NEW YORK CITY WATER BOARD

PUBLIC NOTICE

NOTICE IS HEREBY GIVEN THAT a meeting of the New York City Water Board will be held on Wednesday, October 9, 2024 at 9:15 a.m. at 255 Greenwich Street, 8th floor conference room S1/S2, New York, New York 10007.

The meeting will be held as an in-person meeting. The materials that will be discussed at the meeting will also be made available on the Board's website. A recording of the meeting will be posted to the Water Board's website at nyc.gov/waterboard after the meeting.

The public is welcome to submit questions to the Board before or after the Board's meeting by sending an email to nycwaterboard@dep.nyc.gov or by telephone using phone number 718-595-3591. The Board's meetings themselves are designed to present the Board with an opportunity to discuss and conduct its business in an open, public forum. The public is welcome to attend and observe, and members of the public are requested to refrain from asking questions while the Board is in session, and to submit questions before or after – but not during – the meeting.

NEW YORK CITY WATER BOARD MEETING

Wednesday, October 9, 2024 - 9:15 A.M.

Location: 255 Greenwich Street
Eighth Floor, Room S1/S2
New York, New York 10007

AGENDA

1. Roll Call
2. Resolution: Vote on Approval of Minutes of September 9, 2024 Meeting
3. Presentation: Audited Financial and Investment Results for Fiscal Year 2024
4. Resolution: Vote on Acceptance of the Independent Auditors' Report on the Audited Financial Statements of the System for the Fiscal Years ended June 30, 2023 and June 30, 2024, and Authorization of the Release of Such Audited Financial Statements
5. Resolution: Vote on Approval of Investment Guidelines and Fiscal Year 2024 Investment Report
6. Presentation: Update on DEP Strategic Initiatives
7. Presentation: Department of Environmental Protection Initiatives Regarding Residential Water Line Materials
8. Presentation: Update on Affordability Rates for Multifamily Properties
9. Presentation: Update Presentation from DEP's Fuse Corps Fellows
10. All Other Board Business or Topics for Discussion

MINUTES OF THE ANNUAL MEETING OF THE
NEW YORK CITY WATER BOARD

September 9, 2024

A meeting of the New York City Water Board (the "Board") was held on Monday September 9, 2024 at 255 Greenwich Street, Manhattan, New York in the 8th floor conference room, beginning at approximately 9:15 a.m. The following members of the Board attended the meeting:

Alfonso Carney,

Adam Freed,

Arlene Shaw, and

Daniel Zarrilli

constituting a quorum. Mr. Carney chaired the meeting and Albert Rodriguez served as Secretary of the meeting. Board officers Executive Director Nerissa Moray and Treasurer Omar Nazem were in attendance, and were joined by Rohit Aggarwala, Albert Kramer, P.J. Sagar, and Todd West from the City's Department of Environmental Protection.

Approval of the Minutes

The first item on the agenda was approval of the minutes of the Board's previous meeting held on June 13, 2024. Upon motion duly made and seconded, the minutes of the meeting held on June 13, 2024 were put to the members for a vote. The members in attendance unanimously approved the minutes by a voice vote.

Contract With Citibank, N.A.

Treasurer Nazem described the proposed contract amendment to the Board, explaining that Citibank provides the Board's bank accounts and payment processing services for paper payment methods as well as part of the Board's electronic payments, and that Citibank was selected through a competitive RFP process resulting in a contract signed in 2013. Mr. Nazem described the scope of services provided, noting that in addition to providing bank accounts and handling the Board's wire transfer and ACH payments, Citibank through a subcontractor is also responsible for processing paper payments, typically in the range of 3,000 checks and other paper payment instruments each day, through a lockbox payment center located in Delaware. Mr. Nazem further described the technology used in processing the payment payments, including the automated sorting and orienting of the payment instruments and the use of optical character recognition technology in extracting key data from the payment instruments.

Mr. Nazem explained that the cost of the service was small compared to the value received, noting that the cost to replicate the payment processing services directly would be significantly higher than the cost of retaining the existing vendor.

Member Shaw described some of the dynamics involving the original contract procurement, noting that the lockbox facility location was one of the negotiating items during the original procurement, and further explained that the contract had resulted in good value to the Board and continued to reflect a good overall deal in terms of the services and costs involved.

Member Zarrilli and Treasurer Nazem discussed the specific terms of the extension, with Mr. Nazem explaining that additional funding authorization was not required, since the original Board resolution had authorized $16 million of expenditures under the Citibank agreement, of which $9.5 million of expenditures remained under the original funding authorization, but that a term extension of the agreement was being requested. Member Shaw and Treasurer Nazem discussed some of the trends in the banking industry, with Member Shaw describing lockbox services as something banks were focusing on less than in the past, and explaining that other banking services were important accompaniments to payment cashing services.

Following the presentation and discussion, the members in attendance unanimously approved the following resolution by a voice vote:

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RESOLUTION

WHEREAS, pursuant to Sections 1045-b and 1045-g of the New York City Municipal Water Finance Authority Act (the "Act"), the Board is authorized to enter into contracts and to retain private consultants for the purpose of obtaining professional or technical services to assist the Board in carrying out its responsibilities, including tasks relating to the planning, development, financing, or construction of the water and wastewater system of the City of New York; and

WHEREAS, the Board's duties under the Act include establishing and collecting water and wastewater rates and charges in an amount sufficient to place the City's water supply and wastewater system (the "System") on a financially self-sustaining basis; and

WHEREAS, the Board seeks to provide property owners with multiple options for remitting payment for water and wastewater bills, including digital and paper-based methods of payment; and

WHEREAS, the Board further seeks to obtain banking, lockbox, and payment processing services on a cost effective basis and in a manner that ensures continuity of operations as may be provided for under the Water Board's Policy on the Procurement of Goods and Services ("Procurement Policy"), Section II(6); and

WHEREAS, the Board at its December 7, 2012 meeting authorized the Board's Executive Director to enter into negotiations with Citibank, N.A., pursuant to the Board's Procurement Policy, Section II(5)(i), and at the same time authorized $16,000,000 of funding for the agreement, of which approximately $9,500,000 of the authorized funding remains available; and

WHEREAS, the term of the Board's agreement with Citibank, N.A. ends on November 12, 2024, and the Board wishes to enter into negotiations with Citibank to ensure the availability of banking, lockbox, and payment processing services; it is therefore

RESOLVED, that the Executive Director is hereby authorized and directed to instruct the Board's professional staff to negotiate and enter into an amended definitive legal agreement for an additional term of up to five years, including any extension options, and upon such other terms and conditions as the Executive Director may deem reasonable and appropriate; and be it further

RESOLVED, that the compensation authorized and payable to Citibank shall remain within the total compensation limit established by the Board's resolution of December 7, 2012.

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Property Transaction in Olive, New York

The next agenda item involved a proposed real estate transaction in Olive, New York, where a City landholding includes a covered bridge located on the property. P.J. Sagar from the Department of Environmental Protection's legal department presented the proposed transaction, explaining that the bridge was not a water supply asset, and that the water system would benefit from not bearing ongoing responsibility for maintaining the bridge. Mr. Sagar stated that the counterparty in the proposed transaction was the Ashokan Foundation, an organization that operates the Ashokan Center located near to the covered bridge, and described the core of the transaction as transferring 1.32 acres of City land including the bridge to the Ashokan Foundation. Mr. Sagar noted that the City would retain easements allowing continued access to the property, while the Ashokan Foundation would assume all responsibility for operating and maintaining the bridge and would be subject to restrictive covenants on the use of the property. Mr. Sagar described some of the drainage at the property, explaining that maintaining the drains had been an operational challenge for the City, and walked the Board through the purchase and sale agreements, including the amendments to the agreement. In response to questions by Member Freed, Mr. Sagar explained that the third amendment to the purchase and sale agreement had already been signed, but that the transfer of title to the Ashokan Foundation was conditional on Water Board approval and that the City would have ongoing access to the property to ensure that the drainage near to the bridge was properly cleared.

Mr. Sagar further explained the maintenance responsibilities, which with the proposed transaction would transfer responsibility for maintenance of the bridge to the Ashokan Foundation during times when water releases from the City's water system exceeded a threshold amount. Mr. Sagar added that besides the access easements, the City would also retain an inundation easement that would allow the City to operate a nearby release channel to manage water releases from the City's reservoir system.

The next section of the presentation addressed the restrictive covenants on the use of the property, which include a restriction on using the property in any fashion that might endanger or interfere with the City's water supply system and that require the historical and scenic character of the property to be preserved. Mr. Sagar added that the City's Law Department had approved the legal form of the purchase and sale agreement and the form of the title deed. Mr. Sagar further explained that the City had previously provided $2.5 million for the purposes of maintaining and improving the bridge.

Following the presentation and discussion, the members in attendance unanimously approved the following resolution by a voice vote:

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RESOLUTION

WHEREAS, pursuant to Sections 1045-b and 1045-g of the New York City Municipal Water Finance Authority Act (the "Act"), the Board is authorized to enter into contracts and to retain private consultants for the purpose of obtaining professional or technical services to assist the Board in carrying out its responsibilities, including tasks relating to the planning, development, financing, or construction of the water and wastewater system of the City of New York; and

WHEREAS, the Board's duties under the Act include establishing and collecting water and wastewater rates and charges in an amount sufficient to place the City's water supply and wastewater system (the "System") on a financially self-sustaining basis; and

WHEREAS, the Board seeks to provide property owners with multiple options for remitting payment for water and wastewater bills, including digital and paper-based methods of payment; and

WHEREAS, the Board further seeks to obtain banking, lockbox, and payment processing services on a cost effective basis and in a manner that ensures continuity of operations as may be provided for under the Water Board's Policy on the Procurement of Goods and Services ("Procurement Policy"), Section II(6); and

WHEREAS, the Board at its December 7, 2012 meeting authorized the Board's Executive Director to enter into negotiations with Citibank, NA., pursuant to the Board's Procurement Policy, Section II(5)(i), and at the same time authorized $16,000,000 of funding for the agreement, of which approximately $9,500,000 of the authorized funding remains available; and

WHEREAS, the term of the Board's agreement with Citibank, N.A. ends on November 12, 2024, and the Board wishes to enter into negotiations with Citibank to ensure the availability of banking, lockbox, and payment processing services; it is therefore

RESOLVED, that the Executive Director is hereby authorized and directed to instruct the Board's professional staff to negotiate and enter into an amended definitive legal agreement for an additional term of up to five years, including any extension options, and upon such other terms and conditions as the Executive

Director may deem reasonable and appropriate; and be it further

RESOLVED, that the compensation authorized and payable to Citibank shall remain within the total compensation limit established by the Board's resolution of December 7, 2012.

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Two Property Transactions in Mount Pleasant, New York Involving the Relocation of Westlake Drive and the Construction of a Parking Lot for School Use

Mr. Sagar proceeded to present the next two proposed property transactions, involving the relocation of a section of Westlake Drive in Mount Pleasant, New York and the construction of a parking lot, also in Mount Pleasant, to replace parking capacity that would otherwise be diminished due to the road's relocation. Mr. Sagar summarized the transaction as involving the release of an easement on one section of land where the road is currently located, and the granting of a new easement on a different section of land where the road will be located following its relocation through the construction of a new road, and presented a map describing the existing and future location of a section of Westlake Drive. Mr. Sagar described some of the history of the area under discussion, and explained that an improved and more secure perimeter boundary would be one of the results from the proposed transactions, and characterized the transaction as part of the larger $2 billion Kensico-Eastview Connection project that the Department of Environmental Protection was commencing. Commissioner Aggarwala echoed these comments, explaining that the overall purpose of the transaction and construction involving Westlake Drive was to rationalize the design of DEP's assets located in the surrounding area.

Mr. Sagar further explained that due to Westlake Drive's relocation, some street parking would be displaced, and that in order to replace the parking capacity, the proposed transaction would also include transferring a section of City-owned land to the Valhalla School District and the construction of a parking lot on the transferred section of land. Mr. Sagar explained some of the financial details, which include the City bearing the cost of constructing the parking lot and providing $310,000 of cash to the Town of Mount Olive for the ongoing maintenance of the newly constructed road.

Mr. Sagar explained that the land transferred to the Town for roadway use would be subject to use restrictions limiting its functioning to surface transportation purposes and that would restrict any land uses that could harm the City's water supply. The parking lot easement would similarly be subject to certain restrictions, including the return of the land to the City if the adjacent buildings were to cease functioning as schools, in addition to restrictions on use of the land that could be harmful to the City's water supply. Mr. Sagar explained that the City had certified that neither of the Mount Pleasant transactions would be detrimental to the City's water supply or negatively affect System revenues, and that the City's Law Department had approved the legal forms used in the transaction.

Member Shaw asked if the Board could receive information at a future date explaining how the City monitors the portfolio of easements and interests held by third parties with respect to City-owned land.

Following the discussion and presentation, the members in attendance unanimously approved the following pair of resolutions by a voice vote:

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(first of the two Mount Pleasant Resolutions)

<u>RESOLUTION</u>

WHEREAS, the City provides drinking water for roughly nine million New Yorkers, including the Town of Mount Pleasant and other upstate communities, from City water supply assets, including the Kensico Reservoir; and

WHEREAS, the City is constructing a tunnel to convey water from the

Kensico Reservoir to the Catskill/Delaware Ultraviolet Disinfection Facility in Westchester County ("KEC Tunnel"); and

WHEREAS, to protect the public during construction of the KEC Tunnel and appurtenances, and to secure the City's water supply assets during and after construction, the City will relocate a portion of Westlake Drive and close a portion of the former Westlake Drive, including the associated street parking, to public access; and

WHEREAS, as consideration for the Town to grant the City a release of a portion of the Town's existing easement for a public road located on the existing Westlake Drive ("Release"), the City has agreed to construct a new road ("Relocated Westlake Drive") on a portion of the City Property, and to grant an easement for public road purposes to the Town of Mount Pleasant ("Easement"); and

WHEREAS, the New York City Administrative Code §4-106(9) authorizes the conveyance of easements or rights-of-way in, over, or across water supply lands for a public purpose, and DEP has certified that the proposed conveyance will not endanger or injure the water supply structures or other property of the city or interfere with the use and operation thereof for water supply or sanitary protection purposes; and

WHEREAS, pursuant to Section (d)(ii) of the Lease, the City may, with the prior written consent of the Board, grant interests in property covered by the Lease, which, in the reasonable judgment of the Board, do not interfere with the operation and maintenance of the System and the collection of revenues from the System; and

WHEREAS, by letter dated September 3, 2024, the Board has received certification from Eileen Proffitt, P.E. of AECOM USA, Inc., and William Pfrang, P.E., of Macan Deve Engineers, Co-Consulting Engineers to the Board, that it has evaluated the above property actions and has confirmed that such transfers and grants would have no impact on the operation of the System, the collection of revenues of the System, or the ability of the Board to make any payments required under the Lease; it is therefore

RESOLVED, that the Board hereby gives its consent for the City to convey the Road Easement by legal form approved by the New York City Law Department, in accord with the property boundaries described in Attachments A, B, and C and in the memorandum of the New York City Department of Environmental Protection dated August 12, 2024; and be it further

RESOLVED, that the officers of the Board be, and each of them hereby is authorized and empowered, in the name and on behalf of the Board, to grant such consent and to take such other and further actions as the officers or any officer deems necessary or appropriate to effectuate the foregoing resolution.

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(second of the two Mount Pleasant Resolutions)

RESOLUTION

WHEREAS, the City provides drinking water for roughly nine million New Yorkers, including the Town of Mount Pleasant and other upstate communities, from City water supply assets, including the Kensico Reservoir;

WHEREAS, the City is constructing a tunnel to convey water from the Kensico Reservoir to the Catskill/Delaware Ultraviolet Disinfection Facility in Westchester County ("KEC Tunnel"); and

WHEREAS, to protect the public during construction of the KEC Tunnel and appurtenances, and to secure the City's water supply assets during and after, the City will relocate a portion of Westlake Drive and close a portion of the former Westlake Drive, including the associated street parking, to public access; and

WHEREAS, to offset the eliminated street parking spaces located on the existing Westlake Drive, the City has agreed to construct a new parking lot ("Parking Lot") on a portion of the City Property, and to grant an easement to the Valhalla School District to use the Parking Lot for ingress and egress for so long as the Valhalla Middle and High Schools remain public schools, and provided that the Valhalla School District is obligated to perform maintenance and repairs ("Easement"); and

WHEREAS, the New York City Administrative Code §4-106(9) authorizes the conveyance of easements or rights-of-way, in, over or across water supply lands for a public purpose and DEP has certified that the proposed conveyance will not endanger or injure the water supply structures or other property of the city or interfere with the use and operation thereof for water supply or sanitary protection purposes; and

WHEREAS, pursuant to Section (d)(ii) of the Lease, the City may, with the prior written consent of the Board, grant interests in property covered by the Lease which, in the reasonable judgment of the Board, do not interfere with the operation and maintenance of the System and the collection of revenues from the System; and

WHEREAS, by letter dated September 3, 2024, the Board has received the certification from Eileen Proffitt, P.E. of AECOM USA, Inc., and William Pfrang, P.E., of Macan Deve Engineers, Co-Consulting Engineers to the Board, that it has evaluated the above property actions and has confirmed that such transfers and grants would have no impact on the operation of the System, the collection of revenues of the System, or the ability of the Board to make any payments required under the Lease; it is therefore

RESOLVED, that the Board hereby gives its consent for the City to convey the Easement by legal form approved by the New York City Law Department in accord with the property boundaries described in Attachments A and B and in the memorandum of the New York City Department of Environmental Protection dated August 12, 2024; and be it further

RESOLVED, that the officers of the Board be, and each of them hereby is authorized and empowered, in the name and on behalf of the Board, to grant such consent and to take such other and further actions as the officers or any officer deems necessary or appropriate to effectuate the foregoing resolution.

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Update on the Service Line Protection Program

Albert Kramer, Deputy Commissioner of DEP's Bureau of Customer Services, led the presentation, and described several developments and the overall progress of the Board's agreement with American Water Resources (Oncourse Home Solutions). Mr. Kramer summarized the purpose of the program as providing property owners with an additional option to financially protect water and sewer lateral lines. Mr. Kramer described how after several years of consistent enrollment levels the growth of the program's enrollment had resumed, with approximately 7,000 new customers enrolling in the program in recent months. Deputy Commissioner Kramer explained that an American Water Resources-funded $50 enrollment credit for newly enrolling customers was a contributing factor in the renewed program growth, and further noted that DEP had started transferring calls to the American Water Resources call center in certain instances, when a customer making a DEP call might be interested in speaking with American Water Resources. Commissioner Aggarwala added that some of the additions to the program since its renewal, such as periodic program reviews and the tree repair fund, had already proved their value to the program.

Other Business

Commissioner Aggarwala concluded the meeting by providing a short update on the repair work involving the Delaware Aqueduct, noting that the repair was commencing as planned during the fall and that the repair and connection of the new tunnel segment was the conclusion of a long planning process managed by DEP and its partners.

Adjournment

There being no further business to come before the Board, upon motion duly made and seconded, the meeting was adjourned.

/S/

SECRETARY

NEW YORK CITY WATER BOARD

October 9, 2024

RESOLUTION

WHEREAS, the New York City Water Board (the "Board") and the New York City Municipal Water Finance Authority (the "Authority") established a joint Audit Committee in light of their joint role in the financial operations of the water and wastewater system of the City of New York (the "System"); and

WHEREAS, pursuant to the joint Audit Committee Charter and the Board resolution of January 25, 2008 establishing the joint Audit Committee, the Board and the Authority each acting separately, after receiving a recommendation from the joint Audit Committee, shall annually approve the audited financial statements of the System; and

WHEREAS, on October 7, 2024 at 9:30 a.m., the joint Audit Committee met with the independent auditors and reviewed their report on the System's audited financial statements for the fiscal years ended June 30, 2024 and June 30, 2023; and

WHEREAS, the joint Audit Committee at its October 7, 2024 meeting indicated that it believes the independent auditors' report and the financial statements are reasonable and appropriate and has recommended that the Board and the Authority accept the independent auditors' report and authorize the release of the financial statements; it is therefore

RESOLVED, that the Board hereby accepts the independent auditors' report on the audited financial statements of the System for the fiscal years ended June 30, 2024 and June 30, 2023 and authorizes the release of such audited financial statements, provided that both the independent auditors' report and the audited financial statements may be amended to reflect non-material changes acceptable to the Comptroller of the Authority.

