

WAYNE COUNTY WATER AND SEWER AUTHORITY

NEW YORK

BASIC FINANCIAL STATEMENTS

For Years Ended December 31, 2023 and 2022



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
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INDEPENDENT AUDITORS' REPORT

To the Board Members
Wayne County Water and Sewer Authority
Wayne County, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, of Wayne County Water and Sewer Authority, New York, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise 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 business-type activities, of the Wayne County Water and Sewer Authority, New York, as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wayne County Water and Sewer Authority, New York 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

Wayne County Water and Sewer Authority, New York's management is responsible for the preparation and fair presentation of the 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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, schedule of the authority's proportionate share of the net pension liability, and schedule of authority contributions on pages 4-8 and pages 31-33 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 Wayne County Water and Sewer Authority, New York's basic financial statements. The accompanying supplemental information as listed in the table of are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024 on our consideration of Wayne County Water and Sewer Authority, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wayne County Water and Sewer Authority, New York's internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
March 21, 2024

**Wayne County Water and Sewer Authority
Wayne County, New York**

Management's Discussion and Analysis (MD&A)

December 31, 2023

Introduction

Our discussion and analysis of the Wayne County Water and Sewer Authority, Wayne County, New York's (Authority) financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2023. It should be read in conjunction with the basic financial statements to enhance understanding of the Authority's financial performance, which immediately follows this section.

Activities and Accomplishments

Water:

- The Authority installed 211 new water services throughout its service area in 2023.
- Work has continued on the Wayne County Regional Water Storage Project. The re-chlorination building at the new tank site on Brantling Road and the pump station on Joy Road has been completed. Upgrades to the Route 21 pumping station in Williamson were also completed. All water main on the project has been installed, tested, and chlorinated. Remaining control vaults and meter replacements for the project should be completed in 2024.
- Town of Arcadia Water District No. 15 is currently under construction and was substantially completed in 2023. The project consists of the installation of approximately 56,000 linear feet of 8" watermain on South Minstead, Decker, Fisher, Jungle, Lee, Cauwels, Steel Point, Sandhill, Hyman and Parker Roads, serving an estimated 131 equivalent dwelling units. Final cleanup and restoration on this project will be completed in 2024.
- The Authority signed a one-year Operations Agreement extension with the Village of Red Creek for operation and maintenance of the Village water system.

Sewer:

- Disinfection improvements at the Authority's eastern regional wastewater treatment plant at Chapman's Corners are now complete.
- Recommendations in the completed study of the former Village of Lyons wastewater treatment plant, which identified necessary upgrades to the plant, including the use of ultraviolet disinfection, has been completed and construction is anticipated to start in spring of 2024.

Summary of Operations and Changes in Net Position

	2023		2022		2021	
	<u>Water Activity</u>	<u>Sewer Activity</u>	<u>Water Activity</u>	<u>Sewer Activity</u>	<u>Water Activity</u>	<u>Sewer Activity</u>
Operating Revenues	\$ 10,007,482	\$ 1,676,249	\$ 6,372,833	\$ 1,578,055	\$ 7,026,062	\$ 1,414,530
Operating Expenses	10,899,337	1,839,086	7,194,562	1,563,865	7,825,218	1,681,179
Operating Income (Loss)	\$ (891,855)	\$ (162,837)	\$ (821,729)	\$ 14,190	\$ (799,156)	\$ (266,649)
Non-Operating Revenues	281,220	-	48,397	-	116,056	-
Non-Operating Expenses	(213,749)	(4,089)	(217,342)	(5,658)	(295,489)	(7,086)
Income Before Other Items	\$ (824,384)	\$ (166,926)	\$ (990,674)	\$ 8,532	\$ (978,589)	\$ (273,735)
Contributed Capital	434,181	17,286,018	1,927,587	3,665,014	2,461,731	4,168,764
Sewer Debt Reclassification	-	-	-	(4,756,732)	-	-
Change in accounting estimate	323,733	102,175	-	-	-	-
Increase (Decrease) in Net Position	\$ (66,470)	\$ 17,221,267	\$ 936,913	\$ (1,083,186)	\$ 1,483,142	\$ 3,895,029

The increase of Net Position is explained in the following Operating Revenue and Operating Expense summaries.

Operating Revenues

The Authority's operating revenue increased by \$3,732,843 in 2023 and decreased by \$489,704 in 2022.

Operating Expenses

The Authority's operating expenses increased by \$3,979,996 in 2023 and decreased by \$747,970 in 2022.

Other Items

The Authority's other items increased by \$16,884,330 in 2023 and decreased by \$5,794,626 in 2022. The 2023 increase was mainly related to the funding of the Regional Wastewater Treatment Plant project.

The total number of active customers serviced during the past three years is as follows:

<u>Water</u>			<u>Sewer</u>		
<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
15,069	14,563	14,401	2,945	2,896	2,884

Net Position

Net position is an indication of financial strength. The WCWSA net position increased by \$17,154,977 in 2023 and decreased \$146,273 in 2022. The following is a summary of the Authority's net position as of December 31, 2023, 2022, and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>ASSETS:</u>			
Current Assets	\$ 12,799,390	\$ 11,903,715	\$ 12,008,621
Noncurrent Assets	121,984	786,393	-
Fixed Assets	70,684,894	25,940,775	21,969,297
Total Assets	<u>\$ 83,606,268</u>	<u>\$ 38,630,883</u>	<u>\$ 33,977,918</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 1,455,163	\$ 1,594,803	\$ 1,936,449
<u>LIABILITIES:</u>			
Current Liabilities	\$ 34,590,188	\$ 5,781,641	\$ 799,726
Noncurrent Liabilities	9,344,963	8,125,107	8,857,642
Total Liabilities	<u>\$ 43,935,151</u>	<u>\$ 13,906,748</u>	<u>\$ 9,657,368</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 309,905	\$ 2,657,360	\$ 2,449,148
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 29,633,517	\$ 14,015,316	\$ 15,309,915
Restricted	9,163,344	6,542,241	4,083,670
Unrestricted	2,019,514	3,103,841	4,414,266
Total Net Position	<u>\$ 40,816,375</u>	<u>\$ 23,661,398</u>	<u>\$ 23,807,851</u>

The net position includes the value of the Authority's investment in infrastructure, and funds for ongoing repairs/replacement and/or additions to infrastructure.

WCWSA Rates and Charges

The Authority sets its rates annually in concurrence with the adoption of its annual operating budget. For 2023, the water rate was \$5.00/tg for all of the Authority's customers and the basic service charge was \$30 per quarter.

Sewer Rates - Red Creek Sewer: \$65.00 per quarter per unit. Butler/Hope Village: 0-10,000 gallons \$60.00, 10,000 gallons or more, \$4.50/TG. Lyons: 0-5,000 gallons \$32.00, 6,000 to 100,000 gallons \$6.00/TG, 101,000 gallons or more \$5.00/TG. Village of Macedon: \$65.00 per unit per quarter. Blind Sodus Bay: \$62.50 per unit per quarter, Red Creek Schools: \$4.25/TG.

Meters are read and billed quarterly, except for larger commercial accounts, which are read and billed monthly.

The Authority realized construction revenue (not related to Water Tank Project) for 2023 totaling \$2,852,589.

Financial Statements

The WCWSA is a public benefit corporation functioning under legislation passed by the State of New York; its volunteer Board members are appointed by the Wayne County Board of Supervisors. The WCWSA functions much like a municipality with competitive bidding laws and financial safeguards required.

