

DRESCHER & MALECKI LLP

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September 27, 2024

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

We have audited the financial statements of the Buffalo Sewer Authority (the “Authority”) as of and for the year ended June 30, 2024, and have issued our report thereon dated September 27, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 29, 2024, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding other matters noted during our audit in a separate letter to you dated September 27, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2024.

During the year ended June 30, 2024, the Authority implemented the remainder of Governmental Accounting Standards Board (“GASB”) Statement No. 99, *Omnibus 2022*; and No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The remaining portion of GASB Statement No. 99 enhances comparability in accounting and financial reporting and to improves the consistency of authoritative literature by addressing practice issues related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53. GASB Statement No. 100 improves financial reporting by enhancing accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statements No. 99 and 100 did not have a material impact on the Authority's financial position or results from operations.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements for the year ended June 30, 2024 are the allowance for receivables, the liabilities for compensated absences, judgments and claims and other postemployment benefits obligation, and the net pension liability.

Management's estimate of the allowance for receivables is based on historical collections. Management's estimate of the liability for compensated absences is based on available information regarding eligibility, leave balances accrued and current compensation rates. Management's estimates of the liabilities for judgments and claims, other postemployment benefits obligation and the net pension liability are based on information obtained from third party specialists, including information obtained from insurance companies, loss run reports obtained from third party administrators, and an actuarial valuation performed by a consultant. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Authority's financial statements relate to significant accounting policies and the disclosures relating to contingencies, risk management, and estimates as described in Notes 1, 8, and 15.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We encountered no significant unusual transactions throughout our audit.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified material misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management. Those items are included within the adjusting journal entries for the year ended June 30, 2024, which are attached to the management representation letter dated September 27, 2024 as Exhibit I (copy attached).

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated September 27, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

Other Information Included in Annual Comprehensive Financial Report (ACFR)

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Authority's ACFR, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the other information and considered whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board Members and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Drescher + Malecki LLP

September 27, 2024

BUFFALO

SEWER AUTHORITY

September 27, 2024

Drescher & Malecki LLP
2721 Transit Rd, Suite 111
Elma, NY 14059

This representation letter is provided in connection with your audit of the basic financial statements of the governmental activities and each major fund of the Buffalo Sewer Authority (the "Authority") as of June 30, 2024 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position and results of operations of the various opinion units of the Authority in accordance with accounting principles generally accepted for governments in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 27, 2024.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 29, 2024, for the preparation and fair presentation of the basic financial statements referred to above in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, supplementary information and notes to the basic financial statements.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.

- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- There are no identified material uncorrected misstatements.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues or general revenues.

- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- Your auditors' report will be included in our annual report which is comprised of the basic financial statements accompanied by other information (Introductory Section, Statistical Section) and that this annual report will be issued by the Authority's management by December 31, 2024.
- The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Authority is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.

- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements, including Management's Discussion and Analysis:

- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period and the basis for our assumptions and interpretations underlying those measurements or presentations, are reasonable and appropriate in the circumstances.

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.
- We believe that the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period and the basis for our assumptions and interpretations underlying those measurements or presentations are reasonable and appropriate in the circumstances.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

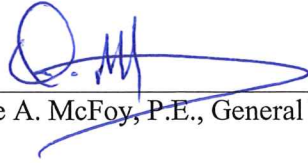
Other Specific Representations

- The Authority has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 101, *Compensated Absences*; and GASB Statement No. 102, *Certain Risk Disclosures*, effective for the year ending June 30, 2025, and GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026. The Authority is, therefore, unable to disclose the impact that adopting GASB Statements No. 101, 102, and 103 will have on its financial position and results of operations when such statements are adopted.
- The Authority is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, interfund receivables and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowances are adequate to absorb currently estimated bad debts in account balances.
- We have received and approve the various adjusting journal entries that were proposed by you for recording our books and recorded and reflected in the financial statements. We have posted these adjusting journal entries to our records. The proposed adjusting journal entries are described in Exhibit I.
- We agree with the work of specialists in evaluating the workers' compensation, other post-employment benefits, and net pension liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialists in respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters have had an impact on the independence or objectivity of the specialists. We believe that the actuarial assumptions and methods used to measure workers' compensation, other postemployment benefits and the net pension liabilities and costs are appropriate in the circumstances.

