

Agenda

AUDIT AND FINANCE COMMITTEE MEETING

March 14, 2025 at 8:00 a.m.

Watershed Education Center (Vitale Park)

Lakeville, NY 14480

- 1. Review and Discussion of 2024 Draft Financial Statements**

**LIVINGSTON COUNTY
WATER AND SEWER AUTHORITY**

NEW YORK

BASIC FINANCIAL STATEMENTS

For Year Ended December 31, 2024

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, of Livingston County Water and Sewer Authority, New York (the Authority), as of and for the year ended December 31, 2024, 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 Livingston County Water and Sewer Authority, New York, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Livingston 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

Livingston 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 4-11 and pages 34-36 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 Livingston 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 13, 2025 on our consideration of Livingston 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 Livingston County Water and Sewer Authority, New York's internal control over financial reporting and compliance.

Rochester, New York
March 13, 2025

**Livingston County Water & Sewer Authority
Livingston County, New York**

Management's Discussion and Analysis (MD&A)

December 31, 2024

Introduction

The Livingston County Water and Sewer Authority, New York (the Authority) is a public benefit corporation formed in 1995, created by legislation passed by the State of New York. Livingston County's (the County) Board of Supervisors appoints the volunteer members who comprise the Authority's Board. The NYS Authority Budget Office provides oversight of operations and practices of all public authorities in New York. The Authority also is required to meet the requirements of Federal, State, and County water pollution control and sale drinking water laws, thereby helping to protect the health of citizens, improving drinking water quality, and protecting the environment.

The Authority functions with required fair bidding laws, prevailing wage rates and financial safeguards. It is required to report as an Enterprise Fund similar to private business. Financial statements are prepared on the accrual basis in accordance with Generally Accepted Accounting Principles set forth by the Government Accounting Standards Board (GASB). Within these principles, revenues are recognized when earned, not received. Expenses are recognized when incurred, not when they are paid. The Authority is self-supporting and does not receive Federal, State or County appropriations for operating expenses or issuance of debt.

The Authority leased most of its workforce from the County's Public Works Department through December 31, 2018. Up until this time, employee related services, such as payroll, personnel, etc. were provided by the County. The County then billed the Authority annually for a share of the related indirect expenses. Payroll and health care costs were reimbursed monthly by the Authority. Beginning January 1, 2019, the Authority began employing these individuals directly and is no longer utilizing the County Department of Public Works.

The Authority has an overall staff of 17 full-time employees, which includes: One (1) Executive Director (who is the Chief Executive Officer and Chief Financial Officer of the Authority), One (1) Deputy Director, one (1) Director of Operations, One (1) Wastewater Treatment Manager, One (1) Principal Account Clerk, Four (4) Office Staff, Six (6) Water/Wastewater Maintenance Persons, and Three (3) Wastewater Treatment Plant Operators.

The discussion and analysis of the Authority's financial performance provides highlights of the Authority's major activities that and an effect on the operations of the Authority for the year ended December 31, 2024 with comparative data for 2023. This report should be used and considered in conjunction with the 2024 audited financial statements, which follows this report.

Overview of the Financial Statements

The statement of net position and the statement of revenues, expenses, and changes in net position report information at the Authority as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes in them from one year to the next. The Authority's net position, the difference between assets and liabilities, is one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in the Authority's operating revenue and the fluctuation of the Authority's expenses, to assess the overall health of the Authority.

Financial Highlights

- Net position decreased by \$736,018, resulting in total 2024 net position of \$30,596,236.
- 2024 operating revenues increased over 2023 by approximately \$407,000.
- 2024 operating expenses increased over 2023 by \$420,000.

The remainder of this report contains a series of financial information and tables disclosing the basis for the above financial highlights and the operations of the Authority.

Notes to Financial Statements

The financial statements also include notes that explain the information in the financial statements. They are essential to a full understanding of the data provided in the financial statements.

Statements of Net Position

The condensed statements of net position that follow provides information about the nature and amounts of resources (assets) and the obligations to the Authority's creditors (liabilities). The difference between the assets and liabilities is reported as net position. The following is a summary of the Authority's net position as of December 31 (in thousands).

Summary of Net Position (In Thousands)

	<u>2024</u>	<u>2023</u>	<u>Variance</u>
<u>ASSETS:</u>			
Current Assets	\$ 3,482	\$ 4,678	\$ (1,196)
Noncurrent Assets	706	622	84
Capital Assets	44,261	44,145	116
Total Assets	\$ 48,449	\$ 49,445	\$ (996)
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 944	\$ 878	\$ 66
<u>LIABILITIES:</u>			
Current Liabilities	\$ 4,416	\$ 5,634	\$ (1,218)
Noncurrent Liabilities	13,704	12,785	919
Total Liabilities	\$ 18,120	\$ 18,419	\$ (299)
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 677	\$ 572	\$ 105
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 29,176	\$ 29,526	\$ (350)
Restricted	529	389	140
Unrestricted	891	1,417	(526)
Total Net Position	\$ 30,596	\$ 31,332	\$ (736)

Current and noncurrent assets reflect the value of all cash accounts, accounts receivable, inventory, capital contribution receivables, prepaid expenses and funds held for others. These funds are the total customer payments and other operation deposits less the Authority's operating and repair expense payments. The balance decreased approximately \$996,000 from 2023 to 2024. This decrease is mainly related to capital expenditures in 2024 for the Conesus Lake Pump Station Project that were not reimbursed until early 2025.

Total liabilities show the total funds the Authority borrowed to improve infrastructure either with debt or other current year payables, as well as liabilities related to future retirement benefits of Authority employees. Total liabilities decreased approximately \$299,000 from 2023 to 2024. This decrease is a result of less accounts payable from 2023 to 2024 and the issuance of long-term financing in 2024 for sewer collection system improvements which was less than the short-term financing issued in 2023.

Statements of Revenues, Expenses, and Changes in Net Position

Net position changes as a result of operating activities over a period of one year (revenues earned, and expenses incurred). The following Statements of Revenues, Expenses, and Changes in Net Position provide information on the Authority's operations for the year ended December 31 (in thousands):

Summary Statement of Revenues, Expenses and Changes in Net Position (In Thousands)

	2024		2023		Variance	
	<u>Sewer Activity</u>	<u>Water Activity</u>	<u>Sewer Activity</u>	<u>Water Activity</u>	<u>Sewer Activity</u>	<u>Water Activity</u>
Operating Revenues	\$ 2,616	\$ 2,604	\$ 2,530	\$ 2,297	\$ 86	\$ 307
Operating Expenses	3,153	3,119	3,393	2,473	(240)	646
Operating Income (Loss)	\$ (537)	\$ (515)	\$ (863)	\$ (176)	\$ 326	\$ (339)
Non-Operating Revenues	437	49	1,054	279	(617)	(230)
Non-Operating Expenses	(153)	(17)	(103)	(7)	(50)	(10)
Income Before Contributed Capital	\$ (253)	\$ (483)	\$ 88	\$ 96	\$ (341)	\$ (579)
Contributed Capital	-	-	-	17	-	(17)
Increase (Decrease) in Net Position	\$ (253)	\$ (483)	\$ 88	\$ 113		

The Statements of Revenues, Expenses, and Changes in Net Position shows a total decreased in net position in 2024 of approximately \$736,000. Operating revenue is income earned by the Authority from normal operations. Total operating revenue increased approximately \$393,000 in 2024.

Total liabilities show the total funds the Authority borrowed to improve infrastructure either with debt or other current year payables, as well as liabilities related to future retirement benefits of Authority employees. Total liabilities decreased approximately \$299,000 from 2023 to 2024. This decrease is a result of less accounts payable from 2023 to 2024 and the issuance of long-term financing in 2024 for sewer collection system improvements which was less than the short-term financing issued in 2023.