The accompanying basic financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (“GAAP”) for governments as prescribed by the Governmental Accounting Standards Board (“GASB”), which is the primary standard setting body for establishing governmental accounting and financial reporting principles. Effective December 31, 2004, the Authority adopted GASB Statement No. 34 – Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments as amended by GASB Statements No. 37 and 38. The Authority is engaged only in business-type activities as defined in GASB Statement No. 34.

Revenues and expenses are recorded under the accrual method of accounting.

Capital Assets

By the end of the 2023 year, the WCWSA had invested \$70,684,894 in a broad range of capital assets, including land, completed facilities, and equipment. The change in capital assets, including the accumulated depreciation, is reflected below:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Land	\$ 257,071	\$ 257,071	\$ 257,071
Facilities and Construction in progress	80,201,699	34,791,883	30,170,923
Equipment	4,317,736	3,765,448	3,502,669
<u>Less: Accumulated Depreciation</u>	<u>(14,091,612)</u>	<u>(12,873,627)</u>	<u>(11,961,366)</u>
Total	<u>\$ 70,684,894</u>	<u>\$ 25,940,775</u>	<u>\$ 21,969,297</u>

Long -Term Obligations

The Authority’s long-term obligations are as follows:

- 1. Water & Sewer System Revenue Bonds** - This \$5,875,000 bond was secured in 2021 with a thirty-nine (39) year maturity. The bond matures in 2060 and has an unpaid principle balance of \$5,645,000 as of December 31, 2023.
- 2. State Revolving Fund Loan** - In June 2006, \$4,000,000 of EFC revenue bonds were issued to finance the Red Creek Area Regional Wastewater Treatment Facility construction project. The New York State Department of Corrections paid \$3,600,000, whereas the remaining outstanding balance as of December 31, 2023 of \$40,000 was refinanced reducing the Authority’s future interest cost.
- 3. Bond Payable** - In 2017, \$1,570,000 of revenue bonds were issued to finance work on a renovation project at the operations center, and a roof project at the regional wastewater facility. The bonds were issued with an interest rate of 2.00%-4.00%. Bonds outstanding as of December 31, 2023 amounted to \$685,000 and have a final maturity date of June 15, 2027.

Future Factors

The following prospective improvements are planned for the years 2024 and 2025:

Construction of the new Western Regional Wastewater Treatment Plant began in the spring of 2023 with an estimated completion date of summer 2025. The treatment plant is being built adjacent to the Village of Palmyra's current facility. The Project will decommission the wastewater treatment plants currently owned and operated by the Towns of Walworth, Macedon, Marion and the Village of Palmyra, each of which are antiquated and in need of significant capital improvements. The proposed project will also serve the Town of Palmyra. A new pumping and transmission system will convey each community's wastewater to the new regional treatment plant, thereby consolidating operations into one modern and efficient facility.

The Town of Huron has formed Water District No. 9 and has been approved for funding. This project consists of the installation of approximately 42,000 i.f. 8" watermain on Fifth Road, Gillette Road, Wilson Street Road, Brown Road, Lasher Road and Powers Road to serve 88 Equivalent Dwelling Units. Construction is scheduled for a Spring 2024 start and should be completed by Fall of 2024.

The Town of Sodus is in the preliminary stages of forming Water District 12. This proposed new water district will likely include NYS Route 14 from Ridge Road to Red Mill Road, Pilgramport Road, Bond Road, Barclay Road, Buerman Road, a portion of Joy Road, North Road and State Road Extension. Included will be providing water to a small community on Emerald Point, just east of the Village of Sodus on Sodus Bay.

A new water district around Blind Sodus Bay is being formed pending approval from the New York State Comptroller. Design is scheduled for 2024 with construction anticipated to start in 2025.

The Town of Huron has completed a preliminary engineering report for a proposed Water District No. 10 and has applied for funding. The areas in the proposed district include all or portions of Lummisville Road, Woodruff Road, Dutch Street Road, North Huron Road, Slaughter Road, East Bay Road, Wright Road Maple View Heights, Cline Shores and the Chimney Heights area west of and bordering Lake Ontario's East Bay. The proposed district consists of approximately 120,000 linear feet of 12", 8" and 6" watermain, servicing approximately 435 equivalent dwelling units.

The Town of Lyons has completed a review of all eleven (11) of their sanitary sewer pump stations and design is underway for the necessary improvements. Construction is scheduled for 2025.

Requests for Information

This financial report is designed to provide a general overview of the Wayne County Water and Sewer Authority, Wayne County, New York's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Martin Aman, Executive Director, Wayne County Water and Sewer Authority, 3377 Daansen Road, Walworth, N.Y. 14568.

**WAYNE COUNTY WATER AND SEWER AUTHORITY
WAYNE COUNTY, NEW YORK**

STATEMENT OF NET POSITION

December 31, 2023 and 2022

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</u>	<u>2023</u>	<u>2022</u>
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 8,929,476	\$ 6,487,209
Investments	1,052,011	2,049,892
Accounts receivable (net of allowance)	1,672,628	2,675,099
Materials and supplies inventory	1,064,793	558,259
Prepaid items	80,482	133,256
Total Current Assets	<u>\$ 12,799,390</u>	<u>\$ 11,903,715</u>
<u>Noncurrent Assets -</u>		
Net pension asset	\$ -	\$ 746,993
Lease receivable	121,984	39,400
Total Noncurrent Assets	<u>\$ 121,984</u>	<u>\$ 786,393</u>
<u>Capital Assets -</u>		
Land and work in progress	\$ 257,071	\$ 257,071
Facilities and equipment, net of depreciation	70,427,823	25,683,704
Total Capital Assets, Net	<u>\$ 70,684,894</u>	<u>\$ 25,940,775</u>
TOTAL ASSETS	<u>\$ 83,606,268</u>	<u>\$ 38,630,883</u>
<u>Deferred Outflows of Resources -</u>		
Deferred outflows of resources	\$ 1,455,163	\$ 1,594,803
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 85,061,431</u>	<u>\$ 40,225,686</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION:</u>		
<u>Current Liabilities -</u>		
Accounts payable	\$ 378,082	\$ 627,852
Accrued liabilities	2,216,432	121,381
Revenue bond anticipation note payable	31,709,998	-
Current portion of debt	285,676	5,032,408
Total Current Liabilities	<u>\$ 34,590,188</u>	<u>\$ 5,781,641</u>
<u>Noncurrent Liabilities -</u>		
Bonds payable (net of unamortized premiums/discounts)	\$ 6,885,993	\$ 7,151,669
EFC revenue bond	20,000	40,000
Unfunded pension	1,942,003	-
OPEB liability	496,967	933,438
Total Noncurrent Liabilities	<u>\$ 9,344,963</u>	<u>\$ 8,125,107</u>
<u>Deferred Inflows of Resources -</u>		
Deferred inflows of resources	\$ 309,905	\$ 2,657,360
<u>Net Position -</u>		
Net investment in capital assets		
Water fund	\$ 7,095,841	\$ 6,547,021
Sewer fund	22,537,676	7,468,295
Restricted		
Capital reserve	2,875,370	2,653,892
WWTP - capital reserve	577,486	420,235
WWTP - debt service	5,635,048	3,397,056
Regional tank - debt service	75,440	71,238
Unrestricted net position		
Water fund	1,462,816	2,302,420
Sewer fund	556,698	801,421
Total Net Position	<u>\$ 40,816,375</u>	<u>\$ 23,661,578</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	<u>\$ 85,061,431</u>	<u>\$ 40,225,686</u>