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Combining Financial Statements Together with Report of Independent Certified Public Accountants

New York City Water and Sewer System
A Component Unit of the City of New York

June 30, 2024 and 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of the Joint Audit Committee of the
New York City Municipal Water Finance Authority and New York City Water Board

Opinion

We have audited the accompanying combining financial statements of the New York City Municipal Water Finance Authority and the New York City Water Board, which collectively comprise the New York City Water and Sewer System (the "System"), a component unit of the City of New York, which collectively comprise the combining statements of net position (deficit), and the related combining statements of revenues, expenses, and changes in net position (deficit) and combining statements of cash flows as of and for the years ended June 30, 2024 and 2023, and the related notes to the combining financial statements.

In our opinion, the accompanying combining financial statements present fairly, in all material respects, the financial position of the New York City Municipal Water Finance Authority and the New York City Water Board as of June 30, 2024 and 2023, and the respective changes in their financial position and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the combining financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 the System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the combining 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 combining financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combining financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for one year after the date the combining financial statements are issued.

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Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the combining 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 opinion. 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combining financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combining 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 combining 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 System'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 combining financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System'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 on pages 6 through 17, the schedule of changes for total OPEB plan liability and related ratios on page 65, the schedule of the Authority's proportionate share of the net pension liability on page 66, and the schedule of the Authority's pension contributions on page 66 be presented to supplement the basic combining financial statements. Such information is the responsibility of management and, although not a required part of the basic combining 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 combining financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

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inquiries, the basic combining financial statements, and other knowledge we obtained during our audits of the basic combining 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.

GRANT THORNTON LLP (signed manually)

New York, New York
October XX, 2024

Overview of the Combining Financial Statements

The following is an overview of the financial activities of the New York City Water and Sewer System (the "System") as of and for the fiscal years ended June 30, 2024 and 2023. The System is a joint operation consisting of two legally separate and independent entities: the New York City Municipal Water Finance Authority (the "Authority") and the New York City Water Board (the "Water Board"). The System is a component unit of The City of New York (the "City").

The combining financial statements consist of four parts: (1) management's discussion and analysis (this section), (2) the basic combining financial statements, (3) the notes to the combining financial statements and (4) required supplementary information.

The basic combining financial statements of the System, which include the combining statements of net position (deficit), the combining statements of revenues, expenses and changes in net position (deficit) and the combining statements of cash flows, are presented for the purposes of displaying entity-wide information in accordance with Governmental Accounting Standards Board ("GASB") requirements. These combining financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Financial Analysis and Results of Operations

The following summarizes the activities of the System for the fiscal years 2024, 2023, and 2022, respectively (in thousands):

	2024	2023	2022	Variance 2024 vs 2023	Variance 2023 vs 2022
Revenues					
Operating revenues:					
Water supply and distribution	$ 1,594,989	$ 1,582,456	$ 1,441,310	$ 12,533	$ 141,146
Sewer collection and treatment	2,536,031	2,516,104	2,291,683	19,927	224,421
Bad debt expense	(126,487)	(98,632)	(10,013)	(27,855)	(88,619)
Other operating revenues	257,188	203,039	156,062	54,149	46,977
Total operating revenues	4,261,721	4,202,967	3,879,042	58,754	323,925
Non-operating revenues:					
Subsidies/grants	145,355	183,001	156,389	(37,646)	26,612
Investment income (loss)	172,181	96,007	(5,985)	76,174	101,992
Total non-operating revenues	317,536	279,008	150,404	38,528	128,604
Total revenues	4,579,257	4,481,975	4,029,446	97,282	452,529
Expenses					
Other operating expenses	125,328	164,464	89,395	(39,136)	75,069
Operations and maintenance	1,952,826	1,710,007	1,574,864	242,819	135,143
General and administrative	45,122	47,153	46,450	(2,031)	703
Depreciation and amortization	992,055	1,022,165	1,037,925	(30,110)	(15,760)
Capital distributions	51,263	161,577	37,967	(110,314)	123,610
Net loss on retirement and impairment of capital assets	8,270	1,566	3,080	6,704	(1,514)
Gain on defeasance	(11,559)	-	(9,244)	(11,559)	9,244
Interest expense and cost of issuance	1,200,839	1,161,526	1,049,642	39,313	111,884
Total expenses	4,364,144	4,268,458	3,830,079	95,685	438,379
Net income before capital contributions	215,113	213,517	199,367	1,597	14,150
Capital contributions	25,147	19,765	18,544	5,382	1,221
CHANGE IN NET POSITION (DEFICIT)	240,260	233,282	217,911	6,979	15,371
Net position (deficit) - beginning	1,893,748	1,660,466	1,442,555	233,282	217,911
Net position (deficit) - ending	$ 2,134,008	$ 1,893,748	$ 1,660,466	$ 240,261	$ 233,282

Operating Revenues

Operating revenues are comprised of water supply and distribution, sewer collection and treatment, bad debt expense, and other operating revenues.

2024-2023

Operating revenues increased by $58.8 million, or 1.4% compared to fiscal year 2023. The increase in revenues reflects a combination of (a) 4.42% rate increase for fiscal year 2024, (b) lower billed water consumption by customers during the first half of the year, (c) higher past due customer account balances contributing to higher late payment fees, and (d) amounts received through the New York State Office of Temporary Disability Assistance's Low Income Household Water Assistance Program.

Bad debt expense increased by $27.9 million. The increase in the bad debt expense is primarily due to the increase in accounts receivable, particularly in accounts with prior outstanding balances.

2023-2022

Operating revenues increased by $324 million, or 8.4% compared to fiscal year 2022. The increase in revenues reflects a combination of (a) 4.90% rate increase for fiscal year 2023, (b) an overall increase in water consumption by customers, and (c) revenues received from customers participating in the Board's Water Bill Amnesty Program and from amounts received through the New York State Office of Temporary Disability Assistance's Low Income Household Water Assistance Program.

Bad debt expense increased by $88.6 million. During fiscal year 2023, management reviewed the methodology for estimating accounts receivable and reserves for non-utility charges and updated its methodology for reserving those balances.

Other Operating Revenues

The following further details other operating revenues for fiscal years 2024, 2023, and 2022, respectively (in thousands):

	2024	2023	2022	Variance 2024 vs 2023	Variance 2023 vs 2022
Upstate water fees	$ 98,850	$ 92,645	$ 76,071	$ 6,205	$ 16,574
Late payment fees	85,315	69,092	29,864	16,223	39,228
Change in residual interest in sold liens	5,575	114	-	5,461	114
Connection fees and permits	18,490	10,391	9,793	8,099	598
Service line protection program	48,958	30,797	40,334	18,161	(9,537)
Total other operating revenues	$ 257,188	$ 203,039	$ 156,062	$ 54,149	$ 46,977

2024-2023

Upstate water fees increased by $6.2 million. This was primarily due to rate increases for entitlement quantity water of 6.76% and excess quantity water of 4.42%.

Late payment fees increased by $16.2 million compared to fiscal year 2023 due to DEP's communication and collection enforcement efforts involving accounts with delinquent balances, an increase in the average effective interest rate the Board was authorized by the New York City Council to charge, and the ability of

DEP's new billing system to charge multiple tiers of interest rates depending on assessed property values. This amount fluctuates depending on the timeliness of customer payment.

The amounts received for the service line protection program increased by $18.2 million, due to an increase in the number of policies in effect during the year and an increase in the price of policies.

2023-2022

Upstate water fees increased by $16.6 million. This was due to a combination of an increase in the volume of water supplied to these customers, including increases to the volume of water sold at both the entitlement and excess rates, and increases to the entitlement and excess rates of 1.4% and 4.9%.

Late payment fees increased by $39.2 million compared to fiscal year 2022 due to more payments made for delinquent accounts, an increase in the average effective interest rate the Board was authorized by the New York City Council to charge, and the ability of DEP's new billing system to charge multiple tiers of interest rates depending on assessed property values. This amount fluctuates depending on the timeliness of customer payment.

The amounts received for the service line protection program decreased by $9.5 million, due to a decrease in the number of policies in effect during the year and an increase in customer delinquencies.

Non-Operating Revenues

Non-operating revenues are comprised of subsidies, grants and investment income.

2024-2023

Investment income increased by $76.2 million compared to fiscal year 2023. The increase was mainly due to higher yields on new securities purchased and more funds available to invest during fiscal year 2024.

2023-2022

Investment income increased by $102 million compared to fiscal year 2022. The increase was mainly due to higher yields on new securities purchased and more funds available to invest during fiscal year 2023.

Operating Expenses

Operating expenses are comprised of operations and maintenance, general and administrative, depreciation and amortization, and other operating expenses.

2024-2023

Total operations and maintenance expense increased by $243 million or 14% compared to fiscal year 2023. This is due primarily to the $145 million rental payment made to The City, as well as to collective bargaining increases and an increase in the rate used to calculate fringe benefits, higher water and wastewater treatment chemical costs, and investments in management information systems and cybersecurity measures.

Depreciation and amortization decreased by $30.1 million compared to fiscal year 2023.

Other operating expenses decreased by $39.1 million compared to fiscal year 2023, primarily due to decreases in program expenses and expenses related to the System's filtration avoidance determination.

2023-2022

Total operations and maintenance expense increased by $135 million or 8.6% compared to fiscal year 2022. This is due primarily to The City's collective bargaining settlement with DC37, an increase in the rate used to calculate fringe benefits, and increases in other than personal services expenses.

Depreciation and amortization decreased by $15.8 million compared to fiscal year 2022.

Other operating expenses increased $75.1 million compared to fiscal year 2022, primarily due to increases in program expenses, pollution remediation expenses, and expenses related to the System's filtration avoidance determination.

Non-Operating Expenses

Non-operating expenses are comprised of interest expense, gain on defeasance, cost of issuance, net loss on retirement of capital assets, and capital distribution.

2024-2023

Capital distribution decreased by $110 million in fiscal year 2024 compared to fiscal year 2023. The decrease in capital distributions was primarily due to a decrease in the amount distributed to The City for the South Shore of Staten Island Coastal Storm Risk Management project (discussed further below) and a decrease in the land acquired and granted to The City.

Interest expense and cost of issuance increased by $39.3 million. This increase was primarily due to the issuance of new bonds and higher short term interest expense, offset by amortization of bond premium and deferred refunding cost which decrease interest expense.

Gain on defeasance increased by $11.6 million because of a cash defeasance in fiscal year, while there was no cash defeasance in fiscal year 2023.

2023-2022

Capital distribution increased by $124 million in fiscal year 2023 compared to fiscal year 2022. In fiscal year 2023, DEP distributed over $50.0 million for the South Shore of Staten Island Coastal Storm Risk Management project. DEP is collaborating with the U.S. Army Corps of Engineers and other City agencies to design and construct the protective seawall at the Shoreline Parks in Staten Island. DEP is responsible for the interior drainage and stormwater retention components of this project, including bluebelts, to reduce runoff into the sewer system. The capital distributions amount also varies each year based on the land acquired and then granted to The City.

Interest expense and cost of issuance increased by $112 million. This increase was primarily due to the issuance of new bonds and higher interest expense, offset by amortization of bond premium and deferred refunding cost which decrease interest expense.

Gain on defeasance decreased by $9.2 million because there was no cash defeasance in fiscal year 2023.

Capital Contributions

Capital Contributions are comprised of federal, state and other contributions to the System's capital projects.

2024-2023

Capital contributions increased by $5.4 million in fiscal year 2024.

2023-2022

Capital contributions increased by $1.2 million in fiscal year 2023.

Change in Net Position (Deficit)

2024-2023

The change in net position (deficit) represents the net total of operating revenues and expenses, non-operating revenues and expenses, and capital contributions. The change in net position (deficit) increased by $7.0 million in fiscal year 2024 compared to fiscal year 2023. As explained in more detail above, such increase was due primarily to the combined effect of a $58.8 million increase in operating revenue, a $76.2 million increase in investment income, a $110 million decrease in capital distributions, and a $39.1 million decrease in other operating expenses, offset by a $39.3 million increase in interest expense and cost of issuance and a $243 million increase in operations and maintenance expense.

2023-2022

The change in net position (deficit) represents the net total of operating revenues and expenses, non-operating revenues and expenses, and capital contributions. The change in net position (deficit) increased by $15.4 million in fiscal year 2023 compared to fiscal year 2022. As explained in more detail above, such increase was due primarily to the combined effect of a $324 million increase in operating revenue and $102 million increase in investment income, offset by a $124 million increase in capital distributions, a $112 million increase in interest expense and cost of issuance, a $135 million increase in operations and maintenance expense, and a $75.1 million increase in other operating expenses.

Ending Net Position (Deficit)

2024-2023

The ending net position (deficit) represents the net total of operating revenues and expenses, non-operating revenues and expenses, capital contributions, and beginning balance of net position (deficit). Ending net position (deficit) increased by $240 million or 12.7% compared to fiscal year 2023.

2023-2022

The ending net position (deficit) represents the net total of operating revenues and expenses, non-operating revenues and expenses, capital contributions, and beginning balance of net position (deficit). Ending net position (deficit) increased by $233 million or 14.0% compared to fiscal year 2022.

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The following is a summary of the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position (deficit) as of June 30 (in thousands):

	2024	2023	2022	Variance 2024 vs 2023	Variance 2023 vs 2022
Assets					
Current assets	$ 4,349,877	$ 4,132,652	$ 3,670,122	$ 217,225	$ 462,530
Residual interest in sold liens	69,080	63,505	63,391	5,575	114
Capital assets	34,123,301	33,555,582	33,058,749	567,719	496,833
Total assets	38,542,258	37,751,739	36,792,262	790,519	959,478
Deferred outflows of resources:					
Accumulated decrease in fair value of hedging derivative	-	36,705	60,991	(36,705)	(24,286)
Deferred changes in net pension liability	84	412	707	(328)	(295)
Unamortized asset retirement obligation	9,151	9,640	10,158	(489)	(518)
Deferred changes in OPEB liability	1,424	672	632	752	40
Total deferred outflows of resources	10,659	47,429	72,488	(36,770)	(25,059)
Total assets and deferred outflows of resources	$ 38,552,917	$ 37,799,168	$ 36,864,750	$ 753,749	$ 934,418
Liabilities:					
Current liabilities	$ 1,306,819	$ 1,445,031	$ 1,127,273	$ (138,212)	$ 317,758
Long-term liabilities	34,865,354	34,264,447	33,957,896	600,907	306,551
Total liabilities	36,172,173	35,709,478	35,085,169	462,695	624,309
Deferred inflows of resources:					
Deferred changes in net pension liability	(23)	36	125	(59)	(89)
Deferred changes in OPEB liability	672	846	1,032	(174)	(186)
Unamortized deferred bond refunding costs	246,087	195,060	117,958	51,027	77,102
Total deferred inflows of resources	246,736	195,942	119,115	50,794	76,827
Net position (deficit):					
Net investment in capital assets	894,731	718,114	685,990	176,617	32,124
Restricted for debt service	1,929,493	1,905,323	1,573,633	24,170	331,690
Restricted for operations and maintenance	333,555	322,235	285,656	11,320	36,579
Unrestricted deficit	(1,023,771)	(1,051,924)	(884,813)	28,153	(167,111)
Total net position (deficit)	2,134,008	1,893,748	1,660,466	240,260	233,282
Total liabilities, deferred inflows of resources, and net position (deficit)	$ 38,552,917	$ 37,799,168	$ 36,864,750	$ 753,749	$ 934,418

Current Assets

Current assets are comprised of restricted cash and cash equivalents, restricted investments, accrued interest and subsidy receivable, receivable from The City, and accounts receivable.

2024-2023

Current assets increased by $217.2 million or 5.3%. Restricted investments, including restricted cash and cash equivalents, increased by $97.0 million primarily in the revenue fund and construction fund. Construction fund balances fluctuate due to the timing of bonds issuances and payments to The City for capital costs. Restricted assets held in the Authority's escrow accounts and in the debt service reserve fund declined by $45.1 million and $69.1 million, respectively. Assets held in the escrow accounts decline when funds are applied to repayment of debt. The decline in the debt service reserve fund is largely due to a $60.5 million release of funds held in the reserve fund as a result of a reduction in the reserve requirement. Accounts receivable net of allowance for uncollectable increased by $82.3 million and receivable from The City decreased by $0.7 million.

2023-2022

Current assets increased by $462.5 million or 12.6%. Restricted investments, including restricted cash and cash equivalents, increased by $397 million primarily in the revenue fund and construction fund. Construction fund balances fluctuate due to the timing of bonds issuances and payments to The City for capital costs. Restricted assets held in the Authority's escrow accounts and in the debt service reserve fund declined by $84.6 million and $68.0 million, respectively. Assets held in the escrow accounts decline when funds are applied to repayment of debt. The decline in the debt service reserve fund is largely due to a $60.5 million release of funds held in the reserve fund as a result of a reduction in the reserve requirement. Accounts receivable net of allowance for uncollectable increased by $84.7 million and receivable from The City decreased by $23.5 million.

Current Liabilities

Current liabilities are comprised of accounts payable, interest payable, revenue received in advance, current portion of bonds and notes payable, payable to The City, and service credits on customer accounts.

2024-2023

Current liabilities decreased by $138.2 million, or 9.6%, compared to fiscal year 2023. This was primarily due to a decrease in the current portion of bonds and notes payable.

2023-2022

Current liabilities increased by $317.8 million, or 28.2%, compared to fiscal year 2022. This was primarily due to an increase in the current portion of bonds and notes payable.

Long-Term Liabilities

Long-term liabilities are comprised of bonds and notes payable, pollution remediation obligation, interest rate swap agreements net of revenue requirements payable to the Authority, net pension liability, net OPEB liability, and other long-term liabilities.

2024-2023

Long-term liabilities increased by $600.9 million, or 1.7%, primarily due to the issuance of new debt to fund capital projects, offset by the retirement of existing debt through debt service payments and refundings.

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2023-2022

Long-term liabilities increased by $307 million, or 1.0%, primarily due to the issuance of new debt to fund capital projects, offset by the retirement of existing debt through debt service payments and refundings.

Capital Assets

The System's capital assets include buildings, machinery and equipment, vehicles, water supply and wastewater treatment systems, and water distribution and sewage collection systems, as well as utility construction.

Capital assets as of June 30 are detailed as follows (in thousands):

	2024	2023	2022	Variance 2024 vs 2023	Variance 2023 vs 2022
Nondepreciable assets					
Utility construction in progress	$ 7,154,102	$ 6,881,740	$ 6,271,077	$ 272,362	$ 610,663
Depreciable assets					
Utility plant in service:					
Buildings	35,821	35,821	35,821	-	-
Machinery and equipment	5,750,220	5,630,449	5,549,134	119,771	81,315
Vehicles	286,826	277,656	287,885	9,170	(10,229)
Water supply and distribution and wastewater treatment and sewage collection systems	41,551,667	40,416,747	39,595,255	1,134,920	821,492
Total utility plant in service	47,624,534	46,360,673	45,468,095	1,263,861	892,578
Less accumulated depreciation for:					
Buildings	31,467	31,184	30,900	283	284
Machinery and equipment	3,658,051	3,404,626	3,156,160	253,425	248,466
Vehicles	157,669	146,626	146,485	11,043	141
Water supply and distribution and wastewater treatment and sewage collection systems	16,808,148	16,104,395	15,346,878	703,753	757,517
Total accumulated depreciation	20,655,335	19,686,831	18,680,423	968,504	1,006,408
Total utility plant in service - net	26,969,199	26,673,842	26,787,672	295,357	(113,830)
Total capital assets - net	$ 34,123,301	$ 33,555,582	$ 33,058,749	$ 567,719	$ 496,833

2024-2023

The Authority issues debt to pay for the capital improvements to the System and related costs. Costs related to the System's filtration avoidance determination, including land acquisition in the upstate watershed area and certain costs associated with pollution remediation, are financed with debt but are not recorded as the System's assets on the combining statements of net position (deficit). The cumulative amount of expenses not capitalized as assets as of June 30, 2024, was $1.98 billion. These costs or distributions are expensed in the System's combining statements of revenues, expenses, and changes in net position (deficit) in the years incurred. The land purchased is granted to The City and becomes The City's capital asset because it is not subject to the method of capitalization under which the System reports its capital assets.