Operating expense reflects the expenses incurred by the Authority during the execution of normal operating procedures. These normal operating costs include: personnel, professional, utilities, vehicle, equipment, building, permit, supply, and depreciation on capital assets. The Authority has Administrative, Treatment and Transmission/Collection Departments. The workforce performs work for both the water and sewer areas. All direct costs are applied directly to the applicable water/sewer service area. All indirect costs (costs applicable to both water and sewer, such as administrative salaries) are applied according to the number of service units which each service area. Operating expenses increased approximately \$407,000 in 2024 from 2023

Capital Assets at Year End (In Thousands)

<u>Capital Assets</u>	<u>2024</u>	<u>2023</u>
Land	\$ 150	\$ 150
Construction in progress	2,261	4,541
Buildings	6,206	5,702
Water distribution system	22,583	20,709
Sewer collection system	31,552	30,144
Machinery and equipment	5,579	5,403
Leashold improvements	871	871
<u>Less: Accumulated aepreciation</u>	<u>(25,107)</u>	<u>(23,584)</u>
Total Capital Assets	<u>\$ 44,095</u>	<u>\$ 43,936</u>

<u>Lease Assets</u>	<u>2024</u>	<u>2023</u>
Lease-Water disribution system	\$ 259	\$ 259
<u>Less: Accumulated amortization</u>	<u>(93)</u>	<u>(50)</u>
Total Lease Assets	<u>\$ 166</u>	<u>\$ 209</u>

The Authority’s capital assets increased approximately \$159,000 in 2024. This is the result of several new assets and equipment transferring from construction in progress to fixed assets.

Long-Term Debt Outstanding at Year End (In Thousands)

	<u>2024</u>	<u>2023</u>
EFC Revenue Bonds	\$ 11,485	\$ 10,656
Bond Premium	91	-
Lease Liability	152	188
OPEB Liability	1,916	1,732
Retainage Payable	-	23
Compensated Absences	47	53
Net Pension Liability	532	586
Total Long-Term Debt	<u>\$ 14,223</u>	<u>\$ 13,238</u>

Future Factors

- 1. Regional Water Supply Expansion Project** – The project is intended to achieve the County’s interest of providing enhanced public drinking water infrastructure for the Town of Leicester, as well as supporting regional interests of providing greater access to affordable safe drinking water for all participating municipalities. The funding sources include \$14.3M IMG program, \$13.7M Akzo Funding and \$1M LGE program. 2025 will include finalizing water supply and related agreements with municipal partners, design engineer selection and design of the project. *Success: Design, bid and build project by the end of 2028. Project Costs estimated at \$36,000,000 (Ongoing).*
- 2. Countywide Water System Improvements** – Remaining Countywide water improvements include: construction of new water tank and SCADA upgrades. Total project cost is \$8.5M; \$3M grant from WIIA and \$5.5M long-term financing. *Success: Completion of all aspects of this project on-time and within budget. (December 2026).*

3. **Conesus Lake Pump Station Improvements Project** – They Authority has been awarded \$1.75M of WIIA grant funding and \$2.5M of BIL grant funding to replace 26 pump stations around Conesus Lake and make needed SCADA upgrades. Total project cost is estimated to be \$8.75M; \$1.25M WIIA and \$2.5 BIL. The Authority has also received interest free financing from NYS Environmental Facilities Corporation to complete the project. *Success: Design, bid and build project by the end of 2026. (December 2026).*
 - a. **Develop Emergency Response Plan** – The Conesus Lake Pump Station project will be replacing and upgrading all pump stations, controls and SCADA within each of the 26 pump stations around Conesus Lake. The logistics of these improvements are complex as they require emergency pumping to be available for connection and implementation as safety precautions during the demolition and installation of new infrastructure. Developing an Emergency Response Plan specifically for emergency pumping is critical to ensure the continuity of service around the lake. *Success: Develop an Emergency Response Plan for emergency pumping and complete a live drill of the plan. (September-December 2025).*
 - b. **Dedicated Public Outreach** – Due the length and complexity of the project multiple pump stations around the lake may be under construction at different times. Regular communication and updates to the public and municipal partners will be important to ensure all members of the public are informed about the project, construction schedules and any inconveniences that may exist due to construction. A dedicated public outreach plan should be developed to ensure an open flow of communication throughout the project timeline is maintained. *Success: Develop a public outreach plan which may include, but not be limited to a dedicated project web page, public outreach meeting with various stakeholders, public announcement notifications, etc. (September 2025).*
4. **Manhole Improvements** – As a result of over 1,000 manhole inspections in 2022 and 2023, the Authority made improvements to over 50 manholes in 2023. In addition, approximately 50-60 manholes have been identified for manhole lining and another 70 for frame and cover replacements. *Success: Authority to replace ~30 manhole frames and covers. (September 2025).*
5. **Groveland Water District #1** – In 2021 the Town of Groveland created Water District #1 and received funding from USDA Rural Development to install approximately 80,000 linear feet of 4-inch, 6-inch, 8-inch, and 12-inch water main in the Town of Groveland Water District No. 1 service area to provide potable water and fire service. *Success: Work with Town, project engineer and contractor to monitor water line installation and accept operation and maintenance of WD#1 upon completion. (March 2026).*
6. **Springwater Wastewater Treatment Plant Upgrades** – The Town of Springwater WWTP has continually been in non-compliance with its SPDES permit for over a decade. Over the past year the Authority has assisted the Town in improving its internal operation, bringing the WWTP closer to compliance, however an additional capital improvement is needed to add additional treatment capabilities to the treatment train. The current project is estimated to be \$2.34M. The Town has received a \$1.1M WIIA grant and zero interest long-term financing. In addition, the Town may be applying for additional funding. As part of the lease agreement with the Town, the is Authority responsible managing the WWTP improvement project. *Success: Assist the Town in applying for additional funding, selecting a design engineer and beginning the design of the needed improvements. (December 2025). Total WWTP upgrades will be completed by December 2026.*
7. **Compactor Room and UV Treatment SCADA Upgrades** – Currently the Lakeville WWTP compactor, grit classifier, UV treatment facility and intermediate pumps are not connected to the SCADA system. There is no alarming or remoting monitoring of these assets. Installing alarming and remote monitoring capabilities within our existing SCADA system will provide optimal oversight for operation of these assets at the Lakeville WWTP. Total cost of the project is \$64,000. *Success: Engage with SCADA engineer to connect the Lakeville WWTP assets to SCADA and alarming system as well as develop a HMI graphic for visual monitoring of each asset. (June 2025).*

