As management of the Buffalo Sewer Authority (the “Authority”), we offer readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Authority’s financial statements, which follow this narrative.

Financial Highlights

- ◆ The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources as of June 30, 2025 by \$349,197,044 (*net position*). This consists of \$307,003,887 net investment in capital assets, \$44,817,358 restricted for capital projects and unrestricted net position of \$(2,624,201).
- ◆ The Authority’s net position increased by \$20,596,274 for the year ended June 30, 2025.
- ◆ At the close of the current fiscal year, the Authority’s governmental funds reported combined ending fund balances of \$83,574,499, a decrease of \$29,491,982 in comparison with the prior year’s fund balance of \$113,066,481. The decrease is primarily attributed to increases in capital outlay.
- ◆ At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$10,000,000, or approximately 11.6 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the Authority’s discretion and constitutes approximately 29.1 percent of the General Fund’s total fund balance of \$34,339,925 at June 30, 2025.
- ◆ The Authority’s total bonded indebtedness decreased by \$3,517,597 as a result of scheduled principal payments.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Authority’s basic financial statements. The Authority’s basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority’s finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all of the Authority’s assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net position changed during the most recent fiscal year. 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, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected charges and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Authority include general administration, wastewater treatment facilities, industrial waste, engineering, sewer maintenance and interest. The Authority does not engage in any business-type activities.

The government-wide financial statements can be found on pages 19-20 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be categorized as governmental funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, General Projects Fund, and Debt Service Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 21-24 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-53 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *Required Supplementary Information* concerning the Authority's net pension liability/(asset), the changes in the Authority's total other postemployment benefits ("OPEB") liability,

and the Authority's budgetary comparison for the General Fund. Required Supplementary Information and related notes to the required supplementary information can be found on pages 54-58 of this report.

The Supplementary Information, as listed in the table of contents, can be found on pages 59-67 of this report.

Finally, the Statistical Section of this report can be found on pages 68-86.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows exceeded liabilities and deferred inflows by \$349,197,044 at June 30, 2025 as compared to \$328,600,770 at the close of the fiscal year ended June 30, 2024.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position

	June 30,	
	2025	2024
Current assets	\$ 132,259,542	\$ 145,124,612
Noncurrent assets	412,890,450	374,643,159
Total assets	545,149,992	519,767,771
Deferred outflows of resources	7,937,015	6,582,594
Current liabilities	35,925,308	24,561,078
Noncurrent liabilities	153,320,220	153,565,530
Total liabilities	189,245,528	178,126,608
Deferred inflows of resources	14,644,435	19,622,988
Net position:		
Net investment in capital assets	307,003,887	283,485,639
Restricted	44,817,358	-
Unrestricted	(2,624,201)	45,115,131
Total net position	\$ 349,197,044	\$ 328,600,770

The largest portion of the Authority's net position, \$307,003,887, reflects its investment in capital assets (such as land, buildings, machinery and equipment, etc.), net of accumulated depreciation and less any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$44,817,358, represents resources that are subject to external restrictions imposed by creditors, grantors, contributions, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The remaining portion of the Authority's net position, \$(2,624,201) is considered to be unrestricted.

Table 2, as presented on the following page, shows the changes in net position for the years ended June 30, 2025 and June 30, 2024.

Table 2—Condensed Statement of Changes in Net Position

	Year Ended June 30,	
	2025	2024
Program revenues:		
Charges for services	\$ 72,538,080	\$ 69,789,799
Capital grants and contributions	13,022,055	17,822,402
General revenues	<u>5,502,495</u>	<u>5,945,362</u>
Total revenues	<u>91,062,630</u>	<u>93,557,563</u>
Program expenses	<u>70,466,356</u>	<u>68,343,886</u>
Change in net position	20,596,274	25,213,677
Net position—beginning	<u>328,600,770</u>	<u>303,387,093</u>
Net position—ending	<u>\$ 349,197,044</u>	<u>\$ 328,600,770</u>

Overall revenues for the year ended June 30, 2025, decreased 2.7 percent from the prior year primarily due to a decrease in capital grants and contributions received compared to the prior year.

Total expenses for the year ended June 30, 2025, increased 3.1 percent from the prior year due to an increase within allocated employee benefits related to pensions and increased activity related to wastewater treatment facilities expenditures.

A summary of sources of revenues for the years ended June 30, 2025 and June 30, 2024 is presented below in Table 3.

Table 3—Summary of Sources of Revenues

	Year Ended June 30,		Increase/(Decrease)	
	2025	2024	Dollars	Percent (%)
Charges for services	\$ 72,538,080	\$ 69,789,799	\$ 2,748,281	3.9
Capital grants and contributions	13,022,055	17,822,402	(4,800,347)	(26.9)
Unrestricted investment earnings	5,133,125	5,876,888	(743,763)	(12.7)
Miscellaneous	<u>369,370</u>	<u>68,474</u>	<u>300,896</u>	<u>439.4</u>
Total revenues	<u>\$ 91,062,630</u>	<u>\$ 93,557,563</u>	<u>\$ (2,494,933)</u>	<u>(2.7)</u>

For the year ended June 30, 2025, the most significant source of revenues was charges for services, which accounted for \$72,538,080, or 79.7 percent of total revenues. The next largest source of revenue was capital grants and contributions of \$13,022,055, or 14.3 percent of total revenues. Similarly, for the year

ended June 30, 2024, the most significant source of revenues was charges for services, which accounted for \$69,789,799, or 74.6 percent of total revenues. The next largest source of revenue was capital grants and contributions of \$17,822,402, or 19.0 percent of total revenues.

A summary of program expenses for the years ended June 30, 2025 and June 30, 2024 is presented on the following page in Table 4.

Table 4—Summary of Program Expenses

	Year Ended June 30,		Increase/(Decrease)	
	2025	2024	Dollars	Percent (%)
General administration	\$ 2,597,068	\$ 2,652,735	\$ (55,667)	(2.1)
Wastewater treatment facilities	54,015,960	52,241,081	1,774,879	3.4
Industrial waste	1,222,799	1,492,471	(269,672)	(18.1)
Engineering	1,997,738	1,754,036	243,702	13.9
Sewer maintenance	8,170,260	7,591,871	578,389	7.6
Interest and other fiscal charges	2,462,531	2,611,692	(149,161)	(5.7)
Total program expenses	<u>\$ 70,466,356</u>	<u>\$ 68,343,886</u>	<u>\$ 2,122,470</u>	3.1

For the year ended June 30, 2025, the Authority's most significant expense items were wastewater treatment facilities of \$54,015,960, or 76.7 percent of total expenses (primarily sewer, water, and sanitation services) and sewer maintenance costs of \$8,170,260, or 11.6 percent of total expenses. Similarly, for the year ended June 30, 2024, the Authority's most significant expense items were wastewater treatment facilities of \$52,241,081, or 76.4 percent of total expenses (primarily sewer, water, and sanitation services) and sewer maintenance costs of \$7,591,871, or 11.1 percent of total expenses.

Financial Analysis of Governmental Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the Authority itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the Board.

At June 30, 2025, the Authority's governmental funds reported combined ending fund balances of \$83,574,499, a decrease of \$29,491,982 from the prior year. Approximately 12.0 percent of this amount, \$10,000,000, constitutes *unassigned fund balance*, which is available for spending at the Authority's discretion. The remainder of fund balance is either *nonspendable*, *restricted* or *committed* to indicate that it is 1) not in spendable form, \$242,082, 2) restricted for particular purposes, \$49,234,574 or 3) committed for particular purposes \$24,097,843.

The General Fund is the chief operating fund of the Authority. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10,000,000. As a measure of the General Fund's

liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 11.6 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 39.9 percent of that same amount.

During the year ending June 30, 2025, the Authority's total fund balance in the General Fund decreased by \$6,911,069 from \$41,250,994 to \$34,339,925. This compares favorably to an anticipated use (decrease) of \$6,500,676 of fund balance from funds re-appropriated by prior year's encumbrances. Normal operational efficiencies provided budgetary savings with regards to expenditures and helped to fund additional transfers to the General Projects Fund.

The General Projects Fund has a total fund balance of \$44,817,358, a decrease of \$22,297,385 from the prior year. During the year ended June 30, 2025, the Authority's General Fund transferred \$20,507,711 to the General Projects Fund to support ongoing capital projects. The Authority spent \$48,450,630 from the General Projects Fund for capital outlay. The restricted fund balance represents \$44,817,358 to fund future capital projects.

Fund balance in the Debt Service Fund at June 30, 2025 is \$4,417,216. All of the fund balance within the Debt Service Fund is restricted for future debt service payments.

General Fund Budgetary Highlights

The Authority adopts an annual appropriated budget for the General Fund. The adopted budget is allowed to be amended upward (increase) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the Authority has appropriately committed an equal amount of fund balance at year-end for this purpose. A budgetary comparison schedule within the Required Supplementary Information section of this report has been provided to demonstrate compliance with the budget.

A summary of the General Fund results of operations for the year ended June 30, 2025 is presented in Table 5 below:

Table 5—General Fund Budget

	<u>Budgeted Amounts</u>		<u>Budgetary</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues and other financing sources	\$ 74,400,000	\$ 74,400,000	\$ 79,234,754	\$ 4,834,754
Expenditures and other financing uses	80,900,676	107,303,486	93,655,486	13,648,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (6,500,676)	\$ (32,903,486)	\$ (14,420,732)	\$ 18,482,754

Original budget compared to final budget—During the fiscal year, budgeted appropriations increased through budget amendments by \$26,402,810. Appropriations were increased primarily within transfers out to support capital projects, as well as in wastewater treatment facilities related to anticipated increases in utilities.

Final budget compared to budgetary actual results—Budgetary actual expenditures during the year were significantly lower than final budget as a result of savings in wastewater treatment facilities largely related to utility efficiencies and savings realized within sewer maintenance due to operational and personal services.

Capital Asset and Debt Administration

Capital Assets—The Authority’s investment in capital assets for its governmental activities as of June 30, 2025, amounted to \$412,890,450 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, building improvements, machinery and equipment, and sanitary and storm relief systems.

All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the Authority’s capital asset policy.

Capital assets net of depreciation for the governmental activities at the years ended June 30, 2025 and 2024 are presented in Table 6 below.

Table 6—Summary of Capital Assets (Net of Accumulated Depreciation)

	June 30,	
	2025	2024
Land	\$ 10,586,171	\$ 10,586,171
Construction in progress	112,099,915	80,061,698
Buildings	129,770,326	127,889,046
Building improvements	3,159,296	3,540,885
Machinery & equipment	3,473,811	2,112,713
Sanitary & storm relief systems	153,800,931	150,452,646
Total	<u>\$ 412,890,450</u>	<u>\$ 374,643,159</u>

Additional information on the Authority’s capital assets can be found in Note 4 of this report.

Long-term liabilities—At June 30, 2025, the Authority had bonded debt outstanding of \$76,839,051, as compared to \$80,356,648 in the prior year. During the year ended June 30, 2025, the Authority made principal payments totaling \$3,517,597.

A summary of the Authority’s long-term liabilities at June 30, 2025 and June 30, 2024 is presented in Table 7 below.

Table 7—Summary of Long-Term Liabilities

	June 30,	
	2025	2024
Bonds payable	\$ 76,839,051	\$ 80,356,648
Premium on bonds payable	4,206,274	4,368,054
Compensated absences	1,299,074	1,281,477
OPEB obligation	60,019,392	57,903,302
Judgments and claims	2,463,158	2,543,000
Net pension liability	8,493,271	7,113,049
Total	<u>\$ 153,320,220</u>	<u>\$ 153,565,530</u>

Additional information on the Authority’s long-term liabilities can be found in Note 10 of this report.

Economic Factors and Next Year's Budget and Rates

The unemployment rate, not seasonally adjusted, for the region at June 30, 2025 was 3.4 percent. This compares to New York State's average unemployment rate of 4.0 percent. These factors are considered in preparing the Authority's budget.

Total General Fund appropriations within the 2025-2026 adopted budget are \$79,400,000, an increase of 6.7 percent from the 2024-2025 adopted budget, and are projected to be funded solely by revenues. Consequently, the Authority did not designate any of the unassigned General Fund fund balance for spending in the subsequent year.

The Authority's five-year capital plan requires \$878 million of future appropriations. Management anticipates financing the aforementioned plan through the current designation, future contributions from operations and/or debt financing.

The Authority's primary source of revenues is derived from sewer rents. There are two types of sewer rents. Sewer rents based on assessed valuation of real estate and the other based on the use of water. All real property, both developed and undeveloped, must pay the sewer rent based on assessed valuation.

The levy of Sewer Rents based on assessed value will be \$29,950,000 for the 2025-2026 budget. This represents the amount of Sewer Rent that the Authority will collect from all real property in the City of Buffalo except those properties exempt by law. This amount, when spread over the total estimated assessment for sewer purposes from the Department of Assessment, will result in an annual sewer rent of \$1.29 for each for each \$1,000 of assessed valuation.

Sewer rents based on water use are billed as flat rate or metered accounts. Flat rate sewer rents continue to be charged based on property characteristics (i.e. number of stories, front footage, etc.). There will be no increases to those charges. The sewer rent meter charges will be assessed at a rate of \$11.76 per 1,000 cubic feet. All flat and meter accounts will continue to be assessed a capacity/drainage charge at a minimum of \$6.37 per month.

Contacting the Authority's Financial Management

This financial report is designed to provide citizens, ratepayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability. Questions concerning this report or requests for additional financial information should be directed toward the Buffalo Sewer Authority, General Manager, 1038 City Hall, Buffalo, New York 14202.

BASIC FINANCIAL STATEMENTS

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BUFFALO SEWER AUTHORITY
Statement of Net Position
June 30, 2025

	Primary Government
	Governmental Activities
ASSETS	
Cash, cash equivalents and investments	\$ 6,866,067
Designated cash, cash equivalents and investments	34,770,071
Restricted cash, cash equivalents and investments	57,642,896
Receivables (net of allowance for uncollectibles)	17,006,769
Intergovernmental receivables	15,731,657
Prepaid items	242,082
Capital assets not being depreciated	122,686,086
Capital assets, net of accumulated depreciation	<u>290,204,364</u>
Total assets	<u>545,149,992</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pension plans	3,961,458
Deferred outflows—relating to OPEB	<u>3,975,557</u>
Total deferred outflows of resources	<u>7,937,015</u>
LIABILITIES	
Accounts payable	13,035,040
Interest payable	307,882
Accrued liabilities	1,051,194
Due to retirement system	593,092
EFC note payable	18,073,882
Retainages payable	2,664,005
Unearned revenues	200,213
Noncurrent liabilities:	
Due within one year	3,976,123
Due within more than one year	<u>149,344,097</u>
Total liabilities	<u>189,245,528</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pension plans	724,021
Deferred inflows—relating to OPEB	<u>13,920,414</u>
Total deferred inflows of resources	<u>14,644,435</u>
NET POSITION	
Net investment in capital assets	307,003,887
Restricted for:	
Capital projects	44,817,358
Unrestricted	<u>(2,624,201)</u>
Total net position	<u>\$ 349,197,044</u>

The notes to the financial statements are an integral part of this statement.