Total gross additions to non-depreciable assets utility construction in progress were $1.6 billion and a total of $1.3 billion of completed projects were moved from utility construction in progress into depreciable assets utility plant in service. This resulted in a $272 million increase in utility construction in progress, representing a 4.0% net increase compared to fiscal year 2023. The System completed $237 million of construction work involving the Catskill Aqueduct repair and rehabilitation, constructed sanitary and storm sewers at Sheldon Avenue in Staten Island with a project value of $42.7 million, constructed additional sanitary and storm sewers at Beach 20th Street in Rockaway Beach, Queens involving a project value of $39.8 million, completed $28.6 million of solid facility modifications at North River, and installed $26.8 million of centrifuges at Wards Island. Total capital assets, net of depreciation, increased by $568 million, a 1.7% increase from fiscal year 2023 (see Note 3).

2023-2022

The Authority issues debt to pay for the capital improvements to the System and related costs. Costs related to the System's filtration avoidance determination, including land acquisition in the upstate watershed area and certain costs associated with pollution remediation, are financed with debt but are not recorded as the System's assets on the combining statements of net position (deficit). The cumulative amount of expenses not capitalized as assets as of June 30, 2023, was $1.77 billion. These costs or distributions are expensed in the System's combining statements of revenues, expenses, and changes in net position (deficit) in the years incurred. The land purchased is granted to The City and becomes The City's capital asset because it is not subject to the method of capitalization under which the System reports its capital assets.

Total gross additions to non-depreciable assets utility construction in progress were $1.52 billion and a total of $909 million of completed projects were moved from utility construction in progress into depreciable assets utility plant in service. This resulted in a $611 million increase in utility construction in progress, representing a 9.7% net increase compared to fiscal year 2022. The System completed the construction of 1,900 bioswales around the areas of Jamaica Bay Watershed of $104 million, constructed Level 1 Biological Nutrient Removal system at Coney Island Waste Water Treatment Plant of $51.8 million, completed the overflow chamber expansions at Westchester Creek of $30.4 million, and built bluebelt, storm and sanitary sewers, and water main replacement at New Creek in Staten Island for $49.0 million. Total capital assets, net of depreciation, increased by $497 million, a 1.5% increase from fiscal year 2022 (see Note 3).

Deferred Outflows of Resources

Deferred outflows of resources are comprised of accumulated decrease in fair value of hedging derivative, deferred changes in net pension liability, unamortized asset retirement obligation, and deferred changes in OPEB liability.

2024-2023

Deferred outflows from hedging decreased by $36.7 million, or 100%, compared to fiscal year 2023 due to the termination of the Authority's hedging derivative instruments.

2023-2022

Deferred outflows from hedging decreased by $24.3 million, or 39.8%, compared to fiscal year 2022 due to an increase in the fair value of the hedging derivative instruments.

Debt Administration

The debt program of the Authority includes commercial paper notes and long-term debt issued to the public, as well as bond anticipation notes ("BANs") and interest-subsidized bonds issued to the New York State EFC. Commercial paper notes and BANs are interim financing instruments. In fiscal years 2024 and 2023, the Authority did not issue any commercial paper notes, relying instead on bond and BANs proceeds to reimburse The City for payments made for water and sewer capital projects. The Authority periodically issues long-term debt to retire outstanding BANs and commercial paper notes. The Authority also issues refunding bonds to refinance higher cost debt and uses current revenues to defease debt.

As of June 30, 2024, the total outstanding debt of the System was $32.58 billion, which was comprised of adjustable-rate bonds, fixed-rate bonds and BANs. The following table summarizes debt program activities for the fiscal year ended June 30, 2024 (in thousands) (see Note 9):

	Outstanding Principal Balance at June 30, 2023	Issued	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2024
First resolution bonds	$ 455,741	$ -	$ -	$ (50,000)	$ 405,741
Second resolution bonds	31,616,997	3,605,006	(546,685)	(2,516,982)	32,158,336
Second resolution BANs	179,857	331,423	-	(500,331)	10,949
Total bonds payable	$ 32,252,595	$ 3,936,429	$ (546,685)	$ (3,067,313)	$ 32,575,026

In fiscal year 2024, the Authority issued $2.85 billion of water and sewer system revenue bonds to the public, including $1.76 billion of refunding bonds and $1.08 billion of new money bonds. Additionally, the Authority issued $296 million of refunding water and sewer system revenue bonds and $464 million of new money bonds to EFC. The Authority also drew down $331 million of proceeds from BANs issued to EFC. The Authority used new money bond proceeds to finance capital improvements to the System, to refinance BANs, and to pay for bond issuance costs.

During fiscal year 2024, the Authority issued $2.06 billion of bonds to refund $2.35 billion of outstanding bonds. These refundings resulted in an accounting gain of $117 million. This amount is deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt. The Authority reduced its aggregate debt service for principal and interest by $198 million and obtained an economic benefit (present value savings) of $224 million.

During fiscal year 2024, the Authority did not legally defease any outstanding bonds. The Authority executed an in-substance defeasance of $213 million using current resources.

As of June 30, 2023, the total outstanding debt of the System was $32.3 billion, which was comprised of adjustable-rate bonds, fixed-rate bonds and BANs. The following table summarizes debt program activities for the fiscal year ended June 30, 2023 (in thousands) (see Note 9):

	Outstanding Principal Balance at June 30, 2022	Issued	Principal Retired	Principal Defeased	Outstanding Principal Balance at June 30, 2023
First resolution bonds	$ 789,871	$ -	$ -	$ (334,130)	$ 455,741
Second resolution bonds	30,651,162	3,317,911	(348,911)	(2,003,165)	31,616,997
Second resolution BANs	101,126	613,298	-	(534,567)	179,857
Total bonds payable	$ 31,542,159	$ 3,931,209	$ (348,911)	$ (2,871,862)	$ 32,252,595

In fiscal year 2023, the Authority issued $2.4 billion of water and sewer system revenue bonds to the public, including $1.8 billion of refunding bonds and $596 million of new money bonds. Additionally, the Authority issued $367 million of refunding water and sewer system revenue bonds and $538 million of new money bonds to EFC. The Authority also drew down $613 million of proceeds from BANs issued to EFC. The

Authority used new money bond proceeds to finance capital improvements to the System and to pay for bond issuance costs.

During fiscal year 2023, the Authority issued $2.2 billion of bonds to refund $2.3 billion of outstanding bonds. These refundings resulted in an accounting gain of $106 million. This amount is deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt. The Authority reduced its aggregate debt service for principal and interest by $298 million and obtained an economic benefit (present value savings) of $200 million.

During fiscal year 2023, the Authority did not legally defease any outstanding bonds using current resources.

Request for Information

This financial report is provided as an overview of the System's finances. Questions concerning any of the information in this report or requests for additional information should be directed to Investor Relations, New York City Municipal Water Finance Authority, 255 Greenwich Street, New York, New York 10007 or to NYWInvestors@omb.nyc.gov.

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NEW YORK CITY WATER AND SEWER SYSTEM

COMBINING STATEMENTS OF NET POSITION (DEFICIT)

June 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Water Board	New York City Municipal Water Finance Authority	Eliminations	Total
	(in thousands)			
ASSETS				
Current assets				
Restricted cash and cash equivalents	$ 303,832	$ 2,369,492	$ -	$ 2,673,324
Restricted investments	43,851	396,351	-	440,202
Accrued interest and federal subsidy receivable	3,294	46,076	-	49,370
Accounts receivable:				
Billed - less allowance for uncollectable water and sewer receivables of $748,227	780,856	-	-	780,856
Unbilled - less allowance for uncollectable water and sewer receivables of $30,849	332,077	-	-	332,077
Receivable from The City of New York	74,048	-	-	74,048
Total current assets	**1,537,958**	**2,811,919**	-	**4,349,877**
Non-current assets				
Utility plant in service - less accumulated depreciation of $20,655,334	26,969,199	-	-	26,969,199
Utility plant construction	7,154,102	-	-	7,154,102
Total capital assets	34,123,301	-	-	34,123,301
Residual interest in sold liens	69,080	-	-	69,080
Revenue required to be billed by and received from the Water Board	-	9,287,203	(9,287,203)	-
Total non-current assets	**34,192,381**	**9,287,203**	**(9,287,203)**	**34,192,381**
Total assets	**35,730,339**	**12,099,122**	**(9,287,203)**	**38,542,258**
Deferred outflows of resources				
Deferred changes in net pension liability	-	84	-	84
Unamortized asset retirement obligations	9,151	-	-	9,151
Deferred changes in OPEB liability	-	1,424	-	1,424
Total deferred outflows of resources	**9,151**	**1,508**	-	**10,659**
Total assets and deferred outflows of resources	**$ 35,739,490**	**$ 12,100,630**	**$ (9,287,203)**	**$ 38,552,917**

See notes to combining financial statements.

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NEW YORK CITY WATER AND SEWER SYSTEM

COMBINING STATEMENTS OF NET POSITION (DEFICIT) - CONTINUED

June 30, 2024

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	Water Board	New York City Municipal Water Finance Authority	Eliminations	Total
	(in thousands)			
LIABILITIES				
Current liabilities				
Accounts payable	$ 10,180	$ 7,671	$ -	$ 17,851
Interest payable	-	61,912	-	61,912
Current portion of bonds and notes payable	-	534,617	-	534,617
Payable to the City of New York	-	583,042	-	583,042
Service credits on customer accounts	109,397	-	-	109,397
Total current liabilities	**119,577**	**1,187,242**	**-**	**1,306,819**
Long-term liabilities				
Bonds and notes payable	-	34,765,150	-	34,765,150
Pollution remediation obligation	77,069	-	-	77,069
Interest rate swap agreement - net	-	-	-	-
Revenue requirements payable to the Authority	9,287,203	-	(9,287,203)	-
Net pension liability	-	588	-	588
Net OPEB liability	-	3,097	-	3,097
Other long-term liability	18,405	1,045	-	19,450
Total long-term liabilities	**9,382,677**	**34,769,880**	**(9,287,203)**	**34,865,354**
Total liabilities	**9,502,254**	**35,957,122**	**(9,287,203)**	**36,172,173**
Deferred inflows of resources				
Unamortized deferred bond refunding costs	-	246,087	-	246,087
Deferred changes in net pension liability	-	(23)	-	(23)
Deferred changes in OPEB liability	-	672	-	672
Total deferred inflows of resources	**-**	**246,736**	**-**	**246,736**
Net position (deficit)				
Net investment in capital assets	34,123,301	(33,228,570)	-	894,731
Restricted for debt service	-	1,929,493	-	1,929,493
Restricted for operations and maintenance	333,555	-	-	333,555
Unrestricted deficit	(8,219,621)	7,195,850	-	(1,023,771)
Total net position (deficit)	**26,237,235**	**(24,103,227)**	**-**	**2,134,008**
and net position (deficit)	**$ 35,739,490**	**$ 12,100,630**	**$ (9,287,203)**	**$ 38,552,917**

See notes to combining financial statements.

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NEW YORK CITY WATER AND SEWER SYSTEM

COMBINING STATEMENTS OF NET POSITION (DEFICIT)

June 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Water Board	New York City Municipal Water Finance Authority	Eliminations	Total
	(in thousands)			
ASSETS				
Current assets				
Restricted cash and cash equivalents	$ 311,573	$ 2,677,390	$ -	$ 2,988,963
Restricted investments	22,991	4,598	-	27,589
Accrued interest and federal subsidy receivable	692	10,050	-	10,742
Accounts receivable:				
Billed - less allowance for uncollectable water and sewer receivables of $623,506	700,077	-	-	700,077
Unbilled - less allowance for uncollectable water and sewer receivables of $29,082	330,526	-	-	330,526
Receivable from The City of New York	74,755	-	-	74,755
Total current assets	**1,440,614**	**2,692,038**	**-**	**4,132,652**
Non-current assets				
Utility plant in service - less accumulated depreciation of $19,686,831	26,673,842	-	-	26,673,842
Utility plant construction	6,881,740	-	-	6,881,740
Total capital assets	33,555,582	-	-	33,555,582
Residual interest in sold liens	63,505	-	-	63,505
Revenue required to be billed by and received from the Water Board	-	9,829,264	(9,829,264)	-
Total non-current assets	**33,619,087**	**9,829,264**	**(9,829,264)**	**33,619,087**
Total assets	**35,059,701**	**12,521,302**	**(9,829,264)**	**37,751,739**
Deferred outflows of resources				
Accumulated decrease in fair value of hedging derivative	-	36,705	-	36,705
Deferred changes in net pension liability	-	412	-	412
Unamortized asset retirement obligations	9,640	-	-	9,640
Deferred changes in OPEB liability	-	672	-	672
Total deferred outflows of resources	**9,640**	**37,789**	**-**	**47,429**
Total assets and deferred outflows of resources	**$ 35,069,341**	**$ 12,559,091**	**$ (9,829,264)**	**$ 37,799,168**

See notes to combining financial statements.

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NEW YORK CITY WATER AND SEWER SYSTEM

COMBINING STATEMENTS OF NET POSITION (DEFICIT) - CONTINUED

June 30, 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	Water Board	New York City Municipal Water Finance Authority	Eliminations	Total
	(in thousands)			
LIABILITIES				
Current liabilities				
Accounts payable	$ 21,496	$ 5,507	$ -	$ 27,003
Interest payable	-	60,228	-	60,228
Current portion of bonds and notes payable	-	725,401	-	725,401
Payable to the City of New York	-	542,710	-	542,710
Service credits on customer accounts	89,689	-	-	89,689
Total current liabilities	**111,185**	**1,333,846**	**-**	**1,445,031**
Long-term liabilities				
Bonds and notes payable	-	34,141,381	-	34,141,381
Pollution remediation obligation	62,240	-	-	62,240
Interest rate swap agreement - net	-	36,705	-	36,705
Revenue requirements payable to the Authority	9,829,264	-	(9,829,264)	-
Net pension liability	-	824	-	824
Net OPEB liability	-	2,024	-	2,024
Other long-term liability	18,048	3,225	-	21,273
Total long-term liabilities	**9,909,552**	**34,184,159**	**(9,829,264)**	**34,264,447**
Total liabilities	**10,020,737**	**35,518,005**	**(9,829,264)**	**35,709,478**
Deferred inflows of resources				
Unamortized deferred bond refunding costs	-	195,060	-	195,060
Deferred changes in net pension liability	-	36	-	36
Deferred changes in OPEB liability	-	846	-	846
Total deferred inflows of resources	**-**	**195,942**	**-**	**195,942**
Net position (deficit)				
Net investment in capital assets	33,555,582	(32,837,468)	-	718,114
Restricted for debt service	-	1,905,323	-	1,905,323
Restricted for operations and maintenance	322,235	-	-	322,235
Unrestricted deficit	(8,829,213)	7,777,289	-	(1,051,924)
Total net position (deficit)	**25,048,604**	**(23,154,856)**	**-**	**1,893,748**
and net position (deficit)	**$ 35,069,341**	**$ 12,559,091**	**$ (99,829,264)**	**$ 37,799,168**

See notes to combining financial statements.

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NEW YORK CITY WATER AND SEWER SYSTEM

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT)

For the year ended June 30, 2024

		New York City	
	Water Board	Municipal Water Finance Authority	Total
		(in thousands)	
Operating revenues			
Water supply and distribution	$ 1,594,989	$ -	$ 1,594,989
Sewer collection and treatment	2,536,031	-	2,536,031
Bad debt expense	(126,487)	-	(126,487)
Other operating revenues	257,188	-	257,188
Total operating revenues	4,261,721	-	4,261,721
Operating expenses			
Operations and maintenance	1,952,826	-	1,952,826
General and administrative	3,764	41,358	45,122
Other operating expenses	125,328	-	125,328
Depreciation and amortization	992,055	-	992,055
Total operating expenses	3,073,973	41,358	3,115,331
Operating income (loss)	1,187,748	(41,358)	1,146,390
Non operating revenues (expenses)			
Interest expense	-	(1,176,562)	(1,176,562)
Gain on defeasance	-	11,559	11,559
Cost of issuance	-	(24,277)	(24,277)
Net loss on retirement and impairment of capital assets	(8,270)	-	(8,270)
Subsidy income	-	145,355	145,355
Capital distributions	(51,263)	-	(51,263)
Investment income	35,269	136,912	172,181
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,163,484	(948,372)	215,113
Capital contributions	25,147	-	25,147
CHANGE IN NET POSITION (DEFICIT)	1,188,631	(948,371)	240,260
NET POSITION (DEFICIT) - Beginning of year	25,048,604	(23,154,856)	1,893,748
NET POSITION (DEFICIT) - End of year	**$ 26,237,235**	**$ (24,103,227)**	**$ 2,134,008**

See notes to combining financial statements.

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NEW YORK CITY WATER AND SEWER SYSTEM

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT)

For the year ended June 30, 2023

	New York City		
	Water Board	**Municipal Water Finance Authority**	**Total**
		(in thousands)	
Operating revenues			
Water supply and distribution	$ 1,582,456	$ -	$ 1,582,456
Sewer collection and treatment	2,516,104	-	2,516,104
Bad debt expense	(98,632)	-	(98,632)
Other operating revenues	203,039	-	203,039
Total operating revenues	4,202,967	-	4,202,967
Operating expenses			
Operations and maintenance	1,710,007	-	1,710,007
General and administrative	4,222	42,931	47,153
Other operating expenses	164,464	-	164,464
Depreciation and amortization	1,022,165	-	1,022,165
Total operating expenses	2,900,858	42,931	2,943,789
Operating income (loss)	1,302,109	(42,931)	1,259,178
Non operating revenues (expenses)			
Interest expense		(1,142,733)	(1,142,733)
Gain on defeasance	-	-	-
Cost of issuance	-	(18,793)	(18,793)
Net loss on retirement and impairment of capital assets	(1,566)	-	(1,566)
Subsidy income	-	183,001	183,001
Capital distributions	(161,577)	-	(161,577)
Investment income	31,089	64,918	96,007
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,170,055	(956,538)	213,517
Capital contributions	19,765	-	19,765
CHANGE IN NET POSITION (DEFICIT)	1,189,820	(956,538)	233,282
NET POSITION (DEFICIT) - Beginning of year	23,858,784	(22,198,318)	1,660,466
NET POSITION (DEFICIT) - End of year	**$ 25,048,604**	**$ (23,154,856)**	**$ 1,893,748**

See notes to combining financial statements.

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NEW YORK CITY WATER AND SEWER SYSTEM

COMBINING STATEMENT OF CASH FLOWS

For the year ended June 30, 2024

	New York City		
	Water Board	**Municipal Water Finance Authority**	**Total**
		(in thousands)	
Cash flows from operating activities:			
Receipts from customers	$ 4,160,707	$ -	$ 4,160,707
Payments for operations and maintenance	(2,009,944)	-	(2,009,944)
Payments for administration	(5,526)	(42,062)	(47,588)
Net cash provided by (used in) operating activities	**2,145,237**	**(42,062)**	**2,103,175**
Cash flows from capital and related financing activities:			
Proceeds from issuing bonds, notes and other borrowings - net of issuance costs	-	4,347,679	4,347,679
Receipts from capital grants awarded to the governmental enterprise	-	-	-
Receipts from contribution made by other organization	292	-	292
Acquisition and construction of capital assets	-	(1,582,683)	(1,582,683)
Payments by the Water Board to the Authority	(2,165,075)	2,165,075	-
Repayments of bonds, notes and other borrowings	-	(3,618,357)	(3,618,357)
Interest paid on bonds, notes and other borrowings	-	(1,323,433)	(1,323,433)
Net cash used in capital and related financial activities	**(2,164,783)**	**(11,718)**	**(2,176,501)**
Cash flows from investing activities:			
Sales and maturities of investments	512,744	(31,980)	480,764
Purchases of investments	(534,367)	(360,558)	(894,925)
Interest on investments	33,429	138,420	171,849
Net cash provided by (used in) investing activities	**11,806**	**(254,118)**	**(242,312)**
NET DECREASE IN RESTRICTED CASH AND CASH EQUIVALENTS	**(7,741)**	**(307,898)**	**(315,638)**
RESTRICTED CASH AND CASH EQUIVALENTS - Beginning of year	**311,573**	**2,677,390**	**2,988,963**
RESTRICTED CASH AND CASH EQUIVALENTS - End of year	$ 303,832	$ 2,369,492	$ 2,673,324

See notes to combining financial statements.