- 8. Springwater Water Treatment Plant SCADA Upgrades** – In January 2025 the Authority assumed operational control and responsibility over the Town of Springwater water treatment plant. The 2024 Public Health Dept. Sanitary Survey identified a lack of alarming and remote monitoring capabilities at the Springwater water treatment plant as a deficiency in the current operation. Installing alarming and remote monitoring capabilities within our existing SCADA system will provide optimal oversight and operation of the Springwater water system. Total cost of the project is \$41,000. *Success: Engage with SCADA engineer to connect existing water treatment plant and water storage tank to the SCADA and alarming system as well as develop a HMI graphic for visual monitoring of the water treatment and storage systems. (June 2025).*
- 9. Organize e-Filing System** – The current e-filing system continues to be cataloged and organized for easier access to records. There are also hard copy property files that need to be scanned and cataloged as well as other LCWSA files that should be reviewed, scanned/filed and/or purged. Focus this year will be on personnel files for current and prior LCWSA staff. *Success: Organize electronic filing system for better access and efficiency. (August 2025).*
- 10. Policy Review & Update** – Review current policies and make recommendations to the Authority Board for policy changes consistent with Authority practices and strategic direction. Utilize Governance Committee for review process. Policy reviews this year should include procurement, water/sewer design standards, volunteer fire dept. and cemetery. *Success: Put an internal team together to review policies. Estimated completion dates: Water design – June/July; Procurement – September; Volunteer FD/Cemetery – November (December 2025).*
- 11. Billing/Accounting Software** – Frey Software has been implemented and operational for the current billing, budgeting, and accounting software. Next steps will be to train additional administrative staff on accounting software and crystal reporting to access and report data for improved budget monitoring and decision making. *Success: Work with software provider and administrative staff to set up training on BUCS and crystal reporting. Utilize full capabilities of reporting and budgeting formats. (July 2025).*
- 12. Greater Tompkins County Municipal Health Insurance Consortium** - The Health Consortium launched in 2009 in Tompkins County includes sixteen contiguous counties in upstate NY with 53 municipal partners. The goal of the Health Consortium is to provide competitive health insurance premiums to its members. The Health Consortium has a NYS Insurance Article 47 certificate and operates with state oversight to ensure financial stability. In 2022 the Municipal Cooperative Agreement was amended to include Madison and Livingston Counties. Preliminary discussions have taken place with State Legislators to amend the NYS Insurance Law in recognizing LCWSA for inclusion in the consortium. Savings Estimate: \$40,000 annually, based on current Authority health insurance costs. *Success: State legislation drafted and approved – September. Acceptance into the Consortium to achieve a reduction in healthcare costs with same coverage for 2026. (December 2025).*
- 13. Develop Leakage Management Strategy** – Currently LCWSA has limited systems in place to monitor water loss. Developing a more comprehensive water loss management strategy will assist in reducing the amount of revenue lost that specifically targets water leakage, carbon emission reduction and identify infrastructure weaknesses. *Success: Review industry best practices, including AWWA water audit process, and establish a water loss strategy for tracking water loss and making improvements to LCWSA water systems. The Authority has applied for funding and are awaiting award announcements to the LGE program to establish a Water Loss Pilot Program. (December 2025).*

- 14. Continue Implementation of Infiltration & Inflow (I/I) Program** – As required NYS DEC consent order, LCWSA has created an I/I mitigation program. Over the past two years LCWSA has worked with residential and commercial property owners to disconnect over 80 sump pump connections from the sanitary sewer system. This year Phase 2 will start, which will include contacting another 1,000 homeowners for internal inspections to confirm if there are sump pump connections to the sanitary sewer. *Success: Continue system inspections, property inspections and compliance follow up with properties that have unknown connections. Continue to monitor sewer flow levels throughout the system before and after recommendations are implemented. (December 2025).*
- 15. Camp Run Collection System Study** – The Camp Run section of the sanitary sewer system has experienced several overflows over the years, with the most recent in 2014, 2016, 2019, and 2021. These overflows typically result in raw sewage entering Conesus Lake. The project will study the causes of the overflows, include field work to obtain accurate system information, provide alternatives to correct the issue, and recommendations. The field work will include sewer main televising and survey, to identify the condition, slope, size, and inverts of all pipes. The sewer system will be modeled to simulate the existing conditions and to simulate the proposed alternatives. The expected outcome is the elimination of future overflows that impact the local property owners and Conesus Lake. The deliverables will include an engineering report with alternatives and a recommendation, along with the completion of the environmental review of the recommended project. *Success: Complete the study on time and within budget. Project \$100,000 of EPG grant funding; total project costs \$120,000. (May 2025).*
- 16. Lakeville Sewer Asset Management Program** – The Authority was selected for the NYS DEC Asset Management Program for our Lakeville Wastewater Treatment Plant and Collection System. The project started in 2023 and involved field visits to collect asset specific data. The outcomes of the project include an asset inventory, capital plan, preventative maintenance recommendations and sewer rate analysis and recommendations. *Success: Complete asset management program and produce usable guidance documents regarding upcoming needed capital improvements, preventative maintenance and impact on sewer customers. (June 2025).*
- 17. 2025 Grant Opportunities** – Evaluate and strategically apply for funding for needed capital projects. Grant programs can include but may not be limited to Water Infrastructure Improvement Act (WIIA), Community Development Block Grant (CDBG), Northern Border Regional Commission (NBRC), Great Lakes Commission (GLC), Congressional Spending Requests and Consolidated Funding Application (CFA). This may also include additional income surveys if needed. *Success: Complete grant applications for as many programs that can advance the Authority's initiatives. (December 2025).*
- 18. Fire Hydrant Program** – The Authority has over 850 fire hydrants throughout its distribution system composed of various vintages and models. Regular maintenance, repairs and replacement is critical to ensure hydrants are kept in good working order. Developing a formal program identifying regular maintenance, flushing and repairs throughout the system is critical for long-term operations of the public fire system. The 2025 budget has two additional seasonal labors dedicated for hydrant painting. *Success: Flush and evaluate one quarter of the hydrants in the water system. These areas include Hemlock, Livonia Center and the Village of Livonia. (September 2025).*
- 19. Incorporate Geographic Information Systems (GIS)** – Over the past year, the Authority has focused on developing consistent digital mapping to view, in a single electronic format and location, all sewer and water assets as well as pertinent information such as pipe size, type, age of material and past maintenance records. To date over 40,000 assets have been located and entered into the Ziptility software. In addition, the software has also been included as a valuable tool in daily operations and assessing our overall system. Continuing to expand on the use of the software by incorporating undated material inventory and preventative maintenance routines will greatly assist in streamlining operations. *Success: Incorporate material inventory and preventative maintenance routines into the software for daily operations. (December 2025).*

- 20. Update Standard Operating Procedures** – The Authority has a significant number of water and sewer assets in addition to SCADA assets. Currently there are some standard operating procedures (SOP), troubleshooting procedures and preventative maintenance schedules in place with various assets. Most of which are not formally documented or tracked. Developing formal SOP’s for assets can ensure assets are operating properly. *Success: Update asset SOPs and implement preventative maintenance schedules. (Ongoing).*
- 21. Springwater Water and Sewer System** – In January 2025 the Authority assumed operational control and responsibility over the Town of Springwater water and sewer systems. Becoming more familiar and proficient with both systems as part of establishing a baseline of operations will be a priority for all maintenance and treatment staff over the next 12 months. Some areas of familiarity include, but are not limited to, chlorination functions at the water plant, water treatment plant maintenance, curb stop and sewer valve locations, sewer grinder pump and electrical services, air release/flushing of the collection system, etc. *Success: Develop an internal plan for maintenance and treatment staff to become more familiar with the Springwater water and sewer systems. (December 2025).*
- 22. Groveland Correctional WWTP** – In September 2024 the State legislation authorizing the Authority to apply for the conveyance of the facility from the State to the Authority. Should the Authority assume the Groveland Correctional WWTP it would provide the opportunity to decommission the Groveland Station WWTP and connect Groveland Station customers to the Groveland Correctional WWTP and avoid making unnecessary capital improvements to Groveland Station WWTP. *Success: Make an application to the State for transfer of the facility from DOCCS to the Authority and begin negotiations for property transfer. (December 2025).*
- 23. Train Staff/Succession Planning** – In 2025 the Authority will be hiring several new staff members, including new supervisory staff. Training new staff will include familiarization with existing equipment, water and sewer assets, SCADA system, Ziptility and preventative maintenance schedules. In addition, training new staff will be in preparation of upcoming retirements over the next three years. *Success: Strategically plan and train staff internally as well as making use of external training opportunities. Quarterly review progress of existing staff and adjust the schedule as needed. (December 2025).*

Development Opportunities

The following are work items that have started in the current year and develop further in the upcoming year.