BUFFALO SEWER AUTHORITY
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	
Governmental activities:				
General administration	\$ 2,597,068	\$ 2,770,231	\$ -	\$ 173,163
Wastewater treatment facilities	54,015,960	57,617,554	-	3,601,594
Industrial waste	1,222,799	1,304,331	-	81,532
Engineering	1,997,738	2,130,940	-	133,202
Sewer maintenance	8,170,260	8,715,024	13,022,055	13,566,819
Interest	2,462,531	-	-	(2,462,531)
Total primary government	<u>\$ 70,466,356</u>	<u>\$ 72,538,080</u>	<u>\$ 13,022,055</u>	<u>15,093,779</u>
General revenues:				
Unrestricted investment earnings				5,133,125
Miscellaneous				369,370
Total general revenues				<u>5,502,495</u>
Change in net position				20,596,274
Net position—beginning				<u>328,600,770</u>
Net position—ending				<u>\$ 349,197,044</u>

The notes to the financial statements are an integral part of this statement.

BUFFALO SEWER AUTHORITY
Balance Sheet—Governmental Funds
June 30, 2025

	<u>General</u>	<u>General Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash, cash equivalents and investments	\$ 6,866,067	\$ -	\$ -	\$ 6,866,067
Designated cash, cash equivalents and investments	16,588,180	18,181,891	-	34,770,071
Restricted cash, cash equivalents and investments	200,213	53,025,467	4,417,216	57,642,896
Receivables (net of allowance for uncollectibles)	17,006,769	-	-	17,006,769
Due from other funds	-	204,449	-	204,449
Intergovernmental receivables	35	15,731,622	-	15,731,657
Prepaid items	<u>242,082</u>	<u>-</u>	<u>-</u>	<u>242,082</u>
Total assets	<u><u>\$ 40,903,346</u></u>	<u><u>\$ 87,143,429</u></u>	<u><u>\$ 4,417,216</u></u>	<u><u>\$ 132,463,991</u></u>
LIABILITIES				
Accounts payable	\$ 4,514,473	\$ 8,520,567	\$ -	\$ 13,035,040
Accrued liabilities	1,051,194	-	-	1,051,194
Due to other funds	204,449	-	-	204,449
Due to retirement system	593,092	-	-	593,092
EFC note payable	-	18,073,882	-	18,073,882
Unearned revenue	<u>200,213</u>	<u>-</u>	<u>-</u>	<u>200,213</u>
Total liabilities	<u><u>6,563,421</u></u>	<u><u>26,594,449</u></u>	<u><u>-</u></u>	<u><u>33,157,870</u></u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—intergovernmental receivables	-	15,731,622	-	15,731,622
Total deferred inflows of resources	<u>-</u>	<u>15,731,622</u>	<u>-</u>	<u>15,731,622</u>
FUND BALANCES				
Nonspendable	242,082	-	-	242,082
Restricted	-	44,817,358	4,417,216	49,234,574
Committed	24,097,843	-	-	24,097,843
Unassigned	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>
Total fund balances	<u><u>34,339,925</u></u>	<u><u>44,817,358</u></u>	<u><u>4,417,216</u></u>	<u><u>83,574,499</u></u>
Total liabilities and fund balances	<u><u>\$ 40,903,346</u></u>	<u><u>\$ 87,143,429</u></u>	<u><u>\$ 4,417,216</u></u>	<u><u>\$ 132,463,991</u></u>

The notes to the financial statements are an integral part of this statement.

BUFFALO SEWER AUTHORITY
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
June 30, 2025

Amounts reported for governmental activities in the statement of net position (page 19) are different because:

Total fund balances—governmental funds (page 21) \$ 83,574,499

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of these assets is \$760,813,512 and the accumulated depreciation is \$347,923,062. 412,890,450

Revenues not collected within 60 days of year end are reported as deferred inflows of resources in the fund statements, but are recognized on the accrual basis for government-wide statements. 15,731,622

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements.

Deferred outflows related to employer contributions	\$ 593,092
Deferred outflows related to experience, changes of assumptions, and changes in proportion of contributions	3,368,366
Deferred inflows related to pensions	<u>(724,021)</u>
	3,237,437

Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements:

Deferred outflows related to employer contributions	\$ 685,216
Deferred outflows related to experience, changes of assumptions or other inputs	3,290,341
Deferred inflows related to experience, changes of assumptions or other inputs	<u>(13,920,414)</u>
	(9,944,857)

Net accrued interest expense for bonds and special program bonds not reported in the fund statements. (307,882)

Retainages payable are not a current liability and, therefore, are not reported in the funds. (2,664,005)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:

Bonds payable	\$ (76,839,051)
Premium on bonds payable	(4,206,274)
Compensated absences	(1,299,074)
OPEB obligation	(60,019,392)
Judgments and claims	(2,463,158)
Net pension liability	<u>(8,493,271)</u>
	<u>(153,320,220)</u>

Net position of governmental activities \$ 349,197,044

The notes to the financial statements are an integral part of this statement.

BUFFALO SEWER AUTHORITY
Statement of Revenues, Expenditures, and Changes in
Fund Balances—Governmental Funds
Year Ended June 30, 2025

	<u>General</u>	<u>General Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES				
Sewer rents—general consumers	\$ 71,608,577	\$ -	\$ -	\$ 71,608,577
Interest on delinquent sewer rents	929,503	-	-	929,503
Use of money and property	5,116,950	(222,874)	239,049	5,133,125
Miscellaneous	1,153,950	-	-	1,153,950
State aid	-	5,868,408	-	5,868,408
Federal aid	316,510	-	-	316,510
Total revenues	<u>79,125,490</u>	<u>5,645,534</u>	<u>239,049</u>	<u>85,010,073</u>
EXPENDITURES				
Current:				
General administration	1,955,958	-	-	1,955,958
Wastewater treatment facilities	33,332,761	-	-	33,332,761
Industrial waste	920,940	-	-	920,940
Engineering	1,504,578	-	-	1,504,578
Sewer maintenance	5,817,674	-	-	5,817,674
Miscellaneous	4,951,692	-	423,313	5,375,005
Employee benefits	10,980,774	-	-	10,980,774
Debt service:				
Principal	-	-	3,517,597	3,517,597
Interest	-	-	2,646,138	2,646,138
Capital outlay	-	48,450,630	-	48,450,630
Total expenditures	<u>59,464,377</u>	<u>48,450,630</u>	<u>6,587,048</u>	<u>114,502,055</u>
Excess (deficiency) of revenues over expenditures	<u>19,661,113</u>	<u>(42,805,096)</u>	<u>(6,347,999)</u>	<u>(29,491,982)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	99,264	20,507,711	6,163,735	26,770,710
Transfers out	(26,671,446)	-	(99,264)	(26,770,710)
Total other financing sources (uses)	<u>(26,572,182)</u>	<u>20,507,711</u>	<u>6,064,471</u>	<u>-</u>
Net change in fund balances	(6,911,069)	(22,297,385)	(283,528)	(29,491,982)
Fund balances—beginning	41,250,994	67,114,743	4,700,744	113,066,481
Fund balances—ending	<u>\$ 34,339,925</u>	<u>\$ 44,817,358</u>	<u>\$ 4,417,216</u>	<u>\$ 83,574,499</u>

The notes to the financial statements are an integral part of this statement.

BUFFALO SEWER AUTHORITY
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances—Governmental Funds to the Government-wide Statement of Activities
Year Ended June 30, 2025

Amounts reported for governmental activities in the statement of activities (page 20) are different because:

Net change in fund balances—total governmental funds (page 23)	\$ (29,491,982)
--	-----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and capital disposals in the current period.

Capital asset additions, net	\$ 50,550,822
Depreciation expense	<u>(12,303,531)</u>
	38,247,291

Governmental funds recognize revenues only if collected within 60 days after the end of the fiscal year; however, the government-wide statements recognize revenue on a full accrual basis.

6,052,557

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

Direct pension contributions	\$ 2,066,878
Cost of benefits earned net of employee contributions	<u>(1,682,271)</u>
	\$ 384,607

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census and changes in medical premiums that are different than expected healthcare cost trend rates and due to changes in assumptions and other inputs. These amounts are shown net of the current year's amortization.

4,568,145

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.

21,827

Governmental funds report retained percentages expenditures on construction contracts when such retained percentage is paid. However, in the statement of activities, retained percentages on construction contracts are reported as expenses as they accrue.

(811,703)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Repayment of bonds payable	\$ 3,517,597
Amortization of premium on bonds payable	161,780
Changes in compensated absences	(17,597)
Changes in OPEB obligation	(2,116,090)
Changes in judgments and claims	<u>79,842</u>
	1,625,532
Change in net position of governmental activities	<u>\$ 20,596,274</u>

The notes to the financial statements are an integral part of this statement.

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BUFFALO SEWER AUTHORITY
Notes to the Financial Statements
Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Buffalo Sewer Authority, New York (the “Authority”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority’s accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Authority. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by sewer rents and taxes, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The Authority reports no business-type activities or component units.

Reporting Entity

The Authority, a public benefit corporation, was created in 1935, by an Act of the State Legislature. The Authority is managed by a five-member board appointed by the Mayor of the City of Buffalo, New York (the “City”) subject to confirmation by the Common Council, and is regulated by the Public Authorities Law. It has such powers as to fix and collect rates, to borrow money and to issue negotiable bonds, to sue and be sued, and to acquire, hold and dispose of personal property for its corporate purpose. The bonds and other obligations of the Authority are not a debt of the City and are payable only from the funds of the Authority. The Authority is legally and financially independent of the City. There are no other entities covered in this report.

The Authority provides sewage collection, treatment and disposal services for the City and neighboring communities.

All activities and functions performed by the Authority are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The budgetary and fiscal operations of the Authority are comparable to that of a governmental rather than a proprietary unit and, therefore, the Board has opted to record such activity in a governmental fund type (General Fund) rather than in a proprietary fund type (Enterprise Fund).

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds even though the fiduciary funds,

when presented, are excluded from government-wide financial statements. The Authority presents no fiduciary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exception to this general rule are chargeback for services, such as printing and computer services. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Authority's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Authority reports the following major governmental funds:

- ◆ *General Fund*—The General Fund constitutes the primary operating fund of the Authority and includes all operations not required to be recorded in other funds. The principal source of revenues for the General Fund is sewer rents.
- ◆ *General Projects Fund*—The General Projects Fund accounts for the acquisition and construction of major capital facilities and capital assets financed primarily with proceeds of both long and short-term debt and transfers from the General Fund.
- ◆ *Debt Service Fund*—The Debt Service Fund is used to maintain a debt service reserve required under the sewer system bond resolutions and related amendments. The Debt Service Fund also accounts for payments made for principal and interest on long-term general obligation debt of governmental funds. Investment earnings are considered revenues of the General Fund.

During the course of operations the Authority has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgment, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sewer rents and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

Cash, Cash Equivalents and Investments—The Authority's cash and cash equivalents consist of cash on hand, demand deposits, and short-term highly liquid investments with original maturities of three months or less from date of acquisition. New York State law governs the Authority's investment policies. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. It is the Authority's policy to state investments at fair value when applicable. Temporary investments are carried at fair value and include Money Market Funds and Treasury Notes. Certain interest earned on investments in the Debt Service Fund is transferred to the General Fund in accordance with Authority policy.

Designated Cash, Cash Equivalents, and Investments—Designated cash, cash equivalents, and investments represents cash set aside by management for future capital projects and loss contingencies.

Restricted Cash, Cash Equivalents, and Investments—Restricted cash represents unspent proceeds of debt, unearned revenues, amounts to support restricted fund balance.

Prepaid Items—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

Capital Assets—Capital assets, which include land, construction in progress, land improvements, buildings and improvements, machinery and equipment and sanitary and storm relief systems, are reported in the government-wide financial statements. The Authority's capitalization policy requires the Authority to record capital assets purchased or constructed having a useful life of two or more years and a cost in excess of \$10,000. Capital assets are reported in the government-wide financial statements at cost (or estimated historical cost). Donated capital assets are recorded at acquisition cost of the item at the date of its donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend to an asset's useful life is not capitalized.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the estimated useful lives as shown below:

	Estimated Useful Life (Years)
Land	n/a
Land improvements	20
Buildings	40
Building improvements	20
Machinery & equipment	3-10
Sanitary & storm relief system	20-50

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2025, the Authority has two items that qualify for reporting in this category. The first item, related to pension plans, is reported in the government-wide financial statements. This represents the effect of the net change in the Authority's proportion of the collective net pension liability/(asset), the difference during the measurement period between the Authority's contributions, its proportionate share of the total contribution to the pension system not include in the pension expense, and any contributions to the pension system made subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the Authority's proportion of the collective OPEB liability and the difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At June 30, 2025, the Authority has three items that qualify for reporting in this category. The first item, reported only within the governmental fund financial statements represents unavailable revenues for intergovernmental receivables. This amount is deferred and recognized as an inflow of resources on the fund statements in the period that the amount becomes available. The second item represents the effect of the net change in the Authority's proportion of the collective net pension liability/(asset) and the difference during the measurement periods between the Authority's contributions, and its proportionate share of the total contributions to the pension systems not included in pension expense. The third item represents the effects of the change in the Authority's proportion of the collective OPEB liability and

difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

Net Position Flow Assumption—Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted–net position and unrestricted–net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted–net position to have been depleted before unrestricted–net position is applied.

Fund Balance Flow Assumptions—Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purposes, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Authority itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purpose determined by a formal action of the Authority's highest level of decision-making authority. The Board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the General Manager to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. General revenues are those that cannot be associated directly with program activities.

The Authority raises revenues from sewer rents from a variety of sources including assessed valuation of real property, water use, industrial waste charges and sewer connection agreements with neighboring communities.

The City's Department of Assessment bills sewer rents based on assessed valuation for the Authority in the same manner as that used for billing of City property taxes.

The Authority contracts with an outside agency to act as the managers of the City's Division of Water. The agency bills sewer rents based on water use for the Authority as a separate item on each water bill. Such sewer rents are based on water consumption for metered accounts or a percent of water billings for unmetered accounts.

Agreements between neighboring communities and the Authority provide for charges based on the actual cost of receiving and treating sewage discharged into the Authority's facilities or based upon the rated capacity of the respective connections as apportioned to the total capacity of the Sewage Treatment Plant.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At June 30, 2025, the Authority reported \$200,213 of unearned revenues in the General Fund. The Authority has collected sewer rent money in advance, but has not performed the corresponding services and therefore recognizes a liability.

Compensated Absences—The Authority's two labor agreements provide for sick leave, vacations and miscellaneous other paid absences. Upon retirement certain eligible employees qualify for payment for unused vacation and fractional values of unused sick leave. Payment of compensated absences recorded in the government-wide financial statements is dependent upon many factors; therefore timing of future payment is not readily determinable. However, management believes that sufficient resources will be made available for the payment of compensated absences when such payments become due.

Pension Plan—The Authority is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plan, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other Postemployment Benefits—In addition to providing pension benefits, the Authority provides health insurance coverage for certain retired employees, as disclosed in Note 7.