NEW YORK CITY WATER AND SEWER SYSTEM

COMBINING STATEMENT OF CASH FLOWS - CONTINUED

For the year ended June 30, 2024

	New York City		
	Water Board	Municipal Water Finance Authority	Total
		(in thousands)	
Reconciliation of operating income (loss) to net cash provided by (used in) Operating activities:			
Operating income (loss)	$ 1,187,748	$ (41,358)	$ 1,146,390
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Amortization	846	-	846
Depreciation	991,209	-	991,209
Other operating expenses paid for with bond proceeds	20,693	-	20,693
Pollution remediation expense	8,718	-	8,718
Changes in assets and liabilities:			
Pollution remediation liability	14,829	-	14,829
Receivables - net	(82,330)	-	(82,330)
Receivable from the City	707	-	707
Residual interest in sold liens	(5,575)	-	(5,575)
Accrued expenses payable	(6)	-	(6)
Accounts payable	(11,310)	(704)	(12,014)
Revenues received in advance	-	-	-
Refunds payable	19,708	-	19,708
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**$ 2,145,237**	**$ (42,062)**	**$ 2,103,175**

The following are the noncash capital and related financing activities (in thousands):
Interest expense includes the amortization of net (premium) and discount in the amount of $211,784 at June 30, 2024.
Capital expenditures in the amount of $583,042 had been incurred but not paid at June 30, 2024.
The Water Board received federal, state, and other capital contributions of $24,855 in fiscal year 2024.

See notes to combining financial statements.

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NEW YORK CITY WATER AND SEWER SYSTEM

COMBINING STATEMENT OF CASH FLOWS

For the year ended June 30, 2023

	New York City		
	Water Board	Municipal Water Finance Authority	Total
		(in thousands)	
Cash flows from operating activities:			
Receipts from customers	$ 4,055,246	$ -	$ 4,055,246
Payments for operations and maintenance	(1,723,858)	-	(1,723,858)
Payments for administration	(1,953)	(42,742)	(44,695)
Net cash provided by (used in) operating activities	**2,329,435**	**(42,742)**	**2,286,693**
Cash flows from capital and related financing activities:			
Proceeds from issuing bonds, notes and other borrowings - net of issuance costs	-	4,109,026	4,109,026
Receipts from capital grants awarded to the governmental enterprise	-	33,105	33,105
Receipts from contribution made by other organization	292	-	292
Acquisition and construction of capital assets	-	(1,696,198)	(1,696,198)
Payments by the Water Board to the Authority	(2,323,645)	2,323,645	-
Repayments of bonds, notes and other borrowings	-	(3,221,177)	(3,221,177)
Interest paid on bonds, notes and other borrowings	-	(1,207,510)	(1,207,510)
Net cash provided by (used in) capital and related financial activities	**(2,323,353)**	**340,891**	**(1,982,462)**
Cash flows from investing activities:			
Sales and maturities of investments	137,500	207,767	345,267
Purchases of investments	(20,913)	75,557	54,644
Interest on investments	27,900	62,801	90,701
Net cash provided by investing activities	**144,487**	**346,125**	**490,612**
NET INCREASE IN RESTRICTED CASH AND CASH EQUIVALENTS	**150,569**	**644,274**	**794,843**
RESTRICTED CASH AND CASH EQUIVALENTS - Beginning of year	**161,004**	**2,033,116**	**2,194,120**
RESTRICTED CASH AND CASH EQUIVALENTS - End of year	**$ 311,573**	**$ 2,677,390**	**$ 2,988,963**

See notes to combining financial statements.

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NEW YORK CITY WATER AND SEWER SYSTEM

COMBINING STATEMENT OF CASH FLOWS - CONTINUED

For the year ended June 30, 2023

	New York City		
	Water Board	Municipal Water Finance Authority	Total
		(in thousands)	
Reconciliation of operating income (loss) to net cash provided by (used in) Operating activities:			
Operating income (loss)	$ 1,302,109	$ (42,931)	$ 1,259,178
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Amortization	840	-	840
Depreciation	1,021,325	-	1,021,325
Other operating expenses paid for with bond proceeds	40,617	-	40,617
Pollution remediation expense	13,310	-	13,310
Changes in assets and liabilities:			
Pollution remediation liability	10,562	-	10,562
Receivables - net	(84,670)	-	(84,670)
Receivable from the City	23,473	-	23,473
Residual interest in sold liens	(114)	-	(114)
Accrued expenses payable	6	-	6
Accounts payable	7,925	189	8,114
Revenues received in advance	-	-	-
Refunds payable	(5,948)	-	(5,948)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 2,329,435	$ (42,742)	$ 2,286,693

The following are the noncash capital and related financing activities (in thousands):

Interest expense includes the amortization of net (premium) and discount in the amount of $197,890 at June 30, 2023.

Capital expenditures in the amount of $542,710 had been incurred but not paid at June 30, 2023.

The Water Board received federal, state, and other capital contributions of $19,765 in fiscal year 2023.

See notes to combining financial statements.

NOTE 1 - ORGANIZATION

The New York City Water and Sewer System (the “System”) provides water supply, treatment and distribution, and sewage collection, treatment, and disposal for the citizenry of The City of New York (the “City”). The System, as presented in the accompanying combining financial statements, began operations on July 1, 1985, and is a joint operation consisting of two legally separate and independent entities: the New York City Municipal Water Finance Authority (the “Authority”) and the New York City Water Board (the “Water Board”). The Authority is a public benefit corporation created in accordance with the New York City Municipal Water Finance Act (the “Act”), duly enacted into law as Chapter 513 of the laws of 1984 of the State of New York (the “State”), as amended by Chapter 514 of the laws of 1984 of the State of New York. The Water Board was created by Chapter 515 of the laws of 1984 of the State of New York. The Act also empowers the Authority to issue debt to finance the cost of capital improvements to the System and to refund any and all outstanding bonds and general obligation bonds that The City issued for water and sewer purposes. The Act empowers the Water Board to lease the System from The City and to set and collect water rates, fees, rents and other charges for use of, or for services furnished, rendered, or made available by, the System to generate enough revenue to pay debt service on the Authority’s debt and to place the System on a self-sustaining basis.

The Financing Agreement by and among The City of New York, the New York City Municipal Water Finance Authority and the New York City Water Board dated as of July 1,1985 provides that the Authority will issue bonds to finance the cost of capital investment and related costs of the System. It also sets forth the funding priority for debt service costs of the Authority, operating costs of the System, and the rental payment to The City, if requested.

The physical operation and capital improvements of the System are performed by The City’s Department of Environmental Protection (“DEP”) subject to contractual agreements with the Authority and the Water Board.

In accordance with Governmental Accounting Standards Board (“GASB”) standards, the Water Board and the Authority are considered to be part of the same reporting entity (the “System”) since they are fiscally interdependent. Accordingly, the accompanying combining financial statements for the System present the individual financial statements of the Water Board and the Authority as major funds. In addition, the accompanying combining financial statements present a total column, which represents the entity-wide financial statements of the System. Transactions and balances between the Water Board and the Authority are eliminated in the entity-wide combining financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the System have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Other significant accounting policies are:

Component Unit

The System is a component unit of The City. The System leases the water and sewer-related capital assets from The City, which is responsible for the operations, maintenance and capital improvements of the System. The System reimburses The City for costs incurred for operations and maintenance and issues debt to pay for capital improvements.

Investments and Cash Equivalents

Investments and cash equivalents primarily consist of securities of the United States and its agencies, guaranteed investment contracts, forward purchase agreements, and the State of New York obligations. All investments are carried at fair value with the exception of money market funds that are carried at cost plus accrued interest. For purposes of the combining statement of cash flows and combining statement of net position (deficit), the System generally considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Assets

Proceeds from the issuance of debt and monies set aside for debt service and operation and maintenance of the System are classified as restricted cash and cash equivalents and restricted investments in the combining statements of net position (deficit). These restrictions are based on the requirements of the applicable bond resolutions.

Lien Sales and Residual Interest in Sold Liens

The City periodically sells tax liens secured by water and sewer rents and surcharges, for which the Water Board receives the applicable sale proceeds. At the time of sale, the Water Board recognizes the proceeds as operating revenue and removes the related receivables. The Water Board maintains a residual interest in the liens, which represents the amount estimated to be received by the Water Board if and when liens held by the purchasing trusts generate cash flows above the amounts needed by the trusts to pay their operating costs, bondholders, and satisfy reserve requirements. As of June 30, 2024 and 2023, the Water Board had a receivable from the Tax Lien Trust of $69.1 million and $63.5 million, respectively.

Bond Premium and Discount and Bond Issuance Cost

Bond premiums and discounts are capitalized and amortized over the life of the related bond issue, using the effective yield method. Bond premiums and discounts are presented as additions or reductions to the face amount of the long-term bonds payable on the combining statement of net position (deficit). The amortized bond premiums and discounts are an off set to interest expense on the combining statement of revenues, expenses and changes in net position (deficit). Bond issuance costs are recognized and expensed in the period incurred, except for bond insurance premiums that are amortized over the life of the related bonds.

Utility Plant

Utility plant acquired through purchase or internal construction is recorded at cost, net of retirements. It is the Water Board’s policy to capitalize assets with a cost of $50,000 or more and a useful life of three years or longer. Contributed utility plant is recorded at its estimated historical cost based on appraisals or other methods when historical cost information is not available, net of accumulated depreciation. Depreciation is computed using the straight-line method based upon estimated useful lives, as follows:

Assets	Years
Buildings	40-50
Water supply and wastewater treatment systems	15-50
Water distribution and sewage collection systems	15-99
Machinery and equipment	3-35
Vehicles	10

Maintenance and repairs of property are recorded as maintenance expense. Replacements and betterments are recorded as additions to utility plant. The System pays for certain improvements of assets that are not owned by The City or the System, as well as certain pollution remediation activities, through bond proceeds. These costs are reported as other operating expenses in the System's combining statement of revenues, expenses and changes in net position (deficit).

Contributed Capital

The System received federal, state and other capital contributions of $25.1 million and $19.8 million in fiscal years 2024 and 2023, respectively. These amounts are reported in the System's combining statements of revenues, expenses and changes in net position (deficit) as "Capital contributions" below net income (loss) before capital contributions. In addition, the System received $292 thousand in both fiscal years 2024 and 2023, from Westchester County (the "County") to compensate the System for constructing a water conduit that provides treated water to the County. The County payments are reported as capital contributions in the System's combining statements of revenues, expenses and changes in net position (deficit) below net income (loss) before capital contributions and as receipts from contribution made by other organization in the System's combining statements of cash flows.

Operating Revenues and Operating Expenses

Operating revenues consist of services provided to customers of the System. Revenues are reported net of allowances, discounts and refunds and are based on billing rates imposed by the Water Board and upon customers' water and sewer usage or, in some cases, characteristics of customer properties. The System records unbilled revenue at year end based on meter readings collected as of June 30.

Operating expenses include, but are not limited to, costs incurred for maintenance, repair, and operations of the System; administration costs of the Water Board and the Authority; and rental payments to The City, if requested. In fiscal years 2023 no rental payment was requested by The City. In fiscal year 2024, The City requested and the System paid $145 million.

Revenues Received in Advance

Revenues received in advance of the period to which they relate are unearned and recorded as revenue when earned. Customer account credit balances are reported as a current liability "service credits on customer accounts" and are not included in accounts receivable.

Unamortized Deferred Bond Refunding Costs

Deferred bond refunding costs represent the accounting gains or losses incurred in bond refundings. They are reported as "unamortized deferred bond refunding costs in "Deferred Inflows of Resources" and are amortized over the lesser of the remaining life of the old debt or the life of the new debt. The amortized deferred bond refunding cost is an off set to interest expense on the combining statement of revenues, expenses and changes in net position (deficit).

Use of Estimates

The preparation of the combining financial statements in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions in determining the amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent liabilities at the date of the combining financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

Net pension liabilities are required to be recognized and disclosed using the accrual basis of accounting. The Authority recognizes a net pension liability for New York City Employee Retirement System ("NYCERS") Qualified Pension Plan (Pension Plan") in which it participates, which represents the Authority's proportional share of excess total pension liability over the Pension Plan assets, actuarially calculated, of a cost-sharing multiple-employer plan, measured as of the fiscal year end.

Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources are amortized over the weighted-average remaining service life of all participants in the qualified Pension Plan and recorded as a component of pension expense beginning with the period in which they are incurred. The change in the Authority's proportion of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources related to the pension since the prior measurement date is recognized in the current reporting period over a closed period that is equal to the average of the expected remaining service lives of all employees provided with a pension through the Pension Plan.

For the contribution to the Pension Plan, the difference during the measurement period between the total amount of the Authority's contribution and the amount of the Authority's proportionate share of the total of such contributions from all employers and all nonemployee contributing entities is recognized in the Authority's pension expense, beginning in the current reporting period, over a closed period that is equal to the average of the expected remaining service lives of all employees provided with pension through the Pension Plan. The amount not recognized in pension expense is reported as deferred outflow of resources or deferred inflow of resources related to the pension.

Projected earnings on qualified Pension Plan investments are recognized as a component (reduction) of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Changes in total pension liability arising from changes of benefit terms are required to be included in pension expense in the period the change is first reported in the net pension liability. The changes in the total pension liability resulting from (1) differences between expected and actual experience with regard to economic and demographic factors and (2) changes of assumptions regarding the expected future behavior of economic and demographic factors or other inputs are recognized as deferred outflows of resources or deferred inflows of resources related to the pension and included in the pension expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the Pension Plan.

Recent Accounting Pronouncements

As a component unit of The City, the System implements new GASB standards in the same fiscal year as they are implemented by The City. The following are discussions of the standards requiring implementation in the current year and standards that may impact the System in future years.

- In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections-An Amendment to GASB Statement No. 62,* ("GASB 100"). GASB 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements for GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Early application is encouraged. The adoption of GASB 100 did not have an immediate impact on the System's combining financial statements as there were no accounting changes or error corrections in the current fiscal year.

- In June 2022, GASB issued Statement No. 101, *Compensated Absences* ("GASB 101"). GASB 101 updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements for GASB 101 are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Early application is encouraged. The System has not completed the process of evaluating GASB 101.

- In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures* ("GASB 102"). GASB 102 improves financial reporting by requiring disclosures of certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements for GASB 102 are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. The System has not completed the process of evaluating GASB 102.

- In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements* ("GASB 103"). GASB 103 The requirements for GASB 103 are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The System has not completed the process of evaluating GASB 103 but expects it to have an impact on the presentation of the System's combining financial statements.

NOTE 3 - UTILITY PLANT

The following is a summary of utility plant activity for the fiscal years ended June 30, 2024 and 2023, respectively (in thousands):

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Nondepreciable assets:							
Utility construction in progress	$621,271,077	$ 1,519,724	$ 909,061	$ 6,881,740	$ 1,567,196	$ 1,294,834	$ 7,154,102
Depreciable assets:							
Utility plant in service:							
Buildings	35,821	-	-	35,821	-	-	35,821
Machinery and equipment	5,549,134	82,271	956	5,630,449	121,370	1,599	5,750,220
Vehicles	287,885	1,889	12,118	277,656	9,282	112	286,826
Water supply and distribution and wastewater treatment and sewage collection systems	39,595,255	824,901	3,409	40,416,747	1,164,183	29,263	41,551,667
Total utility plant in service	45,468,095	909,061	16,483	46,360,673	1,294,835	30,974	47,624,534
Less accumulated depreciation for:							
Buildings	30,900	284	-	31,184	283	-	31,467
Machinery and equipment	3,156,160	249,354	888	3,404,626	255,002	1,577	3,658,051
Vehicles	146,485	11,434	11,293	146,626	11,144	101	157,669
Water supply and distribution and wastewater treatment and sewage collection systems	15,346,878	760,253	2,736	16,104,395	724,780	21,027	16,808,148
Total accumulated depreciation	18,680,423	1,021,325	14,917	19,686,831	991,209	22,705	20,655,335
Total utility plant in service - net	26,787,672	(112,264)	1,566	26,673,842	303,626	8,269	29,969,199
Total capital assets - net	$ 33,058,749	$ 1,407,460	$ 910,627	$ 35,555,582	$ 1,870,822	$ 1,303,103	$ 34,123,301

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents

The System maintains deposits only at the depositary banks designated by the New York City Banking Commission. Further, as required by the Water and Sewer System General Revenue Bond Resolution and the Water and Sewer System Second General Revenue Bond Resolution (the “resolutions”), every bank that holds the Authority’s cash deposits is required to have its principal office in the State of New York and have capital stock, surplus, and undivided earnings aggregating at least $100 million. As of June 30, 2024 and 2023, cash was comprised of bank deposits and there was no difference between the carrying amounts and bank balances.

Restricted cash and cash equivalents were comprised of the following at June 30, 2024 and 2023, respectively (in thousands):

	2024	2023
Restricted cash and cash equivalents:		
Cash	$ 14,132	$ 12,492
Cash equivalents	2,659,192	2,976,471
Total restricted cash and cash equivalents	$ 2,673,324	$ 2,988,963

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the custodian, the System may not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the System’s name. As of both June 30, 2024 and 2023, the System had $14.1 million of deposits. $500,000 was covered by federal depository insurance and the remaining balances were collateralized with securities held by the trustee’s trust department in the trustee’s name.

Investments

The System invests funds that are not immediately required for operations, debt service, or capital expenses. Funds held by the Authority are invested pursuant to the Authority’s bond resolutions and in accordance with its investment guidelines, which restrict investments to obligations of, or guaranteed by, the United States of America, to certain highly rated obligations of the State of New York, to certain certificates of deposit and similar instruments issued by highly rated commercial banks, to certain highly rated corporate securities or commercial paper securities, to certain repurchase agreements with highly rated institutions, to certain investment agreements with highly rated institutions, to certain highly rated money market funds, and to certain highly rated municipal obligations. All accounts held by the Water Board are invested in accordance with the Water Board’s investment guidelines, which restrict investments to obligations of, or guaranteed by, the United States of America and to certain repurchase agreements with highly rated institutions.

The System had the following restricted investments at June 30, 2024 and 2023 (in thousands):

	2024			2023		
Restricted investments	Water Board	Municipal Water Finance Authority	Total	Water Board	Municipal Water Finance Authority	Total
U.S. Agencies securities	$ -	$ -	$ -	$ -	$ 167,474	$ 167,474
U.S. Treasury securities	170,805	1,010,886	1,181,691	168,375	781,357	949,732
New York State instrumentalities	-	17,265	17,265	-	20,441	20,441
Money market funds	162,750	1,734,062	1,896,812	153,861	1,705,804	1,859,665
Forward purchase agreements	-	3,626	3,626	-	6,747	6,747
Total investments including cash equivalents	333,555	2,765,839	3,099,394	322,236	2,681,823	3,004,059
Less amounts reported as cash equivalents	(289,704)	(2,369,488)	(2,659,192)	(299,245)	(2,677,225)	(2,976,470)
Total restricted investments	$ 43,851	$ 396,351	$ 440,202	$ 22,991	$ 4,598	$ 27,589

Fair Value Hierarchy

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The System has the following recurring fair value measurements as of June 30, 2024 and 2023:

- U.S. Agencies securities of $0 and $167 million, respectively, are valued using a matrix-pricing model (Level 2 inputs).
- U.S. Treasury securities of $1.81 billion and $950 million, respectively, are valued using a matrix-pricing model (Level 2 inputs).
- New York State instrumentalities of $17.3 million and $20.4 million, respectively, are valued using a matrix-pricing model (Level 2 inputs).
- Money Market Funds of $1.90 billion and $1.86 billion, respectively, are valued using a matrix-pricing model (Level 2 inputs).
- Forward Purchase Agreements of $3.6 million and $6.7 million, respectively, are valued using the market approach, with observable inputs and using a matrix pricing technique (Level 2 inputs).
- Interest Rate Derivatives of $0 and $(36.7) million, respectively, are valued using the income approach (Level 2 inputs).