1. Town of Sparta sewer district – support Town efforts to establish sewer services in Scottsburg.
2. Support Water District Developments
 - o Town of Livonia creation of Central Water District
 - o Town of Caledonia water district
 - o Town Lima Water District #5
 - o Town of Leicester Pine Taverns Water District
3. Assist Wyoming County Water Resource Agency with water needs assessment.
4. Continue bio-solid discussion for Lakeville wastewater plant.

Requests for Information

This financial report is designed to provide a general overview of the Livingston County Water & Sewer Authority, Livingston 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: Livingston County Water & Sewer Authority, P.O. Box 396, Lakeville, New York 14480.

**LIVINGSTON COUNTY WATER & SEWER AUTHORITY
LIVINGSTON COUNTY, NEW YORK**

STATEMENT OF NET POSITION

December 31, 2024

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</u>	<u>2024</u>
<u>Current Assets -</u>	
Cash and cash equivalents	\$ 1,769,516
Accounts receivable (net of allowance)	1,372,807
Current portion of capital contributions receivable	67,252
Materials and supplies inventory	47,406
Prepaid items	223,503
Funds held for others	1,441
Total Current Assets	<u>\$ 3,481,925</u>
<u>Noncurrent Assets -</u>	
Restricted cash	\$ 12,205
Funds held by trustee	516,434
Capital contributions receivable, net of current portion	177,500
Total Noncurrent Assets	<u>\$ 706,139</u>
<u>Capital Assets -</u>	
Land and work in progress	\$ 2,411,254
Capital assets, net of depreciation	41,683,635
Lease assets, net of amortization	166,336
Total Capital Assets, Net	<u>\$ 44,261,225</u>
TOTAL ASSETS	<u>\$ 48,449,289</u>
<u>Deferred Outflows of Resources -</u>	
Deferred outflows of resources	<u>\$ 943,707</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION:</u>	
<u>Current Liabilities -</u>	
Accounts payable	\$ 383,940
Accrued liabilities	53,136
Accrued interest	17,787
Funds held for others	20,048
Bond anticipation note	3,421,189
Current portion of debt	519,601
Total Current Liabilities	<u>\$ 4,415,701</u>
<u>Noncurrent Liabilities -</u>	
Bonds payable, net of current portion	\$ 11,092,378
Lease liability, net of current portion	115,039
Net pension liability	532,073
Compensated absences	47,743
OPEB liability	1,916,411
Total Noncurrent Liabilities	<u>\$ 13,703,644</u>
TOTAL LIABILITIES	<u>\$ 18,119,345</u>
<u>Deferred Inflows of Resources -</u>	
Deferred inflows of resources	<u>\$ 677,415</u>
<u>Net Position -</u>	
Net investment in capital assets	\$ 29,176,361
Restricted	528,639
Unrestricted net position	891,236
Total Net Position	<u>\$ 30,596,236</u>

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

**LIVINGSTON COUNTY WATER & SEWER AUTHORITY
LIVINGSTON COUNTY, NEW YORK**

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

For Year Ended December 31, 2024

<u>OPERATING REVENUES:</u>	<u>2024</u>
Service fees	\$ 4,979,588
Operation and maintenance service fees	23,230
Permit fees	126,410
Other operating income	92,075
TOTAL OPERATING REVENUES	<u>\$ 5,221,303</u>
<u>OPERATING EXPENSES:</u>	
Wages, salaries, and benefits	\$ 2,205,995
Professional services	353,140
Utilities	409,482
Vehicle expense	59,240
Purchased water and sewer	856,667
Equipment maintenance	56,077
Building maintenance	609,324
Other	156,759
Depreciation and amortization	1,566,517
TOTAL OPERATING EXPENSES	<u>\$ 6,273,201</u>
OPERATING (LOSS) INCOME	<u>\$ (1,051,898)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Interest earnings	\$ 120,155
Interest expense	(88,256)
Debt fees	(81,804)
Grant revenue	365,785
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ 315,880</u>
(DECREASE) INCREASE IN NET POSITION	<u>\$ (736,018)</u>
NET POSITION - BEGINNING OF YEAR	<u>31,332,254</u>
NET POSITION - END OF YEAR	<u>\$ 30,596,236</u>

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

**LIVINGSTON COUNTY WATER & SEWER AUTHORITY
LIVINGSTON COUNTY, NEW YORK**

STATEMENT OF CASH FLOWS

For Year Ended December 31, 2024

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2024</u>
Revenues -	
Receipts from service fees	\$ 5,230,669
Receipts from permit fees	126,410
Service fees collected for other governments	753,111
Other operating receipts	92,075
Expenses -	
Payments to vendors and suppliers for goods and services	(2,610,854)
Payments to employees for wages and benefits	(2,077,796)
Service fees remitted to other governments	(732,585)
Net Cash Provided by Operating Activities	<u>\$ 781,030</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Purchases of capital assets	\$ (17,424)
Cash received for capital contributions	41,471
Grants received for capital assets	415,785
Proceeds from bond anticipation note payable	(1,661,250)
Repayments on bond payable	(416,805)
Interest on capital debt	(104,225)
Bond issuance cost	(81,804)
Lease principal payments	(35,980)
Net Cash Used In Capital and Related Financing Activities	<u>\$ (1,860,232)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Interest income	\$ 102,543
Net Cash Provided By Investing Activities	<u>\$ 102,543</u>
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (976,659)
Cash and Cash Equivalents - Beginning of Year	2,758,380
Cash and Cash Equivalents - End of Year	<u>\$ 1,781,721</u>
Classified as:	
Cash and cash equivalents	\$ 1,769,516
Restricted cash and cash equivalents	12,205
Total cash and cash equivalents	<u>\$ 1,781,721</u>
<u>RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>	
Operating (loss) income	\$ (1,051,898)
Adjustments to reconcile changes in net position to cash Provided by Activities -	
Depreciation	1,566,517
Changes in assets and liabilities -	
Accounts receivable	227,851
Funds held by others	20,526
Inventory	(47,406)
Prepaid expense	(40,579)
Accounts payable	(62,759)
Compensated absences	(4,547)
Net pension asset/(liability)	(54,191)
Other postemployment benefit	184,426
Deferred inflows	105,348
Deferred outflows	(66,090)
Other current liabilities	3,832
Net Cash Provided by Operating Activities	<u>\$ 781,030</u>

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

**LIVINGSTON COUNTY WATER & SEWER AUTHORITY
LIVINGSTON COUNTY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

I. Summary of Significant Accounting Policies:

The financial statements of the Livingston County Water & Sewer Authority, Livingston 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 Livingston County Water & Sewer Authority, Livingston County, New York (the Authority) is a public benefit corporation organized under the Public Authorities Law of the State of New York. The Authority was created to finance, construct, operate and maintain water and sewage facilities for the benefit of the residents of the County of Livingston, New York.

The Authority was created by special New York State legislation July 26, 1995 and commenced operations with the appointment of its officers on August 23, 1995 and September 13, 1995.

Members of the Authority's governing board are appointed by the County's Board of Supervisor, however, the Board of Supervisors exercises no oversight responsibility for management of the Authority, or accountability for fiscal matters. The County is not liable for any Authority indebtedness. The Authority is considered a component unit of the County and is included as such within the County's basis financial statements as a discretely presented component unit.

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 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.

D. 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.

(I.) (Continued)

E. Capital Contributions Receivable

Capital contributions receivable represents contractual agreements with the village and two farms to repay the Authority for capital improvements that were made to system infrastructure to benefit the Village's water system, and to provide additional system capacity to meet the farms' anticipated water demands. In addition, interest is charged by the Authority for amounts expended during project completion at rates equivalent to borrowings incurred by the Authority during that time and are recorded as interest income in the accompanying statement of revenues, expenses and charges in net position.

F. Materials and Supplies Inventories

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

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. 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:

Machinery and Equipment	5-10 Years
Buildings	20-40 Years
Water Distribution System	30-50 Years
Sewer Collection System	20-50 Years
Leasehold Improvements	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.