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"), requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended June 30, 2025, the Authority implemented GASB Statement No. 101, *Compensated Absences*; and GASB Statement No. 102, *Certain Risk Disclosures*. GASB Statement No. 101 improves financial reporting by better meeting the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 102 improves financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The implementation of GASB Statements No. 101 and 102 did not have a material impact on the Authority's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Authority has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 103, *Financial Reporting Model Improvements*; and GASB Statement No. 104, *Disclosure of Certain Capital Asset*, effective for the year ending June 30, 2026. The Authority is, therefore, unable to disclose the impact that adopting GASB Statements No. 103 and 104 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The Authority follows these procedures in establishing most of the budgetary data reflected in the financial statements:

- ◆ In accordance with bond resolutions and related amendments, prior to the forty-fifth day before the beginning of the next fiscal year, the Authority files an adopted budget with the Trustee for the fiscal year to commence July 1. This budget includes appropriations, estimated revenues and amounts necessary for the payment of subordinated indebtedness incurred by the Authority.
- ◆ On or before July 1 of each fiscal year, the Authority adopts the annual budget for such fiscal year. The budget is adopted at the department level.
- ◆ During the fiscal year, management can transfer appropriations within the department level without the approval of the Authority Board. The Authority Board can legally amend the operating budget and is empowered to implement supplemental appropriations. Budget amendments beyond the department level of control require Board approval.
- ◆ Formal annual budgetary accounts are employed as a management control device for the General Fund. This budget is adopted on a budgetary basis which takes into consideration encumbrances. The budgeted funds of the General Fund lapse at the end of the fiscal year. However, a five-year plan does exist for capital projects.
- ◆ The Authority's legal level of budgetary control is at the department level. Total expenditures for each department may not legally exceed the total appropriations at the department level. Encumbrances outstanding at year end are accounted for by a commitment of fund balance. All encumbered appropriations lapse and revert to fund balance at the end of the fiscal year.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Authority has its own written investment policy in accordance with Title 7, Section 2925 of the Public Authorities Law. Monies in any fund held by a Trustee, or the Authority provide reasonable liquidity in the highest yield investment securities. Permissible investments include:

- ◆ Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledge to any such direct obligation or guarantee;
- ◆ Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Export-Import Bank of the United States; Federal Home Loan Banks; Federal Home Loan Mortgage Corporation, Federal Housing Administration; Federal National Mortgage Association; General Services Administration; Government National Mortgage Association; Small Business Administration; Student Loan Marketing Association; U.S. Department of Housing of Urban Development; U.S. Maritime Administration; the Washington Metropolitan Area Transit Authority; or the Resolution Funding Corporation.
- ◆ Direct obligations of any State of the U.S. or any subdivision or agency thereof whose unsecured, uninsured, and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard and Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision, or agency whose unsecured, uninsured, and unguaranteed general obligation debt is rated, at the time of purchase "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation;
- ◆ Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that fully and timely payment of such deposit or similar obligation is enforceable against the principle office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's Investor Service and a "Short-Term CD" rating of "A-1" or better by Standard & Poor's Corporation;
- ◆ Deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation.
- ◆ Investments in money-market funds rated "AAAm" or "AAAM-G" by Standard & Poor's Corporation;
- ◆ Repurchase agreements collateralized by Direct Obligations, GNMAAs, FNMAAs or FHLMCs with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's Investors Service, and "A-1" or "A-" or better by Standard & Poor's Corporation, provided a master repurchase agreement or specific written repurchase agreement governs the transaction;

- ♦ Commerical paper (having original maturities of not more than 270 days) rated, at the time of purchase, “P-1” by Moody’s Investors Service and “A-1” or better by Standard and Poor’s Corporation.

Collateral is required for demand deposits, time deposits and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The Authority has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. Cash, cash equivalents, and investments at June 30, 2025 are shown below.

	Governmental Funds
Petty cash (uncollateralized)	\$ 6,000
Deposits	7,538,664
Investments	<u>91,734,370</u>
Total	<u>\$ 99,279,034</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2025 as follows:

	Bank Balance	Carrying Balance
FDIC insured	\$ 500,000	\$ 500,000
Uninsured:		
Collateral held by pledging bank's agent in the Authority's name	11,779,645	7,038,664
Total	<u>\$ 12,279,645</u>	<u>\$ 7,538,664</u>

Custodial Credit Risks—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Authority’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. At June 30, 2025, the Authority’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the Authority’s name.

Other Cash and Cash Equivalents—Other cash and cash equivalents are held as money market investments at their amortized cost of \$52,216.

Designated Cash, Cash Equivalents, and Investments—The Authority reports amounts as designated cash, cash equivalents, and investments to support fund balances committed to capital projects and future loss contingencies. At June 30, 2025, the Authority reported \$16,588,180 and \$18,181,891 of designated cash, cash equivalents, and investments within the General Fund and General Projects Fund, respectively.

Restricted Cash, Cash Equivalents and Investments—At June 30, 2025, the Authority reported \$200,213 of restricted cash and cash equivalents in the General Fund to support unearned revenues, \$53,025,467 of restricted cash, cash equivalents and investments within the General Projects Fund and \$4,417,216 of restricted investments in the Debt Service Fund to support restricted fund balance.

Designated and Restricted Investments—All investments are reported using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- ◆ Level 1. Quotes prices for identical assets or liabilities in active markets to which the Authority has access at the measurement date.
- ◆ Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - ◆ Quoted prices for similar assets or liabilities in active markets;
 - ◆ Quoted prices for identical or similar assets in markets that are not active;
 - ◆ Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - ◆ Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- ◆ Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

The Authority has invested in U.S. Treasury Notes of \$4,417,216 at June 30, 2025, which are considered to be Level 1 investments and \$16,109,796 of commercial paper within the General Fund which are considered to be Level 1 investments. At June 30, 2025, the Authority carries investments that are designated for internal purposes and restricted for debt for \$18,181,891 and \$53,025,467, respectively, within the General Projects Fund.

Credit Ratings—The aforementioned U.S. Treasury notes mature April 15, 2032, February 15, 2033, November 15, 2033, October 1, 2035 and May 1, 2044. All of these investments have an S&P credit rating of A-1+ and a Moody's credit rating of P-1.

Credit Risk—Investments—In compliance with State law, the Authority's investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts, and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and certain joint ventures or cooperative investment programs.

Concentration of Credit Risk—to promote competition on rates and service cost, and to limit the risk of institutional failure, the Authority's deposits and investments are placed within multiple institutions.

Interest Rate Risk—In the case of investments, this is the risk that potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. There is the prospect of a loss should those securities be sold prior to maturity. The Authority follows a policy to specifically identify the maturity for each individual investment and evaluate risk accordingly. There are no requirements limiting maturity of investments.

3. RECEIVABLES

Receivables—Primarily represents amounts due from customers and outside districts. A summary of receivables is shown below:

General Fund:		
Flat rate receivables	\$ 6,452,541	
Allowance: flat rate receivables	<u>(6,153,935)</u>	\$ 298,606
Metered receivables	21,929,314	
Allowance: metered receivables	<u>(18,355,341)</u>	3,573,973
Industrial waste receivables	671,830	
Allowance: industrial waste receivables	<u>(57,425)</u>	614,405
Outside district receivables	12,824,546	
Allowance: outside district receivables	<u>(831,759)</u>	11,992,787
Other miscellaneous receivables		526,998
Total		<u>\$ 17,006,769</u>

Allowance for Receivables—As of June 30, 2025, the Authority records an allowance on flat rate, metered, industrial waste and outside district receivables. The Authority deems receivables not collected within 60 days of billing to be uncollectible. Specifically, for the flat rate and metered billings, the Authority treats July collections as 100 percent collectible. Further, collections in August are historically expected to be 19 percent and 50 percent for the flat rate and metered billings, respectively.

Intergovernmental Receivables—Represents amounts due from other local municipalities for chargebacks and claims for reimbursement of expenditures in administering various programs. At June 30, 2025, the Authority reported intergovernmental receivables, net of allowance, of \$15,731,657. This receivable is offset by a deferred inflow of resources as the timing requirements for recognizing this revenue have not yet been met.

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2025 was as follows:

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025
Capital assets, not being depreciated:				
Land	\$ 10,586,171	\$ -	\$ -	\$ 10,586,171
Construction in progress	80,061,698	48,714,374	16,676,157	112,099,915
Total capital assets, not being depreciated	90,647,869	48,714,374	16,676,157	122,686,086
Capital assets, being depreciated:				
Land improvements	455,703	-	-	455,703
Buildings	303,855,041	7,975,729	-	311,830,770
Building improvements	12,793,593	-	-	12,793,593
Machinery & equipment	33,089,751	1,836,448	411,229	34,514,970
Sanitary & storm relief systems	269,831,962	8,700,428	-	278,532,390
Total capital assets, being depreciated	620,026,050	18,512,605	411,229	638,127,426
Less accumulated depreciation for:				
Land improvements	455,703	-	-	455,703
Buildings	175,965,995	6,094,449	-	182,060,444
Building improvements	9,252,708	381,589	-	9,634,297
Machinery & equipment	30,977,038	475,350	411,229	31,041,159
Sanitary & storm relief systems	119,379,316	5,352,143	-	124,731,459
Total accumulated depreciation	336,030,760	12,303,531	411,229	347,923,062
Total capital assets, being depreciated, net	283,995,290	6,209,074	-	290,204,364
Governmental activities capital assets, net	\$ 374,643,159	\$ 54,923,448	\$ 16,676,157	\$ 412,890,450

Significant construction in progress expenditures are incurred as the Authority continues to improve its infrastructure. Depreciation expense totaling \$12,303,531 is reported within the government-wide statements and has been allocated to wastewater treatment plant expenses of \$11,446,592 and sewer maintenance expenses of \$856,939.

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2025, were as follows:

	General Fund
Salary and other employee benefits	\$ 1,051,194
Total accrued liabilities	\$ 1,051,194

6. PENSION PLAN

The Authority participates in the New York State and Local Employee's Retirement System ("ERS") and the Public Employee's Group Life Insurance Plan (the "System"). These cost-sharing multiple-employer public employee retirement systems compute contribution requirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

Plan Description and Benefits Provided

Employees' Retirement System ("ERS")—ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS 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 ERS, 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 Authority also participates in the Public Employees' Group Life Insurance (the "System"), which provides death benefits in the form of life insurance. ERS is included in the State's financial report as a pension trust fund. The 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, NY 12244.

ERS is noncontributory, except for employees who joined after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute three (3.0%) to three and one half (3.5%) percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, 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.

Pension Liability/(Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—The net pension liability/(asset) was measured as of March 31, 2025 for ERS. The total pension liability/(asset) used to calculate The net pension liability/(asset) was determined by an actuarial valuation as of April 1, 2024, with update procedures used to roll forward the total pension liability/(asset) to the measurement date. The Authority's proportion of the net pension liability/(asset) was based on a projection of the Authority's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS in a report provided to the Authority.

	ERS
Measurement date	March 31, 2025
Net pension liability/(asset)	\$ 8,493,271
Authority's portion of the Plan's total net pension liability/(asset)	0.0495358%

As of the March 31, 2025 measurement date, the Authority's portion of the Plan's total net pension liability/(asset) had increased 0.0012267% from their portion of the Plan's total net pension liability/(asset) of 0.0483091% on the March 31, 2024 measurement date.

For the year ended June 30, 2025, the Authority recognized a pension expense of \$1,759,300 for ERS. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 2,108,087	\$ 99,440
Change of assumptions	356,191	-
Net difference between projected and actual earnings on pension plan investments	666,358	-
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	237,730	624,581
Authority contributions subsequent to the measurement date	593,092	-
Total	<u>\$ 3,961,458</u>	<u>\$ 724,021</u>

Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2026	\$ 1,365,717
2027	2,038,031
2028	(816,291)
2029	56,888

Actuarial Assumptions—The total pension liability as of the 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 valuation used the actuarial assumption as shown below:

	<u>ERS</u>
Measurement date	March 31, 2025
Actuarial valuation date	April 1, 2024
Discount rate	5.90%
Salary scale	4.30%
Decrement tables	April 1, 2015- March 31, 2020
Inflation rate	2.90%
Cost-of-living adjustments	1.50%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021.

The actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2021.

The long-term 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 each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation for ERS are summarized below:

Measurement date	ERS	
	March 31, 2025	
	Target Allocation	Long-Term Expected Real Rate of Return
Asset class:		
Domestic equities	25.0 %	3.5 %
International equities	14.0	6.6
Private equity	15.0	7.3
Real estate	12.0	5.0
Opportunistic portfolios	3.0	5.3
Credit	4.0	5.4
Real assets	4.0	5.6
Fixed income	22.0	2.0
Cash	1.0	0.3
Total	100.0 %	

Discount Rate—The discount rate used to calculate the total pension liability/(asset) 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. Based upon the 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/(asset).

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart on the following page presents the Authority’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9% for ERS, as well as what the Authority’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset)	\$ 24,580,594	\$ 8,493,271	\$ (4,939,655)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of all of the employers participating in the state-wide System as of the valuation date was as follows:

	(Dollars in Thousands)
ERS	
Valuation date	April 1, 2024
Employers' System total pension liability	\$ 247,600,239
Plan fiduciary net position	<u>230,454,512</u>
Employers' System net pension liability	<u>\$ 17,145,727</u>
System fiduciary net position as a percentage of total pension liability	93.1%

Payables to the Pension Plan—Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$593,092.

7. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description and Benefits Provided—In addition to pension benefits, the Authority provides health care benefits for retirees, spouses, and their covered dependents at no cost to the retirees under a single-employer postemployment benefit plan. There is no separate, audit GAAP-basis postemployment benefit plan report available for the plan. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee's total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Authority provides one traditional indemnity plan option for its retirees under 65. In addition, the Authority provides two Medicare Supplement plan options for their Medicare eligible retirees over 65. Retirees who have alternate insurance and desire to waive medical insurance through the Authority will receive an in-lieu payment from the Authority each year. These payments total \$1,200, \$1,800, and \$2,400, to waive single coverage, two-person coverage, and family coverage, respectively. The General Fund of the Authority is typically used to liquidate the OPEB liability.

Employees Covered by Benefit Terms—At June 30, 2025, the following employees were covered by the benefit terms:

Active not eligible to retire	216
Actives eligible to retire	16
Retired and surviving spouses	199
Retiree spouses covered	<u>129</u>
Total	<u>560</u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“AAL”) under GASB Statement No. 45.

Total OPEB Liability

The Authority’s total OPEB liability of \$60,019,392 was measured as of April 1, 2025, and was determined by an actuarial valuation as of June 30, 2025.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the June 30, 2025 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 3.98% for the year ending June 30, 2024 to 4.39% for the year ending June 30, 2025. The salary scale is 3.30% effective June 30, 2025. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used effective June 30, 2025 is 5.30%, while the ultimate healthcare cost trend rate is 3.71%. Mortality rates effective June 30, 2025 were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-weighted for General employees, without separate Contingent Survivor mortality, fully generational using scale MP-2021.