(The accompanying notes are an integral part of these financial statements)

**WAYNE COUNTY WATER AND SEWER AUTHORITY
WAYNE COUNTY, NEW YORK**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION**

For Years Ended December 31, 2023 and 2022

<u>OPERATING REVENUES:</u>	<u>2023</u>	<u>2022</u>
Water sales	\$ 6,322,026	\$ 5,754,812
Sewer sales	1,454,925	1,359,191
Penalty on water and sewer sales	117,745	135,455
Service and connection fees	721,989	574,389
Construction revenue	2,985,129	63,936
Other operating income	81,917	63,105
TOTAL OPERATING REVENUES	<u>\$ 11,683,731</u>	<u>\$ 7,950,888</u>
<u>OPERATING EXPENSES:</u>		
Water supply	\$ 2,960,309	\$ 2,950,745
Sewer disposal	8,476	6,694
Personnel services and benefits	4,324,840	2,792,276
Insurance	158,037	141,490
Professional services	66,968	113,881
Building/vehicle repair and maintenance	331,479	198,634
Electricity	263,502	309,740
Water and sewer tests and chemicals	66,232	47,144
Water line and sewer parts and supplies	2,971,029	887,370
Administration and office expense	323,115	289,580
Depreciation	1,264,436	1,020,873
TOTAL OPERATING EXPENSES	<u>\$ 12,738,423</u>	<u>\$ 8,758,427</u>
OPERATING (LOSS) INCOME	<u>\$ (1,054,692)</u>	<u>\$ (807,539)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>		
Interest earnings	\$ 227,019	\$ 31,448
Interest expense	(217,838)	(223,000)
Rental income	17,201	2,349
Gain on sale of equipment (net)	37,000	14,600
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ 63,382</u>	<u>\$ (174,603)</u>
(DECREASE) INCREASE IN NET POSITION BEFORE OTHER ITEMS	<u>\$ (991,310)</u>	<u>\$ (982,142)</u>
<u>OTHER ITEMS:</u>		
Contributed capital - federal grant	\$ -	\$ 147,994
Contributed capital - state grant	15,180,919	2,905,864
Contributed capital - local	2,539,280	2,538,743
Sewer debt reclassification	-	(4,756,732)
Change in accounting estimate	425,908	-
TOTAL OTHER ITEMS	<u>\$ 18,146,107</u>	<u>\$ 835,869</u>
(DECREASE) INCREASE IN NET POSITION	<u>\$ 17,154,797</u>	<u>\$ (146,273)</u>
NET POSITION - BEGINNING OF YEAR	<u>23,661,578</u>	<u>23,807,851</u>
NET POSITION - END OF YEAR	<u>\$ 40,816,375</u>	<u>\$ 23,661,578</u>

(The accompanying notes are an integral part of these financial statements)

**WAYNE COUNTY WATER AND SEWER AUTHORITY
WAYNE COUNTY, NEW YORK**

STATEMENT OF CASH FLOWS

For Years Ended December 31, 2023 and 2022

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2023</u>	<u>2022</u>
Received from providing services	\$ 11,565,561	\$ 8,302,468
Payments to suppliers	(7,905,452)	(4,861,143)
Payments to employees	(3,874,396)	(3,335,812)
Net Cash Provided by (Used In) Operating Activities	<u>\$ (214,287)</u>	<u>\$ 105,513</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Principal payments on debt	\$ (5,006,732)	\$ (245,000)
Proceeds from capital debt	31,709,998	-
Bond premium	(21,787)	(21,787)
Interest expense	(221,727)	(226,889)
Acquisition and construction of capital assets	(43,941,372)	(4,992,351)
Proceeds from sale of assets	37,000	14,600
Capital contribution	18,859,073	4,470,423
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>\$ 1,414,453</u>	<u>\$ (1,001,004)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Rental income	\$ 17,201	\$ 2,349
Interest income	227,019	31,448
Purchases/sales of investments (net)	997,881	(5,665)
Net Cash Provided By Investing Activities	<u>\$ 1,242,101</u>	<u>\$ 28,132</u>
Net (Decrease) Increase in Cash and Cash Equivalents	\$ 2,442,267	\$ (867,359)
Cash and Cash Equivalents - Beginning of Year	6,487,209	7,354,568
Cash and Cash Equivalents - End of Year	<u>\$ 8,929,476</u>	<u>\$ 6,487,209</u>
<u>RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating (loss) income	\$ (1,054,692)	\$ (807,539)
Adjustments to reconcile changes in net position to cash Provided by Activities -		
Depreciation	1,264,436	1,020,873
Changes in assets and liabilities -		
Accounts receivable	(218,987)	351,580
Net Pension Asset	746,993	(746,993)
Deferred outflows	139,640	341,646
Deferred inflows	(2,347,455)	208,212
Net pension liability	1,942,003	(8,250)
Materials and supplies inventory	(506,534)	(46,656)
Prepayment and other current assets	52,774	21,066
Accounts payable, accrued payroll and benefits	(658,373)	(228,426)
Change in accounting estimate	425,908	-
Net Cash Provided by (Used In) Operating Activities	<u>\$ (214,287)</u>	<u>\$ 105,513</u>

(The accompanying notes are an integral part of these financial statements)

**WAYNE COUNTY WATER AND SEWER AUTHORITY
WAYNE COUNTY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(Note 1) Summary of Significant Accounting Policies:

The financial statements of the Wayne County Water and Sewer Authority, Wayne County, New York, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 government's accounting policies are described below.

A. The Reporting Entity

The Wayne County Water and Sewer Authority, Wayne County, New York (the Authority) is a public benefit corporation, created by special state legislation, Chapter 685 of the Laws of 1987 (NYS Public Authorities Laws 199-aa et seq.) and became operational in the spring of 1988 upon the appointment of the nine initial members of the Authority by the Wayne County Board of Supervisors. The Authority has the powers necessary to plan, finance, operate and manage water systems in Wayne County. The Authority provides a structure for planning and implementing improvement in the availability, reliability, and quality of public water supplies in Wayne County.

The Authority has approximately 15,069 water service accounts supplying water within the Towns of Macedon, Walworth, Palmyra, Marion, Arcadia, Lyons, Butler, Huron, Sodus and Wolcott. The Authority also supplies the Village of Sodus Point and Cayuga County Water and Sewer Authority (wholesale only). The average yearly consumption of water from all sections of the Authority's service area encompasses over one billion gallons. The Authority is responsible for the operation and maintenance of over 600 miles of transmission and distribution mains, eleven (13) water storage tanks (totaling 10 million gallons), and seven (8) water pumping stations within its overall service area.