I. 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.

J. 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.

K. Operating and Non-Operating Revenues and Expenses

Operating revenue consists of water and sewer service fees and other related revenue. The Authority defines non-operating revenue as grant revenues, interest earnings on investment assets, and gains or losses on the sales of assets. Non-operating expenses consist of interest expense.

(I.) (Continued)

L. 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.

M. Compensated Absences

Authority employees earn vacation time based on length of employment and employee contracts. Upon termination, employees are paid full value for any accrued unused vacation time. The Authority records this as a long-term liability. The Authority tracks sick leave balances which do not accrue and follow a last in first out methodology.

N. Pension Benefits

The Authority participates in the New York State Employee's Retirement System.

O. Total Other Postemployment Benefits

The Authority administers a single-employer defined benefit Other Postemployment Benefit (OPEB) Plan (the Plan). The only employees eligible for the health care benefits through the Plan are the four employees previously employed by the County who were transferred to the Authority without a break in service on January 1, 2019. Those county employees who worked for the Authority but retired prior to the employee lease termination with the County will receive retiree health care benefits through the County, but these costs will be reimbursed by the Authority. Employees hired by the Authority after January 1, 2019 are not eligible for retiree health insurance. The total other postemployment benefit liability is actuarially determined and presented as a long-term liability.

P. 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.

Q. 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.

R. Budgets

The Authority is not required to have a legally adopted budget. However, under the New York State Public Authorities Law, the Authority board must approve and issue a budget on an annual basis representing the Authority's objectives and priorities for the year.

(I.) (Continued)

S. **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.

T. **New Accounting Standards**

The Authority has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2024, the Authority implemented the following new standards issued by GASB:

GASB has issued Statement 99 *Omnibus 2022-Financial Guarantees, and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53.*

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

GASB has issued Statement 101, *Compensated Absences.*

H. **Future Changes in Accounting Standards**

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

GASB has issued Statement 103, *Financial Reporting Model Improvements*, which will be effective for fiscal years beginning after June 15, 2025.

GASB has issued Statement 104, *Disclosure of Certain Capital Assets*, which will be effective for fiscal years beginning after June 15, 2025.

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

II. Changes in Accounting Principles

For the year ended December 31, 2024, the Authority implemented GASB Statement No. 101, *Compensated Absences*. There was no financial statement impact for the implementation of the Statement.

III. Cash and Investments

The guidelines established by the Authority permit the investment of funds held by the Authority to be invested in accordance with New York State Public Authorities Law. Investments must be in the form of obligations of the State of New York, or in general obligations of its political subdivisions; obligations of the United States.

The Authority's investment policy requires its deposits and investments to be 100% collateralized through federal deposit insurance or other obligations. Obligations that may be pledged as collateral are obligations of, or guaranteed by, the United States or the State of New York. Collateral must be delivered to the Authority or an authorized custodial bank. In addition, the Authority's investment policy includes the following provisions for interest rate risk, credit risk and custodial credit risk:

- **Interest Rate Risk** – Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates.
- **Credit Risk** – The Authority's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Authority's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:
 - Interest bearing demand accounts
 - Certificates of Deposit
 - Obligations of the United States Treasurer and United States agencies
 - Obligations of New York State and its localities
- **Custodial Credit Risk** – Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the authority's investment and deposit policy, all deposits of the Authority including interest bearing demand accounts and certificates of deposit, in excess of the amount incurred under the provisions of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The Authority's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:
 - Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasurer and United States agencies
 - Obligations issued or fully insured or guaranteed by New York State and its localities

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principals. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority did not have any investments that are measured using Level 3 inputs.

Governmental bonds and other fixed income instruments classified in Level 2 of the fair value hierarchy are valued based on significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in market that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.

Fair value measurements of the Authority's investments at December 31, 2024 were comprised of U.S. Treasury Bonds valued at \$90,277 based on Level 2 inputs. On the Statement of Net Position, these investments are included in funds held by trustee.

(III.) (Continued)

At December 31, 2024, cash and cash equivalents and restricted cash held by the Authority in financial institutions (not including funds held for others or funds held by trustee) were \$1,781,721. At December 31, 2024, cash and cash equivalents and restricted cash consisted of bank demand deposits and money market accounts, which are not subject to investment risk relating to changing interest rates. The Authority's deposits and investments are required to be collateralized in the event of loss due to the failure of the issuer or counterpart to its investments.

At December 31, 2024 and 2023, the reported amount of the Authority's deposits, including funds held for others, was \$1,783,163 and the bank balance was \$1,736,502. Of the bank balance, \$250,000 was covered by federal depository insurance, with the remaining amount covered by collateral held in the pledging banks trust department in the Authority's name.

IV. Restricted Cash

The Authority's restricted cash for 2024 is as follows:

	<u>2024</u>
Capital Development and Repairs	\$ 12,205
Total	<u><u>\$ 12,205</u></u>

V. Funds Held by Trusts

Funds held by trustee refers to cash held by a third party for the benefit of the authority. The funds held by trustee are not subject to the Authority's investment and deposit policy or collateralization requirements. As of December 31, 2024, this amount was \$516,434. The funds held by trustee are for debt service required for by the Authority's Trust Indenture. The debt service funds held by trustee include U.S. Treasury Bonds which are stated at market value. The remaining balance in funds held with trustee is comprised of cash and cash equivalents.

VI. Accounts Receivable

The balance of accounts receivable for 2024 is as follows:

	<u>2024</u>
Water and Sewer Service Fees	\$ 1,232,887
Due From Other Governments	139,920
Total	<u><u>\$ 1,372,807</u></u>

VII. Capital Contributions Receivable

Capital contribution receivable for 2024 is as follows:

	<u>2024</u>
Village of Geneseo	\$ 120,761
Dairy Knoll Farms, LLC	123,991
Less: Current Portion	(67,252)
Total	<u><u>\$ 177,500</u></u>

(VII.) (Continued)

Future scheduled principal payments of capital contributions are as follows:

<u>Year</u>	
2025	\$ 67,252
2026	58,016
2027	16,743
2028	7,591
2029	7,860
2030-34	53,366
2035-39	33,925
Total	<u><u>\$ 244,753</u></u>

VIII. Capital Assets

The Authority's capital assets for 2024 are as follows:

	<u>Balance at</u> <u>1/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/2024</u>
<u>Non Depreciated Assets</u>				
Land	\$ 150,285	\$ -	\$ -	\$ 150,285
Construction in progress	4,540,595	1,506,557	(3,786,183)	2,260,969
Total Non Depreciated Assets	<u>\$ 4,690,880</u>	<u>\$ 1,506,557</u>	<u>\$ (3,786,183)</u>	<u>\$ 2,411,254</u>
<u>Depreciated Assets</u>				
Buildings	\$ 5,701,696	\$ 503,703	\$ -	\$ 6,205,399
Water distribution system	20,708,659	1,874,138	-	22,582,797
Sewer collection system	30,143,793	1,408,342	-	31,552,135
Machinery and equipment	5,403,082	176,032	-	5,579,114
Leasehold improvements	871,377	-	-	871,377
Less: Accumulated depreciation	(23,583,887)	(1,523,300)	-	(25,107,187)
Total Depreciated Assets	<u>\$ 39,244,720</u>	<u>\$ 2,438,915</u>	<u>\$ -</u>	<u>\$ 41,683,635</u>
Total Capital Assets	<u><u>\$ 43,935,600</u></u>	<u><u>\$ 3,945,472</u></u>	<u><u>\$ (3,786,183)</u></u>	<u><u>\$ 44,094,889</u></u>

The Authority's lease assets for 2024 are as follows:

	<u>Balance at</u> <u>1/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/2024</u>
Lease-water distribution system	\$ 259,309	\$ -	\$ -	\$ 259,309
Less: Accumulated amortization	(49,754)	(43,219)	-	(92,973)
Total Lease Assets	<u><u>\$ 209,555</u></u>	<u><u>\$ (43,219)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 166,336</u></u>

IX. Deferred Outflows and Deferred Inflows

The Authority reported deferred outflows and deferred inflows at December 31, 2024 as follows:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
	<u>2024</u>	<u>2024</u>
Pension	\$ 638,664	\$ 277,865
OPEB	305,043	399,550
Total	\$ 943,707	\$ 677,415

X. Short-Term Debt

A. Bond Anticipation Notes

1. On November 4, 2021, the Authority issued a Bond Anticipation Note (BAN) through the Environmental Facilities Corporation (EFC) for a maximum amount of \$4,000,000 for the Water System Improvements Project. This BAN includes an interest free sum of \$1,333,333 and a market rate sum of \$2,666,667 at a market rate of 0.33% under a NYS EFC short-term financing program, which is considered a direct borrowing. The BAN has a maturity date of November 4, 2026. At this time, the Authority can convert the BAN to long-term financing if all conditions are met and if such financing is made available by EFC. The Authority drew down \$1,615,438 on this BAN in 2022, \$1,452,900 in 2023, and \$388,851 in 2024. In addition, the first short-term principal payment of \$36,000 was made.
2. The Authority authorized up to \$1,705,000 System Revenue Notes, 2023 and System Revenue Bonds, 2023 to finance the installation of a new UV disinfection system at Groveland Wastewater Treatment Plant financing the construction of a new chemical feed system at the Lakeville Wastewater Treatment Plant. The System Revenue Notes in the amount of \$1,540,000 matured on August 8, 2024, and \$1,245,000 was permanently financed.

The following is a summary of the changes in short-term debt as of December 31, 2024:

	<u>Original</u>		<u>Interest</u>	<u>Balance</u>			<u>Balance</u>
	<u>Amount</u>	<u>Maturity</u>	<u>Rate</u>	<u>1/1/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/24</u>
RAN-2023	\$ 1,540,000	8/8/2024	4.50%	\$ 1,540,000	\$ -	\$ (1,540,000)	\$ -
BAN-2021	\$ 1,615,438	11/4/2026	0.33%	3,068,338	388,851	(36,000)	3,421,189
Total Short-Term Debt				\$ 4,608,338	\$ 388,851	\$ (1,576,000)	\$ 3,421,189

XI. Long-Term Debt

A. EFC Revenue Bond Payable

1. On August 27, 2009, the Authority issued a \$2,921,000 Sewer Installment Bond with the NYS Environmental Facilities Corporation to fund the cost of various sewer projects. The bond has an interest rate of 4.27% and will mature on August 1, 2039.
2. On February 7, 2011, the Authority issued a \$951,750 Drinking Water Installment Bond with the NYS Environmental Facilities Corporation to fund the cost of the Groveland Station water project. The Bond has an interest rate of 0% and will mature on August 31, 2040.
3. On May 1, 2012, the Authority was a part of a \$1,322,692 offering of the NYS EFC Revenue Bonds to fund the cost of various sewer projects. The bond has an interest rate of 3.74% and will mature on May 1, 2042.

(XI.) (Continued)

4. As of December 31, 2022, the Authority owed \$6,686,416 on the EFC BAN which funded the Lakeville Wastewater Treatment Plant upgrades. The balance was subsequently refinanced on a long-term basis. The long-term debt was issued on January 5, 2023 and is a \$7,652,105 Clean Water Installment Bond with NYS Environmental Facilities Corporation. The bond has an interest rate of 0% and will mature on January 5, 2052.
5. The \$1,705,000 System Revenue Notes were permanently financed on August 7, 2024 through the issuance of a \$1,245,000 Bond. The bond has a maturity date of August 1, 2039.

In 2008, the Authority entered into a Trust Indenture under which debt is issued. The Trust Indenture pledges all revenues and other income collected by the Authority for payment of principal and interest on the bonds. The Trust Indenture also generally requires establishment of certain trust funds, for which the Bank acts as a trustee, into which monies are to be deposited. The Authority is required to maintain on deposit amounts sufficient to cover the annual debt service (as defined in the Trust Indenture) of its bonds. The Authority covenants in its indenture that it will establish water and sewer rates sufficient to cover the sum of : (1) 105% times debt service, (2) operating revenues exceed operating expenses as defined by the covenant, and (3) any additional amounts required to restore the debt service reserve fund to the debt service reserve requirement. As of December 31, 2024 and 2023, there were no covenant violations with any outstanding debt issues for the Authority. The Authority includes in their customer billings an amount designated for debt service. The intention by the Board, related to the use of these revenues, is to satisfy debt service requirements.

Should an event of default occur on any of the bond under the general revenue bond resolution, the Trustee may declare the principal of all bonds outstanding to be due and payable immediately.

B. Lease Liability –On July 2021, the Authority and the Village of Livonia (the Village) entered into an agreement in which the Village leases its water distribution system to the Authority so that the Authority can operate and maintain such improvements and provide water delivery services for the benefit of Village residents. The term of this agreement is 40 years. In accordance with this agreement, the Authority shall make annual payments of \$40,000 to the Village, with an additional one-time payment which was made in the first year (2021) of \$52,495. The lease does not contain a renewal option. The Authority’s incremental borrowing rate of 2.12% was used in calculating the lease liability.

C. Compensated Absences – The Authority reports the value of compensated absences as a liability. Authority employees earn vacation time based on length of employment and employee contracts. Upon termination, employees are paid full value for any accrued unused vacation time.

D. Change in Long-Term Debt

	<u>Balance at</u> <u>1/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/2024</u>	<u>Current</u> <u>Portion</u>	<u>Non-Current</u> <u>Portion</u>
EFC Revenue Bonds	\$ 10,656,350	\$ 1,245,000	\$ 416,804	\$ 11,484,546	\$ 476,805	\$ 11,007,741
Bond Premium	-	90,682	-	90,682	6,045	84,637
Total Bonds	\$ 10,656,350	\$ 1,335,682	\$ 416,804	\$ 11,575,228	\$ 482,850	\$ 11,092,378
Lease Liability	187,770	-	35,980	151,790	36,751	115,039
OPEB Liability	1,731,985	184,426	-	1,916,411	-	1,916,411
Retainage Payable	23,371	-	23,371	-	-	-
Compensated Absences	52,290	-	4,547	47,743	-	47,743
Net Pension Liability	586,264	-	54,191	532,073	-	532,073
Total Long-Term Debt	\$ 13,238,030	\$ 1,520,108	\$ 534,893	\$ 14,223,245	\$ 519,601	\$ 13,703,644

(XI.) (Continued)

E. Estimated Debt Service Requirements

<u>Year</u>	<u>EFC Revenue Bonds</u>		<u>Lease Liability</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 476,805	\$ 167,782	\$ 36,751	\$ 3,249
2026	486,510	160,593	37,537	2,463
2027	491,805	152,016	38,341	1,659
2028	496,805	143,135	39,161	838
2029	501,805	134,093	-	-
2030-34	2,614,025	523,880	-	-
2035-39	2,819,025	241,249	-	-
2040-44	1,557,125	20,874	-	-
2045-49	1,275,400	-	-	-
2050-52	765,241	-	-	-
Total	\$ 11,484,546	\$ 1,543,622	\$ 151,790	\$ 8,209

XII. Funds Held for Others

The Authority maintained funds for other unrelated governments related to collections for customer charges billed by the Authority in the amount of \$20,048 at December 31, 2024.

XIII. 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.

(XIII.) (Continued)

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 five 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.

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 five 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 five 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.

(XIII.) (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 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 five 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 three 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.

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.