Changes in the Total OPEB Liability—The table below presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance at June 30, 2024	\$ 57,903,302
Changes for the year:	
Service cost	1,658,074
Interest	2,261,456
Differences between expected and actual experience	3,899,664
Changes of assumptions or other inputs	(2,962,240)
Benefit payments	<u>(2,740,864)</u>
Net changes	<u>2,116,090</u>
Balance at June 30, 2025	<u><u>\$ 60,019,392</u></u>

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect of a 1% change in the discount rate assumption would have on the total OPEB liability:

	1%	Current	1%
	Decrease (3.39%)	Discount Rate (4.39%)	Increase (5.39%)
Total OPEB liability	\$ 68,271,429	\$ 60,019,392	\$ 53,302,179

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the OPEB liability of a 1% change in the initial (5.30%) and ultimate (3.71%) healthcare cost trend rates.

	1%	Healthcare Cost Trend	1%
	Decrease (4.30%/2.71%)	Rates (5.30%/3.71%)	Decrease (6.30%/4.71%)
Total OPEB liability	\$ 52,777,511	\$ 60,019,392	\$ 68,962,909

Funding Policy—Authorization for the Authority to pay all of retiree health insurance premiums was enacted by resolution of the Authority Board or through union contracts, which are ratified by the Authority Board. For an employee to be eligible for the Authority's postemployment health plan they must have been employed by the Authority for a minimum of five consecutive years prior to retirement and qualify for retirement as a member of the New York State retirement system. All current retirees, receive full health care coverage with no contribution requirements for themselves, dependents, and spouses. Authority governmental activities contributed \$2,740,864 for the fiscal year ended June 30, 2025. While for the year ended June 30, 2025, the Authority's governmental activities recognized OPEB expense of \$268,041. The Authority's contributions to the OPEB plan are based on negotiated contracts with two bargaining units, as discussed in Note 13. Any amendments to the employer's contributions are subject to the collective bargaining agreements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The Authority reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability. The table below presents the Authority's deferred outflows and deferred inflows at June 30, 2025.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,290,341	\$ 5,825,783
Changes of assumptions	-	8,094,631
Benefit payments subsequent to the measurement date	<u>685,216</u>	<u>-</u>
Total	<u>\$ 3,975,557</u>	<u>\$ 13,920,414</u>

The Authority's benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending June 30, 2026. The other amounts reported as deferred outflows of resources and deferred inflows of resource related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	
2026	\$ (3,708,249)
2027	(3,708,249)
2028	(3,062,865)
2029	(355,769)
2030	205,059

8. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; vehicle liability, injuries to employees; health insurance, unemployment insurance, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Authority purchases insurance for: commercial property coverage, commercial general liability coverage, commercial automotive coverage and commercial crime coverage. Property insurance is limited based on scheduled locations. The general liability insurance is limited to \$10 million per occurrence. Real Property and Personal Property Coverage is limited to \$500 million. Automobile insurance is limited to \$5 million per accident. Crime coverage is limited to \$1 million per occurrence with a \$2 million annual aggregate limit. Cyber liability coverage is limited to \$3 million per incident. There were no settlements that exceeded insurance coverage in each of the past three fiscal years.

Workers' Compensation—The Authority participates in a self-insured plan for risks associated with employee workers' compensation claims through a third party. The Authority accounts for this activity in the General Fund while the government-wide financial statements reflect the liability for the workers' compensation.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported ("IBNR"). Claim liabilities are calculated with consideration of the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other benefit costs.

Claim activities for the current year and the prior year are shown below:

Year Ended June 30,	Beginning Balance	Claims and Changes in Estimates	Payments and Changes in Estimates	Ending Balance
2025	\$ 2,543,000	\$ 1,178,009	\$ (1,257,851)	\$ 2,463,158
2024	1,387,163	1,448,706	(292,869)	2,543,000

At June 30, 2025, \$4,000,000 of the General Fund fund balance was committed to loss contingencies for the purpose of funding the Authority's future claims liabilities.

9. SHORT TERM DEBT

Short term debt of the Authority represents a short term loan from the Environmental Facilities Corporation ("EFC"). During the year ended June 30, 2025, the Authority incurred eligible project expenditures that were subsequently reimbursed by the EFC. This amount is owed back to the EFC and the short-term debt for the fiscal year ended June 30, 2025 is shown below:

Description	Principal				Principal	
	Issue Date	Interest Rate	Outstanding July 1, 2024	Additions	Reductions	Outstanding June 30, 2025
NYS EFC Series P	various	0.0%	\$ 8,682,641	\$ 9,391,241	\$ -	\$ 18,073,882

10. LONG TERM LIABILITIES

In the government-wide financial statements, long-term debt and long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The Authority's outstanding long-term liabilities include bonds payable, premium on bonds payable, compensated absences, total other postemployment benefits ("OPEB") obligation, judgments and claims and net pension liability. The bonds payable of the Authority are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the Authority's long-term liabilities at June 30, 2025 follows:

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
Bonds payable	\$ 80,356,648	\$ -	\$ (3,517,597)	\$ 76,839,051	\$ 3,626,231
Premium on bonds payable	4,368,054	-	(161,780)	4,206,274	161,780
Compensated absences*	1,281,477	17,597	-	1,299,074	64,954
OPEB obligation	57,903,302	3,919,530	(1,803,440)	60,019,392	-
Judgments and claims	2,543,000	1,178,009	(1,257,851)	2,463,158	123,158
Net pension liability*	7,113,049	1,380,222	-	8,493,271	-
Total	\$ 153,565,530	\$ 6,495,358	\$ (6,740,668)	\$ 153,320,220	\$ 3,976,123

(*Additions to the net pension liability and compensated absences are shown net of reductions.)

A default will have occurred if the payment of principal and interest are not paid when due and payable. Upon default in payment in full of the principal or interest on the bonds, a holder of such defaulted bond has a contractual right to sue the Authority of the amount due thereon. The Authority does not have any lines of credit.

Bonds Payable

Series J1—On July 2, 2014, through EFC the Authority issued replacement bonds for the outstanding EFC Sewer System Revenue Bonds, Series J bonds with EFC Sewer System Revenue Bonds, Series J1 in the amount of \$5,353,126. Interest on the Series J1 bond ranges from 4.06%-4.63% and the bonds mature on November 15, 2033. As a result, \$5,353,126 of Series J Bonds were considered defeased and the liability for those bonds has been removed from the Authority's financial statements. The replacement bonds were issued for the same amount outstanding on the Series J Sewer System Revenue bonds at the time of issuance. The refund resulted in an estimated net present benefit of \$607,254.

Series K1—On July 2, 2014, through EFC the Authority issued replacement bonds for the outstanding EFC Sewer System Revenue Bonds, Series K bonds with EFC Sewer System Revenue Bonds, Series K1 in the amount of \$3,614,143. Interest on the Series K1 bond ranges from 4.25%-5.15% and the bonds mature on February 15, 2033. As a result, \$3,614,143 of Series K Bonds were considered defeased and the liability for those bonds has been removed from the Authority’s financial statements. The replacement bonds were issued for the same amount outstanding on the Series K Sewer System Revenue bonds at the time of issuance. The refund resulted in an estimated net present benefit of \$395,499.

Series L1—On August 20, 2015, through EFC the Authority issued replacement bonds for the outstanding EFC Sewer System Revenue Bonds, Series L bonds with EFC Sewer System Revenue Bonds, Series L1 in the amount of \$7,094,679. Prior to issuing the replacement note, the Authority paid \$430,321 in Series L principal payments in the current year. Interest on the Series L1 bond ranges from 4.17-4.86% and the bonds mature on October 1, 3025. As a result, \$7,094,679 of Series L Bonds were considered defeased and the liability for those bonds has been removed from the Authority’s financial statements. The replacement bonds were issued for the same amount outstanding on the Series L Sewer System Revenue bonds at the time of issuance. The refund resulted in an estimated net present benefit of \$680,873.

Series M—On July 2, 2014, the Authority refinanced short-term debt to a long-term note payable, Series M to support construction costs for a total amount of \$17,581,310. Of this amount, the portion converted from short-term debt of \$15,159,256, offset by a principal reduction in the form of grant revenue of \$9,031,991 was recorded in the year ended June 30, 2014 as the Authority had taken the legal steps to refinance the short-term EFC loans payable to long-term debt at June 30, 2014. In the year ended June 30, 2015, the additional liability, not previously recorded as short-term debt, of \$2,422,054 was recorded on the Authority’s financial statements as a proceeds from issuance. Interest on the Series M bond ranges from 4.25-5.15 and the bonds mature on May 1, 2044.

Series N—On November 15, 2012, through EFC the Authority issued replacement bonds for the outstanding EFC Sewer System Revenue Bonds, Series H bonds with EFC Sewer System Revenue Bonds, Series N in the amount of \$21,671,564. Prior to issuing the replacement note, the Authority paid \$658,436 in Series H principal payments in the current year. Interest on the Series N bond ranges from 3.85%-4.90% and the bonds mature on April 15, 2032. As a result, \$21,671,564 of Series H Bonds were considered defeased and the liability for those bonds has been removed from the Authority’s financial statements. The replacement bonds were issued for the same amount outstanding on the Series H Sewer System Revenue bonds at the time of issuance. The refund resulted in an estimated net present benefit of \$772,721.

Series O—On January 28, 2021, the Authority refinanced its short-term EFC loan payable to long-term debt in the amount of \$7,936,860. Series O is interest free and matures on September 14, 2050.

Environmental Impact Bonds—On June 16, 2021, the Authority issued 2021 Sewer System Environmental Impact Bonds totaling \$49,160,000 at a premium of \$4,853,394. Related to the EIB, the Authority set a June 15, 2028 target for its RainCheck Projects to achieve the “Outcome Threshold” of at least 200 acres of impervious surface area (such as asphalt roads) managed with the aim of minimizing the frequency and severity of combined sewer overflow (“CSO”) events within the City of Buffalo (the “City”). The RainCheck Projects consist of stormwater management infrastructure, such as tree planters, rain gardens, use of permeable pavement, and underground infiltration, which aim to reduce the flow of stormwater into the Authority’s sewer collection system, thereby minimizing the frequency and severity of CSO events—the discharge of a mix of stormwater and untreated sewage—within the City. When the Authority meets the Outcome Threshold by June

15, 2028, subject to independent verification by a third-party engineering firm, it can call the EIB at par at seven years after issuance. The Authority is looking at Green and Gray infrastructure solutions to address the projected increase in annual rainfall events and adapt to the ongoing effects of climate change. The RainCheck Projects consist of stormwater management infrastructure to reduce the flow of stormwater into the Authority's sewer collection system; thereby minimizing the frequency and severity of CSO events. Currently, the Authority is achieving a greater than 91.3% capture rate of combined stormwater with an expected rate of 97.2% under its RainCheck Projects. The Authority's Bonds are the largest public Environmental Impact Bond ever issued in the municipal bond market. The issuance comprises three types of bond components. The first component is serial bonds totaling \$20,505,000 that carry interest rates ranging from 3.00-5.00 percent. The second component of the issuance is step coupon bonds totaling \$23,625,000 which carry an interest rate of 1.75 percent. The last component of the issuance is term bonds totaling \$5,030,000. The term bonds carry an interest rate of 4.00 percent. The final component of the bonds mature no later than June 15, 2051.

Rate Covenant—The Authority has covenanted that from time to time and as often as it shall appear necessary, the rates, charges, rents, sewer rents, fees and assessments established for the Sewer System will be adjusted whenever necessary to cause the revenues collected in each fiscal year from the Sewer System to be at least equal to the Minimum Revenue Requirement, which shall be equal to the sum of (i) the amount estimated to be required in the current fiscal year to pay operating expenses and to meet the debt service reserve requirement and the Renewal and Extension Requirement, plus (ii) 120% of debt service for such fiscal year.

The Sewer System Revenue Bond transactions of the Authority for the year ended June 30, 2025 is presented below:

Description	Interest Rate	Issue/ Maturity	Balance 7/1/2024	Additions	Payments	Balance 6/30/2025
Series J1	4.06-4.63	2014/2033	\$ 2,953,126	\$ -	\$ (280,000)	\$ 2,673,126
Series K1	4.25-5.15	2014/2033	2,119,142	-	(170,000)	1,949,142
Series L1	4.17-4.86	2015/2035	4,766,881	-	(290,000)	4,476,881
Series M	4.25-5.15	2014/2044	6,240,000	-	(250,000)	5,990,000
Series N	3.85-4.90	2012/2031	11,386,564	-	(1,025,000)	10,361,564
Series O	N/A	2021/2051	7,290,935	-	(222,597)	7,068,338
Environmental Impact Bonds	3.00-5.00	2021/2051	45,600,000	-	(1,280,000)	44,320,000
Total			\$ 80,356,648	\$ -	\$ (3,517,597)	\$ 76,839,051

Amortization of Bond Premium—On June 16, 2021, the Authority issued Environmental Impact Bonds and received a bond premium totaling \$4,853,394. The premium is being amortized on a straight-line annual basis over the life of the bonds with a maturity date of June 15, 2051. As of June 30, 2025, the Authority's total unamortized premium is \$4,206,274.

Compensated Absences—The Authority records the value of compensated absences in the government wide financial statements. The liability for compensated absences consists of unpaid accumulated annual sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and other employees expected to become eligible in the future to receive such payments are included. The annual budgets of the operating funds provide for these benefits as they become due. At June 30, 2025, compensated absences amounted to \$1,299,074, of which \$64,954 is considered due within one year.

OPEB Liability—As explained in Note 7, the Authority provides health care benefits for retirees, spouses, and their covered dependents. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee's total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The Authority's annual OPEB cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The total long-term OPEB liability is estimated to be \$60,019,392 at June 30, 2025.

Judgments and Claims—As explained in Note 8, judgments and claims represents workers' compensation and general liability claims incurred. The value of the liability within the government-wide statements at June 30, 2025 is \$2,463,158, with \$123,158 representing the estimated amount due within one year.

The maturity schedule of the Authority's indebtedness is presented below:

Year Ending June 30,	Bonds Payable	Premium on Bonds payable	Compensated Absences*	OPEB Obligation	Judgments and Claims*	Net Pension Liability	Total
2026	\$ 3,626,231	\$ 161,780	\$ 64,954	\$ -	\$ 123,158	\$ -	\$ 3,976,123
2027	3,744,895	161,780	-	-	-	-	3,906,675
2028	3,868,544	161,780	-	-	-	-	4,030,324
2029	3,837,193	161,780	-	-	-	-	3,998,973
2030	3,975,842	161,780	-	-	-	-	4,137,622
2031-2035	18,487,780	808,900	-	-	-	-	19,296,680
2036-2040	11,497,056	808,900	-	-	-	-	12,305,956
2041-2045	12,176,405	808,900	-	-	-	-	12,985,305
2046-2050	12,742,631	808,900	-	-	-	-	13,551,531
2051	2,882,474	161,774	-	-	-	-	3,044,248
Thereafter	-	-	1,234,120	60,019,392	2,340,000	8,493,271	72,086,783
	<u>\$ 76,839,051</u>	<u>\$ 4,206,274</u>	<u>\$ 1,299,074</u>	<u>\$ 60,019,392</u>	<u>\$ 2,463,158</u>	<u>\$ 8,493,271</u>	<u>\$ 153,320,220</u>

The General Fund typically has been used to liquidate the liability for compensated absences, OPEB obligation, judgments and claims, and net pension liability.