During the early years of operation, the Authority was primarily a "Water Authority" with wastewater collection, treatment and disposal representing only about 1.5% of operating revenues. Now, the Authority operates a 500,000 GPD Regional Wastewater Treatment Facility and a related collection system that includes approximately 9,000 linear feet of gravity sewer, 40,000 feet of force main and three main pump stations. This regional treatment facility replaced a 30,000 GPD treatment facility in September 2006. This system currently collects and treats approximately 220,000 GPD of wastewater, with the majority of the flows coming from the Village of Wolcott, Cayuga County Sewer District #2, Village of Red Creek, Red Creek Central Schools and the newly formed Blind Sodus Bay sewer district in the town of Wolcott. The New York State Department of Corrections contributed to the cost of building the regional facility, which replaced their aging and costly Correctional Facility treatment plant. The Correctional Facility is now closed, and the Department of Corrections has ceased making payments to the Authority as of August, 2019. However, the Authority has reserved its rights to require the Department of Corrections to continue making annual payments to the Authority for "operational and maintenance" expenses, including its pro-rata share of Authority debt service in connection with the regional facility, as required by its contractual agreement with the Authority. The Regional Facility was designed to accept flows from the Village of Fairhaven, the Village of Red Creek, Village of Wolcott and other eastern Wayne County communities.

The Authority now also operates and maintains the Lyons and Macedon wastewater treatment plants and 17 pump stations along with the associated collection and conveyance systems, all in accordance with a lease/operations agreement with the Towns of Lyons and Macedon.

(Note 1) (Continued)

The Authority operates and maintains the Village of Palmyra's water and wastewater facilities under the terms of an operational agreement with the Village of Palmyra. The Authority also operates and maintains the Village of Red Creek's water facilities under the terms of operation agreement with the Village of Red Creek.

The Authority has approximately 2,945 sewer customers and operates a series of small collection systems in western and eastern Wayne County which include three pump stations and approximately six miles of gravity sewer mains and related appurtenances. Collected wastewater from these systems is conveyed to existing wastewater treatment facilities owned by other municipalities and the Authority is billed on a total flow basis per thousand gallons treated. The Authority also operates and maintains portions of Cayuga County Sewer District #2 under contract with Cayuga County Water and Sewer Authority.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accompanying basic financial statements of the Authority have been prepared in conformity with generally accepted accounting principles ("GAAP") for governments as prescribed by the Governmental Accounting Standards Board ("GASB"), which is the primary standard setting body for establishing governmental accounting and financial reporting principles.

Revenues and expenses are recorded under the accrual method of accounting.

C. Cash Management

The Authority has adopted investment guidelines which conform with Sections 2735 and 2925 of the New York State Public Authorities Law. These guidelines establish the permissible investments and procedures for obtaining pledged collateral for investments which exceed FDIC insurance coverage.

D. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Authority considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

E. Materials and Supplies Inventories

Materials and supplies are stated at cost, determined on the first-in, first-out method, which approximates market.

F. Accounts Receivable

Accounts receivable consist of fees for services for sewer and water charges due from individuals and other governments and project and grant receivables. Accounts receivable are carried on the balance sheet at net realizable value. Generally accepted accounting principles requires the allowance method be used to recognize bad debts, however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

In addition, the Authority will report a receivable relating to a lease arrangement. The receivable is recorded at the present value of the future payments and recognized over the life of the lease.

(Note 1) (Continued)

G. Capital Assets

Capital assets, including distribution and collection systems, are stated at cost. Depreciation is provided using the straight-line method over the following estimated useful life:

Facilities	20-40 Years
Transmission and Equipment	5-40 Years

Improvements, renewals and significant repairs that do not extend the life of the asset are expensed as incurred. When assets are retired or otherwise disposed of, the related asset and accumulated depreciation are written off and any unrelated gains or losses are recorded.

H. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net 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 and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

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.

I. Short-Term Debt

The Authority may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from subsequent sale of bonds. These notes are recorded as current liabilities. State law requires that a BAN issued for capital purposes be converted to long-term financing within five years after the original issue date.

J. Non-Current Liabilities

Long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using an amortization schedule consistent with the bond payment schedule. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

K. Revenue Recognition

Revenues from water and sewer sales are recognized at the time of service delivery based on actual or estimated water meter readings and actual sewer units. Construction revenues are recognized at the time an expenditure is incurred for the project.

L. Contributed Capital

Contributed capital represent amounts that developers, customers and governments have contributed for betterments or additions to capital assets. These contributions are received in cash or in the form of non-cash contributions of capital items and are recorded at fair value on the date of donation.

(Note 1) (Continued)

M. Net Position

GASB requires the classification of net position into three components as defined below:

1. **Net investment in capital assets** - consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Additionally, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
2. **Restricted net position** - consists of restricted assets (i.e. restrictions imposed by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enable legislation) reduced by liabilities and deferred inflows related to those assets.
3. **Unrestricted net position** - consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management estimates. Actual results could differ from those estimates.

O. Taxes

As a public benefit corporation, the Authority is exempt from federal and state income taxes, as well as state and local property and sales taxes.

P. New Accounting Standards

The Authority has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2023, the Authority implemented the following new standards issued by GASB:

GASB has issued Statement 94 *Public-Private and Public-Public Partnerships and Available Payment Arrangements*.

GASB has issued Statement 96 *Subscription Based Information Technology*.

GASB has issued Statement 99 *Omnibus 2022-Leases, PPP, and SBITAS*.

GASB has issued Statement 100 *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*.

Q. Future Changes in Accounting Standards

GASB has issued Statement 99 *Omnibus 2022-Financial Guarantees, etc.*, which will be effective for reporting periods beginning after June 15, 2023.

(Note 1) (Continued)

GASB has issued Statement 101, *Compensated Absences*, which will be effective for reporting periods beginning after December 15, 2023.

GASB has issued Statement 102, *Certain Risk Disclosures*, which will be effective for fiscal years beginning after June 15, 2024.

The Authority is currently studying these statements and plans on adoption as required.

R. Change in Accounting Estimate –

During the 2023 year the Authority engaged a certified actuary to perform the calculation of the OPEB liability, rather than using the specified alternative measurement method. This change represents a change in the measurement methodology, and is preferable because it will increase the reliability, consistency, and comparability of the estimate.

(Note 2) Detail Notes on All Funds and Account Groups:

A. Assets

1. Cash and Investments

The Authority's investment policies are governed by state statutes. In addition, the Authority has its own written investment policy. The Authority's monies must be deposited in FDIC insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit, which are not subject to investment risk relating to changing interest rates. Permissible investments include obligations of the U.S. treasury and U.S. agencies, repurchase agreements and obligations of New York State or its localities.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity. The revenue bond covenant account reported under restricted assets has been included as cash and cash equivalents in accordance with this definition. The Statement of Cash Flows uses the indirect method of reporting cash flows.

	<u>2023</u>	<u>2022</u>
Uncollateralized	\$ -	\$ -
Collateralized within Trust department or agent	13,579,125	8,281,796
Total	<u>\$ 13,579,125</u>	<u>\$ 8,281,796</u>

Restricted cash and investments totaled \$9,163,344 as of December 31, 2023.