(XIII.) (Continued)

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>
12/15/2024	\$ 173,012
12/15/2023	150,242
12/15/2022	113,546

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

At December 31, 2024, the Authority reported a liability of \$532,073 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, 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, 2024, the Authority's proportion was 0.0036136%.

For the year ended December 31, 2024 the Authority recognized pension expense of \$297,498. At December 31, 2024, the Authority reported deferred inflows and deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources <u>2024</u>
Differences between expected and actual experience	\$ 171,380
Changes of assumptions	201,165
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	136,360
Subtotal	\$ 508,905
Authority's contributions subsequent to the measurement date	129,759
Grand Total	<u>\$ 638,664</u>

(XIII.) (Continued)

	Deferred Inflows of Resources
	<u>2024</u>
Differences between expected and actual experience	\$ 14,508
Net difference between projected and actual earnings on pension plan investments	259,915
Authority's contributions and proportionate share of contributions	<u>3,442</u>
Grand Total	<u>\$ 277,865</u>

\$638,664 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, 2024. 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>
2025	\$ (37,572)
2026	128,146
2027	179,200
2028	<u>(38,734)</u>
Total	<u>\$ 231,040</u>

1. **Actuarial Assumptions**

The total pension liability at March 31, 2024 was determined by using an actuarial valuation of April 1, 2023, with update procedures used to roll forward the total pension liability to March 31, 2024. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>
Interest rate	5.90%
Salary increases	4.50%
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.

(XIII.) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2024 are summarized below:

<u>Asset Class</u>	<u>2024 Long-Term Expected Real Rate of Return</u>
Domestic equity	4.00%
International equity	6.65%
Private equity	7.25%
Real estate	4.60%
Opportunistic portfolios	5.25%
Credit	5.40%
Real assets	5.79%
Fixed income	1.50%
Cash	0.25%

The real rate of return is net of the long-term inflation assumption of 2.9%

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.

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:

	<u>2024</u>		
	<u>1% Decrease (4.90%)</u>	<u>Current Discount (5.90%)</u>	<u>1% Increase (6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (1,672,892)	\$ (532,073)	\$ 420,748

(XIII.) (Continued)

4. **Pension Plan Fiduciary Net Position**

The components of the current year net pension liability of the employers as of the March 31, 2024, were as follows:

	2024
	(In Thousands)
	<u>ERS</u>
Employers' total pension liability	\$ 240,696,851
Plan net position	225,972,801
Employers' net pension asset/(liability)	<u>\$ (14,724,050)</u>
Ration of plan net position to the employers' total pension liability	93.88%

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, 2024 represents the projected employer contribution for the period of December 31, 2024 through March 31, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2024 amounted to \$173,012.

XIV. **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".

(XIV.) (Continued)

Employees Covered by Benefit Terms – At March 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active Employees	<u>4</u>
Total	<u><u>4</u></u>

B. Total OPEB Liability

The Authority's total OPEB liability of \$1,916,411 was measured as of December 31, 2024, and was determined using the alternative method.

The assumptions used for the alternative method are as follows:

Inflation	2.50%
Discount Rate	3.26%
Healthcare Cost Trend Rates	6.80% in 2024 to 3.94% in 2093
Retirees' Share of Benefit-Related Costs	0-20%

The discount rate was based on the rate for a 20-year high quality tax-exempt municipal bond index as of the measurement date.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables adjusted for mortality improvements with the scale MP-2021.

C. Changes in the Total OPEB Liability

	<u>2024</u>
Beginning Balance at December 31	\$ <u>1,731,985</u>
<u>Changes for the Year -</u>	
Service cost	\$ 29,611
Interest	65,508
Changes in assumptions or other inputs	90,606
Benefit payments	<u>(1,299)</u>
Net Changes	<u>\$ 184,426</u>
Ending Balance at December 31	<u><u>\$ 1,916,411</u></u>

Changes of benefits represents additional employees added to the system.

(Xiv.) (Continued)

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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current discount rate:

	<u>2024</u>		
	<u>Discount</u>		
	<u>1% Decrease</u> <u>(2.26%)</u>	<u>Rate</u> <u>(3.26%)</u>	<u>1% Increase</u> <u>(4.26%)</u>
Total OPEB Liability	\$ 2,230,614	\$ 1,916,411	\$ 1,664,045

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Council, as well as what the Council’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>2024</u>		
	<u>Current Trend</u>		
	<u>1% Decrease</u>	<u>Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,632,370	\$ 1,916,411	\$ 2,273,241

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the Council recognized OPEB expense of \$68,242. At December 31, 2024, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 121,298
Changes of assumptions	275,964	278,252
Contributions after measurement date	29,079	-
Grand Total	<u>\$ 305,043</u>	<u>\$ 399,550</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year</u>	
2025	\$ (26,877)
2026	(31,312)
2027	(81,426)
2028	15,668
2029	361
Total	<u>\$ (123,586)</u>

XIV. Commitments and Contingencies:

1. Lakeville Wastewater Treatment Plan Upgrades Project

On February 1, 2018, the Authority entered into a short-term Clean Water State Revolving Fund financing agreement with the New York State Environmental Facilities Corporation for a total project cost of \$5,716,460. The budget was amended in 2020 to a total project cost of \$9,877,366 to finance additional improvements at the WWTP. The project is financed with \$7,652,105 of debt (0% long-term interest rate) along with a WIIA grant in the amount of \$1,412,500 and a WQIP grant in the amount of \$767,250.

2. Water System Improvement Project

On November 4, 2021, the Authority entered into a short-term Drinking Water State Revolving Fund financing agreement with New York State Environmental Facilities Corporation for a total project cost of \$7,000,000. The project is financed with \$4,000,000 of debt (\$1,333,333 at a long-term interest rate of 0% and \$2,666,667 at a long-term rate of 0.33% along with a WIIA grant in the amount of \$3,000,000. In January of 2022, the Board increased the total borrowing to \$5,500,000 bringing the total project financing to \$8,500,000. The project closed by the end of 2024.

3. Leicester-York Regional Water Supply Expansion Project

On February 2022, the Livingston County Board of Supervisors engaged with the Authority to lead a water project intended to achieve the County's interest in providing enhanced public drinking water infrastructure for the Towns of Leicester and York, as well as supporting regional interests of providing greater access to affordable safe drinking water for all participating municipalities. On November 9, 2022, the Authority was awarded \$5,000,000 from NYS Water Infrastructure Improvement (WIIA) program for the Leicester-York Regional Water Supply Expansion Project. This project is coupled with the commitment from Livingston County to commit up to \$17,000,000 of Akzo Settlement funds to support the project. 2023 includes finalizing and gaining consensus on the preferred distribution and water supply sources along with municipal partner commitments. Following municipal partner commitment, preliminary and final design can begin. Its anticipated that the project will be completed by the end of 2025.

4. Conesus Lake Pump Station Improvements

The project consists of planning, design, and construction of pump station improvements around Conesus Lake. The project estimate is \$8,750,000 which will be funded through the issuance of \$5,000,000 EFC Clean Water Facility Notes, a Water Infrastructure Improvement Act Grant of \$1,250,000 and a State Revolving Fund General Supplemental Grant of \$2,500,000.

5. Litigation

There is one pending claim as of the balance sheet date for which the financial impact, if any, can not be determined at this time.