*Payment of compensated absences and judgments and claims are dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management has estimated its current portion of such liabilities.

Interest requirements on bonds payable are shown on the following page.

<u>Year Ending June 30,</u>	<u>Interest</u>
2026	\$ 2,514,853
2027	2,366,249
2028	2,198,008
2029	2,200,424
2030	2,026,868
2031-2035	8,187,905
2036-2040	6,371,900
2041-2045	4,708,776
2046-2050	2,125,750
2051	<u>102,587</u>
Total	<u>\$ 32,803,320</u>

Defeased Debt—The Authority defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. In each instance, the principal amount of the replacement bonds was equivalent to the amount outstanding of the old bonds at the time of issuance. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. Principal balances of bonds outstanding at June 30, 2025 that are considered defeased are presented below:

Series H	\$ 11,020,000
Series J	2,673,126
Series K	1,949,142
Series L	<u>4,476,881</u>
Total	<u>\$ 20,119,149</u>

11. NET POSITION AND FUND BALANCE

The government-wide 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, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construct or improvement of these assets reduce the balance in this category. The table below presents a reconciliation of capital assets (net of accumulated depreciation), net of total bonded indebtedness to net investments in capital assets.

Capital assets, net of accumulated depreciation	\$ 412,890,450
Less: Outstanding bonds payable issued for capital acquisition	(76,839,051)
Premium on bonds payable	(4,206,274)
General Projects Fund accounts payable	(8,520,567)
EFC note payable	(18,073,882)
Retainage payable	(2,664,005)
Add: Remaining debt reserve from issuance not used for capital asset acquisition	<u>4,417,216</u>
Net investment in capital assets	<u>\$ 307,003,887</u>

- ◆ **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.
- ◆ **Unrestricted Net Position**—This category represents net position of the Authority not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by Authority at June 30, 2025 includes:

- ◆ **Prepaid Items**—Representing the portion of fund balance, \$242,082 comprised of prepaid expenditures. This balance is nonspendable as the balance does not represent an available resource.

In the fund financial statements, restricted fund balance are amounts constrained to specific purposes (such as grants, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balance amounts are approved by the Board that will be placed in legal reserves (and thereby restricted), but at the end of the fiscal year the dollar amount is unknown. As such, the General Manager is authorized by the Board to establish a funding plan with specific dollar amounts to be determined subsequent to the Authority's fiscal year end. The amounts must be approved by the majority vote of the Board prior to the release of the audited financial statements. Restrictions of the Authority at June 30, 2025 are presented below:

- ◆ **Restricted for Debt Service**—Represents resources, \$4,417,216, that have been legally restricted for principal and interest payments that will be made in future periods.
- ◆ **Restricted for Capital Projects**—Represents resources legally restricted for the financial resources to be used for acquisition, construction or renovation of major capital facilities or equipment. At June 30, 2025, the General Projects Fund reported \$44,817,358.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a resolution of the Authority's Board, which is considered a formal action of the Authority's highest level of decision-making authority. Fund balances are committed by the Chair of the Board and approved by the Board; however, at the end of the fiscal year the dollar amount is unknown. As such, with the exception of committed to encumbrances, the amounts are to be determined by the General Manager based upon the amounts available, the planned projects and other financing sources. Commitments of the Authority at June 30, 2025 are shown below:

- ◆ **Committed to Encumbrances**—Represents resources to cover the amount of outstanding purchase orders or encumbrances related to unperformed (executory) contracts for goods and services. At June 30, 2025, the Authority has \$7,509,663 of fund balance committed to encumbrances within its General Fund.
- ◆ **Committed to Loss Contingencies**—Representing funds, \$4,000,000, accumulated for noninsured liability and casualty losses within the General Fund.

- ♦ **Committed to Capital Projects**—Representing funds set aside for the centrifuge project, incinerator rehabilitation, sewer relining and various other improvements. The Authority's five-year capital plan requires future financing. Management anticipates financing the aforementioned plan through the current designation, future contributions from operations and/or debt financing. At June 30, 2025, the Authority has \$12,588,180 of fund balance committed to capital projects within its General Fund.

In the fund financial statements, assignments are amounts that are subject to a purpose constraint that represents an intended use established by the Board, or by their designated body or official. The Board has authorized the General Manager to make a determination of the assigned amounts of fund balance. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. As of June 30, 2025, the Authority did not report any assigned fund balance.

Unassigned fund balance represents General Fund amounts that are available for any purpose. The Authority's target is to maintain an unassigned fund balance of not less than 15% of annual operating expenditures excluding transfers, for the fiscal year. The General Fund reports unassigned fund balance at June 30, 2025 of \$10,000,000.

If the Authority must use funds for emergency expenditures the Board shall authorize the Chair of the Board to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the Authority will use unassigned fund balance.

12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of June 30, 2025 is as follows:

	Interfund	
	Receivable	Payable
Governmental funds:		
General Fund	\$ -	\$ 204,449
General Projects Fund	204,449	-
Total governmental funds	<u>\$ 204,449</u>	<u>\$ 204,449</u>

Transfers are routine annual events for both the budget and accounting process and are necessary to present funds in their proper fund classification or to comply with debt covenants, the release of debt reserves, the payment of debt, and to fund capital projects.

Fund	Transfers in:				Total
	General Fund	General Projects Fund	Debt Service Fund		
Transfers out:					
General Fund	\$ -	\$ 20,507,711	\$ 6,163,735	\$ 26,671,446	
Debt Service Fund	99,264	-	-	99,264	
Total	\$ 99,264	\$ 20,507,711	\$ 6,163,735	\$ 26,770,710	

13. LABOR CONTRACTS

Authority employees are represented by two bargaining units. The Communication Workers of America and The Civil Service Employees Association contract have been negotiated through June 30, 2026.

14. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The Authority considers encumbrances significant if they are in excess of \$400,000. As of June 30, 2025, the Authority reported no significant encumbrances. Significant construction commitments are presented on the following page.

General Fund:	
Sewer Maintenance	\$ 1,563,791
Sewer Maintenance	839,779
General Projects Fund:	
Sewer Maintenance	\$ 34,049,705
Sewer Maintenance	10,444,843
Sewer Maintenance	7,102,412
Consulting services	6,089,053
Sewer Maintenance	4,967,211
Sewer Maintenance	4,845,178
Sewer Maintenance	4,356,894
Sewer Maintenance	3,551,500
Sewer Maintenance	3,477,954
Sewer Maintenance	2,631,875
Sewer Maintenance	2,619,923
Sewer Maintenance	2,264,575
Consulting services	1,963,648
Sewer Maintenance	1,588,587
Sewer Maintenance	1,288,519
Sewer Maintenance	1,284,755
Sewer Maintenance	961,091
Sewer Maintenance	827,058
Sewer Maintenance	752,116
Consulting services	720,450
Sewer Maintenance	521,592
Sewer Maintenance	509,278
Sewer Maintenance	484,536

15. CONTINGENCIES

Litigation—The Authority is involved in various litigation arising in the ordinary course of its operations. Based on consultation with its Law Department and Counsel, it is the opinion of the Authority that the settlement of such pending litigation, if any, is adequately provided for with amounts accumulated in the designation for loss contingencies.

Pollution Remediation Obligations—On March 18, 2014, the Authority's Long Term Control Plan ("LTCP") to reduce the amount of sewage and storm-water run-off that flow from the City's combined sewer system was approved by the U.S. Environmental Protection Agency ("USEPA") and the New York State Department of Environmental Conservation ("NYSDEC").

The Authority has determined that certain projects included in the 2014 LTCP were no longer feasible or would not meet the combined sewer overflow activation limit requirements, and submitted an amended LTCP and schedule, which USEPA/NYSDEC approved. In September 2025, the Authority agreed to a proposed Consent Judgement with the NYSDEC to implement the amended LTCP by 2040. The amended LTCP includes infrastructure improvements at more than 50 sites at a cost of more than one billion dollars. In addition to federal and state grants, the Authority plans to fund these projects with committed fund balance and long-term financing, therefore, will record a liability when such financing is obtained.

Grants—In the normal course of operations, the Authority receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. The amount of disallowance, if any, cannot be determined at this time, although the Authority expects any such amount to be immaterial.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 29, 2025, which is the date the financial statements are available for issuance, and have determined, except as noted in the paragraph below, that there are no subsequent events that require disclosure under generally accepted accounting principles.

On July 24, 2025, the Authority issued \$47,845,000 in sewer system revenue bonds with an interest rate of 5.00 percent for the design, rehabilitation and construction of various sewer improvement projects. The revenue bonds mature on June 15, 2055.

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REQUIRED SUPPLEMENTARY INFORMATION

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BUFFALO SEWER AUTHORITY
Schedule of the Authority's Proportionate Share of the
Net Pension Liability/(Asset)—Employees' Retirement System
Last Ten Fiscal Years

Measurement date	Year Ended June 30,									
	2025 March 31, 2025	2024 March 31, 2024	2023 March 31, 2023	2022 March 31, 2022	2021 March 31, 2021	2020 March 31, 2020	2019 March 31, 2019	2018 March 31, 2018	2017 March 31, 2017	2016 March 31, 2016
Authority's proportion of the net pension liability	0.0495358%	0.0483091%	0.0497476%	0.0498620%	0.0435685%	0.0425097%	0.0399819%	0.0410190%	0.0363879%	0.0352092%
Authority's proportionate share of the net pension liability (asset)	\$ 8,493,271	\$ 7,113,049	\$ 10,667,882	\$ (4,076,013)	\$ 43,383	\$ 11,256,816	\$ 2,832,840	\$ 1,323,865	\$ 3,419,086	\$ 5,651,170
Authority's covered payroll	15,369,481	15,205,971	13,838,412	14,313,134	13,240,783	12,306,995	11,621,785	11,083,532	11,382,495	10,139,681
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	55.3%	46.8%	77.1%	-28.5%	0.3%	91.5%	24.4%	11.9%	30.0%	55.7%
Plan fiduciary net position as a percentage of the total net pension liability	93.1%	93.9%	103.7%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%

BUFFALO SEWER AUTHORITY
Schedule of the Authority's Contributions—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,066,878	\$ 1,593,567	\$ 1,469,544	\$ 1,904,359	\$ 1,644,235	\$ 1,571,827	\$ 1,534,250	\$ 1,607,903	\$ 1,536,673	\$ 1,589,974
Contributions in relation to the contractually required contribution	(2,066,878)	(1,593,567)	(1,469,544)	(1,904,359)	(1,644,235)	(1,571,827)	(1,534,250)	(1,607,903)	(1,536,673)	(1,589,974)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	15,654,661	15,866,643	13,958,898	13,758,449	13,373,649	\$ 12,654,706	\$ 11,734,497	\$ 11,548,410	\$ 11,255,586	\$ 10,255,506
Contributions as a percentage of employee payroll	13.2%	10.0%	10.5%	13.8%	12.3%	12.4%	13.1%	13.9%	13.7%	15.5%

BUFFALO SEWER AUTHORITY
Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios
Last Nine Fiscal Years*

	Year Ended June 30,								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 1,658,074	\$ 1,901,984	\$ 2,377,456	\$ 3,099,523	\$ 1,378,998	\$ 1,512,328	\$ 1,473,888	\$ 1,462,603	\$ 1,390,270
Interest	2,261,456	2,241,650	2,172,761	2,026,527	1,983,057	2,876,990	3,236,846	3,205,497	2,640,860
Difference between expected and actual experience	3,899,664	(2,169,440)	(9,123,449)	(6,750,689)	5,995,452	(18,829,962)	(17,231,443)	1,170,482	9,438,760
Changes of assumptions	(2,962,240)	(1,471,807)	(9,592,693)	(7,095,871)	1,645,174	13,821,608	9,346,819	2,772,815	(4,841,128)
Benefit payments	(2,740,864)	(2,831,694)	(3,055,757)	(3,410,870)	(2,919,069)	(2,894,460)	(3,314,543)	(3,177,531)	(2,966,529)
Net changes in total OPEB liability	2,116,090	(2,329,307)	(17,221,682)	(12,131,380)	8,083,612	(3,513,496)	(6,488,433)	5,433,866	5,662,233
Total OPEB liability—beginning	\$ 57,903,302	60,232,609	77,454,291	89,585,671	81,502,059	85,015,555	91,503,988	86,070,122	80,407,889
Total OPEB liability—ending	<u>\$ 60,019,392</u>	<u>\$ 57,903,302</u>	<u>\$ 60,232,609</u>	<u>\$ 77,454,291</u>	<u>\$ 89,585,671</u>	<u>\$ 81,502,059</u>	<u>\$ 85,015,555</u>	<u>\$ 91,503,988</u>	<u>\$ 86,070,122</u>
Plan fiduciary net position									
Contributions—employer	\$ 2,740,864	\$ 2,831,694	\$ 3,055,757	\$ 3,410,870	\$ 2,919,069	\$ 2,894,460	\$ 3,314,543	\$ 3,177,531	\$ 2,966,529
Benefit payments	(2,740,864)	(2,831,694)	(3,055,757)	(3,410,870)	(2,919,069)	(2,894,460)	(3,314,543)	(3,177,531)	(2,966,529)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>								
Authority's total OPEB liability—ending	<u>\$ 60,019,392</u>	<u>\$ 57,903,302</u>	<u>\$ 60,232,609</u>	<u>\$ 77,454,291</u>	<u>\$ 89,585,671</u>	<u>\$ 81,502,059</u>	<u>\$ 85,015,555</u>	<u>\$ 91,503,988</u>	<u>\$ 86,070,122</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 15,035,475	\$ 13,126,107	\$ 12,678,554	\$ 12,702,484	\$ 12,280,050	\$ 12,403,132	\$ 12,016,210	\$ 7,681,522	\$ 7,681,522
Authority's OPEB liability as a percentage of covered employee payroll	399.19%	441.13%	475.07%	609.76%	729.52%	657.11%	707.51%	1191.22%	1120.48%

*Information prior to the year ended June 30, 2017 is not available.

The notes to the Required Supplementary Information are an integral part of this schedule.