Credit Risk

Both the Water Board and the Authority have Board of Directors approved investment guidelines and policies in place designed to protect principal by limiting credit risk. This is accomplished through ratings, collateral, and diversification requirements that vary according to the type of investment. Investments held by the System at June 30, 2024 and 2023 may include obligations of, or guaranteed by, the United States of America, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Agriculture Mortgage Corporation, and the Federal Farm Credit

Bank. Also, held by the Authority, are direct obligations of agencies or public authorities of the State of New York, which at the time of purchase were rated in one of the two highest rating categories. In addition, the Authority has entered into investment agreements and a guaranteed investment contract with financial institutions whose long-term debt obligations, or whose obligations under such an investment agreement or guaranteed investment contract, are guaranteed by a financial institution whose senior long-term debt obligations were rated in one of the two highest rating categories for comparable types of obligations by each rating agency at the time such agreement or contract was entered into.

Interest Rate Risk

Changes in interest rates impact fair value of investments. Investments by the System are not expected to be liquidated prior to maturity and investment agreements are not expected to be terminated prior to their expiration dates, thereby limiting cash flow exposure from rising interest rates.

Segmented time distribution on investments and cash equivalents as of June 30, 2024 (in thousands):

Maturity Date	Fair Value Amount
Under 6 months	$ 3,076,618
Over 6 months to 1 year	8,582
Over 1 year to 3 years	2,586
Over 3 years and beyond	7,982
Over 3 years and beyond (Forward Purchase Agreement adj.) [1]	3,626
Total	$ 3,099,394

[1]Includes the fair value of $3.6 million related to Forward Purchase Agreements

Segmented time distribution on investments and cash equivalents as of June 30, 2023 (in thousands):

Maturity Date	Fair Value Amount
Under 6 months	$ 2,932,270
Over 6 months to 1 year	47,024
Over 1 year to 3 years	9,114
Over 3 years and beyond	8,904
Over 3 years and beyond (Forward Purchase Agreement adj.) [1]	6,747
Total	$ 3,004,059

[1]Includes the fair value of $6.7 million related to Forward Purchase Agreements

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy limits the amount the System may invest in any particular issuer. As of June 30, 2024, the System had 38% of its restricted investments invested in Federally Guaranteed Securities 1% in Municipal Bonds, and 61% in First American Government Obligation Money Market Fund.

Custodial Credit Risk

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the custodian, the System may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of their government, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the government. None of the investments were registered in the System's name. The types and amounts of investments are listed in the table on page 34.

NOTE 5 - DERIVATIVE INSTRUMENTS

On April 23, 2024, the Authority terminated its two remaining derivatives. The Authority paid a combined $19.3 million to terminate the $401 million in outstanding fixed payor swaps. Prior to termination, the Authority was paying 3.439% and receiving 67% of SOFR plus 7.67 basis points. Terminating these swaps eliminated risk from and enabled the Authority to refund the underlying bonds for savings.

As of June 30, 2024, the Authority had no outstanding derivatives.

As of June 30, 2023, the Authority had the following (in thousands):

Type	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value	Counterparty Credit Rating (Moody's/S&P/Fitch)
Hedging derivatives						
Synthetic fixed rate	$ 240,600	10/24/07	6/15/36	Pay 3.439% receive 67% of 1-month LIBOR	$ (22,025)	Aa2/AA-/NR
Synthetic fixed rate	160,400	10/24/07	6/15/36	Pay 3.439% receive 67% of 1-month LIBOR	(14,680)	Aa1/A+/AA
Totals	$ 401,000				$ (36,705)	

LIBOR: London Interbank Offered Rate Index

Hedging Derivative Instruments

Effective October 24, 2007, the Authority executed two interest rate exchange agreements, in conjunction with its sale of $401 million of Adjustable Rate Fiscal 2008 Series BB Second Resolution Bonds. Under these agreements, the Authority paid fixed interest rate of 3.439% in exchange for a floating rate based on 67% of one-month LIBOR on the combined notional amount of $401 million. The agreements are with two separate counterparties: one agreement with Goldman Sachs Mitsui Marine Derivative Products in the amount of $241 million and the second agreement with Bank of America in the amount of $160 million. These agreements allowed the Authority to achieve a fixed rate cost lower than the cost of conventional fixed rate debt at the time of issuance. The Authority's obligations under these interest rate exchange agreements are payable on a parity with the related Second Resolution revenue bonds.

LIBOR Discontinuation

On March 5, 2021, IBA and the Financial Conduct Authorities announced a LIBOR cessation date for most USD LIBOR tenors, including 1-month LIBOR, as of June 30, 2023.

The Authority has amended its interest rate agreements by adhering to the Fallback Protocol published by the International Swaps and Derivatives Association on October 23, 2020, which provides a mechanism to incorporate the fallback rate equivalent to the sum of the Secured Overnight Financing Rate ("SOFR") and a spread adjustment of 11.448 basis points. As a result, when terminated, the derivatives had a floating rate of 67% of SOFR plus 7.67 basis points (67% of the fallback rate of SOFR plus 67% of 11.448 basis points), effective July 1, 2023.

Financial Statements Effect

The fair value of hedging derivatives at June 30, 2024 and 2023 was $0 and $(36.7) million, respectively. The Authority does not currently have investment derivatives.

NOTE 6 - AGREEMENT

The Water Board is a party to an Agreement of Lease (the "Agreement") with The City, which transfers the water and sewer related property to the Water Board for the term of the Agreement. The Agreement term commenced on July 1, 1985, and continues until the later of the fortieth anniversary of the commencement of the Agreement or the date on which all bonds, notes or other obligations of the Authority are paid in full or provision for such payment has been made pursuant to the applicable debt instrument. The Agreement provides for payments to The City to cover the following:

a. An amount sufficient to pay the cost of administration, maintenance, repair, and operation of the Agreement property, which includes overhead costs incurred by The City that are attributable to the Agreement property, net of the amount of any federal, the State, or other operating grants received by The City; and

b. An amount sufficient to reimburse The City for capital costs incurred by The City for the construction of capital improvements to the Agreement property that are not paid or reimbursed from any other source.

In addition to the payments described above, the Water Board pays rent to The City, if requested, each fiscal year in an amount not to exceed the greater of: (a) the principal and interest payable on general obligation bonds issued by The City for water and sewer purposes certified by The City to be paid within such fiscal year; or (b) 15% of principal and interest payable on the bonds of the Authority to be paid within such fiscal year. In fiscal year 2023, no rental payment was requested by The City. In fiscal year 2024, The City requested and the System paid $145 million.

A summary of operations and maintenance and rental expenses for the years ended June 30 is as follows (in thousands):

	2024	2023
Water supply, treatment, transmission and distribution	$ 626,951	$ 589,560
Sewer collection and treatment systems	810,179	763,091
The City agency support cost	69,979	68,618
Fringe benefits	317,274	277,243
Judgments and claims	11,970	13,306
Reversal of prior year payables	(28,527)	(1,811)
Operation and maintenance	1,807,826	1,710,007
Rental payments to The City	145,000	-
Total operations and maintenance expenses	$ 1,952,826	$ 1,710,007

NOTE 7 - PAYABLE TO AND RECEIVABLE FROM THE CITY

As of June 30, 2024 and 2023, all utility construction and other projects financed by the Authority debt and recorded by the System, which have not been reimbursed to The City, are recorded as a payable to The City. The Authority had a payable to The City of $583 million and $543 million as of June 30, 2024 and 2023, respectively, net of the amount of state or federal and other capital grants recognized by The City.

As of June 30, 2024 and 2023, the Water Board had a receivable from The City of $74.0 million and $74.8 million, respectively. The receivable from The City is a result of the difference between budget estimates and actual expenses for operations and maintenance.

NOTE 8 - OTHER OPERATING EXPENSES

A summary of other operating expenses for the years ended June 30 is as follows (in thousands):

	2024	2023
Pollution remediation	$ 23,547	$ 23,872
Payments for watershed improvements	20,692	38,553
Program expense	81,089	102,039
Total other operating expenses	$ 125,328	$ 164,464

The City's DEP manages both the System's operations and its capital program, and it also manages other projects with long-term benefits to the System, which do not result in capital assets of the System and that are paid for using the Authority's bond proceeds. Such long-term benefit projects include payment for environmental protection, related improvement in the watershed areas, and pollution remediation projects throughout the System. The System has estimated these amounts based on the current value of outlays expected to be incurred for pollution remediation, which it is currently obligated to perform. Actual future outlays will differ from the estimated amounts if the prices or techniques for remediation measures change or differ from the estimates.

In fiscal years 2024 and 2023, the System incurred program expenses of $81.1 million and $102 million, respectively.

The System offers its residential customers the option to enroll into a protection program on their water and sewer lines against any breakage for a monthly fee. The fee is included in the participating customer utility bill. This protection program is offered by American Water Resources.

The System also operates two core assistance programs available to eligible customers, the Home Water Assistance Program and the Multi-Family Water Assistance Program. Both programs were offered to customers in fiscal year 2023 and fiscal year 2024. In addition, from time to time the Board also offers one-time customer programs. During fiscal year 2023, the Board made a Water Bill Amnesty Program available to eligible customers, as well as programs benefiting certain affordable multi-family residential properties and accounts participating in the New York State Low Income Household Water Assistance Program.

NOTE 9 - LONG-TERM LIABILITIES

Debt Program Description

The Authority issues debt to finance the capital needs of the System. The Authority's debt is issued under two bond resolutions, the Water and Sewer System General Revenue Bond Resolution (the "First Resolution") and the Water and Sewer System Second General Revenue Bond Resolution ("the Second Resolution", each a "Resolution"). Bonds and notes issued by the Authority are special obligations of the Authority payable solely from and secured by a pledge of and lien on the gross revenues of the System, subject to the priorities set forth in each Resolution, and from money and securities in any of the funds and accounts defined and established under each Resolution, other than the arbitrage rebate fund, subject to the priorities set forth in each Resolution. The Water Board is obligated to set rates and collect revenues sufficient to fund principal and interest requirements, as well as to meet certain debt service coverage and operating cost funding requirements. Each Resolution specifies certain events of default, such as failure to pay debt service, the Authority's filing or otherwise seeking relief in bankruptcy court, failure to comply with the certain provisions of each respective Resolution and certain other governing documents, that under certain conditions could, upon the written request of the holders of not less than a majority in principal amount of the bonds outstanding under each Resolution, result in acceleration of debt service payments.

The debt program of the Authority includes commercial paper notes and long-term debt, as well as bond anticipation notes ("BANs") and interest-subsidized bonds issued to the New York State Environmental Facilities Corporation ("EFC"). While historically, proceeds of commercial paper notes were the main source of funds to reimburse The City for payments made for water and sewer capital projects, in fiscal years 2024 and 2023, the Authority exclusively relied on proceeds from BANs and long-term bond issuances to reimburse The City for the System's capital expenditures. The Authority issues long-term debt to retire commercial paper notes and BANs. The Authority also periodically issues refunding bonds to refinance higher-coupon debt and defeases bonds using current revenues.

The Authority is currently authorized to have outstanding up to $600 million of commercial paper notes. As of June 30, 2024 and 2023, none were outstanding. As of June 30, 2024 and 2023, there was $11.0 million and $180 million of BANs outstanding, respectively. As of June 30, 2024 and 2023, the BANs principal balance of $172 million and $354 million, respectively, was available for future draw down.

Changes in Long-Term Liabilities

In fiscal years 2024 and 2023, the long-term debt was as follows (in thousands):

Bonds/BANs payable	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024	Due Within One Year
First resolution bonds	$ 455,741	$ -	$ (50,000)	$ 405,741	$ -
Second resolution bonds issued to the public	25,059,953	2,845,060	(2,068,360)	25,836,653	231,305
Second resolution bonds issued to EFC	6,057,044	759,946	(845,307)	5,971,683	292,364
Second resolution notes issued to EFC	179,857	331,423	(500,331)	10,949	10,948
Second resolution bonds-direct placement	500,000	-	(150,000)	350,000	-
Total before premium and discounts	32,252,595	3,936,429	(3,613,998)	32,575,026	534,617
Premium (discounts) - net	2,614,187	-	-	2,724,741	-
Total debt	$ 34,866,782	$ 3,936,429	$ (3,613,998)	$ 35,299,767	$ 534,617

Bonds/BANs payable	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023	Due Within One Year
First resolution bonds	$ 789,871	$ -	$ (334,130)	$ 455,741	$ -
Second resolution bonds issued to the public	24,285,718	2,443,395	(1,669,160)	25,059,953	250,515
Second resolution bonds issued to EFC	5,865,444	874,516	(682,916)	6,057,044	295,030
Second resolution notes issued to EFC	101,126	613,298	(534,567)	179,857	179,857
Second resolution bonds-direct placement	500,000	-	-	500,000	-
Total before premium and discounts	31,542,159	3,931,209	(3,220,773)	32,252,595	725,401
Premium (discounts) - net	2,716,719	196,609	(299,140)	2,614,187	-
Total debt	$ 34,258,878	$ 4,127,818	$ (3,519,913)	$ 34,866,782	$ 725,401

Debt Program Administration

In fiscal year 2024, the Authority issued $2.85 billion of new money bonds to the public. The Authority used new money bond proceeds to finance capital improvements to the System and to pay for bond issuance costs. In addition, in fiscal year 2024, the Authority drew down $331 million of BANs proceeds and applied them to finance capital improvements to the System.

During fiscal year 2024, as further detailed in the bullets below, the Authority issued $2.06 billion of bonds to refund $2.35 billion of outstanding bonds. These refunding transactions resulted in a cumulative accounting gain of $117 million. The Authority reduced its aggregate debt service for principal and interest by $198 million and obtained an economic benefit (present value savings) of $224 million.

The following details the Authority's refunding activity in fiscal year 2024:

On October 5, 2023, NYW issued $693 million of tax-exempt fixed rate Second Resolution bonds, Fiscal 2024 Series AA. $504 million of proceeds from the sale funded capital projects of the System. The bonds refunded the following Second Resolution fixed rate bonds: $75.0 million of Fiscal 2020 Subseries BB-2, $70.0 million of Fiscal 2019 Subseries DD-2, and $32.9 million of Fiscal 2018 Subseries CC-2. In addition, the bonds also refunded the following First Resolution variable rate bonds: $50.0 million of Fiscal 2003 Subseries F-1B. The bonds have a final maturity of 2053.

On February 15, 2024, NYW issued $42.6 million of fixed rate Second Resolution bonds, Fiscal 2024 Series 1 to the New York State Environmental Facilities Corporation ("EFC"). Proceeds of the bonds were used to pay off $42.6 million of Fiscal 2022 Series 8-C Bond Anticipation Notes. The bonds have a final maturity of 2053.

On March 19, 2024, NYW issued $1.4 billion of tax-exempt fixed rate Second Resolution bonds, Fiscal 2024 Series BB. $225 million of proceeds from the sale funded capital projects of the System. The bonds also refunded the following Second Resolution fixed rate bonds: $232 million of Fiscal 2014 Subseries CC-1, $373 million of Fiscal 2014 Series DD, $50 million of Fiscal 2015 Series AA, $300 million of Fiscal 2015 Series DD, and $382 million of Fiscal 2015 Series EE. The Bonds have a final maturity of 2054.

On April 2, 2024, NYW issued $717 million of fixed rate Second Resolution bonds, Fiscal 2024 Series 3 to EFC. Proceeds of the bonds were used to refund $149 million of Fiscal 2010 Series 4 and $187 million of Fiscal 2014 Series 4. In addition, proceeds of the bonds were used to refinance $274 million of Fiscal 2022 Series 8-C BAN and $183 million of Fiscal 2024 Series 2 BAN with $12 million of new money to be provided in future BAN draws. The bonds have a final maturity of 2053.

On April 23, 2024, NYW issued $789 million of tax-exempt fixed rate Second Resolution bonds, Fiscal 2024 Series CC. $426 million of proceeds from the sale funded capital projects of the System. The bonds refunded $401 million of Second Resolution variable rate Fiscal 2008 Series BB, and the following Second Resolution fixed rate bonds: $8.8 million of Fiscal 2013 Series DD and $43.3 million of Fiscal 2014 Series BB. The bonds have a final maturity of 2054. Concurrent with this transaction, the Authority used $19.3 million to terminate its existing $401 million in swaps associated with the 2008 Series BB bonds.

On June 13, 2024, NYW applied $203 million to defease $213 million in bonds from Fiscal 2017 Series 4, Fiscal 2017 Series 5, Fiscal 2018 Series 2, Fiscal 2019 Series 3, Fiscal 2020 Series 3, Fiscal 2020 Series 4, Fiscal 2020 Series 6, Fiscal 2020 Series 7, Fiscal 2021 Series 3, Fiscal 2022 Series 4, Fiscal 2022 Series 7, Fiscal 2023 Series 2, Fiscal 2023 Series 5, Fiscal 2023 Series 6, and Fiscal 2024 Series 1. The escrow for this in-substance defeasance will mature on June 15, 2028.

To provide new money funding, over the course of the fiscal year, NYW drew $331 million on BANs issued to EFC. From time to time the Authority defeases some of its bonds by placing proceeds of refunding bonds or current revenue in irrevocable escrow accounts to provide for all future debt service payments on the defeased bonds. The escrow account assets and the liability for the defeased bonds are not included in the System's combining financial statements. As of June 30, 2024 and 2023, $256 million and $222 million, of the Authority's defeased bonds, respectively, were still outstanding.

Index Rate Bonds

As of June 30, 2024 and 2023, the Authority had outstanding $350 million and $500 million of index rate bonds respectively, which were purchased by banks through direct placement. The index rate bonds are adjustable rate bonds that pay interest based on a specified market index. The terms of the index rate bonds provide for a 9% rate of interest, commencing on an identified step-up date, if such bonds are not converted or refunded prior to such date. Interest rates on the Authority's index rate bonds cannot exceed 9%. In fiscal years 2024 and 2023, interest rates on the Authority's index rate bonds averaged 4.12% and 3.18%, respectively.

Adjustable Rate Demand Bonds

As of June 30, 2024 and 2023, the Authority had $3.9 billion and $4.2 billion of adjustable rate demand bonds ("VRDBs") outstanding, respectively. VRDBs may be tendered at the option of their holders prior to their maturity. VRDBs are remarketed by remarketing agents on a daily or weekly basis. Interest rates determined by such remarketing agents for such periods represent the lowest rate of interest that would cause the VRDBs to have a market value equal to par. VRDBs interest rates cannot exceed 9%. In fiscal years 2024 and 2023, interest rates on the Authority's variable rate demand bonds averaged 3.36% and 2.29%, respectively.

The VRDBs are backed by either a Standby Bond Purchase Agreement ("SBPA") or a Letter of Credit ("LOC"), providing for the purchase of the VRDBs by a bank in the event they cannot be remarketed. In such case, the interest rate on the VRDBs would typically increase and would be determined by reference to specified index rates plus a spread (in some cases, with a minimum rate), up to a maximum rate of 25%. No VRDBs were held by such banks during the fiscal years ended June 30, 2024 and 2023. SBPAs and LOCs may be terminated by the respective banks upon the occurrence of specified events of default. None of the SBPAs or LOCs supporting adjustable rate demand bonds provides for acceleration. However, in connection with such LOCs, the Authority has agreed that, following a specified period of time in which the LOC bank holds unremarketed VRDBs, the Authority will exchange such VRDBs for refunding bonds maturing within five years and providing for amortization during such period.