Required Supplemental Information

**LIVINGSTON COUNTY WATER & SEWER AUTHORITY
LIVINGSTON COUNTY, NEW YORK**

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

For Year Ended December 31, 2024

	TOTAL OPEB LIABILITY					
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Service cost	\$ 29,611	\$ 61,312	\$ 59,198	\$ 51,388	\$ 31,936	\$ -
Interest	65,508	47,033	45,660	54,111	59,058	-
Changes in benefit terms						
Differences between expected and actual experiences	-	(134,582)	-	-	-	-
Changes of assumptions or other inputs	90,606	(462,524)	-	(139,918)	-	-
Benefit payments	(1,299)	(2,232)	23,556	205,503	423,975	-
Transfer from County	-	-	-	-	-	1,408,511
Net Change in Total OPEB Liability	\$ 184,426	\$ (490,993)	\$ 128,414	\$ 171,084	\$ 514,969	\$ 1,408,511
Total OPEB Liability - Beginning	\$ 1,731,985	\$ 2,222,978	\$ 2,094,564	\$ 1,923,480	\$ 1,408,511	\$ -
Total OPEB Liability - Ending	\$ 1,916,411	\$ 1,731,985	\$ 2,222,978	\$ 2,094,564	\$ 1,923,480	\$ 1,408,511
Covered Employee Payroll	\$ 301,366	\$ 304,202	\$ 204,961	\$ 284,875	\$ 279,865	\$ 259,234
Total OPEB Liability as a Percentage of Covered Employee Payroll	635.91%	569.35%	1084.59%	735.26%	687.29%	543.34%

10 years of historical information is not available and will be reported each year going forward

(See Independent Auditors' Report)

Required Supplemental Information
LIVINGSTON COUNTY WATER & SEWER AUTHORITY
LIVINGSTON COUNTY, NEW YORK

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

For Year Ended December 31, 2024

	<u>NYSERS Pension Plan</u>					
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability (asset)	0.0036136%	0.0027339%	0.0021437%	0.0022341%	0.0007925%	0.0001872%
Proportionate share of the net pension liability (asset)	\$ 532,073	\$ 586,264	\$ (175,240)	\$ 2,225	\$ 209,871	\$ 13,264
Covered-employee payroll	\$ 1,173,192	\$ 1,165,904	\$ 700,362	\$ 689,904	\$ 219,459	\$ 52,308
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.353%	50.284%	-25.021%	0.323%	95.631%	25.357%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	86.27%

10 years of historical information is not available and will be reported each year going forward

(See Independent Auditors' Report)

**Required Supplemental Information
LIVINGSTON COUNTY WATER & SEWER AUTHORITY
LIVINGSTON COUNTY, NEW YORK**

**SCHEDULE OF AUTHORITY CONTRIBUTIONS
(Unaudited)**

For Year Ended December 31, 2024

NYSERS Pension Plan						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contributions	\$ 173,012	\$ 150,242	\$ 113,546	\$ 97,052	\$ 28,775	\$ 4,772
Contributions in relation to the contractually required contribution	(173,012)	(150,242)	(113,546)	(97,052)	(28,775)	(4,772)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,173,192	\$ 1,165,904	\$ 700,362	\$ 689,904	\$ 219,459	\$ 52,308
Contributions as a percentage of covered-employee payroll	14.75%	12.89%	16.21%	14.07%	13.11%	9.12%

10 years of historical information is not available and will be reported each year going forward

(See Independent Auditors' Report)

Supplemental Schedule
LIVINGSTON COUNTY WATER & SEWER AUTHORITY
LIVINGSTON COUNTY, NEW YORK

COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

For Year Ended December 31, 2024

	Sewer	Water	2024
	Activity	Activity	Total
<u>OPERATING REVENUES:</u>			
Service fees	\$ 2,534,727	\$ 2,444,861	\$ 4,979,588
Operation and maintenance service fees	23,230	-	23,230
Permit fees	20,390	106,020	126,410
Other operating income	38,414	53,661	92,075
TOTAL OPERATING REVENUES	<u>\$ 2,616,761</u>	<u>\$ 2,604,542</u>	<u>\$ 5,221,303</u>
<u>OPERATING EXPENSES:</u>			
Wages, salaries, and benefits	\$ 1,187,447	\$ 1,018,548	\$ 2,205,995
Professional services	184,837	168,303	353,140
Utilities	223,504	185,978	409,482
Vehicle expense	26,274	32,966	59,240
Purchased water and sewer	167,330	689,337	856,667
Equipment maintenance	33,321	22,756	56,077
Building maintenance	297,409	311,915	609,324
Other	77,006	79,753	156,759
Depreciation and amortization	956,832	609,685	1,566,517
TOTAL OPERATING EXPENSES	<u>\$ 3,153,960</u>	<u>\$ 3,119,241</u>	<u>\$ 6,273,201</u>
OPERATING (LOSS) INCOME	<u>\$ (537,199)</u>	<u>\$ (514,699)</u>	<u>\$ (1,051,898)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>			
Interest earnings	\$ 70,866	\$ 49,289	\$ 120,155
Interest expense	(78,569)	(9,687)	(88,256)
Debt fees	(74,019)	(7,785)	(81,804)
Grant revenue	365,785	-	365,785
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ 284,063</u>	<u>\$ 31,817</u>	<u>\$ 315,880</u>
(DECREASE) INCREASE IN NET POSITION			<u>\$ (736,018)</u>
NET POSITION - BEGINNING OF YEAR			<u>31,332,254</u>
NET POSITION - END OF YEAR			<u>\$ 30,596,236</u>

(See Independent Auditors' Report)

**Supplemental Schedule
LIVINGSTON COUNTY WATER & SEWER AUTHORITY
LIVINGSTON COUNTY, NEW YORK**

SCHEDULE OF OPERATING EXPENSES

For Year Ended December 31, 2024

<u>OPERATING EXPENSES:</u>	<u>Sewer Activity</u>	<u>Water Activity</u>	<u>2024 Total</u>
<u>Administrative -</u>			
Wages, salaries, and benefits	\$ 371,636	\$ 431,667	\$ 803,303
Professional services	172,422	159,315	331,737
Utilities	661	767	1,428
Equipment maintenance	2,153	2,497	4,650
Building maintenance	9,188	10,657	19,845
Other	24,391	29,524	53,915
Total Administrative	<u>\$ 580,451</u>	<u>\$ 634,427</u>	<u>\$ 1,214,878</u>
<u>Treatment -</u>			
Wages, salaries, and benefits	\$ 339,128	\$ 35,370	\$ 374,498
Professional services	172	-	172
Utilities	89,958	-	89,958
Purchased water & sewer	167,330	689,096	856,426
Equipment maintenance	19,746	-	19,746
Building maintenance	155,910	-	155,910
Other	13,287	-	13,287
Total Treatment	<u>\$ 785,531</u>	<u>\$ 724,466</u>	<u>\$ 1,509,997</u>
<u>Transmission/Collection -</u>			
Wages, salaries, and benefits	\$ 476,683	\$ 551,511	\$ 1,028,194
Professional services	12,243	8,988	21,231
Utilities	132,885	185,211	318,096
Vehicle expense	26,274	32,966	59,240
Purchased water & sewer	-	241	241
Equipment maintenance	11,422	20,259	31,681
Building maintenance	132,311	301,258	433,569
Other	39,328	50,229	89,557
Total Transmission/Collection	<u>\$ 831,146</u>	<u>\$ 1,150,663</u>	<u>\$ 1,981,809</u>
Depreciation -	<u>\$ 956,832</u>	<u>\$ 609,685</u>	<u>\$ 1,566,517</u>
TOTAL OPERATING EXPENSES	<u>\$ 3,153,960</u>	<u>\$ 3,119,241</u>	<u>\$ 6,273,201</u>

(See Independent Auditors' Report)

**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
Livingston County Water & Sewer Authority
Livingston 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 Livingston County Water and Sewer Authority, New York as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Livingston County Water and Sewer Authority, New York's basic financial statements, and have issued our report thereon dated March 13, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Livingston 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 Livingston County Water and Sewer Authority, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of Livingston 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 Livingston 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.

Rochester, New York
March 13, 2025

**LIVINGSTON COUNTY WATER & SEWER AUTHORITY
NEW YORK**

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2024

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.