BUFFALO SEWER AUTHORITY
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Budgetary Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Sewer rents—general consumers	\$ 68,969,500	\$ 68,969,500	\$ 71,608,577	\$ 2,639,077
Interest on delinquent sewer rents	615,000	615,000	929,503	314,503
Interest on investments	3,510,000	3,510,000	5,116,950	1,606,950
Miscellaneous	1,305,500	1,305,500	1,153,950	(151,550)
Federal aid	-	-	316,510	316,510
Total revenues	<u>74,400,000</u>	<u>74,400,000</u>	<u>79,125,490</u>	<u>4,725,490</u>
EXPENDITURES				
Current:				
General administration	2,416,282	2,549,606	2,020,692	528,914
Wastewater treatment facilities	37,493,035	42,830,235	37,336,066	5,494,169
Industrial waste	1,393,559	1,492,345	1,187,376	304,969
Engineering	2,540,400	2,280,881	1,534,578	746,303
Sewer maintenance	8,171,579	9,031,065	6,844,829	2,186,236
Miscellaneous	6,716,691	6,245,649	6,128,142	117,507
Employee benefits	<u>13,558,874</u>	<u>13,755,738</u>	<u>11,922,357</u>	<u>1,833,381</u>
Total expenditures	<u>72,290,420</u>	<u>78,185,519</u>	<u>66,974,040</u>	<u>11,211,479</u>
Excess (deficiency) of revenues over expenditures	<u>2,109,580</u>	<u>(3,785,519)</u>	<u>12,151,450</u>	<u>15,936,969</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	109,264	109,264
Transfers out	<u>(8,610,256)</u>	<u>(29,117,967)</u>	<u>(26,681,446)</u>	<u>2,436,521</u>
Total other financing sources (uses)	<u>(8,610,256)</u>	<u>(29,117,967)</u>	<u>(26,572,182)</u>	<u>2,545,785</u>
Net change in fund balances*	(6,500,676)	(32,903,486)	(14,420,732)	18,482,754
Fund balances—beginning	41,250,994	41,250,994	41,250,994	-
Fund balances—ending	<u>\$ 34,750,318</u>	<u>\$ 8,347,508</u>	<u>\$ 26,830,262</u>	<u>\$ 18,482,754</u>

* The net change in fund balance was included as a re-appropriation of prior year encumbrances.

The notes to the Required Supplementary Information are an integral part of this schedule.

BUFFALO SEWER AUTHORITY
Notes to the Required Supplementary Information
Year Ended June 30, 2025

1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the long-term bond rate, the mortality rate, and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date with a rate of 4.39% for the year ended June 30, 2025, a change from 3.98% for the year ended June 30, 2024. Mortality rates effective June 30, 2025 were updated to rates based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-weighted for General employees, without separate Contingent Survivor mortality, fully generational using scale MP-2021. Finally, the healthcare cost trend rate effective June 30, 2025 is 5.30%, while the ultimate healthcare cost trend rate is 3.71%.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Basis of Accounting—An annual budget is adopted on a basis of consistent with generally accepted accounting principles for the General Fund. The General Projects Fund is appropriated on a project-length basis. No formal annual budget is adopted for the Debt Service Fund as it is maintained based on debt schedules.

The appropriated budget is prepared by fund, function, department, and object. The Authority's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e. purchase orders, contracts, and commitments). Encumbrance accounting utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. Under this method, encumbrances outstanding at year-end are reported as commitments of fund balances since they do not constitute expenditures or liabilities. A reconciliation of General Fund fund balance on the GAAP basis to the non-GAAP budgetary basis is shown below.

General Fund fund balance—GAAP basis	\$ 34,339,925
Less: Encumbrances	<u>(7,509,663)</u>
General Fund fund balance—Non-GAAP budgetary basis	<u>\$ 26,830,262</u>

SUPPLEMENTARY INFORMATION

BUFFALO SEWER AUTHORITY
Schedule of Revenues and Other Financing Sources—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2025

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES				
SEWER RENTS—GENERAL CONSUMERS				
Assessed sewer rent	24,957,600	24,957,600	25,045,733	\$ 88,133
Water sewer rent	25,136,900	25,136,900	25,171,283	34,383
Industrial waste	3,875,000	3,875,000	4,937,853	1,062,853
Connection privileges outside city	<u>15,000,000</u>	<u>15,000,000</u>	<u>16,453,708</u>	<u>1,453,708</u>
Total sewer rents—general consumers	<u>68,969,500</u>	<u>68,969,500</u>	<u>71,608,577</u>	<u>2,639,077</u>
INTEREST ON DELINQUENT SEWER RENTS				
Interest and penalties on delinquent assessed sewer rent	150,000	150,000	268,048	118,048
Interest and penalties on delinquent sewer rents	<u>465,000</u>	<u>465,000</u>	<u>661,455</u>	<u>196,455</u>
Total interest on delinquent sewer rents	<u>615,000</u>	<u>615,000</u>	<u>929,503</u>	<u>314,503</u>
INTEREST ON INVESTMENTS	<u>3,510,000</u>	<u>3,510,000</u>	<u>5,116,950</u>	<u>1,606,950</u>
MISCELLANEOUS	<u>1,305,500</u>	<u>1,305,500</u>	<u>1,153,950</u>	<u>(151,550)</u>
FEDERAL AID	<u>-</u>	<u>-</u>	<u>316,510</u>	<u>316,510</u>
TOTAL REVENUES	<u>74,400,000</u>	<u>74,400,000</u>	<u>79,125,490</u>	<u>4,725,490</u>
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>-</u>	<u>109,264</u>	<u>109,264</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>109,264</u>	<u>109,264</u>
TOTAL REVENUES AND AND OTHER FINANCING SOURCES	<u>\$ 74,400,000</u>	<u>\$ 74,400,000</u>	<u>\$ 79,234,754</u>	<u>\$ 4,834,754</u>

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2025

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
GENERAL ADMINISTRATION				
Authority Board Members:				
Personal services - Executive	\$ 13,500	\$ 13,500	\$ 9,353	\$ 4,147
Operating expenditures	<u>35,000</u>	<u>35,360</u>	<u>8,528</u>	<u>26,832</u>
Total Authority Board Members	<u>48,500</u>	<u>48,860</u>	<u>17,881</u>	<u>30,979</u>
Administrative Offices:				
Personal services - Executive	781,720	703,900	686,018	17,882
Personal services - Clerical	777,024	1,184,326	872,565	311,761
Operating expenditures	<u>527,800</u>	<u>612,520</u>	<u>444,228</u>	<u>168,292</u>
Total Administrative Offices	<u>2,086,544</u>	<u>2,500,746</u>	<u>2,002,811</u>	<u>497,935</u>
GENERAL ADMINISTRATION TOTAL	<u>2,135,044</u>	<u>2,549,606</u>	<u>2,020,692</u>	<u>528,914</u>
WASTEWATER TREATMENT FACILITIES				
Plant Administration:				
Personal services - Executive	575,730	575,764	510,114	65,650
Personal services - Clerical	676,090	684,059	595,480	88,579
Personal services - Supervision	<u>758,625</u>	<u>910,000</u>	<u>906,845</u>	<u>3,155</u>
Operating expenditures	<u>1,981,872</u>	<u>2,851,782</u>	<u>2,850,395</u>	<u>1,387</u>
Total Plant Administration	<u>3,992,317</u>	<u>5,021,605</u>	<u>4,862,834</u>	<u>158,771</u>
Raw Wastewater Pump Station:				
Personal services - Operators	190,740	299,240	299,240	-
Operating expenditures	<u>70,000</u>	<u>38,520</u>	<u>14,370</u>	<u>24,150</u>
Total Raw Wastewater Pump Station	<u>260,740</u>	<u>337,760</u>	<u>313,610</u>	<u>24,150</u>
Screen Room:				
Operating expenditures	<u>104,600</u>	<u>43,382</u>	<u>43,382</u>	<u>-</u>
Total Screen Room	<u>104,600</u>	<u>43,382</u>	<u>43,382</u>	<u>-</u>
Grit Room:				
Personal services - Operators	157,926	50,634	46,547	4,087
Operating expenditures	<u>169,216</u>	<u>395,763</u>	<u>394,900</u>	<u>863</u>
Total Grit Room	<u>327,142</u>	<u>446,397</u>	<u>441,447</u>	<u>4,950</u>

(continued)

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2025

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
Primary Sedimentation:				
Personal services - Operators	158,023	10,000	-	10,000
Operating expenditures	51,200	52,177	52,177	-
Total Primary Sedimentation	<u>209,223</u>	<u>62,177</u>	<u>52,177</u>	<u>10,000</u>
Secondary Control:				
Personal services - Operators	241,029	286,799	242,538	44,261
Operating expenditures	58,800	10,854	10,854	-
Total Secondary Control	<u>299,829</u>	<u>297,653</u>	<u>253,392</u>	<u>44,261</u>
Primary Control:				
Personal services - Operators	86,402	86,402	-	86,402
Operating expenditures	92,300	33,326	33,327	(1)
Total Primary Control	<u>178,702</u>	<u>119,728</u>	<u>33,327</u>	<u>86,401</u>
Gas Compressor Building:				
Operating expenditures	157,673	142,801	142,801	-
Settled Wastewater Pump Station:				
Personal services - Operators	104,102	109,245	107,182	2,063
Operating expenditures	1,000	5,157	5,157	-
Total Settled Wastewater Pump Station	<u>105,102</u>	<u>114,402</u>	<u>112,339</u>	<u>2,063</u>
Aeration:				
Personal services - Operators	424,860	582,322	581,697	625
Operating expenditures	191,000	380,432	380,397	35
Total Aeration	<u>615,860</u>	<u>962,754</u>	<u>962,094</u>	<u>660</u>
Blower Building:				
Operating expenditures	4,106,635	8,043,035	4,832,445	3,210,590
Total Blower Building	<u>4,106,635</u>	<u>8,043,035</u>	<u>4,832,445</u>	<u>3,210,590</u>
Chemical Handling Building:				
Operating expenditures	46,800	-	-	-
Total Chemical Handling Building	<u>46,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Final Effluent Building:				
Personal services - Operators	183,011	189,837	115,152	74,685
Operating expenditures	2,406,140	1,812,233	1,814,225	(1,992)
Total Final Effluent Building	<u>2,589,151</u>	<u>2,002,070</u>	<u>1,929,377</u>	<u>72,693</u>

(continued)

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2025

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
Thickener Area:				
Operating expenditures	-	501,030	536,826	(35,796)
Total Thickener Area	-	501,030	536,826	(35,796)
Filter Feed Area:				
Operating expenditures	42,000	-	-	-
Total Filter Feed Area	42,000	-	-	-
Sludge Disposal:				
Personal services - Operators	653,479	878,348	877,348	1,000
Operating expenditures	1,838,060	2,201,935	2,166,760	35,175
Total Sludge Disposal	2,491,539	3,080,283	3,044,108	36,175
Centrifuge:				
Operating expenditures	1,276,000	921,678	1,003,022	(81,344)
Incineration:				
Personal services - Supervision	186,319	207,340	201,198	6,142
Personal services - Operators	999,430	927,007	921,713	5,294
Operating expenditures	3,157,228	3,513,796	3,569,310	(55,514)
Total Incineration	4,342,977	4,648,143	4,692,221	(44,078)
Hamburg Drain Float:				
Operating expenditures	73,905	70,645	70,645	-
South Buffalo:				
Operating expenditures	224,451	108,561	107,947	614
Total South Buffalo	224,451	108,561	107,947	614
Hamburg Street:				
Operating expenditures	110,415	62,213	62,127	86
Amherst Quarry:				
Operating expenditures	27,900	32,261	32,260	1
Babcock Street:				
Operating expenditures	15,900	13,424	13,423	1

(continued)

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2025

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
Kelly Island (S):				
Operating expenditures	16,750	10,491	10,151	340
Kelly Island (F):				
Operating expenditures	300	4,071	3,951	120
Kelly Island (X):				
Operating expenditures	24,200	5,103	5,078	25
Waterfront Village:				
Operating expenditures	18,000	2,515	2,244	271
Tifft Street:				
Operating expenditures	1,050	1,982	1,982	-
Niagara Metering:				
Operating expenditures	4,268	5,982	5,659	323
Walden Heights				
Operating expenditures	14,400	5,673	5,667	6
Laboratory:				
Personal Services - Technical	428,043	498,382	475,479	22,903
Personal services - Operators	112,985	113,173	53,872	59,301
Operating expenditures	71,490	87,895	94,302	(6,407)
Total Laboratory	612,518	699,450	623,653	75,797
Maintenance:				
Personal services - Supervision	501,763	556,261	540,554	15,707
Personal services - Operators	349,508	349,508	181,442	168,066
Personal services - Repair Mechanics	1,187,465	1,188,562	909,203	279,359
Operating expenditures	7,824,118	10,803,110	8,452,991	2,350,119
Total Maintenance	9,862,854	12,897,441	10,084,190	2,813,251
Yards and Grounds:				
Personal services - Supervision	159,188	159,744	148,807	10,937
Personal services - Operators	1,708,913	1,785,685	1,537,806	247,879
Operating expenditures	214,100	220,096	217,931	2,165
Total Yards and Grounds	2,082,201	2,165,525	1,904,544	260,981
WASTEWATER TREATMENT				
FACILITIES TOTAL	34,235,402	42,830,235	36,188,923	6,641,312

(continued)

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2025

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
INDUSTRIAL WASTE				
Industrial Waste Section:				
Personal services - Clerical	62,376	62,542	59,144	3,398
Personal services - Tech and Professional	94,768	98,346	98,346	-
Personal services - Operators	402,667	407,891	390,035	17,856
Operating expenditures	690,432	923,566	621,029	302,537
Total Industrial Waste Section	<u>1,250,243</u>	<u>1,492,345</u>	<u>1,168,554</u>	<u>323,791</u>
INDUSTRIAL WASTE TOTAL	<u>1,250,243</u>	<u>1,492,345</u>	<u>1,168,554</u>	<u>323,791</u>
ENGINEERING				
Engineering Department:				
Personal services - Operators	1,337,991	1,089,045	1,028,534	60,511
Operating expenditures	1,105,500	1,191,836	506,044	685,792
Total Engineering Department	<u>2,443,491</u>	<u>2,280,881</u>	<u>1,534,578</u>	<u>746,303</u>
ENGINEERING TOTAL	<u>2,443,491</u>	<u>2,280,881</u>	<u>1,534,578</u>	<u>746,303</u>
SEWER MAINTENANCE DEPARTMENT				
Sewer Maintenance Office:				
Personal services - Clerical	204,619	208,927	146,249	62,678
Personal services - Supervision	317,349	339,975	297,854	42,121
Operating expenditures	422,311	401,262	352,382	48,880
Total Sewer Maintenance Office	<u>944,279</u>	<u>950,164</u>	<u>796,485</u>	<u>153,679</u>
Sewer - Repairs:				
Personal services - Supervision	228,336	228,336	142,598	85,738
Personal services - Operators	119,681	119,932	60,938	58,994
Personal services - Repair Mechanics	990,972	1,132,299	1,130,599	1,700
Operating expenditures	707,500	872,297	863,054	9,243
Total Sewer - Repairs	<u>2,046,489</u>	<u>2,352,864</u>	<u>2,197,189</u>	<u>155,675</u>
Sewer - Cleaning:				
Personal services - Supervision	462,973	462,973	434,608	28,365
Personal services - Operators	1,029,421	660,941	588,791	72,150
Operating expenditures	86,500	87,414	62,575	24,839
Total Sewer - Cleaning	<u>1,578,894</u>	<u>1,211,328</u>	<u>1,085,974</u>	<u>125,354</u>

(continued)