The Authority had the following adjustable variable rate demand bonds outstanding as of June 30, 2024:

Series	Outstanding Principal Amount	SBPA or LOC Provider	Expiration or Optional Termination by Provider
2013 AA-1	$ 50,000,000	PNC Bank, N.A.	10/2/24
2003 F-2	101,655,000	Citibank, N.A.	10/25/24
2016 AA-2	100,000,000	PNC Bank, N.A.	10/25/24
2000-C	107,500,000	Sumitomo Mitsui Banking Corporation	5/2/25
2015 BB-2	100,000,000	Mizuho Bank, Ltd	6/13/25
2015 BB-1	100,000,000	Bank of America, N.A.	7/9/25
2014 AA-5	100,435,000	Mizuho Bank, Ltd	8/19/25
2014 AA-6	100,435,000	Mizuho Bank, Ltd	8/19/25
2023 BB-1	100,000,000	Mizuho Bank, Ltd	12/15/25
2023 BB-2	100,000,000	Mizuho Bank, Ltd	12/15/25
2021 EE-2	225,500,000	State Street Bank and Trust Company	3/6/26
2009 BB-1	100,435,000	UBS AG, Stamford Branch	5/4/26
2009 BB-2	100,435,000	UBS AG, Stamford Branch	5/4/26
2011 FF-2	100,000,000	JPMorgan Chase Bank, N.A.	5/27/26
2015 BB-4	100,000,000	Barclays Bank PLC	6/17/26
2007 CC-1	160,500,000	Sumitomo Mitsui Banking Corporation	9/14/26
2017 BB-3	39,500,000	Sumitomo Mitsui Banking Corporation	9/14/26
2014 AA-1	125,000,000	JPMorgan Chase Bank, N.A.	9/17/26
2014 AA-2	125,000,000	JPMorgan Chase Bank, N.A.	9/17/26
2017 BB-1A	100,000,000	State Street Bank and Trust Company	10/5/26
2017 BB-1B	100,000,000	State Street Bank and Trust Company	10/5/26
2016 AA-1	100,000,000	Bank of America, N.A.	10/27/26
2011 DD-2	75,000,000	JPMorgan Chase Bank, N.A.	11/12/26
2007 CC-2	50,000,000	State Street Bank and Trust Company	1/20/27
2014 AA-4	100,000,000	State Street Bank and Trust Company	1/20/27
2017 BB-2	50,000,000	State Street Bank and Trust Company	1/20/27
2011 FF-1	100,000,000	Bank of America, N.A.	3/15/27
2019 BB	100,000,000	TD Bank, N.A.	4/27/27

Series	Outstanding Principal Amount	SBPA or LOC Provider	Expiration or Optional Termination by Provider
2011 DD-3A	50,000,000	US Bank, N.A.	9/30/27
2011 DD-3B	50,000,000	State Street Bank and Trust Company	9/30/27
2010 CC	200,000,000	State Street Bank and Trust Company	1/19/28
2023 CC	200,000,000	Barclays Bank PLC	2/16/28
2013 AA-2	150,000,000	Barclays Bank PLC	3/2/28
2011 DD-1	100,000,000	TD Bank, N.A.	4/21/28
2014 AA-3	100,000,000	TD Bank, N.A.	4/21/28
2015 BB-3	100,000,000	Sumitomo Mitsui Banking Corporation	7/7/28
2021 EE-1	100,000,000	US Bank, N.A.	8/21/28
	$ 3,861,395,000		

The Authority had the following adjustable variable rate demand bonds outstanding as of June 30, 2023:

Series	Outstanding Principal Amount	SBPA or LOC Provider	Expiration or Optional Termination by Provider
2000-C	$ 107,500,000	Sumitomo Mitsui Banking Corporation	5/2/25
2003 F-1-B	50,000,000	US Bank, N.A.	2/27/24
2003 F-2	101,655,000	Citibank, N.A.	10/25/24
2007 CC-1	160,500,000	Sumitomo Mitsui Banking Corporation	9/14/26
2007 CC-2	50,000,000	State Street Bank and Trust Company	1/20/27
2008 BB-1	100,000,000	TD Bank, N.A.	3/2/28
2008 BB-2	101,000,000	Bank of America, N.A.	10/20/23
2008 BB-5	50,000,000	Bank of America, N.A.	10/20/23
2009 BB-1	100,435,000	UBS AG	5/4/26
2009 BB-2	100,435,000	UBS AG	5/4/26
2010 CC	200,000,000	State Street Bank and Trust Company	1/19/28
2011 DD-1	100,000,000	TD Bank, N.A.	4/21/28
2011 DD-2	75,000,000	JPMorgan Chase Bank, N.A.	11/12/26
2011 DD-3A	50,000,000	US Bank, N.A.	9/30/27
2011 DD-3B	50,000,000	State Street Bank and Trust Company	9/30/27
2011 FF-1	100,000,000	Bank of America, N.A.	3/15/24
2011 FF-2	100,000,000	JPMorgan Chase Bank, N.A.	5/27/26
2013 AA-1	50,000,000	PNC Bank, NA	10/2/24
2013 AA-2	150,000,000	Barclays Bank PLC	3/2/28
2014 AA-1	125,000,000	JPMorgan Chase Bank, N.A.	9/17/26
2014 AA-2	125,000,000	JPMorgan Chase Bank, N.A.	9/17/26
2014 AA-3	100,000,000	TD Bank, N.A.	4/21/28
2014 AA-4	100,000,000	State Street Bank and Trust Company	1/20/27
2014 AA-5	100,435,000	Mizuho Bank, Ltd.	8/19/25
2014 AA-6	100,435,000	Mizuho Bank, Ltd.	8/19/25
2015 BB-1	100,000,000	Bank of America, N.A.	7/9/25
2015 BB-2	100,000,000	Mizuho Bank, Ltd.	6/13/25
2015 BB-3	100,000,000	Sumitomo Mitsui Banking Corporation	7/7/28
2015 BB-4	100,000,000	Barclays Bank PLC	6/17/26
2016 AA-1	100,000,000	Bank of America, N.A.	10/27/23
2016 AA-2	100,000,000	PNC Bank, NA	10/25/24
2017 BB-1A	100,000,000	State Street Bank and Trust Company	10/5/26
2017 BB-1B	100,000,000	State Street Bank and Trust Company	10/5/26

Series	Outstanding Principal Amount	SBPA or LOC Provider	Expiration or Optional Termination by Provider
2017 BB-2	50,000,000	State Street Bank and Trust Company	1/20/27
2017 BB-3	39,500,000	Sumitomo Mitsui Banking Corporation	9/14/26
2019 BB	100,000,000	TD Bank, N.A.	4/27/27
2021 EE-1	100,000,000	US Bank, N.A.	3/6/24
2021 EE-2	225,500,000	State Street Bank and Trust Company	3/6/26
2023 BB-1	100,000,000	Mizuho Bank, Ltd.	12/15/25
2023 BB-2	100,000,000	Mizuho Bank, Ltd.	12/15/25
2023 CC	200,000,000	Barclays Bank PLC	2/16/28
	$ 4,162,395,000		

Adjustable Rate Remarketed Securities[SM]

As of both June 30, 2024 and 2023, the Authority had outstanding $100 million of Adjustable Rate Remarketed Securities[SM]. The Authority's Adjustable Rate Remarketed Securities[SM] are adjustable rate bonds not supported by a credit or liquidity facility. Upon any failure to remarket tendered Adjustable Rate Remarketed Securities[SM], such Adjustable Rate Remarketed Securities[SM], if not purchased by the Authority, will continue to be held by the tendering holders, and all of the Adjustable Rate Remarketed Securities[SM] of the applicable series will bear interest at an increased rate of interest of 12%. In fiscal years 2024 and 2023, interest rates on the Authority's Adjustable Rate Remarketed Securities[SM] averaged 3.71% and 2.77%, respectively.

Debt service requirements to maturity, including amounts relating to BANs with maturities greater than one year at June 30, 2024 are as follows (in thousands):

	Bonds		Bonds and Notes from Direct Borrowings and Direct Placements		
Year ending June 30	Principal	Interest[1]	Principal	Interest[1]	Total
2025	$ 231,305,000	$ 1,190,545,595	$ 303,312,461	$ 266,675,135	$ 1,991,838,191
2026	430,555,000	1,179,455,695	243,640,000	247,081,257	2,100,731,952
2027	489,545,000	1,158,456,545	229,170,000	235,750,804	2,112,922,349
2028	545,140,000	1,134,849,076	250,330,000	224,775,280	2,155,094,356
2029	485,085,000	1,107,869,776	316,680,000	213,458,282	2,123,093,058
2030-2034	2,800,845,000	5,167,270,496	1,403,425,000	881,827,916	10,253,368,412
2035-2039	4,150,350,000	4,372,053,422	1,116,625,000	621,427,775	10,260,456,197
2040-2044	5,967,615,000	3,230,290,901	1,045,880,000	414,841,212	10,658,627,113
2045-2049	7,606,095,000	1,738,882,557	876,494,000	209,384,073	10,430,855,630
2050-2054	3,535,860,000	431,213,592	547,075,193	50,126,517	4,564,275,302
Total	$ 26,242,395,000	$ 20,710,887,655	$ 6,332,631,654	$ 3,365,348,251	$56,651,262,560

[1]Projected interest expense for adjustable rate demand bonds and adjustable rate remarketed securities for fiscal year 2024 and thereafter is calculated using weighted-average interest rate as of June 30, 2024 of 3.36%. Projected interest expense for direct placement index rate bonds for fiscal year 2025 and thereafter is calculated using weighted-average interest rate as of June 30, 2024 of 4.12%. Interest rates on adjustable rate bonds are determined on a daily or weekly basis in accordance with the terms of such bonds.

Asset Retirement Obligations ("ARO")

Existing laws and regulations require the System to take specific action when retiring chemical and petroleum storage tanks. The System has 445 above and underground tanks with a capacity ranging from 10 to 100,000 gallons. The New York State Department of Conservation Under Title 6 of the New York Codes, Rules and Regulations requires that the System take specific steps to permanently take out the service including the removal, transportation and disposal of liquid, sludge, hazardous waste, piping and the tanks themselves; and to take remedial actions on the area surrounding the tanks. Based on contract estimates and invoice for similar projects, the System's ARO for storage tanks was $15.5 million and $15.1 million as of June 30, 2024 and 2023, respectively, with tanks having a remaining useful life ranging from 0 to 39 years.

DEP has entered into office space lease agreements requiring the removal of affixed furnishings including condensed filing systems, HVAC units, and distributions systems and the restoration of premises to original condition existing prior to installation of fixtures for which the System is responsible for paying. Based on engineer and architectural estimates, the ARO for leases was $2.9 million and $2.9 million as of June 30, 2024 and 2023, respectively. The remaining lease terms range from two to three years.

Commitments and Contingencies

Construction – The System had contractual commitments of approximately $7.7 billion and $6.8 billion at June 30, 2024 and 2023, respectively, for water and sewer projects.

Risk Financing Activities – The System is self-insured and carries no commercial or insurance policies other than directors and officer's insurance for the Authority. Any claims made against the System are resolved through The City's legal support, and the amounts of the maximum liability for such judgments are described in the claims and litigation section below. The System is subject to claims for construction delays, property damage, personal injury, and judgments related to delays in construction deadlines under consent agreements.

Claims and Litigation – In accordance with the Agreement, the Water Board is required to reimburse The City for any judgment or settlement paid by The City arising out of a tort claim to the extent that The City's liability is related to capital improvements and the operation or maintenance of the System. However, in no event shall the payment made to The City, in any fiscal year, exceed an amount equal to 5% of the aggregate revenues shown on the prior year's audited combining financial statements of the System. In addition, the System is required to reimburse The City, to the extent requested by The City, for the payment of any judgment or settlement arising out of a contract claim with respect to the construction of capital improvements of the System. In addition, The City has agreed, subject to certain conditions, to indemnify the Authority, the Water Board, and their staffs against any and all liability in connection with any act done or omitted in the exercise of their powers, which is taken or omitted in good faith in pursuance of their purposes under the Act. Currently, The City is a defendant in a significant number of lawsuits pertaining to the System. The litigation includes, but is not limited to, actions commenced and claims asserted against The City arising out of alleged torts, alleged breaches of contract, condemnation proceedings, and other alleged violations of law. As of June 30, 2024, the potential future liability attributable to the System for claims outstanding against The City was estimated to be $144 million. This amount is included in the estimated liability for unsettled claims, which is reported in The City's statement of net position (deficit). The potential future liability is The City's best estimate based on available information. The estimate may be revised as further information is obtained and as pending cases are litigated.

Arbitrage Rebate – To maintain the exemption from federal income tax of interest on bonds issued subsequent to January 1, 1986, the System will fund amounts required to be rebated to the Federal Government pursuant to Section 148 of the IRC of 1986, as amended (the "Code"). The Code requires the payment to the United States Treasury of the excess amount earned on all non-purpose obligations over the amount that would have been earned if the gross proceeds of the issue were invested at a rate equal to the yield on the issue, together with any earnings attributable to such excess. Construction funds, debt service funds, or any other funds or accounts funded with proceeds of such bonds, including earnings, or pledged to or expected to be used to pay interest on such bonds are subject to this requirement. Payment is to be made after the end of the fifth bond year and after every fifth bond year thereafter and within 60 days after retirement of the bonds. During fiscal years 2024 and 2023, the System paid $428 thousand and $1.2 million, respectively, in arbitrage rebates. At June 30, 2024 and 2023, the Authority had a liability of $(1) million and $3.2 million, respectively. These amounts are included in accounts payable in the combining statements of net position (deficit).

NOTE 10 - RESTRICTED ASSETS

As of June 30, 2024 and 2023, certain cash, investments, and accrued interest of the System were restricted as follows (in thousands):

The Water Board	2024	2023
Operation and maintenance reserve fund	$ 333,555	$ 322,236
Local water fund	14,118	12,318
WB expense fund	10	10
Subtotal - The Water Board	347,683	334,564
The Authority		
Revenue fund	1,830,490	1,721,502
Debt service reserve fund	172,110	241,185
Construction fund	763,233	674,204
Arbitrage rebate fund	10	37
Escrow accounts	-	45,060
Subtotal - The Authority	2,765,843	2,681,988
Total restricted assets	$ 3,113,526	$ 3,016,552

The operation and maintenance reserve fund is established as a depository to hold a reserve as required by the First Resolution. As of June 30 of each year, the reserve fund is required to hold one-sixth of the operating expenses as set forth in the following year's annual budget. It is funded through the cash receipts of the Water Board.

The local water fund is established as the account to which all revenues are deposited. Its assets are subject to the payment priority set forth in the Resolutions.

The revenue fund is established as a depository to fund the debt service, the Authority's expenses, debt service reserve, and escrow accounts. It is funded through cash transfers from the Water Board.

The debt service reserve fund is established as a depository to hold the First Resolution bond maximum annual debt service requirement for the next or any future fiscal year. It is funded through revenue bond proceeds and the revenue fund.

The debt service fund is established as a depository to pay all principal and interest payments on the Authority's debt for the current fiscal year. It is funded through the revenue fund. On or prior to June 30, the balances in the debt service fund are transferred to the revenue fund.

The construction fund is established as a depository to pay all capital construction costs incurred by The City and reimbursed by the Authority. It is funded through the proceeds of commercial paper, bond, and note sales.

The escrow accounts are established as a depository to refund debt in future years. It is funded through bond proceeds or the revenue fund.

NOTE 11 - PENSION PLANS

General information about the Pension Plan

Plan Description – The Authority's eligible employees are provided with pension benefits through the New York City Employee Retirement System ("NYCERS") Qualified Pension Plan ("QPP" or "Pension Plan"). The Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by NYCERS.

The Pension Plan functions in accordance with existing State statutes and City laws that are the basis by which benefit terms and the Authority's and its members' contribution requirements are established and amended. NYCERS issues a publicly available financial report that can be obtained from NYCERS management at 335 Adams Street, Brooklyn, New York 11201 or at www.nycers.org.

Benefits Provided – The Pension Plan provides pension benefits to retired employees generally based on the salary, length of service, and membership tier ("Tier"). For certain members, voluntary member contributions also impact pension benefits provided. In addition, the Pension Plan provides automatic cost-of-living-adjustments and other supplemental pension benefits to certain retirees and beneficiaries. Subject to certain conditions, members become fully vested as to benefits upon the completion of five years of service. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions, including accumulated interest, less any outstanding loan balances. In the event of disability during employment, participants may receive retirement allowances based on satisfaction of certain service requirements and other provisions. The Pension Plan also provides death benefits.

The State Constitution provides that pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, 1976, 1983, and 2012, significant amendments made to the State Retirement and Social Security Law modified certain benefits for employees joining the Pension Plan on or after the effective date of such amendments, creating membership tiers. Currently, there are several Tiers, referred to as Tier I, Tier II, Tier III, Tier IV, and Tier VI. Members are assigned a Tier based on membership date. Chapter 18 of the Laws of 2012 (Chapter 18/12) amended the retirement benefits of public employees who establish membership in the Pension Plan on or after April 1, 2012. Chapter 18/12 is commonly referred to as Tier VI. Tier VI is expected to reduce future employer pension contributions.

Certain members of Tier I and Tier II of the NYCERS QPP have the right to make voluntary excess contributions, which are supplemental voluntary contributions. Members can elect to direct these contributions to an investment program under which such accumulated contributions are credited with interest at rates set by statute. The Authority does not have any Tier I, Tier II, or Tier III members.

Contributions and Funding Policy – Contribution requirements of participating employers and active members are determined in accordance with State statutes and City laws and are generally funded within the appropriate fiscal year. Employer contributions are actuarially determined under the One-Year Lag Methodology ("OYLM"). Under the OYLM, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example, the June 30, 2022 actuarial valuation was used for determining the fiscal year 2024 employer contributions.

Employer contributions are determined annually to be an amount that, together with member contributions and investment income, provides for the Pension Plan assets to be sufficient to pay benefits when due. The aggregate statutory contribution due to NYCERS QPP from all participating employers for fiscal years 2024 and 2023 was $3.6 billion and $3.5 billion, respectively, and the amount of the Authority's contribution to the Pension Plan for such fiscal years 2024 and 2023 was $128 thousand and $160 thousand, respectively.

In general, Tier III and Tier IV members make basic contributions of 3.0% of salary regardless of age at membership. Effective October 1, 2000, in accordance with Chapter 126 of the Laws of 2000, Tier III and Tier IV members are not required to make any contributions after the 10th anniversary of their membership date or completion of 10 years of credited service, whichever is earlier. Tier VI members who joined between April 1, 2012 and March 31, 2013 contribute 3% of salary. Beginning April 1, 2013, when Tier VI took effect, joining members contribute between 3.0% and 6.0% of salary, depending on their salary level.

Information on the Employer's Proportionate Share of the Collective Net Pension Liability

The Authority's net pension liabilities reported as of June 30, 2024 and 2023 were measured as of those fiscal year-end dates. The total pension liability used to calculate those net pension liabilities were determined by actuarial valuations as of June 30, 2023 and 2022 and rolled forward to the measurement dates of June 30, 2024 and 2023.

Information about the Authority net position and additions to and deductions from NYCERS QPP fiduciary net position has been determined on the same basis as that reported by NYCERS QPP. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan, and investments are reported at fair value.

Actuarial Assumptions

Measurement of the total pension liability, on which the net pension liability is based, requires the use of assumptions about numerous future events that affect the benefit payments that will be made to employees in retirement. The following table provides a brief description of the significant assumptions used in the June 30, 2023 actuarial valuation to determine the fiscal year 2024 total pension liability:

Item	Assumption
Valuation Date	June 30, 2023 (Lag)
Assumed Rate of Return on Investment	7.0% per annum, net of investment expenses
Post-Retirement Mortality	Tables adopted by the Board of Trustees during fiscal year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries
Active Service: Withdrawal, Death, Disability, and Retirement	Tables adopted by the Board of Trustees during fiscal year 2019. Applies mortality improvement scale MP-2020 published by the Society of Actuaries to active ordinary death mortality rates and pre-commencement mortality rates for deferred vesteds
Salary Increases	Tables adopted by the Board of Trustees during fiscal year 2019. In general, Merit and Promotion Increases plus assumed General Wage increases of 3.0% per year
Inflation	Consumer Price Index (CPI) of 2.50% per year
Assumed Cost-of Living Adjustments	AutoCOLA – 1.5% per year; Escalation – 2.5% per year
Estimates of Certain Obligations	World Trade Center benefits and anticipated increases to pensioner benefits attributable to wage contract settlements

In accordance with the Administrative Code of The City of New York and with appropriate practice, the NYCERS Board of Trustees of the actuarially-funded Pension Plan is to periodically review and adopt certain actuarial assumptions as proposed by the Chief Actuary of the New York City Retirement Systems (the “Actuary”) for use in the determination of Employer Contributions, which are also generally used to determine the total pension liability, as applicable.