(Note 2) (Continued)

2. **Accounts Receivable**

The balance of accounts receivable for 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Water Rents	\$ 1,164,759	\$ 1,093,454
Sewer Rents	789,094	714,191
Grant Receivable-Sewer	33,226	287,529
Grant Receivable-Water	-	884,571
Lease Receivable	140,794	39,977
Other Receivables	184,239	97,277
Less: Allowance	<u>(517,500)</u>	<u>(402,500)</u>
Subtotal	\$ 1,794,612	\$ 2,714,499
Less: NonCurrent Portion	<u>(121,984)</u>	<u>(39,400)</u>
Total	<u><u>\$ 1,672,628</u></u>	<u><u>\$ 2,675,099</u></u>

The Authority has the following expected future collections for leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 18,810	\$ 6,441
2025	20,521	5,487
2026	22,341	4,447
2027	24,276	3,316
2028	26,331	2,088
Thereafter	<u>28,515</u>	<u>758</u>
Total	<u><u>\$ 140,794</u></u>	<u><u>\$ 22,537</u></u>

3. **Fixed Assets**

The following is a summary of fixed assets for the Authority at December 31:

	<u>Balance at</u>			<u>Balance at</u>
	<u>1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2023</u>
Land	\$ 257,071	\$ -	\$ -	\$ 257,071
Construction in progress	13,120,362	44,331,201	(7,131,003)	50,320,560
Total Non Depreciated Assets	\$ 13,377,433	\$ 44,331,201	\$ (7,131,003)	\$ 50,577,631
Completed facilities	21,671,521	1,078,615	7,131,003	29,881,139
Equipment	3,765,448	598,738	(46,450)	4,317,736
Less: Accumulated depreciation	<u>(12,873,627)</u>	<u>(1,264,435)</u>	<u>46,450</u>	<u>(14,091,612)</u>
Total	<u><u>\$ 25,940,775</u></u>	<u><u>\$ 44,744,119</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 70,684,894</u></u>

(Note 2) (Continued)

	Balance at 1/1/2022	Additions	Deletions	Balance at 12/31/2022
Land	\$ 257,071	\$ -	\$ -	\$ 257,071
Construction in progress	10,846,673	3,973,689	(1,700,000)	13,120,362
Total Non Depreciated Assets	<u>\$ 11,103,744</u>	<u>\$ 3,973,689</u>	<u>\$ (1,700,000)</u>	<u>\$ 13,377,433</u>
Completed facilities	19,324,250	647,271	1,700,000	21,671,521
Equipment	3,502,669	371,392	(108,613)	3,765,448
Less: Accumulated depreciation	<u>(11,961,366)</u>	<u>(1,020,874)</u>	<u>108,613</u>	<u>(12,873,627)</u>
Total	<u>\$ 21,969,297</u>	<u>\$ 3,971,478</u>	<u>\$ -</u>	<u>\$ 25,940,775</u>

B. Deferred Outflows and Deferred Inflows

The Authority reported deferred outflows and deferred inflows at December 31, as follows:

	Deferred Outflows		Deferred Inflows	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Pension	\$ 1,449,823	\$ 1,594,803	\$ 150,810	\$ 2,617,383
Leases	-	-	140,794	39,977
OPEB	5,340	-	18,301	-
Total	<u>\$ 1,455,163</u>	<u>\$ 1,594,803</u>	<u>\$ 309,905</u>	<u>\$ 2,657,360</u>

C. Short-Term Debt

1. EFC Revolving Loan Fund Clean Water Facility Revenue Bond Anticipation Note Amended and Restated Series 2020B

On April 13, 2023 the Authority closed on short-term financing for EFC Clean Water Facility Revenue Bond Anticipation Note which matures on September 24, 2027, registered in the name of the NYS Environmental Facilities Corporation. The financing arrangement allows for the use of up to \$37,125,000 in interest free funding, and an additional \$38,375,000 of funding at the market rate. Draws on the notes are detailed below:

	Authorization	Maturity	Interest Rate	Balance 1/1/23	Additions	Deletions	Balance 12/31/23
BAN	\$37,125,000	9/24/2027	0.00%	\$ -	\$ 31,709,998	\$ -	\$ 31,709,998
BAN	\$ 38,375,000	9/24/2027	3.09%	-	-	-	-
				<u>\$ -</u>	<u>\$ 31,709,998</u>	<u>\$ -</u>	<u>\$ 31,709,998</u>

D. Long-Term Debt

1. State Revolving Fund Loan

The Authority entered into two loan agreements with the New York State Environmental Facilities Corporation (EFC) to provide short-term financing for the Red Creek Area Regional Wastewater Treatment Facility. The significant terms of the loan agreement are as follows:

- a. The Authority was allowed periodic draw downs with a maximum principal sum of \$1,750,000 on the loan dated September 30, 2004.

(Note 2) (Continued)

- b. During April 2006, the Authority entered into a second loan in which the Authority was allowed periodic draw downs with a maximum principal sum of \$2,199,338.
- c. The final maturity date of the loans was September 30, 2007, however, the loan balance was refinanced through a Revenue Bond during the 2006 year.

2. **Bond Payable**

- a. In 2017, \$1,570,000 of revenue bonds were issued to finance work a renovation project at the operations center, and a roof project at the regional wastewater facility. The bonds were issued with an interest rate of 2.00%-4.00%. Bonds outstanding as of December 31, 2023 amounted to \$685,000 and have a final maturity date of June 15, 2027.
- b. In 2021, \$5,875,000 of revenue bonds were issued to finance work related to the Regional Water Storage Project and to provide funds for the payment of the 2020A BANs . The bonds were issued with an interest rate of 2.00-\$4.00%. Bonds outstanding as of December 31, 2023 amounted to \$5,645,000 and have a final maturity date of December 31, 2060.
- c. In 2022 the Authority restructured its original EFC funding package for the wastewater treatment plant from a grant to a \$4,756,732 loan in order to apply for additional funding for a larger project. The loan was repaid in September 2023 from \$110,000,000 approved funding package.

3. **EFC Revenue Bond Payable**

- a. In June 2006, \$4,000,000 of EFC revenue bonds were issued to finance the Red Creek Area Regional Wastewater Treatment Facility construction project and refinance the original loans of \$1,750,000 from 2005 and the \$2,199,388 issued April 2006. The bonds were issued with an interest rate of 3.60%-4.75%. Revenue bonds outstanding as of December 31, 2023 amounted to \$40,000 and have a final maturity date of October 1, 2025.

4. **Change in Long-Term Debt**

	<u>1/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2023</u>	<u>Current Portion</u>	<u>Non-Current Portion</u>
Bonds	\$ 6,560,000	\$ -	\$ 230,000	\$ 6,330,000	\$ 240,000	\$ 6,090,000 *
Unamortized Bond Premium	847,345	-	25,676	821,669 *	25,676	795,993 *
Total Revenue Bonds	\$ 7,407,345	\$ -	\$ 255,676	\$ 7,151,669	\$ 265,676	\$ 6,885,993
EFC Revenue Bond	4,816,732	-	4,776,732	40,000	20,000	20,000
OPEB Liability	933,438	-	436,471	496,967	-	496,967
Unfunded Pension	-	1,942,003	-	1,942,003	-	1,942,003
Total Long-Term Debt	\$ 13,157,515	\$ 1,942,003	\$ 5,468,879	\$ 9,630,639	\$ 285,676	\$ 9,344,963

* The financial statements add the \$795,993 premium to the \$6,090,000 bonds payable.

(Note 2) (Continued)

	<u>1/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2022</u>	<u>Current Portion</u>	<u>Non-Current Portion</u>
Bonds	\$ 6,785,000	\$ -	\$ 225,000	\$ 6,560,000	\$ 230,000	\$ 6,330,000 *
Unamortized Bond Premium	873,021	-	25,676	847,345 *	25,676	821,669 *
Total Revenue Bonds	\$ 7,658,021	\$ -	\$ 250,676	\$ 7,407,345	\$ 255,676	\$ 7,151,669
EFC Revenue Bond	80,000	4,756,732	20,000	4,816,732	4,776,732	40,000
OPEB Liability	1,382,047	-	448,609	933,438	-	933,438
Unfunded Pension	8,250	-	8,250	-	-	-
Total Long-Term Debt	\$ 9,128,318	\$ 4,756,732	\$ 727,535	\$ 13,157,515	\$ 5,032,408	\$ 8,125,107

* The financial statements add the \$821,669 premium to the \$6,330,000 bonds payable.