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2025

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
SWRI:				
Operating expenditures	21,500	122,712	78,345	44,367
Total SWRI	21,500	122,712	78,345	44,367
 Automotive Equipment Service - Garage:				
Personal services - Repairman	333,011	131,499	129,499	2,000
Operating expenditures	1,787,700	4,262,498	2,787,682	1,474,816
Total Auto Equipment Service - Garage	2,120,711	4,393,997	2,917,181	1,476,816
 SEWER MAINTENANCE				
DEPARTMENT TOTAL	6,711,873	9,031,065	7,075,174	1,955,891
 MISCELLANEOUS				
Financial and Accounting Services				
City of Buffalo services	6,376,691	5,860,649	5,253,386	607,263
Fiscal agent expense	115,000	115,000	78,907	36,093
Sewer rent adjustment fund	25,000	25,000	405,296	(380,296)
Judgments, claims, and other	100,000	145,000	144,647	353
Bond sale expense	100,000	100,000	44,379	55,621
 MISCELLANEOUS TOTAL	6,716,691	6,245,649	5,926,615	699,330
 EMPLOYEE BENEFITS				
Hospital and surgical insurance - retirees	7,537,500	9,329,948	8,633,714	696,234
Hospital and surgical insurance - active	2,500	2,057	2,057	-
Group life insurance	35,000	29,112	29,112	-
Group dental insurance	150,000	114,957	114,957	-
Payments in lieu of health insurance	60,000	49,540	49,540	-
Health and welfare plan	96,500	80,593	80,593	-
Education, licenses and training	500	-	-	-
Social security	1,500,000	1,227,355	1,227,355	-
State retirement system	2,000,000	2,144,450	2,144,450	-
Unemployment insurance	50,000	3,106	3,106	-
Workers' compensation and death awards	850,000	683,542	683,542	-
Plan Administration	15,000	15,611	15,611	-
Reserve pay for unused sick leave	-	75,467	75,467	-
 EMPLOYEE BENEFITS TOTAL	12,297,000	13,755,738	13,059,504	696,234

(continued)

BUFFALO SEWER AUTHORITY
Schedule of Expenditures and Other Financing Uses—
Budget and Actual (Non-GAAP Budgetary Basis)—General Fund
Year Ended June 30, 2025

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance with Final Budget</u>
TOTAL OPERATING EXPENDITURES	<u>65,789,744</u>	<u>78,185,519</u>	<u>66,974,040</u>	<u>11,211,479</u>
OPERATING TRANSFERS				
Transfers to construction	-	20,507,711	20,507,711	-
Transfers to debt service fund	<u>8,610,256</u>	<u>8,610,256</u>	<u>6,163,735</u>	<u>2,446,521</u>
TOTAL OPERATING TRANSFERS	<u>8,610,256</u>	<u>29,117,967</u>	<u>26,671,446</u>	<u>2,446,521</u>
TOTAL EXPENDITURES AND OPERATING TRANSFERS	<u>\$ 74,400,000</u>	<u>\$ 107,303,486</u>	<u>\$ 93,645,486</u>	<u>\$ 13,658,000</u>

(concluded)

BUFFALO SEWER AUTHORITY
Schedule of Sewer Rents Receivable—General Fund
June 30, 2025

	<u>Sewer Rents Receivable</u>	<u>Allowance for Uncollectible Receivables</u>	<u>Net Sewer Rents Receivable</u>
SEWER RENTS:			
Based on assessed value:			
General consumers - current and prior years	\$ 1,176,856	\$ 820,175	\$ 356,681
Other miscellaneous	13,032	-	13,032
Based on water consumption:			
Flat rate	3,403,612	3,120,707	282,905
Metered rates:			
Monthly	880,801	262,918	617,883
Quarterly - District W-E-S	13,311,259	10,038,290	3,272,969
Miscellaneous - current year	96,802	-	96,802
Outside connection privileges	11,634,623	11,584	11,623,039
Industrial waste treatment surcharge	671,830	57,425	614,405
Late payment penalties	<u>11,216,414</u>	<u>11,087,361</u>	<u>129,053</u>
TOTAL	<u>\$ 42,405,229</u>	<u>\$ 25,398,460</u>	<u>\$ 17,006,769</u>

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STATISTICAL SECTION

(UNAUDITED)

This part of the Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

Contents	Page
Financial Trends	68
<i>These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.</i>	
Revenue Capacity.....	76
<i>These schedules contain information to help the reader assess the Authority's most significant local revenue source, the charges for services.</i>	
Debt Capacity.....	81
<i>These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	83
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.</i>	
Operating Information	85
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.</i>	

BUFFALO SEWER AUTHORITY
Table I—Net Position by Component—Governmental Activities
Last Ten Fiscal Years
(Unaudited)

	June 30,									
	2016	2017 ²	2018	2019	2020	2021	2022	2023	2024	2025
Net position:										
Net investment in capital assets	\$ 243,612,081	\$ 261,619,145	\$ 274,422,109	\$ 285,382,764	\$ 290,093,932	\$ 298,463,105	\$ 304,597,516	\$ 296,117,647	\$ 283,485,639	\$ 307,003,887
Restricted for:										
Capital Projects										44,817,358
Unrestricted	<u>78,427,311</u>	<u>(39,108)</u>	<u>(3,055,941)</u>	<u>(4,575,968)</u>	<u>(4,801,258)</u>	<u>(5,795,699)</u>	<u>(10,097,774)</u>	<u>7,269,446</u>	<u>45,115,131</u>	<u>(2,624,201)</u>
Total net position	<u>\$ 322,039,392</u>	<u>\$ 261,580,037</u>	<u>\$ 271,366,168</u>	<u>\$ 280,806,796</u>	<u>\$ 285,292,674</u>	<u>\$ 292,667,406</u>	<u>\$ 294,499,742</u>	<u>\$ 303,387,093</u>	<u>\$ 328,600,770</u>	<u>\$ 349,197,044</u>

Note: ² During the year ended June 30, 2017, the Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result, net position as of July 1, 2016 was restated.

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table II—Changes in Net Position—Governmental Activities
Last Ten Fiscal Years
(Unaudited)

	Year ended June 30,									
	2016	2017 ²	2018	2019	2020	2021	2022	2023	2024	2025
Program revenues:										
Charges for services	\$ 54,155,310	\$ 57,883,355	\$ 57,280,969	\$ 54,353,821	\$ 51,083,531	\$ 59,681,672	\$ 56,746,834	\$ 57,120,476	\$ 69,789,799	\$ 72,538,080
Capital grants and contributions	636,523	1,340,322	2,793,871	1,535,958	2,153,231	5,304,600	1,664,714	9,639,826	17,822,402	13,022,055
Total program revenues	54,791,833	59,223,677	60,074,840	55,889,779	53,236,762	64,986,272	58,411,548	66,760,302	87,612,201	85,560,135
Program expenses:										
Operating expenses	44,955,404	48,085,232	51,218,181	47,095,007	49,265,878	55,299,452	54,156,691	59,836,347	65,732,194	68,003,825
Non-operating expenses	2,195,071	1,866,564	1,812,468	1,732,411	1,654,444	2,681,091	2,857,953	2,754,003	2,611,692	2,462,531
Total program expenses	47,150,475	49,951,796	53,030,649	48,827,418	50,920,322	57,980,543	57,014,644	62,590,350	68,343,886	70,466,356
Total net program revenue	7,641,358	9,271,881	7,044,191	7,062,361	2,316,440	7,005,729	1,396,904	4,169,952	19,268,315	15,093,779
General revenues:										
Unrestricted investment earnings	343,483	809,462	2,455,992	2,297,237	2,070,426	367,760	410,703	4,264,453	5,876,888	5,133,125
Unallocated revenues	1,736,771	1,915,830	285,948	81,030	99,012	1,243	24,729	452,946	68,474	369,370
Total general revenues	2,080,254	2,725,292	2,741,940	2,378,267	2,169,438	369,003	435,432	4,717,399	5,945,362	5,502,495
Change in net position	9,721,612	11,997,173	9,786,131	9,440,628	4,485,878	7,374,732	1,832,336	8,887,351	25,213,677	20,596,274
Governmental activities, beginning of year	312,317,780	322,039,392	261,580,037	271,366,168	280,806,796	285,292,674	292,667,406	294,499,742	303,387,093	328,600,770
Restatement ^{1,2}	-	(72,456,528)	-	-	-	-	-	-	-	-
Governmental activities, end of year	\$ 322,039,392	\$ 261,580,037	\$ 271,366,168	\$ 280,806,796	\$ 285,292,674	\$ 292,667,406	\$ 294,499,742	\$ 303,387,093	\$ 328,600,770	\$ 349,197,044

Note: ² During the year ended June 30, 2017, the Authority implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table III—Program Revenues—Charges for Services
and Capital Grants and Contributions by Source
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	Program Revenues—Charges for Services								Capital Grants and Contributions
	Total Charges for Services	Assessed Sewer Rent	Water Sewer Rent	Industrial Waste	Connection Privileges O/S City	Delinquent Assessed Sewer Rent	Sewer Rent	Interest and Penalties	
2016	\$ 54,155,310	\$ 12,247,660	\$ 27,177,999	\$ 2,425,996	\$ 11,049,188	\$ 281,832	\$ 972,635		\$ 636,523
2017	57,883,355	12,108,674	26,993,253	1,944,290	15,708,267	197,398	931,473		1,340,322
2018	57,280,969	12,217,483	27,173,917	3,030,640	13,832,219	211,588	815,122		2,793,871
2019	54,353,821	12,178,851	27,081,589	3,699,578	10,367,269	207,607	818,927		1,535,958
2020	51,083,531	12,157,349	25,477,782	4,039,805	8,576,622	155,361	676,612		2,153,231
2021	59,681,672	12,127,418	24,704,647	3,561,369	18,827,354	157,948	302,936		5,304,600
2022	56,746,834	12,052,518	24,716,758	4,505,575	14,874,382	147,996	449,605		1,664,714
2023	57,120,476	12,106,289	26,044,993	5,133,775	12,665,958	502,969	666,492		9,639,826
2024	69,789,799	19,640,080	24,445,837	4,926,821	20,003,617	189,858	583,586		17,822,402
2025	72,538,080	25,045,733	25,171,283	4,937,853	16,453,708	268,048	661,455		13,022,055

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table IV—Operating Expenses
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	Total	Wastewater				Sewer Maintenance
		General Administration	Treatment Facilities	Industrial Waste	Engineering	
2016	\$ 44,955,404	\$ 2,532,347	\$ 34,482,810	\$ 777,510	\$ 2,123,261	\$ 5,039,476
2017	48,085,232	2,472,798	37,671,328	921,260	1,521,624	5,498,222
2018	51,218,181	2,460,476	39,600,755	909,582	1,738,925	6,508,443
2019	47,095,007	2,524,153	37,456,299	793,948	1,481,299	4,839,308
2020	49,265,878	2,809,113	39,206,343	941,024	1,638,798	4,670,600
2021	55,299,452	2,525,271	43,093,375	1,146,814	1,555,927	6,978,065
2022	54,156,691	2,388,226	42,880,940	1,069,875	1,667,180	6,150,470
2023	59,836,347	2,503,727	48,369,983	979,298	1,527,438	6,455,901
2024	65,732,194	2,652,735	52,241,081	1,492,471	1,754,036	7,591,871
2025	68,003,825	2,597,068	54,015,960	1,222,799	1,997,738	8,170,260

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table V—General Revenues and Expenses
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	General Revenues			Nonoperating Expenses	
	Interest Revenue	Other Revenue	Total Nonoperating Revenues	Interest	
2016	\$ 343,483	\$ 1,736,771	\$ 2,080,254	\$ (2,195,071)	
2017	809,462	1,915,830	2,725,292	(1,866,564)	
2018	2,455,992	285,948	2,741,940	(1,812,468)	
2019	2,297,237	81,030	2,378,267	(1,732,411)	
2020	2,070,426	99,012	2,169,438	(1,654,444)	
2021	367,760	1,243	369,003	(2,681,091)	
2022	410,703	24,729	435,432	(2,857,953)	
2023	4,264,453	452,946	4,717,399	(2,754,003)	
2024	5,876,888	68,474	5,945,362	(2,611,692)	
2025	5,133,125	369,370	5,502,495	(2,642,531)	

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table VI—Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 130,385	\$ 130,324	\$ 131,906	\$ 145,671	\$ 179,925	\$ 197,423	\$ 210,285	\$ 228,023	\$ 242,607	\$ 242,082
Committed	24,377,931	27,034,826	25,383,363	24,530,527	21,547,824	26,582,067	22,431,078	23,162,455	31,008,387	24,097,843
Unassigned	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total General Fund	\$ 34,508,316	\$ 37,165,150	\$ 35,515,269	\$ 34,676,198	\$ 31,727,749	\$ 36,779,490	\$ 32,641,363	\$ 33,390,478	\$ 41,250,994	\$ 34,339,925
All other governmental funds:										
Restricted	\$ 4,735,110	\$ 4,515,791	\$ 4,329,611	\$ 7,373,081	\$ 4,352,946	\$ 57,695,313	\$ 57,944,412	\$ 29,564,231	\$ 12,237,489	\$ 49,234,574
Committed	56,887,459	51,307,341	53,827,377	42,882,543	40,221,872	46,837,018	44,602,572	59,903,005	59,577,998	-
Total all other governmental funds	\$ 61,622,569	\$ 55,823,132	\$ 58,156,988	\$ 50,255,624	\$ 44,574,818	\$ 104,532,331	\$ 102,546,984	\$ 89,467,236	\$ 71,815,487	\$ 49,234,574

Source: Buffalo Sewer Authority Annual Financial Statements

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BUFFALO SEWER AUTHORITY
Table VII—Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES										
Sewer rents—general consumers	\$ 52,900,843	\$ 56,754,484	\$ 56,254,259	\$ 53,327,287	\$ 50,251,558	\$ 59,220,788	\$ 56,149,233	\$ 55,951,015	\$ 69,016,355	\$ 71,608,577
Interest on delinquent sewer rents	1,254,467	1,128,871	1,026,710	1,026,534	831,973	460,884	597,601	1,169,461	773,444	929,503
Use of money and property	343,483	809,462	2,455,992	2,297,237	2,070,426	367,760	410,703	4,264,453	5,876,888	5,133,125
Miscellaneous	1,736,771	2,384,830	1,486,448	1,259,938	1,852,243	1,001,110	1,286,125	1,427,067	3,059,086	1,153,950
State aid	255,616	128,554	265,565	-	-	-	-	3,327,391	9,641,039	5,868,408
Federal aid	380,907	742,768	1,327,806	357,050	400,000	4,304,733	403,318	-	850,000	316,510
Total revenues	<u>56,872,087</u>	<u>61,948,969</u>	<u>62,816,780</u>	<u>58,268,046</u>	<u>55,406,200</u>	<u>65,355,275</u>	<u>58,846,980</u>	<u>66,139,387</u>	<u>89,216,812</u>	<u>85,010,073</u>
EXPENDITURES										
Current:										
General administration	1,246,161	1,420,367	1,457,672	1,729,238	1,944,811	1,678,422	1,728,515	1,824,940	1,950,787	1,955,958
Wastewater treatment facilities	16,698,109	16,607,884	17,882,344	18,743,263	19,781,028	21,680,194	23,179,049	27,151,593	30,193,647	33,332,761
Industrial waste	426,198	529,169	538,868	543,915	651,492	762,230	774,338	713,800	1,097,544	920,940
Engineering	1,145,216	874,016	1,030,200	1,014,803	1,134,576	1,034,147	1,206,647	1,113,334	1,289,895	1,504,578
Sewer maintenance	4,135,460	3,103,108	4,194,931	3,787,045	3,778,964	4,532,469	4,751,684	3,934,133	5,125,090	5,817,674
Miscellaneous	4,138,690	4,990,868	4,208,439	4,104,067	4,026,708	4,384,880	4,102,332	5,197,275	4,604,761	5,375,005
Employee benefits	8,564,882	9,128,640	9,325,229	9,318,973	9,850,818	10,300,069	10,025,523	10,092,292	10,533,431	10,980,774
Debt service:										
Principal	2,032,438	1,640,000	1,680,000	1,725,000	1,770,000	1,810,000	3,226,649	3,310,298	3,408,948	3,517,597
Interest	2,212,115	1,867,989	1,805,638	1,739,476	1,670,332	2,634,715	3,038,300	2,936,011	2,794,390	2,646,138
Capital outlay	<u>21,846,324</u>	<u>24,929,531</u>	<u>20,009,484</u>	<u>24,302,701</u>	<u>19,426,726</u>	<u>13,479,119</u>	<u>12,937,417</u>	<u>22,196,344</u>	<u>38,009,552</u>	<u>48,450,630</u>
Total expenditures	<u>62,445,593</u>	<u>65,091,572</u>	<u>62,132,805</u>	<u>67,008,481</u>	<u>64,035,455</u>	<u>62,296,245</u>	<u>64,970,454</u>	<u>78,470,020</u>	<u>99,008,045</u>	<u>114,502,055</u>
Excess (deficiency) of revenues over expenditures	<u>(5,573,506)</u>	<u>(3,142,603)</u>	<u>683,975</u>	<u>(8,740,435)</u>	<u>(8,629,255)</u>	<u>3,059,030</u>	<u>(6,123,474)</u>	<u>(12,330,633)</u>	<u>(9,791,233)</u>	<u>(29,491,982)</u>