- Management has deemed it appropriate to establish a lease threshold of \$100,000. As of June 30, 2024, the Authority does not recognize any leases that meet the established threshold.
- Management has provided copies of all leases that fall under the scope of GASB Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Authority does not recognize any subscriptions that meet the established threshold.
- The Authority has contracts with districts outside of the City of Buffalo. Revenues related to the outside districts are recorded when measurable, as such it is the Authority's current policy to recognize revenues related to these contracts when measurable.
- The Authority participates in a loan forgiveness program with the New York State Environmental Facilities Corporation ("EFC"). As part of this program, the Authority will incur eligible project expenditures and subsequently submit these expenditures to the EFC for reimbursement. The entire amount of the loan that is promised by EFC will be recorded as a receivable by the Authority, with a corresponding allowance, which represents the unspent portions of the loan. As expenditures are incurred and reimbursement requests are submitted to the EFC, the Authority will record a deferred inflow of resources to reflect amounts they expect to be forgiven. Once reimbursement has been received, the Authority will at that point recognize the revenue and reduce any applicable receivables and deferred inflows.
- Within its fund financial statements, the Authority has deemed it appropriate to record a deferred inflow related to intergovernmental receivables, which represents revenues that are currently unavailable.
- We have no intention of terminating our pension plan, or taking any other action that could result in an effective termination or reportable event for the plan. We are not aware of any occurrences that could result in the termination of our pension plan to which we contribute. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- We do not plan to make frequent amendments to our pension or other postemployment benefit plans.
- The Authority has had a committee analyze, justify and provide recommendations relating to all sole source and professional services contracts to the Board for approval.
- Management has reviewed the complete listing of sole source contractors and verified that the contractors contained within the listing meet the criteria as a sole source provider as outlined in General Municipal Law.
- The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Authority currently reports all of its risk management activities in its General Fund. The Authority assumes the liability for most risk including, but not limited to, workers' compensation and general liability. The Authority maintains insurance for claims in excess of \$250,000. Management estimates the liability for these claims and judgments to be \$2,543,000, of which \$127,150 is estimated to be payable within one year. This estimate is based on a June 30, 2024 actuarial valuation. The government-wide financial statements reflect the liability for the workers' compensation.

- On March 18, 2014, the Authority's Long Term Control Plan 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 and the New York State Department of Environmental Conservation. The Authority has committed to investing \$430 million on these projects over 20 years. The Authority plans to fund these projects with committed fund balance and long-term financing, and therefore, will record a liability when such financing is obtained.
- Management has committed \$4,000,000 of fund balance for loss contingencies.
- The Authority reports restricted fund balance for debt of \$7,536,745 and \$4,700,744, within the General Projects Fund and Debt Service Fund, respectively.
- The Authority has determined that fund balance committed for capital projects within the General Fund and General Projects Fund of \$20,507,711 is comprised primarily of designated cash and should be classified as such. Additionally, based on its current five-year capital plan, the Authority anticipates future capital appropriations to approximate \$254 million.
- The Authority considers encumbrances to be significant for amounts that are encumbered in excess of \$400,000. Significant encumbrances are disclosed in the footnotes to the basic financial statements.
- The Authority has determined that the ending balance in construction in progress represents ongoing capital projects that have not yet been completed, and as such do not represent depreciable assets.
- With respect to the preparation of the financial statements, we have performed the following:
 - Made all management decisions and performed all management functions.
 - Assigned a competent individual to oversee the services.
 - Evaluated the adequacy of the services performed.
 - Evaluated and accepted responsibility for the results of the services performed.
 - Established and maintained the system of internal controls, including monitoring ongoing activities.

- Authority management understands that Drescher & Malecki LLP has not performed any management functions or made management decisions on behalf of the Authority. Any nonattest services were performed in accordance with applicable professional standards issued by the American Institute of Certified Public Accountants.