5. Estimated Debt Service Requirements

Revenue bond estimated debt service requirements to maturity are as follows:

<u>Year</u>	<u>2006 EFC Revenue Bond</u>		<u>2017 Revenue Bond</u>		<u>2021 Revenue Bond</u>		<u>Total Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 20,000	\$ 2,844	\$ 165,000	\$ 12,488	\$ 75,000	\$ 222,050	\$ 260,000	\$ 237,388
2025	20,000	-	170,000	9,138	75,000	220,550	265,000	229,688
2026	-	-	175,000	5,688	75,000	219,050	250,000	224,738
2027	-	-	175,000	1,989	80,000	216,800	255,000	218,789
2028	-	-	-	-	80,000	213,600	80,000	213,600
2029-33	-	-	-	-	460,000	1,016,600	460,000	1,016,600
2034-38	-	-	-	-	550,000	918,000	550,000	918,000
2039-43	-	-	-	-	675,000	798,000	675,000	798,000
2044-48	-	-	-	-	815,000	652,400	815,000	652,400
2049-53	-	-	-	-	995,000	475,400	995,000	475,400
2054-58	-	-	-	-	1,210,000	259,600	1,210,000	259,600
2059-60	-	-	-	-	555,000	33,600	555,000	33,600
Total	\$ 40,000	\$ 2,844	\$ 685,000	\$ 29,303	\$ 5,645,000	\$ 5,245,650	\$ 6,370,000	\$ 5,277,790

(Note 3) **Other Notes:**

A. **Employee Pension and Other Benefit Plans**

1. **Plan Description**

The Authority participates in the New York State Local Employees' Retirement System (ERS). This is a cost sharing multiple employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, 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 Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report 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, New York 12244.

2. **Benefits Provided**

The System provides retirement benefits as well as death and disability benefits.

Tier 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tier 3, 4, 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

(Note 3) (Continued)

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age of Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

(Note 3) (Continued)

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

3. Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly, used in computing the employers' contributions based on salaries paid during the Systems' financial year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Prepayment	
<u>Due Date</u>	<u>ERS</u>
12/15/2023	322,325
12/15/2022	271,517

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At December 31, 2023, the Authority reported a liability of \$1,942,003 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2023, the Authority's proportion was 0.0090561%.

(Note 3) (Continued)

For the year ended December 31, 2023 the Authority recognized pension expense of \$677,025. At December 31, 2023 and 2022, the Authority reported deferred inflows and deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Outflows of Resources
	<u>2023</u>	<u>2022</u>
Differences between expected and actual experience	\$ 206,838	\$ 56,571
Changes of assumptions	943,162	1,246,647
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	58,079	87,947
SubTotal	\$ 1,208,079	\$ 1,391,165
Authority's contributions subsequent to the measurement date	241,744	203,638
Grand Total	\$ 1,449,823	\$ 1,594,803

	Deferred Inflows of Resources	Deferred Inflows of Resources
	<u>2023</u>	<u>2022</u>
Differences between expected and actual experience	\$ 54,539	\$ 73,376
Changes of assumptions	10,424	21,036
Net difference between projected and actual earnings on pension plan investments	11,409	2,446,089
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	74,438	76,882
Grand Total	\$ 150,810	\$ 2,617,383

\$241,744 is reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 249,575
2025	(109,171)
2026	394,824
2027	522,041
Total	\$ 1,057,269

1. Actuarial Assumptions

The total pension liability at March 31, 2023 was determined by using an actuarial valuation of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023. The actuarial valuations used the following actuarial assumptions:

(Note 3) (Continued)

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>
Interest	5.90%
Salary increases	4.40%
Inflation rate	2.90%
COLA'S	1.50%

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

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 and 2022 are summarized below:

<u>Asset Class</u>	2023 Long-Term Expected Real Rate of Return	2022 Long-Term Expected Real Rate of Return
Domestic equity	4.30%	3.30%
International equity	6.85%	5.85%
Private equity	7.50%	6.50%
Real estate	4.60%	5.00%
Absolute return strategies *	0.00%	4.10%
Opportunistic portfolios	5.38%	4.10%
Real assets	5.84%	5.80%
Cash	0.00%	-1.00%
Inflation-indexed bonds	0.00%	-1.00%
Credit	5.43%	3.78%

The real rate of return is net of the long-term inflation assumption of 2.5%

2. Discount Rate

The discount rate used to calculate the total pension liability was 5.90%. 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.

(Note 3) (Continued)

3. **Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 5.90%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.90%) or 1-percentagepoint higher (6.90%) than the current rate:

	2023		
	1% Decrease <u>(4.90%)</u>	Current Assumption <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (4,692,988)	\$ (1,942,003)	\$ 356,765
	2022		
	1% Decrease <u>(4.90%)</u>	Current Assumption <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (1,922,751)	\$ 746,993	\$ 2,980,105

4. **Pension Plan Fiduciary Net Position**

The components of the current year net pension liability of the employers as of the March 31, 2023, were as follows:

	2023	2022
	<u>(In Thousands)</u>	<u>(In Thousands)</u>
	<u>ERS</u>	<u>ERS</u>
Employers' total pension liability	\$ 232,627,259	\$ 223,874,888
Plan net position	211,183,223	232,049,473
Employers' net pension asset/(liability)	<u>\$ (21,444,036)</u>	<u>\$ 8,174,585</u>
Ration of plan net position to the employers' total pension liability	90.78%	103.65%

5. **Prepayments to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2023 represents the projected employer contribution for the period of December 31, 2023 through March 31, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2023 amounted to \$80,482.

(Note 4) **Postemployment Benefits**

A. General Information About the OPEB Plan

Plan Description – Full time employees who retire after 25 or more years of continuous service with the Authority or after 25 or more years of combined continuous service with both the Authority and a municipality that joins the Authority (with at least 5 years of those combined years spent working for the Authority) and who are retiring in accordance with the NYS Retirement System eligibility requirements, may elect to continue to be covered by the health insurance plan(s) offered to current employees.

If the employee elects to continue coverage under the Authority’s plan, the Authority will pay up to \$250 per month toward the premium for the former employee and spouse, provided that the retired employee pays the balance of the premium due by the first day of the month of coverage. If the former employee fails to pay his or her share of the premium when due, the Authority reserves the right to cancel the coverage without notice. Once the retired employee is no longer covered by the Authority’s health insurance plan, whether because the retired employee does not elect to maintain coverage, or the retired employee does not pay his or her share of the premium when due, then the retired employee’s right to this benefit shall terminate and may only be reinstated by the action of the Board of the Authority, in its sole discretion. This benefit shall also terminate upon the death of the retired employee, when the retired employee is no longer eligible for coverage under the terms of the Authority’s health insurance plan, or when the retired employee becomes eligible for other coverage (excluding Medicare)

At age 65, the retired employee must switch from regular coverage to Medicare Supplement coverage. Several different Medicare Supplement policies are available. It is the retired employee’s responsibility to apply for Medicare Parts A and B, so he or she is eligible for a Medicare Supplement policy. After the retired employee has applied for such coverage, the Authority will continue to pay up to \$250 per month toward the cost of any approved supplemental insurance policy to help cover the Medicare “gap”.