(continued)

BUFFALO SEWER AUTHORITY
Table VII—Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	(concluded)
OTHER FINANCING SOURCES (USES)											
Transfers in	24,194,609	21,597,825	23,809,426	19,599,200	16,825,027	12,282,014	17,192,066	11,665,967	16,982,777	26,770,710	
Transfers out	(24,194,609)	(21,597,825)	(23,809,426)	(19,599,200)	(16,825,027)	(12,282,014)	(17,192,066)	(11,665,967)	(16,982,777)	(26,770,710)	
Issuance of long-term debt	-	-	-	-	-	57,096,860	-	-	-	-	
Issuance of refunding bonds	7,094,679	-	-	-	-	-	-	-	-	-	
Payment to refunded bond escrow agent	(7,094,679)	-	-	-	-	-	-	-	-	-	
Premium on issuance of long-term debt	-	-	-	-	-	4,853,394	-	-	-	-	
Total other financing sources (uses)	-	-	-	-	-	61,950,254	-	-	-	-	
Net change in fund balances	<u>\$ (5,573,506)</u>	<u>\$ (3,142,603)</u>	<u>\$ 683,975</u>	<u>\$ (8,740,435)</u>	<u>\$ (8,629,255)</u>	<u>\$ 65,009,284</u>	<u>\$ (6,123,474)</u>	<u>\$ (12,330,633)</u>	<u>\$ (9,791,233)</u>	<u>\$ (29,491,982)</u>	
Debt service as a percentage of noncapital expenditures	10.97%	8.93%	8.48%	8.33%	7.87%	9.25%	12.37%	11.04%	10.22%	9.64%	

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table VIII—Wastewater Treated
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Gallons of Wastewater Treated¹
2016	41,829
2017	45,625
2018	47,925
2019	49,786
2020	52,265
2021	43,472
2022	50,735
2023	47,450
2024	42,749
2025	40,479

Note: ¹ In millions

Source: Buffalo Sewer Authority's Accounting Department

BUFFALO SEWER AUTHORITY
Table IX—Sewer Tap Sales
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Sewer Taps Sold</u>
2016	70
2017	80
2018	78
2019	61
2020	90
2021	113
2022	61
2023	87
2024	76
2025	80

Source: Buffalo Sewer Authority's Accounting Department

BUFFALO SEWER AUTHORITY
Table X—Number of Sewer Customers by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Customers	
	Residential	Commercial
2016	104,920	760
2017	105,148	992
2018	105,633	1,072
2019	107,278	1,081
2020	107,689	1,177
2021	107,945	1,182
2022	108,051	1,295
2023	108,155	1,306
2024	108,269	1,326
2025	108,421	1,338

Source: Buffalo Sewer Authority's Accounting Department

BUFFALO SEWER AUTHORITY
Table XI—Combined, Authority, County and City Property Tax and
Sewer Rent Rates (Per \$1,000 of Assessed Valuation)
Last Ten Fiscal Years
(Unaudited)

		City of Buffalo			
		Buffalo	Exclusive	Erie	
		Sewer	of Buffalo	County	Total
2016	H	\$ 1.66	\$ 17.87	\$ 5.95	\$ 25.48
	NH	1.66	26.99	5.95	34.60
2017	H	1.65	17.88	5.95	25.48
	NH	1.65	27.01	5.95	34.61
2018	H	1.63	17.88	6.46	25.97
	NH	1.63	26.76	6.46	34.85
2019	H	1.62	18.49	7.13	27.24
	NH	1.62	28.22	7.13	36.97
2020	H	1.64	18.47	7.33	27.44
	NH	1.64	29.49	7.33	38.46
2021	H	0.95	9.99	7.60	18.54
	NH	0.95	16.75	7.60	25.30
2022	H	0.95	9.88	5.04	15.87
	NH	0.95	17.21	5.04	23.20
2023	H	0.95	10.27	5.03	16.25
	NH	0.95	18.17	5.03	24.15
2024	H	1.57	10.73	5.20	17.50
	NH	1.57	18.72	5.20	25.49
2025	H	2.00	11.18	5.60	18.78
	NH	2.00	21.04	5.60	28.64

Notes: ¹ For the calendar year beginning during Authority's fiscal year.

H Homestead

NH Non-homestead

Sources: City of Buffalo, Division of Accounting
 County of Erie, Division of Real Property Tax
 Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table XII—Principal Customers
Years Ended June 30, 2025 and June 30, 2016
(Unaudited)

Year Ended June 30, 2025:

Customer	Type of Business	Sewer Rent on Assessed Valuation	Sewer Rent on Water Use	Industrial Waste Surcharge	Total Sewer Rent	Percentage of Total Sewer Rents (General Consumers)
BMHA	Municipal Housing	\$ 311,717	\$ 583,998	\$ -	\$ 895,714	1.30%
Galbani (Sorrento-Lactalis)	Consumer Foods	18,864	289,934	354,637	663,434	0.96%
National Grid	Utility	412,646	10,737	-	423,383	0.61%
Aurubis Buffalo Inc.	Copper Mill	6,208	360,267	-	366,476	0.53%
VA Medical Center	Hospital	-	257,551	-	257,551	0.37%
Douglas Development	Real Estate	199,361	57,858	-	257,218	0.37%
ECMC	Hospital	-	250,509	-	250,509	0.36%
Buffalo Board of Education	School District	-	178,205	-	178,205	0.26%
Gold Wynn	Real Estate	98,337	72,904	-	171,241	0.25%
Kaleida Health	Hospital	-	167,703	3,049	170,752	0.25%

Year Ended June 30, 2016:

Customer	Type of Business	Sewer Rent on Assessed Valuation	Sewer Rent on Water Use	Industrial Waste Surcharge	Total Sewer Rent	Percentage of Total Sewer Rents (General Consumers)
BMHA	Municipal Housing	\$ 173,390	\$ 472,917	\$ -	\$ 646,307	1.22%
Aurubis Buffalo Inc.	Copper Mill	10,816	518,273	-	529,089	1.00%
Sorrento	Consumer Foods	5,741	2,248	458,329	466,318	0.88%
ECMC	Hospital	-	379,658	-	379,658	0.72%
Niagara Mohawk	Utility Company	184,267	11,571	-	195,838	0.37%
Buffalo Board of Education	School District	-	160,043	-	160,043	0.30%
Erie County Building and Grounds	Government	-	151,445	-	151,445	0.29%
Kaleida Health	Hospital	1,337	145,218	-	146,555	0.28%
Veterans Administration	Hospital	-	136,489	-	136,489	0.26%
CSX	Transportation	126,706	-	-	126,706	0.24%

Source: Buffalo Sewer Authority's Accounting Department

BUFFALO SEWER AUTHORITY
Table XIII—Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Revenue Bonds²	EFC Loan	Total Amount	Percentage of Personal Income	Debt per Capita¹
2016	\$ 41,830,713	\$ -	\$ 41,830,713	0.08%	\$ 162
2017	40,190,713	-	40,190,713	0.07%	156
2018	38,510,713	-	38,510,713	0.07%	149
2019	36,785,713	8,702,196	45,487,909	0.08%	177
2020	35,015,713	12,321,063	47,336,776	0.08%	185
2021	95,155,937	-	95,155,937	0.14%	342
2022	91,767,508	-	91,767,508	0.14%	332
2023	88,295,430	-	88,295,430	0.13%	319
2024	84,724,702	8,682,641	93,407,343	n/a	340
2025	81,045,325	18,073,882	99,119,207	n/a	356

Note: ¹ Based on most recent census data for Buffalo, New York

² Revenue bonds are presented net of related premiums.

Sources: Buffalo Sewer Authority Annual Financial Statements
U.S. Bureau of the Census
US Bureau of Economic Analysis

BUFFALO SEWER AUTHORITY
Table XIV—Sewer Revenue Bond Coverage
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	Total Revenues	Direct Operating Expenditures¹	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2016	\$ 56,872,087	\$ 36,354,716	\$ 20,517,371	\$ 2,032,438	\$ 2,212,115	\$ 4,244,553	4.83
2017	61,948,969	36,654,052	25,294,917	1,640,000	1,867,989	3,507,989	7.21
2018	62,816,780	38,637,683	24,179,097	1,680,000	1,805,638	3,485,638	6.94
2019	58,268,046	39,241,304	19,026,742	1,725,000	1,739,476	3,464,476	5.49
2020	55,406,200	41,168,397	14,237,803	1,770,000	1,670,332	3,440,332	4.14
2021	65,355,275	44,372,411	20,982,864	1,810,000	2,634,715	4,444,715	4.72
2022	58,846,980	45,768,088	13,078,892	3,226,649	3,038,300	6,264,949	2.09
2023	71,477,701	50,027,367	21,450,334	3,310,298	2,936,011	6,246,309	3.43
2024	93,557,563	54,795,155	38,762,408	3,408,948	2,794,390	6,203,338	6.25
2025	91,062,630	59,887,690	31,174,940	3,517,597	2,646,138	6,163,735	5.06

Note: ¹ Direct operating expenditures exclude all debt service requirements, capital outlay and other financing uses.

Source: Buffalo Sewer Authority Annual Financial Statements

BUFFALO SEWER AUTHORITY
Table XV—Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

	Population		Buffalo/Niagara Region		Buffalo, NY		New York State	
	Buffalo ²	Erie County ²	Per Capita	Labor Force ¹	Unemployment Rate ¹	Unemployment		Rate ⁴
			Income ³			Rate ⁴	Rate ⁴	
2016	258,066	922,578	\$ 46,511	555,468	4.4%		4.7%	
2017	256,902	921,046	48,314	550,420	5.1%		4.5%	
2018	258,612	925,528	50,261	557,200	4.4%		4.5%	
2019	256,304	919,719	53,489	543,100	3.7%		4.0%	
2020	255,284	918,702	55,777	554,133	13.7%		15.7%	
2021	278,349	954,236	56,808	543,537	5.7%		7.7%	
2022	276,807	950,683	56,414	551,322	3.6%		4.4%	
2023	276,486	950,312	61,106	558,768	3.2%		3.9%	
2024	274,678	946,147	n/a	547,302	3.9%		4.2%	
2025	278,349	954,236	n/a	565,496	3.4%		4.0%	

Sources: ¹ US Department of Labor - Bureau of Labor Statistics, at June 30 of year shown

² US Bureau of the Census

³ US Bureau of Economic Analysis

⁴ NYS Department of Labor – Labor Statistics, at June 30 of year shown

BUFFALO SEWER AUTHORITY
Table XVI—Principal Employers in the Buffalo Metropolitan Area
Years Ended June 30, 2025 and June 30, 2016
(Unaudited)

Employer	2025¹			2016²		
	Employees	Rank	% of Total Employment	Employees	Rank	% of Total Employment
State of New York	22,032	1	4.05%	17,643	1	3.29%
Federal Executive Board	10,492	2	1.93%	10,000	2	1.86%
Kaleida Health	8,916	3	1.64%	8,102	3	1.51%
M&T Bank	7,656	4	1.41%	6,429	8	1.20%
Catholic Health	7,600	5	1.40%	7,069	4	1.32%
University at Buffalo	6,508	6	1.20%	6,798	7	1.27%
Buffalo City School District	6,244	7	1.15%	6,894	5	1.28%
Tops Friendly Markets	5,368	8	0.99%	5,065	9	0.94%
People Inc.	4,897	9	0.90%	n/a	n/a	n/a
Walmart	4,784	10	0.88%	n/a	n/a	n/a
Erie County	n/a	n/a	n/a	4,000	10	0.74%
Employer Services Corp	n/a	n/a	n/a	6,811	6	1.27%

Sources: ¹ From the "Business First Book of Lists 2023-2024," Western New York's weekly business newspaper
² From the "Business First Book of Lists 2015," Western New York's weekly business newspaper

BUFFALO SEWER AUTHORITY
Table XVII—Number of Employees by Identifiable Activity
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	Full-time Equivalent Employees					
	Administration	Treatment	Industrial	Engineering	Sewer	Total
2016	21	124	6	10	46	207
2017	21	117	6	11	43	198
2018	23	125	6	10	39	203
2019	21	114	8	11	37	191
2020	21	125	8	10	47	211
2021	15	137	8	12	55	227
2022	17	130	7	10	53	217
2023	15	128	8	11	61	223
2024	18	131	8	11	65	233
2025	18	129	9	13	63	232

Source: Buffalo Sewer Authority's Accounting Department

BUFFALO SEWER AUTHORITY
Table XVIII—Operating and Capital Indicators
Last Ten Fiscal Years
(Unaudited)

Year Ended June 30,	Miles of Sewers	Number of Treatment Plants	Treatment Capacity (MGD)	Annual Engineering			Percentage of Capacity Utilized
				Maximum Plant Capacity¹	Amount Treated Annually¹	Unused Capacity¹	
2016	850	1	600	219,000	41,829	177,171	19.1%
2017	850	1	600	219,000	45,625	173,375	20.8%
2018	850	1	600	219,000	47,925	171,075	21.9%
2019	850	1	600	219,000	49,786	169,214	22.7%
2020	850	1	600	219,000	52,265	166,735	23.9%
2021	850	1	600	219,000	43,472	175,528	19.9%
2022	850	1	600	219,000	50,735	168,265	23.2%
2023	850	1	600	219,000	47,450	171,550	21.7%
2024	850	1	600	219,000	42,749	176,251	19.5%
2025	850	1	600	219,000	40,479	178,521	18.5%

Note: ¹ Millions of gallons

Source: Buffalo Sewer Authority's Accounting Department