In June 2019, Bolton, Inc. issued their actuarial experience study report for the four-year and ten-year periods ended June 30, 2017. Based, in part, on this report, the Actuary proposed and the Boards of Trustees of NYCERS adopted changes in actuarial assumptions including a change to Mortality Improvement Scale MP-2018 beginning in fiscal year 2019. Milliman, Inc. is performing the current experience study that covers the period through June 30, 2021.

In July 2021, the Actuary proposed and the Board of Trustees of NYCERS adopted changes in actuarial assumptions including a change to Mortality Improvement Scale MP-2020 beginning in fiscal year 2021.

Expected Rate of Return

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of the Pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Asset Allocation	Long-Term Expected Real Rate of Return
Asset class		
U.S. public market equities	23.5%	6.8%
Developed public market equities	11.6	7.2
Emerging public market equities	4.9	8.6
Fixed income	31.5	3.3
Private equities	10.0	11.6
Private real estate	8.0	7.0
Infrastructure	4.5	6.3
Opportunistic fixed income	6.5	8.5
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability of the Pension Plan as of June 30, 2024 and 2023, was 7.0% per annum. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable to the current Tier for each member and that employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, the Pension Plan fiduciary net position is projected to be available to make all projected future benefit payments of current active and non-active members. Therefore, the long-term expected rate of return on the pension fund investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net pension liability using the discount rate of 7.0% for fiscal years 2024 and 2023, 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 one-percentage point lower (6.0%) or one-percentage point higher (8.0%) than the current rate:

June 30, 2024			June 30, 2023		
1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
$ 998,287	$ 587,898	$ 241,239	$ 1,335,044	$ 823,884	$ 392,466

Pension Liability

At June 30, 2024 and 2023, the Authority reported a liability of $0.6 million and $0.8 million, respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on projection of the Authority's long-term share of contributions to the Pension Plan relative to the projected contributions of all participating City governments and their component units, actuarially determined. At June 30, 2024 and 2023, the Authority's proportion was 0.004% and 0.005%, respectively.

Pension Expense

For the years ended June 30, 2024 and 2023, the Authority recognized pension expense of $161 thousand and $176 thousand, respectively.

Deferred Outflows and Inflows of Resources

At June 30, 2024 and 2023, the Authority reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Fiscal Year 2024		Fiscal Year 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,836	$ 82,870	$ 92,693	$ 3,670
Changes of assumptions	5,226	-	1	16,747
Net difference between projected and actual earnings on pension plan investments	-	7,667	102,709	-
Changes in proportion and difference between the Authority's contributions and proportionate share of contributions	(29,715)	(6,299)	216,416	15,140
Total	$ (22,653)	$ 84,238	$ 411,819	$ 35,557

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2024 will be recognized in pension expense as follows:

Fiscal Year Ended June 30	Fiscal Year 2024	Fiscal Year 2023
2024	$ -	$ 92,886
2025	54,408	89,913
2026	150,301	211,909
2027	(45,369)	(10,214)
2028	(43,382)	(8,232)
2029	(8,995)	-

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Authority's Other Postemployment Benefits Plan ("OPEB Plan") is a single-employer defined benefit plan administered by the New York City Office of Labor Relations. The plan provides certain health and related benefits to eligible retirees and their beneficiaries/dependents of the New York City Municipal Water Finance Authority in accordance with GASB Statement No. 75 ("GASB 75") *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The OPEB Plan consists of three programs: (1) the New York City Health Benefits Program; (2) Welfare Fund Program; and (3) Medicare Part B Program. The Authority's policy is to follow the eligibility criteria applicable to retirees of The City and to provide benefits substantially the same as those provided to The City retirees and eligible beneficiaries/dependents.

The following presents a summary of the Authority's census data used in the June 30, 2024 and 2023 OPEB actuarial valuations:

Group	2024	2023
Active	9	10
Inactive plan members entitled to but not yet receiving benefits	3	2
Inactive plan members or beneficiaries currently receiving benefits	7	5
Total	19	17

Funding Policy

The Authority is not required to provide funding for the OPEB Plan, other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. For the years ended June 30, 2024 and 2023, the Authority had seven retirees and made contributions of $108 thousand and $71 thousand, respectively. Members are not required to contribute; although, retirees may elect basic health insurance programs and/or optional coverage that requires contributions. Plan retiree participants who opt for other basic or enhanced coverage must contribute 100% of the incremental costs above the premiums for the benchmark plan. The OPEB Plan also reimburses covered retirees and eligible spouse 100% of the Medicare Part B premium rate applicable to a given year, and there is no retiree contribution to the welfare fund (the "Welfare Fund") that covers retirees for various health care benefits not provided through the basic coverage.

Annual OPEB Cost and Net OPEB Liability

The Authority's annual OPEB cost is calculated based on the annual expense ("Expense"), an amount that was actuarially determined in accordance with GASB 75. Actuarial valuations involve estimates and assumptions about the probability of events far into the future. The entry age actuarial cost method was used in the actuarial valuation prepared as of June 30, 2022 for the fiscal year ended June 30, 2023, which was the basis for the fiscal year 2023 Expense calculation. Under this method, as used in this OPEB Plan valuation, the actuarial present value ("APV") of benefits ("APVB") of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The employer portion of this APVB allocated to the valuation year is the employer normal cost. The portion of this APVB that is not provided for on the valuation date by the APV of future employer normal cost or future member contributions is the total OPEB Plan liability. The excess of the total OPEB Plan liability over the plan fiduciary net position, which represents the assets of the plan, is the net OPEB Plan liability.

All changes in the net OPEB Plan liability as of June 30, 2024 and 2023 are being amortized over the future working lifetime of all plan participants for purposes of calculating the expense except for the amount of change in plan assets, which would be amortized over a five-year period using level-dollar amortization. This plan, however, is not assumed to have any assets.

Total OPEB Liability

The Authority's total OPEB Plan liabilities of $3.1 million and $2.0 million were measured as of June 30, 2024 and 2023, respectively, and were determined by actuarial valuations as of those dates.

The following table shows changes in the Authority's net OPEB Plan liability for fiscal years 2024 and 2023:

Components	2024	2023
Net OPEB liability – beginning of the year	$ 2,024,102	$ 1,770,915
Service cost	68,554	70,742
Interest	84,212	73,891
Differences between expected and actual experience	1,043,358	112,539
Changes in assumptions or other inputs	(14,958)	66,800
Actual benefit payments	(108,326)	(70,785)
Net changes	1,072,840	253,187
Net OPEB liability – end of the year	$ 3,096,942	$ 2,024,102

The Authority's annual OPEB Plan expense for fiscal years 2024 and 2023 was as follows:

Components	2024	2023
Service costs	$ 68,554	$ 70,742
Interest on the total OPEB Plan liability	84,212	73,891
Changes in assumptions or other inputs	233,970	(129,096)
Difference between expected and actual experience	(131,273)	82,098
Total OPEB plan expense	$ 255,463	$ 97,635

Funded Status and Funding Progress

As of June 30, 2024, the most recent actuarial measurement date, the cost was 0% funded. The total OPEB Plan liability for benefits was $3.1 million, and the plan fiduciary net position was $0, resulting in a net OPEB Plan liability of $3.1 million. The covered employee payroll (annual payroll of active employees covered by the OPEB Plan) was $1.2 million, and the ratio of the net OPEB Plan liability to the covered employee payroll was 252.2%.

Actuarial Methods Assumptions and Other Inputs

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future employment, demographic, salary increase, mortality, and the healthcare cost trend. The actuarial assumptions used in the fiscal year 2024and the fiscal year 2023 OPEB Plan valuations are a combination of those used in the NYCERS pension actuarial valuations and those specific to the OPEB Plan valuations. These assumptions are generally unchanged from the previous valuation except as noted below.

Amounts determined regarding the funded status of the OPEB Plan and the annual Expense of the Authority are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the types of benefits provided at the time of each valuation and the historical pattern of the sharing of benefit costs between the employer and employees to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in total OPEB Plan liability, consistent with the long-term perspective of the calculations.

For fiscal year 2019, the Office of the Actuary (the “OA”) conducted a full review of the actuarial assumptions and methods used to fund the NYCRS. These reviews led to formalized recommendations titled “Proposed Changes in Actuarial Assumptions and Methods Used in Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2018 for [NYCRS],” also referred to as the 2019 Assumptions and Methods (“2019 A&M”) and were adopted by all five of the NYCRS Boards.

On July 27, 2021, the actuary issued a memorandum titled “Proposed Changes to Actuarial Assumptions and Methods.” The actuarial assumptions and methods described in that memorandum amend certain assumptions and methods from the 2019 A&M. This revised set of actuarial assumptions and methods are referred to as the “Revised 2021 A&M.”

The 2019 A&M and Revised 2021 A&M reports are available on the Reports page of the OA website (www.nyc.gov/actuary).

The OPEB Plan-specific actuarial assumptions used in the fiscal year 2024 OPEB Plan valuation are as follows:

Item	Assumption
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Discount Rate[1]	4.21% per annum for the June 30, 2024 measurement date 4.13% per annum for the June 30, 2023 measurement date
Actuarial Cost Method	Entry Age Normal cost method, level percent of pay calculated on an individual basis
Salary Increase	3.00% per annum, which includes an inflation rate of 2.50% and a general wage increase rate of 0.50%
Inflation	Consumer Price Index (CPI) of 2.50% per year

[1] *Rates are based solely on the S&P Municipal Bond 20-Year High Grade Rate Index, since the plan has no assets, as per guidance under GASB 75*

Per Capita Claims Costs

GHI/EBCBS plans are insured via a Minimum Premium arrangement, while the HIP and many of the Other HMOs are community-rated. Costs reflect age-adjusted premiums for all plans.

The initial monthly premium rates used in the valuations are shown in the following table:

Plan	Monthly Rates at Average Age 2024	Monthly Rates at Average Age 2023
HIP HMO		
Non-Medicare Single	$ 927.13	$ 871.42
Non-Medicare Single	2,271.46	2,134.99
Medicare	209.40	199.62
GHI/EBCBS		
Non-Medicare Single	998.60	917.92
Non-Medicare Family	2,620.46	2,409.11
Medicare	208.60	201.59
Other HMOs[1]		
Non-Medicare Single	1,403.21	1,302.87
Non-Medicare Family	3,804.02	3,567.29
Medicare Single	328.69	311.73
Medicare Family	657.70	620.28

[1] Other HMO premiums represent the weighted average of the total premium for medical (not prescription drug) coverage, including retiree contributions, of the HMO plans (other than HIP) based on actual enrollment.

Additionally, the individual monthly rates at age 65 used in the valuations are shown the following table:

Plan	Monthly Rates at Age 65 2024	Monthly Rates at Age 65 2023
HIP HMO		
Non-Medicare	$ 1,961.99	$ 1,844.10
Medicare	209.40	199.62
GHI/EBCBS		
Non-Medicare	2,142.97	1,970.02
Medicare	198.54	192.11
Other HMOs	Varies by system	

Welfare Fund

For the fiscal year 2023 valuation, the Welfare Fund contribution reported for fiscal year 2024, including any reported retroactive amounts, was used as the per capita cost for valuation purposes. Reported annual contribution amounts for the last two years for NYCERS are shown in Section V-b of the OPEB Plan valuation report dated September 6, 2024. Welfare Fund rates are based on actual reported union Welfare Fund code for current retirees.

The weighted-average annual contribution rates used for future retirees is shown below:

Retirement Plan	Annual Rate 2024	Annual Rate 2023
NYCERS	$ 1,729	$ 1,867

Medicare Part B Premiums

Medicare Part B Premiums are as follows:

Calendar Year	Monthly Premium
2019	$ 134.43
2020	143.21
2021	146.97
2022	167.82
2023	164.90
2024	174.70

Medicare Part B premium reimbursement amounts have been updated to reflect the actual premium rates announced for calendar years through 2024. Due to recent cost-of-living increase in Social Security benefits, the portion of Medicare Part B participants protected by the hold-harmless provision decreased from 3.5% in 2022 to 1.5% in 2023.

For Calendar Years 2023 and 2024, no participants were assumed to be protected by the hold-harmless provision and the monthly premium was set equal to the Calendar Years 2023 and 2024 announced amounts.

For the fiscal year 2023 OPEB Plan valuation, the annual premium used was $2,037.60, which is equal to 12 times an average of the calendar year 2023 and 2024 monthly premiums shown.

An additional 11.4% load is added to the base Medicare Part B premium amounts each year to account for the income-related Medicare Part B premiums for high-income individuals. This assumption was updated from the previous valuation to reflect more recent experience.

Medicare Part B Premium Reimbursement Assumption

90% of Medicare participants are assumed to claim reimbursement; based on historical data.

Health Care Cost Trend Rate ("HCCTR")

Year Ending	Pre-Medicare Plans	Medicare Plans	Medicare Part B Premiums	Welfare Fund Contributions
2024	7.00%	4.80%	5.00%	3.50%
2025	7.00	4.70	5.00	3.50
2026	6.75	4.70	5.00	3.50
2027	6.50	4.60	5.00	3.50
2028	6.25	4.60	5.00	3.50
2029	6.00	4.50	5.00	3.50
2030	5.75	4.50	5.00	3.50
2031	5.50	4.50	5.00	3.50
2032	5.25	4.50	5.00	3.50
2033	5.00	4.50	5.00	3.50
2034	4.75	4.50	5.00	3.50
2035 and later	4.50	4.50	5.00	3.50

Age and Gender-Related Morbidity

The premiums are age and gender adjusted for GHI/EBCBS, HIP and Other HMOs. The assumed relative costs of coverage are consistent with information presented in the 2013 study *Health Care Costs – From Birth to Death*, sponsored by the Society of Actuaries.

For non-Medicare costs, a sample of factors used are:

Age	Male	Female	Age	Male	Female
20	0.170	0.225	45	0.355	0.495
25	0.146	0.301	50	0.463	0.576
30	0.181	0.428	55	0.608	0.671
35	0.227	0.466	60	0.783	0.783
40	0.286	0.467	64	0.957	0.917

Children costs assume a factor of 0.229.

Medicare costs prior to age 65 assume an additional disability-related morbidity factor. A sample of factors are:

Age	Male	Female	Age	Male	Female
20	0.323	0.422	65	0.919	0.867
25	0.278	0.565	70	0.946	0.885
30	0.346	0.804	75	1.032	0.953
35	0.432	0.876	80	1.122	1.029
40	0.545	0.878	85	1.217	1.116
45	0.676	0.929	90	1.287	1.169
50	0.883	1.082	95	1.304	1.113
55	1.159	1.260	99 and Older	1.281	0.978
60	1.493	1.470			

The age adjustment for the non-Medicare GHI/EBCBS premium reflects a reduction for the estimated margin anticipated to be returned of 4.0% and 2.0% in the GHI and EBCBS portion of the monthly premium, respectively. The non-Medicare GHI portion is $467.58 out of $998.60 for single coverage and $1,239.79 out of $2,620.46 for family coverage for fiscal year 2024 rates. The Non-Medicare EBCBS portion is the remainder of the premium.

Similarly, the age adjustment for the Medicare GHI/EBCBS premium reflects a reduction for the Medicare GHI/EBCBS premium reflects a reduction for the estimated margin anticipated to be returned of 4.0% and 3.0% in the GHI and ECBS portion of the monthly premium, respectively. The Medicare GHI portion is $111.59 out of the $208.60 for the fiscal year 2024 rates. The EBCBS portion is the remainder of the premium.

Participation Rates

Actual elections are used for current retirees. Portions of current retirees not eligible for Medicare are assumed to change elections upon attaining age 65 based on the patterns of elections of Medicare-eligible retirees.

For current retirees who appear to be eligible for health coverage but have not made an election (i.e., non-filers), the valuation reflects single GHI/EBCBS coverage and Part B premium and benefits only, to approximate the obligation if these individuals were to file for coverage. For future retirees, the portion assumed not to file for future benefits, and therefore valued similarly, is 13.0% for NYCERS in 2024. This non-filer group also includes some participants who do not qualify for coverage because they were working less than 20 hours a week at termination.

Detailed assumptions for future retirees are presented below:

Plan Participation Assumptions	
Plan	NYCERS
Pre-Medicare	
GHI/EBCBS	75%
HIP HMO	18
Other HMO	2
Waiver	5
Medicare	
GHI	75
HIP HMO	16
Other HMO	5
Waiver	4
Post-Medicare Migration	
Other HMO to GHI	0
HIP HMO to GHI	0
GHI to HIP HMO	0
GHI to Other HMO	0
HIP HMO to Other HMO	10
Pre-Medicare Waiver	
To GHI at 65	0
To HIP HMO at 65	0
To Other HMO at 65	20

Dependent Coverage

Dependent coverage is assumed to terminate when a retiree dies.

Dependents

Child dependents of current retirees are assumed to receive coverage until age 26. Children are assumed to be covered for eight years after retirement.

Male retirees were assumed to be four years older than their wives, and female retirees were assumed to be two years younger than their husbands. Dependent assumptions based on distribution of coverage of recent retirees are shown in the following table:

Dependent Coverage Assumptions

Group	NYCERS
Male	
Single Coverage	35%
Spouse	35
Child/No Spouse	8
Spouse and Child	22
Total	100%
Female	
Single Coverage	67%
Spouse	22
Child/No Spouse	7
Spouse and Child	4
Total	100%

COBRA Benefits

Employees and beneficiaries who enroll in COBRA coverage contribute 102% of the premium. There is no cost to the Authority for COBRA beneficiaries who enroll in community-rated HMOs, including HIP, since these individuals pay their full community rate. However, The City's costs under the experience-rated GHI/EBCBS coverage are affected by the claims for COBRA-covered individuals, who typically utilize services at a much higher rate than active participants.

The valuation assumes 15% of employees not eligible for OPEB elect COBRA coverage for 15 months based on experience of other large employers. A lump-sum COBRA cost of $1,700 was assumed for terminations during fiscal year 2024. This lump-sum amount is increased by the Pre-Medicare HCCTR for future years, but is not adjusted for age-related morbidity.

Active Off-Payroll ("AOP")

Active members off payroll on known short-term leave of absence are treated as actives, and the remaining members are included as inactive members entitles to but not yet receiving benefits if they have me the OPEB vesting requirements. Otherwise, they are not included in the valuation.

Sensitivity of the Net OPEB Plan Liability to Changes in the Discount Rate

The following table presents the Authority's proportionate share of the net OPEB Plan liability using the discount rate of 4.21% for fiscal year 2022 and 4.13% for fiscal year 2023, as well as what the Authority's proportionate share of the net OPEB Plan liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

June 30, 2024			June 30, 2023		
1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
$ 3,529,525	$ 3,096,942	$ 2,745,799	$ 2,307,404	$ 2,024,102	$ 1,792,463

Sensitivity of the Net OPEB Plan Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the Authority's proportionate share of net OPEB Plan liability using the healthcare cost trend rate of 7.0% (Pre-Medicare Plans) and 4.8% (Medicare Plans) for fiscal year 2024 and 7.0% (Pre-Medicare Plans) and 4.8% (Medicare Plans) for fiscal year 2023, as well as what the Authority's proportionate share of the net OPEB Plan liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

June 30, 2024			June 30, 2023		
1% Decrease (6.0% / 3.8%)	Current Trend Rate (7.0% / 4.8%)	1% Increase (8.0% / 5.8%)	1% Decrease (6.0% / 3.8%)	Current Trend Rate (7.0% / 4.8%)	1% Increase (8.0% / 5.8%)
$ 2,671,725	$ 3,096,942	$ 3,632,372	$ 1,714,277	$ 2,024,102	$ 2,420,800

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB Plan

At June 30, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Fiscal Year 2024		Fiscal Year 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,354,064	$ 117,095	$ 585,472	$ 157,891
Changes of assumptions or other inputs	70,183	555,224	86,423	687,779
Total	$ 1,424,247	$ 672,319	$ 671,895	$ 845,670

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB Plan at June 30, 2024 and 2023 will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30	Fiscal Year 2024	Fiscal Year 2023
2024	$ -	$ (46,998)
2025	102,697	(46,322)
2026	103,373	(18,248)
2027	131,447	(17,091)
2028	132,604	(30,474)
2029	119,221	(29,992)
2030	119,703	15,131
2031	145,361	219
2032	219	-

NOTE 13 - POLLUTION REMEDIATION OBLIGATIONS

The System reports pollution remediation obligations ("PROs") as required by the GASB. The System's PROs may arise as a result of: (1) federal, state, and local laws and regulations; (2) violations of pollution-related permits or licenses; (3) a determination by the System that there is an imminent endangerment to public health and safety as a result of an existing pollution condition; (4) the System being named in a lawsuit to compel remediation or being identified by a regulator as a party responsible or potentially responsible for remediation; and/or (5) the System's voluntarily commencement of remediation. As of June 30, 2024 and 2023, the System reported $77.1 million and $62.2 million of liabilities for known PROs, respectively.