Employees Covered by Benefit Terms – At March 31, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active Employees	44
Total	49

B. Total OPEB Liability

The Authority’s total OPEB liability of \$496,967 was measured as of December 31, 2023, and was determined using the alternative method.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.42 percent
Discount Rate	4.64 percent
Healthcare Cost Trend Rates	Initial rate of 5.10% decreasing to an ultimate rate of 3.86% in 2075
Retirees' Share of Benefit-Related Costs	All cost above \$3,000

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond index.

(Note 4) (Continued)

Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, distinct for Teachers, General, and Safety, without separate Contingent Survivor mortality, fully generational using scale MP-2021.

C. **Changes in the Total OPEB Liability**

	<u>2023</u>	<u>2022</u>
Beginning Balance at December 31	\$ 933,438	\$ 1,382,047
<u>Changes for the Year -</u>		
Service cost	\$ 8,489	\$ -
Interest	21,775	-
Differences between expected and actual experience	(5,022)	-
Changes in assumptions or other inputs	(14,676)	(448,609)
Benefit payments	(21,129)	-
Change in accounting estimate	(425,908)	-
Net Changes	<u>\$ (436,471)</u>	<u>\$ (448,609)</u>
Ending Balance at December 31	<u>\$ 496,967</u>	<u>\$ 933,438</u>

Changes of benefits represents additional employees added to the system.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.64 percent) or 1-percentage-point higher (5.64 percent) than the current discount rate:

	<u>2023</u>		
	<u>1% Decrease</u>	<u>Discount</u>	<u>1% Increase</u>
	<u>(3.64%)</u>	<u>Rate</u>	<u>(5.64%)</u>
		<u>(4.64%)</u>	
Total OPEB Liability	\$ 560,000	\$ 496,967	\$ 444,450
	<u>2022</u>		
	<u>1% Decrease</u>	<u>Discount</u>	<u>1% Increase</u>
	<u>(3.40%)</u>	<u>Rate</u>	<u>(5.40%)</u>
		<u>(4.40%)</u>	
Total OPEB Liability	\$ 1,142,599	\$ 933,438	\$ 775,541

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – Healthcare cost can be subject to considerable volatility over time. The following exhibit demonstrates the effect on liabilities of a 1% change in the healthcare cost trend rates.

	<u>Healthcare Cost</u>		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
	<u>(4.10% to 2.86%)</u>	<u>(5.10% to 3.86%)</u>	<u>(6.10% to 4.86%)</u>
Total OPEB Liability	\$ 439,226	\$ 496,967	\$ 568,131

(Note 5) **Related Party Transactions:**

The Authority enters into contracts and other agreements with towns and villages whose supervisor or mayor may sit on the Authority's Board.

(Note 6) **Commitments and Contingencies:**

A. **Litigation**

Management is not aware of any pending litigation as of the date of this report.

B. **Regional Wastewater Treatment Project**

The Authority has begun work on a \$110,000,000 Regional Wastewater Treatment project in Western Wayne County that will be financed through the New York State Environmental Facilities Corporation with the issuance of Authority revenue bonds supported with various grants and loans.

As part of the project, the Authority has entered into an Agreement with all participating municipalities who will collectively pay capital charges equal to the debt payments on the Authority bonds as part of the IMA/Service Agreement with the Authority.

The strength of this IMA is backed by the ability of each municipality to re-levy unpaid debt upon the County tax rolls, thereby assuring payment to the Authority.

(Note 7) **Deferred Compensation Plan:**

The Authority maintains a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code for which Authority employees have the option to participate.

(Note 8) **Net Position:**

A. Net investment in capital assets - is summarized as follows:

<u>INVESTMENT IN CAPITAL ASSETS:</u>	<u>2023</u>	<u>2022</u>
Water	\$ 7,095,841	\$ 6,547,021
Sewer	22,537,676	7,468,295
TOTAL INVESTMENT IN CAPITAL ASSETS	<u>\$ 29,633,517</u>	<u>\$ 14,015,316</u>

(Note 8) (Continued)

<u>WATER:</u>	<u>2023</u>	<u>2022</u>
Capital Assets, Net	\$ 14,072,371	\$ 13,409,316
<u>Add:</u>		
Unspent bond cash	\$ -	\$ 381,145
Total Additions	<u>\$ -</u>	<u>\$ 381,145</u>
<u>Deduct:</u>		
Bonds payable	\$ 6,158,750	\$ 6,348,750
Retainage	-	52,207
Unamortized bond premium	817,780	842,483
Total Deducts	<u>\$ 6,976,530</u>	<u>\$ 7,243,440</u>
Net Investment in Capital Assets	<u><u>\$ 7,095,841</u></u>	<u><u>\$ 6,547,021</u></u>
<u>SEWER:</u>	<u>2023</u>	<u>2022</u>
Capital Assets, Net	\$ 56,612,523	\$ 12,531,459
<u>Deduct:</u>		
EFC loan	\$ 31,749,998	\$ 4,816,732
Bonds payable	171,250	211,250
Retainage	2,149,707	30,320
Unamortized bond premium	3,892	4,862
Total Deducts	<u>\$ 34,074,847</u>	<u>\$ 5,063,164</u>
Net investment in Capital Assets	<u><u>\$ 22,537,676</u></u>	<u><u>\$ 7,468,295</u></u>

B. Restricted Net Position

- 1. Capital Reserve** – In 2004, the Authority authorized the establishment of a capital reserve for repair and/or replacement of facilities. During the year \$221,478 in interest was earned. The balance in the reserve at December 31, 2023 and 2022 is \$2,875,370 and \$2,653,892, respectively.
- 2. WWTP-Capital Reserve** – As part of the WWTP Municipal Agreement the Authority will collect a capital charge to restricted for future capital improvements. During the year the Authority collected \$142,320 and \$14,931 in interest that had a balance in the reserve at December 31, 2023 and 2022 of \$577,486 and \$420,235, respectively.
- 3. WWTP – Debt Service** – As part of the WWTP Municipal Agreement the Authority will bill a debt service charge to the participating municipalities which is restricted to pay debt service and project related expenses. The balance as of December 31, 2023 and 2022 totaled \$5,635,048 and \$3,397,056, respectively.
- 4. Regional Tank – Debt Service** – As part of the Regional Tank Municipal Agreement the Authority will bill a debt service charge to the participating municipalities which is restricted to pay debt service payments. The balance as of December 30, 2023 and 2022 totaled \$75,440 and \$71,238, respectively.