Oluwole A. McFoy, P.E., General Manager



Charles Riley, Executive Secretary

Buffalo Sewer Authority
Proposed Adjusting Journal Entries
For the Year Ended June 30, 2024

Exhibit I

Account	Description	Debit	Credit
Proposed adjusting Journal Entries JE # 1			
Reporting purposes only: To reclass items out of the Agency fund per GASB Statement No. 84.			
100-101-210	FIRST NIAGARA NOW DISBURSE ACT	\$ 19,460	
100-130-540	0100 DUE FROM T&A FUND BSA	2,972	
100-208-500	0100 DUE TO TRUST & AGENCY FD	1,961	
600-210-930	PAYABLES BSA - MISCELLANEOUS	385	
600-210-934	PAYABLES BSA - BANKRUPTCY	1,763	
600-253-000	0600 FUND BALANCE UNRES (SYS)	3,462	
600-399-939	FLEXIBLE SPENDING REV	18,783	
100-202-000	0100 ACCOUNTS PAYABLE		\$ 24,393
600-103-200	TEMPORARY INVESTMENTS-BSA		19,460
600-130-550	0600 DUE FR OPERATING FUND-T&A		1,961
600-208-550	0600 DUE TO OPERATING FUND-T&A		2,972
Total		<u>48,786</u>	<u>48,786</u>
Proposed adjusting Journal Entries JE # 2			
To adjust the bond premium at year end.			
810-182-100	8100 AMT REQ FUT BUD FR DS CTY	4,368,054	
810.8100000.393600	PREMIUM ON BOND SALE		4,368,054
Total		<u>4,368,054</u>	<u>4,368,054</u>
Proposed adjusting Journal Entries JE # 3			
To adjust fund balance to match prior year audited report.			
100.700105.467000	MISCELLANEOUS SUPPLIES	20,236	
200-253-000	0200 FUND BALANCE UNRES (SYS)	9,651	
100-253-000	0100 FUND BALANCE UNRES (SYS)		20,236
200.2000000.399930	CONST MISCELLANEOUS REVENUE		9,651
Total		<u>29,887</u>	<u>29,887</u>
Proposed adjusting Journal Entries JE # 4			
Reporting purposes only: To adjust interfund transfers.			
100.1900096.399991	TRANSFERS FROM NET REVENUE	18,758,164	
830.8300000.399100	TRANSFERS FROM OPERATING	28,499,010	
100.700105.467000	MISCELLANEOUS SUPPLIES		284
100.800108.489830	TRANSFERS TO NET REVENUE		28,499,010
830.8300000.489100	TRANSFERS TO OPERATING		18,757,880
Total		<u>47,257,174</u>	<u>47,257,174</u>

Exhibit I

Account	Description	Debit	Credit
Proposed adjusting Journal Entries JE # 5			
Reporting purposes only: To reclass principal payments.			
100.800108.489140	TRF TO CAP DEBT SER FUND	2,888,435	
820.8200000.487101	BOND PRINCIPAL	1,448,948	
820.8200000.487201	BOND INTEREST	1,439,487	
100.850108.487101	DEBT BOND PRINCIPAL		1,448,948
100.850108.487201	DEBT BOND INTEREST		1,439,487
820.8200000.399990	TRANSFERS		2,888,435
Total		5,776,870	5,776,870
Proposed adjusting Journal Entries JE # 6			
To increase construction in progress at year end.			
800-165-000	CONSTRUCTION IN PROGRESS	2,395,464	
800-280-000	0800 INV IN CAPITAL ASSET		2,395,464
Total		2,395,464	2,395,464
Proposed adjusting Journal Entries JE # 7			
To reclassify accounts receivable.			
100-130-561	0100 DUE FR CITY OF BFLO - TAX	35	
100-115-000	A/R MISCELLANEOUS BSA		35
Total		35	35
Proposed adjusting Journal Entries JE # 8			
Reporting only: to reclass revenues.			
100.1900096.399983	BSA NYS-HAF FORGIVENESS	1,390,809	
100.1900096.399984	BSA NYS-LIHWAP FORGIVENESS	436,139	
100.1900096.399930	MISCELLANEOUS REVENUE		1,826,948
Total		\$ 1,826,948	\$ 1,826,948