The System has estimated these amounts based on the current value of outlays expected to be incurred for pollution remediation, which it is currently obligated to perform. Actual future outlays will differ from the estimated amounts if the prices or techniques for remediation measures change or differ from estimates, if and when additional information about existing pollution conditions becomes known to the System in the future and/or if applicable laws or regulations change.

Remediation outlays for certain pollution conditions currently known to the System are not included in the reported liabilities because they are not yet reasonably estimable. These include certain locations that the System has been informed have been designated under federal law as Superfund sites to address alleged hazardous substances, pollutants, or contaminants at these sites and for which the System may be named as a potentially responsible party for the remediation because there are the System's facilities operated at these locations.

NOTE 14 - SUBSEQUENT EVENTS

The System evaluated its June 30, 2024 combining financial statements for subsequent events through October ________, 2024, the date the combining financial statements were issued and noted the following:

On August 8, 2024, the Authority drew down $126 million of Fiscal 2022 Series 8 BAN proceeds. The proceeds were used to fund capital projects of the System.

On September 13, 2024, the Standby Bond Purchase Agreement between the Authority and PNC Capital Markets LLC, under which liquidity support is provided for the Authority's Water and Sewer System Revenue Bonds, Adjustable Rate Fiscal 2013 Series AA, Subseries AA-1, which was scheduled to expire on October 2, 2024, was extended to October 2, 2027.

On September 13, 2024, the Standby Bond Purchase Agreement between the Authority and PNC Capital Markets LLC, under which liquidity support is provided for the Authority's Water and Sewer System Revenue Bonds, Adjustable Rate Fiscal 2016 Series AA, Subseries AA-2, which was scheduled to expire on October 25, 2024, was extended to October 25, 2027.

On October 2, 2024, the Standby Bond Purchase Agreement between the Authority and Citibank, N.A., under which liquidity support is provided for the Authority's Water and Sewer System Revenue Bonds, Adjustable Rate Fiscal 2003 Series F, Subseries F-2, which was scheduled to expire on October 25, 2024, was replaced by a Standby Letter of Credit and Reimbursement Agreement between the Authority and Sumitomo Mitsui Banking Corporation. The new agreement is scheduled to expire on October 2, 2029.

On October 2, 2024 the Authority issue $886.77 million of fixed rate Second Resolution bonds, Fiscal 2025 Series AA. Proceeds of the bonds were used to fund capital projects, refinance $75.0 million Fiscal 2020 Series BB, Subseries BB-2 bonds, $35.0 million Fiscal 2020 Series GG, Subseries GG-2 bonds, and $50.0 million Fiscal 2022 Series CC, Subseries CC-2 bonds, and purchase $44.455 million tendered bonds ($42.12 million of Fiscal 2016 Series BB bonds, $1.4 million of Fiscal 2017 Series EE bonds, $550 thousand of Fiscal 2018 Series AA bonds, $25 thousand of fiscal 2018 Series BB bonds, $295 thousand of Fiscal 2018 Series CC bonds, $10 thousand of Fiscal 2019 Series CC bonds, $50 thousand of Fiscal 2021 Series BB bonds and $5 thousand of Fiscal 2022 Series BB bonds). The Bonds have a final maturity of 2054.

DRAFT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

DRAFT

New York City Water and Sewer System

SCHEDULE OF CHANGES FOR TOTAL OPEB PLAN LIABILITY AND RELATED RATIOS

As of June 30*, (in thousands):

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	$ 69	$ 71	$ 112	$ 112	$ 97	$ 111	$ 94	$ 101
Interest	84	74	44	54	53	47	42	43
Differences between expected and actual experience	1,043	112	334	(114)	(43)	572	(106)	(96)
Changes of assumptions	(15)	67	(628)	(34)	33	(336)	35	(222)
Benefits payments	(108)	(71)	(19)	(19)	(21)	(23)	(20)	(15)
Cadillac tax repeal	-	-	-	-	(18)	-	-	-
Net Changes in Total OPEB liability	**1,073**	**253**	**(157)**	**(1)**	**102**	**371**	**45**	**(189)**
Total OPEB liability - beginning	2,024	1,771	1,928	1,929	1,828	1,457	1,412	1,601
Total OPEB liability - ending	**$ 3,097**	**$ 2,024**	**$ 1,771**	**$ 1,928**	**$ 1,929**	**$ 1,828**	**$ 1,457**	**$ 1,412**
Covered employee payroll	$ 1,228	$ 1,295	$ 1,156	$ 1,209	$ 1,187	$ 942	$ 859	$ 1,038
Total OPEB Plan liability as a percentage of covered employee payroll	252.2%	156.3%	153.2%	159.4%	162.4%	193.9%	169.6%	135.9%

*This data is presented for those years for which information is available.

Notes to the Schedule:

Changes of assumption: Changes of assumption and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Years	**Discount Rate**
2024	4.21%
2023	4.13
2022	4.09
2021	2.18
2020	2.66
2019	2.79
2018	2.98
2017	3.13

The Authority funds OPEB benefits on a pay-as-you-go basis and contributions are not actuarially determined. No assets are accumulated in a trust that meet the criteria of GASB codification P22.101 to pay related benefits for the OPEB Plan. Therefore, the required supplementary information related to actuarially determined contributions for the 10 most current fiscal years is not applicable.

DRAFT

New York City Water and Sewer System

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last 10 Fiscal Years* (in thousands):

		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	%	0.004	0.005	0.005	0.005	0.002	0.002	0.003	0.004	0.005	0.005
Authority's proportionate share of the net pension liability	$	589	824	1,014	343	422	393	516	828	1,215	1,012
Authority's covered payroll	$	1,227	1,295	1,156	1,209	1,187	942	859	1,038	1,148	1,289
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	%	48.0	63.6	87.7	28.4	35.6	41.7	60.1	79.8	105.8	78.5
Plan fiduciary net position as a percentage of the total pension liability	%	84.3	82.2	81.3	93.1	76.9	78.8	78.8	74.8	69.6	73.1

SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS

Last 10 Fiscal Years (in thousands):

		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$	128	160	214	201	75	78	111	136	170	161
Contribution in relation to the actuarially determined contribution	$	(128)	(160)	(214)	(201)	(75)	(78)	(111)	(136)	(170)	(161)
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-	-	-
Authority's covered payroll1	$	1,227	1,295	1,156	1,209	1,187	942	859	1,038	1,148	1,289
Contribution as a percentage of covered payroll	%	10.4	12.4	18.5	16.6	6.3	8.3	12.9	13.1	14.8	12.5

[1]Covered payroll data from the actuarial valuation date with one-year lag

NEW YORK CITY WATER BOARD

October 9, 2024

RESOLUTION

WHEREAS, the New York City Water Board (the "Board") adopted Investment Guidelines to establish policies for the investment of its funds on May 2, 1986 and subsequently amended the Investment Guidelines on October 24, 1990 and February 14, 1997; and

WHEREAS, pursuant to the Investment Guidelines, the Board is required annually to review and approve both the Investment Guidelines and an Investment Report; and

WHEREAS, the Board has reviewed the Investment Guidelines as contained in the Fiscal Year 2024 Investment Report and finds both the guidelines and report to be reasonable and appropriate; it is therefore

RESOLVED, that the Investment Guidelines and the Fiscal Year 2024 Investment Report, copies of which will be filed with the minutes of this meeting, are hereby approved.

New York City Water Board

Fiscal Year 2024 Investment Report

October 9, 2024

I. Investment Guidelines (Schedule 1)

II. Explanation of Investment Guidelines

The New York City Water Board (the “Board”) originally adopted Investment Guidelines on May 2, 1986, with subsequent amendments of October 24, 1990 and February 14, 1997. The Investment Guidelines specify the policies and procedures relating to the investment, monitoring and reporting of funds of the Board. For purposes of the Investment Guidelines, funds of the Board are all monies and other financial resources available for investment by the Board on its own behalf or on behalf of any other entity or individual. All such monies shall be invested at all times to the fullest extent practicable, and in accordance with the requirements and restrictions set forth in the Investment Guidelines.

III. Results of the Annual Independent Audit of Investments (Schedule 2)

IV. Investment Income of Record of the Board (Schedule 3)

New York City Water Board
Investment Guidelines

Adopted May 2, 1986
Amended October 24, 1990
Amended February 14, 1997

I. Purpose

A. Adoption. These Guidelines were originally adopted by the New York City Water Board (the "Board") as of May 2, 1986, and amended October 24, 1990, pursuant to Section 2925 of the Public Authorities Law of the State of New York.

B. Scope. These Guidelines specify the policies and procedures relating to the investment, monitoring and reporting of funds of the Board, on and after February 14, 1997. For purposes of these Guidelines, funds of the Board are all monies and other financial resources available for investment by the Board on its own behalf or on behalf of any other entity or individual. All such monies shall be invested at all times to the fullest extent practicable and in accordance with the requirements and restrictions set forth in these Guidelines.

C. Review and Amendment. These Guidelines shall be reviewed and approved by the Board annually and may be amended by the Board from time to time.

II. Permitted Obligations

Monies held in any funds or accounts established by the Board shall be invested in:

A. Any bonds or other obligations which as to principal and interest constitute direct obligations of, or are guaranteed by, the United States of America, including obligations of any agency thereof or corporation which has been or may hereafter be created pursuant to any Act of Congress as an agency or instrumentality of the United States of America to the extent unconditionally guaranteed by the United States of America; or

B. Any Repurchase Agreement which is fully collateralized by any one or more of the securities described above, provided, however, that any such repurchase agreement shall:

1. Not be for a period in excess 90 days,
2. Provide that the Water Board (or agent of the Water Board, which agent shall not be the seller) shall take physical possession of such collateral or the Water Board shall be named the record owner thereof in the Federal Reserve Bank of New York, and

3. Be entered into between the Water Board, and either
    a. a bank or trust company organized under the laws of the State or the United States which is a member of the Federal Reserve System and the Federal Deposit Insurance Corporation, having capital of not less than $50,000,000 or
    b. a government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York and included in the then current "List of Government Securities Dealers Reporting to the Federal Reserve Bank of New York" (the "Primary Dealer List"); or

C. Deposit accounts with banks or trust companies which have their principal place of business within the State of New York (the "State") and are designated as deposit banks by the Banking Commission of The City of New York (the "City"). To the extent such deposits in deposit accounts with banks or trust companies are not insured by the Federal Deposit Insurance Corporation, such deposits shall be continuously and fully secured by direct obligations of the City, the State or the United States of America, or obligations the principal of and interest on which are guaranteed by the State or the United States of America, of a market value at least equal at all times to the amount of such deposits.

III. Conditions of Investment

A. Maturities. All investments shall mature no later than such times as shall be necessary to provide monies needed for payments to be made from any such fund or account.

B. Payment for Securities. Payment for investments shall be made only upon receipt of the securities purchased. In the case of book entry form securities, payment may be made only when the custodian's account at the Federal Reserve Bank is credited for the purchased securities.

C. Concentration Guidelines. Except for amounts invested in obligations of the United States of America pursuant to clauses (1 and 2) of Part II of these Investment Guidelines, no more than 51% of the total for all accounts invested may be placed with a single institution, provided, however, that deposits aggregating less than 10% of the total for all funds invested, including funds invested in obligations of the United States of America and Repurchase Agreements may be placed with a single institution.

D. Custodial Arrangements.

1. All securities held by the Board's custodial bank (in bearer or book-entry form) are held solely as agent to the Board on behalf of the various accounts involved. Securities positions at the custodial bank will be audited by both internal and external auditors, including auditors of the Office of the Comptroller of The City of New York (the "Comptroller"). Payment for purchase shall not be released until the purchased securities are received by the custodial bank.

2. The custodial bank will, upon instructions of the Comptroller, release to the Treasurer of the Board all purchased securities including those subject to repurchase.

3. Collateral securities shall not be held by the institution having a depository relationship with the Board.

E. Standards and Qualifications. The following are standards for the qualifications of brokers, agents, dealers, investment advisors and custodians:

1. Brokers, Agents and Dealers:
   a. In Government Securities: Any bank or trust company organized under the laws of any state of the United States of America or any national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York and included in the then current Primary Dealer List.

   b. In Municipal Securities: Any broker, agent or dealer registered with the Municipal Securities Rulemaking Board.

2. Investment Advisors: any bank or trust company organized under the laws of any state of the United States of America or any national banking association, and any firm or person which is registered with the Securities Exchange Commission under the Investment Advisors Act of 1940.

3. Custodians: any bank or trust company organized under the laws of any state of the United States of America or any national banking association which qualifies as a Depository under Section 512 of the General Revenue Bond Resolution of the New York City Municipal Water Finance Authority adopted on November 14, 1985.

F. Contracts. Written contracts with respect to deposit accounts are not standard business practice and shall not be required. However, the Board shall in the case of Repurchase Agreements, implement written contracts with the permitted dealers.

G. Repurchase Agreements. Notwithstanding any other provision of these Investment Guidelines, Repurchase Agreements for Federally Guaranteed Securities shall be considered a purchase of securities by the Board, and a contract by the dealer to repurchase the securities from the Board, and shall be subject to the following restrictions:

1. The securities must be in bearer or book-entry form so that possession is perfected immediately to fully secure investment.

2. The securities must be 100% Federally Guaranteed securities.

3. In order to secure the repurchase of the securities, margin is required as follows:

Maturity of Margin Securities	Original Margin Percentage (Margin calculations include accrued interest, if any, of underlying securities)
3 years or less	1.00% of all Term* Specific Repurchase Agreements
Over 3 years	2.00% for Term* Specific Repurchase Agreements with Maturity 30 days or less
	3.00% for Term* Specific Repurchase Agreements with Maturity over 30 days.

* Term Repurchase Agreements are those with maturities exceeding one (1) business day. Margin percentages apply to the repurchase price, i.e. maturity value of the Repurchase Agreement.

4. The need for additional margin for term Repurchase Agreements will be evaluated at least weekly or more frequently if market volatility indicates a need.

5. Repurchase Agreements must be purchased by the Board only from dealers who 1) are on the Federal Reserve Primary Dealer List, or 2) meet minimum capital requirements as determined by the Comptroller's Office (currently $50,000,000) and 3) have signed the Master Repurchase Agreement of the Comptroller of the City of New York.

IV. Authorization of Investment of Funds

The Board hereby authorizes the Comptroller to invest funds of the Board in accordance with these guidelines, as requested by the Executive Director, Treasurer or Deputy Treasurer.

V. Reports

A. Quarterly. The Executive Director shall prepare and deliver to the Board once for each quarter of the Board's fiscal year a report setting forth a summary of all investments made during that quarter, the inventory of existing instruments and the selection of banks, trust companies, investment bankers, brokers, agents, dealers, custodians, investment advisors and auditors used by the Board in making or holding investments during such quarter.

B. Annually.

1. Audit Report. The Board's independent accountants shall prepare an annual audit report of the Board's investment for each fiscal year of the Board and submit such report to the Board at the time the annual audit of the financial reports and books and records is made.

2. Investment Report. Annually, the Executive Director shall prepare and the Board shall review and approve an Investment Report, covering the fiscal year of the Board, which shall include:

   a. The Investment Guidelines;

   b. An explanation of the guidelines and any amendments made during the fiscal year;

   c. The independent audit report required by Subsection (1) above;

   d. The investment income record of the Board for the fiscal year; and

   e. A list of fees, commissions or other charges paid to each bank, trust company, investment banker, broker, agent, dealer and advisor rendering investment associated services to the Board during the fiscal year.

3. The Investment Report shall be submitted to the New York State Department of Audit and Control, and to the Mayor and Comptroller of the City of New York. Copies of the annual reports shall be made available to the public upon reasonable request.

VI. Applicability

These guidelines shall govern all investments initiated by the Board on and after February 14, 1997 and shall not apply to any investments initiated by the Board prior to that date. Nothing contained in these Guidelines shall be deemed to alter, affect the validity of, modify the terms of or impair any contract, agreement or investment of funds made or entered into in violation of, or without compliance with, the provisions of these Guidelines.

DRAFT

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Members of the Joint Audit Committee of the
New York City Municipal Water Finance Authority and New York City Water Board

We have audited, in accordance with auditing standards generally accepted in the United States of America, the combining financial statements of the New York City Municipal Water Finance Authority and the New York City Water Board, which collectively comprise the New York City Water and Sewer System (the “System”), a component unit of The City of New York, as of and for the year ended June 30, 2024, and have issued our report thereon dated October xx, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the System failed to comply, in all material respects, with the terms, covenants, provisions or conditions of the System’s Resolutions and Investment Guidelines, which are the responsibility of the System’s management, insofar as they relate to financial and accounting matters. However, our audit of the combining financial statements was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the System’s noncompliance with the above-referenced terms, covenants, provisions, or conditions of the System’s Resolutions and Investment Guidelines, insofar as they relate to accounting matters. However, the objective of our audit of the combining financial statements was not to provide an opinion on overall compliance with the System’s Resolutions and Investment Guidelines referred to above. Accordingly, we do not express such an opinion.

The report is intended solely for the information of the System’s Joint Audit Committee, Board of Directors, and management and is not intended to be and should not be used by anyone other than these specified parties.

GRANT THORNTON LLP (signed manually)

New York, New York
October xx, 2024

SCHEDULE 3

New York City Water Board
Annual Investment Report
For the Fiscal Year ended June 30, 2024

Earned Investment Income for FY 2024	**$35,269,064.74**
Investment Fees and Commissions	**$0.00**
Assets	**Fair Value on 6/30/24**
Cash	
Operation and Maintenance (O&M) Reserve Fund	$0.00
Local Water Fund Bank Account	$14,118,343.10
Local Water Fund Investment Account	$0.00
Refund Account	$858,973.54
Expense Fund	$9,810.40
General Account	$0.00
Cash	**$14,987,127.04**
Cash Equivalents and Investments	
O&M Reserve Fund	
U.S. Treasury Bills	$170,805,010.00
State Street Short-Term Treasury Securities Fund	$162,750,370.00
Receivables for Securities Sold	$0.00
Local Water Fund Investment Account	
Investment Securities	$0.00
Cash Equivalents and Investments	**$333,555,380.00**
Interest Receivable	
O&M Reserve Fund, Money Market Fund	$142,014.21
Local Water Fund Investment Account	$3,152,397.62
Total Receivables	$3,294,411.83
Total Assets	**$351,836,918.87**

		Maturities	
Cash Equivalents and Investments by Security Type	**Fair Value on 6/30/24**	**Less Than One Year**	**One Year Or More**
O&M Reserve Fund*			
U.S. Treasury Bills	$170,805,010.00	$170,805,010.00	$0.00
U.S. Treasury Notes	$0.00	$0.00	$0.00
State Street Short-Term Treasury Securities Fund	$162,750,370.00	$162,750,370.00	$0.00
Local Water Fund Investment Account			
Investment Securities	$0.00	$0.00	$0.00
Total Cash Equivalents and Investments by Security Type	$333,555,380.00	$333,555,380.00	$0.00

Pursuant to the Investment Guidelines, the New York City Water Board (the "Board") has authorized the Comptroller of the City of New York to invest funds of the Board as requested by an authorized Board officer.

* Pursuant to the Financing Agreement, on June 30 of each fiscal year, the Board is required to have a reserve of two months of the budgeted O&M amount for the ensuing fiscal year, and the Board is required to pay the City one month's budgeted O&M on the first business day of the new fiscal year.