Required Supplemental Information

**WAYNE COUNTY WATER AND SEWER AUTHORITY
WAYNE COUNTY, NEW YORK**

**SCHEDULE OF CHANGES IN AUTHORITY'S TOTAL OPEB
LIABILITY AND RELATED RATIO
(Unaudited)**

For Year Ended December 31, 2023

	TOTAL OPEB LIABILITY					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 8,489	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	21,775	-	-	-	-	-
Changes in benefit terms						
Differences between expected and actual experiences	(5,022)	-	-	-	-	-
Changes of assumptions or other inputs	(14,676)	(448,609)	293,597	160,536	(8,146)	107,510
Benefit payments	(21,129)	-	-	-	-	-
Net Change in Total OPEB Liability	<u>\$ (10,563)</u>	<u>\$ (448,609)</u>	<u>\$ 293,597</u>	<u>\$ 160,536</u>	<u>\$ (8,146)</u>	<u>\$ 107,510</u>
Change in accounting estimate	(425,908)	-	-	-	-	-
Total OPEB Liability - Beginning	<u>\$ 933,438</u>	<u>\$ 1,382,047</u>	<u>\$ 1,088,450</u>	<u>\$ 927,914</u>	<u>\$ 936,060</u>	<u>\$ 828,550</u>
Total OPEB Liability - Ending	<u><u>\$ 496,967</u></u>	<u><u>\$ 933,438</u></u>	<u><u>\$ 1,382,047</u></u>	<u><u>\$ 1,088,450</u></u>	<u><u>\$ 927,914</u></u>	<u><u>\$ 936,060</u></u>
Covered Employee Payroll	\$ 2,717,713	\$ 2,462,425	\$ 2,343,309	\$ 2,257,681	\$ 2,152,022	\$ 2,049,530
Total OPEB Liability as a Percentage of Covered Employee Payroll	18.29%	37.91%	58.98%	48.21%	43.12%	45.67%

10 years of historical information is not available and will be reported each year going forward
(See Independent Auditors' Report)

Required Supplemental Information

**WAYNE COUNTY WATER AND SEWER AUTHORITY
WAYNE COUNTY, NEW YORK**

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
(Unaudited)**

For Year Ended December 31, 2023

NYSERS Pension Plan									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0090561%	0.0091380%	0.0082848%	0.0082009%	0.0077543%	0.0071873%	0.0057791%	0.0048942%	0.0046373%
Proportionate share of the net pension liability (assets)	\$ 1,942,003	\$ (746,993)	\$ 8,250	\$ 2,171,641	\$ 549,417	\$ 231,965	\$ 453,014	\$ 785,535	\$ 156,660
Covered-employee payroll	\$ 2,608,514	\$ 2,462,425	\$ 2,343,309	\$ 2,148,627	\$ 2,116,328	\$ 1,947,961	\$ 1,683,652	\$ 1,360,781	\$ 1,328,219
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	74.449%	-30.336%	0.352%	101.071%	25.961%	11.908%	26.907%	57.727%	11.795%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

10 years of historical information is not available and will be reported each year going forward
(See Independent Auditors' Report)

Required Supplemental Information
WAYNE COUNTY WATER AND SEWER AUTHORITY
WAYNE COUNTY, NEW YORK

SCHEDULE OF AUTHORITY CONTRIBUTIONS
(Unaudited)

For Year Ended December 31, 2023

NYSERS Pension Plan									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 322,325	\$ 271,517	\$ 355,779	\$ 306,733	\$ 299,803	\$ 281,909	\$ 253,439	\$ 208,035	\$ 215,887
Contributions in relation to the contractually required contribution	<u>(322,325)</u>	<u>(271,517)</u>	<u>(355,779)</u>	<u>(306,733)</u>	<u>(299,803)</u>	<u>(281,909)</u>	<u>(253,439)</u>	<u>(208,035)</u>	<u>(215,887)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,608,514	\$ 2,462,425	\$ 2,278,057	\$ 2,148,627	\$ 2,116,328	\$ 1,947,961	\$ 1,683,652	\$ 1,360,781	\$ 1,328,219
Contributions as a percentage of covered-employee payroll	12.36%	11.03%	15.62%	14.28%	14.17%	14.47%	15.05%	15.29%	16.25%

10 years of historical information is not available and will be reported each year going forward
(See Independent Auditors' Report)

Supplemental Schedule
WAYNE COUNTY WATER AND SEWER AUTHORITY
WAYNE COUNTY, NEW YORK

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

For Year Ended December 31, 2023

	Water	Sewer	2023
<u>OPERATING REVENUES:</u>	<u>Activity</u>	<u>Activity</u>	<u>Total</u>
Water sales	\$ 6,322,026	\$ -	\$ 6,322,026
Sewer sales	-	1,454,925	1,454,925
Penalty on water and sewer sales	97,981	19,764	117,745
Service and connection fees	520,429	201,560	721,989
Construction revenue	2,985,129	-	2,985,129
Other operating income	81,917	-	81,917
TOTAL OPERATING REVENUES	\$ 10,007,482	\$ 1,676,249	\$ 11,683,731
 <u>OPERATING EXPENSES:</u>			
Water supply	\$ 2,960,309	\$ -	\$ 2,960,309
Sewer disposal	-	8,476	8,476
Personnel services and benefits	3,477,162	847,678	4,324,840
Insurance	150,537	7,500	158,037
Professional services	47,883	19,085	66,968
Building/vehicle repair and maintenance	158,453	173,026	331,479
Electricity	71,232	192,270	263,502
Water and sewer tests and chemicals	49,401	16,831	66,232
Water line and sewer parts and supplies	2,770,219	200,810	2,971,029
Administration and office expense	269,024	54,091	323,115
Depreciation	945,117	319,319	1,264,436
TOTAL OPERATING EXPENSES	\$ 10,899,337	\$ 1,839,086	\$ 12,738,423
OPERATING (LOSS) INCOME	\$ (891,855)	\$ (162,837)	\$ (1,054,692)
 <u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest earnings	\$ 227,019	\$ -	\$ 227,019
Interest expense	(213,749)	(4,089)	(217,838)
Rental income	17,201	-	17,201
Gain on sale of equipment (net)	37,000	-	37,000
TOTAL NONOPERATING REVENUES (EXPENSES)	\$ 67,471	\$ (4,089)	\$ 63,382
(DECREASE) INCREASE IN NET POSITION BEFORE OTHER ITEMS	\$ (824,384)	\$ (166,926)	\$ (991,310)
 <u>OTHER ITEMS:</u>			
Contributed capital - state grant	140,731	15,040,188	15,180,919
Contributed capital - local	293,450	2,245,830	2,539,280
Change in accounting estimate	323,733	102,175	425,908
TOTAL OTHER ITEMS	\$ 757,914	\$ 17,388,193	\$ 18,146,107
(DECREASE) INCREASE IN NET POSITION	\$ (66,470)	\$ 17,221,267	\$ 17,154,797
NET POSITION - BEGINNING OF YEAR	11,575,937	12,085,641	23,661,578
NET POSITION - END OF YEAR	\$ 11,509,467	\$ 29,306,908	\$ 40,816,375

(See Independent Auditors' Report)



BUSINESS
ADVISORS
AND CPAS

**Report on Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Board Members
Wayne County Water and Sewer Authority
Wayne County, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, of the Wayne County Water and Sewer Authority, New York as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Wayne County Water and Sewer Authority, New York's basic financial statements, and have issued our report thereon dated March 21, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wayne County Water and Sewer Authority, New York's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wayne County Water and Sewer Authority, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of Wayne County Water and Sewer Authority, New York's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne County Water and Sewer Authority, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
March 21, 2024

**WAYNE COUNTY WATER AND SEWER AUTHORITY
NEW YORK**

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2023

I. Summary of the Auditors' Results

Financial Statements

a) Type of auditor's report issued	Unmodified
b) Internal control over financial reporting	
1. Material weaknesses identified	No
2. Significant deficiency(ies) identified	No
c) Noncompliance material to financial statements noted	No

II. Financial Statement Findings

There were no current year findings and there were no prior year findings.