

**Green Island Power Authority  
(A New York Public Benefit Corporation)**

Financial Report

May 31, 2018 and 2017

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## Independent Auditor's Report

Board of Trustees  
Green Island Power Authority  
Green Island, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the Green Island Power Authority (Authority) (a New York public benefit corporation) as of and for the years ended May 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of May 31, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the schedules listed in the table of contents on pages 23 to 25, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York  
September 26, 2018



# Green Island Power Authority

## Statements of Net Position

	<b>May 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>UTILITY PLANT, net</b>		
Distribution facilities	\$ 8,663,071	\$ 8,613,727
Hydroelectric generating facility	11,987,799	11,987,799
	<u>20,650,870</u>	<u>20,601,526</u>
Less accumulated depreciation	7,872,397	7,320,639
Total utility plant, net	<u>12,778,473</u>	<u>13,280,887</u>
<b>RESTRICTED ASSETS</b>		
Cash and cash equivalents, restricted	<u>2,054,904</u>	<u>2,112,608</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents, unrestricted	803,149	740,277
Accounts receivable, net	317,043	345,641
Inventory	71,453	73,334
Prepaid expenses	127,776	54,595
Due from other governments	95,005	81,110
Total current assets	<u>1,414,426</u>	<u>1,294,957</u>
Total assets	16,247,803	16,688,452
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension resources	<u>123,974</u>	<u>99,095</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 16,371,777</u></b>	<b><u>\$ 16,787,547</u></b>

See accompanying Notes to Financial Statements.

	<b>May 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>NET POSITION, LIABILITIES, AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>NET POSITION</b>		
Net investment in capital assets	\$ 1,858,377	\$ 1,533,495
Restricted net position	2,054,904	2,112,608
Unrestricted net position	(1,727,921)	(1,943,323)
Total net position	<u>2,185,360</u>	<u>1,702,780</u>
<b>LONG-TERM DEBT, less current installments</b>		
Accrued postretirement benefits	492,317	435,453
Net pension liability	50,148	174,945
Bonds payable	<u>12,055,000</u>	<u>12,975,000</u>
Total long-term debt, less current installments	<u>12,597,465</u>	<u>13,585,398</u>
<b>CURRENT LIABILITIES</b>		
Current installments of bonds payable	920,000	885,000
Accounts payable	74,065	103,734
Due to other governments	128,804	168,804
Interest payable	196,976	213,009
Other liabilities	<u>49,462</u>	<u>46,269</u>
Total current liabilities	<u>1,369,307</u>	<u>1,416,816</u>
Total liabilities	<u>13,966,772</u>	<u>15,002,214</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension resources	<u>219,645</u>	<u>82,553</u>
<b>TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b><u>\$ 16,371,777</u></b>	<b><u>\$ 16,787,547</u></b>

# Green Island Power Authority

## Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended May 31,	
	2018	2017
<b>OPERATING REVENUES</b>		
Distribution	\$ 2,961,187	\$ 3,292,834
Hydroelectric generation and related revenues	1,113,238	1,114,938
Total operating revenues	<u>4,074,425</u>	<u>4,407,772</u>
<b>OPERATING EXPENSES</b>		
Purchased power	1,494,475	1,677,280
Transmission expenses	15,819	14,741
Distribution expenses	294,539	306,627
Street lighting	20,928	21,351
Consumer accounting	91,963	81,523
Hydroelectric generation	309,790	309,923
Administrative and general	636,349	624,809
Total operating expenses	<u>2,863,863</u>	<u>3,036,254</u>
<b>Net operating income</b>	<u><b>1,210,562</b></u>	<u><b>1,371,518</b></u>
<b>OTHER INCOME (EXPENSE)</b>		
Interest income	19,748	6,120
Interest expense	(747,730)	(790,827)
	<u>(727,982)</u>	<u>(784,707)</u>
<b>Change in net position</b>	<b>482,580</b>	<b>586,811</b>
<b>NET POSITION, <i>beginning of year</i></b>	<u>1,702,780</u>	<u>1,115,969</u>
<b>NET POSITION, <i>end of year</i></b>	<u><b>\$ 2,185,360</b></u>	<u><b>\$ 1,702,780</b></u>

See accompanying Notes to Financial Statements.

# Green Island Power Authority

## Statements of Cash Flows

	Years Ended May 31,	
	2018	2017
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 4,051,774	\$ 4,266,865
Cash paid to suppliers and other vendors	(1,973,460)	(2,074,922)
Cash paid for salaries and employee benefits	(411,472)	(438,391)
	<b>1,666,842</b>	<b>1,753,552</b>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>		
Use of cash and cash equivalents, restricted	57,704	111,166
Interest income	19,748	6,120
	<b>77,452</b>	<b>117,286</b>
<b>CASH FLOWS PROVIDED (USED) BY CAPITAL AND FINANCING ACTIVITIES</b>		
Principal payments of bonds payable	(885,000)	(880,000)
Proceeds from sale of surplus property	-	61,685
Acquisition of distribution facilities	(32,659)	(89,012)
Interest paid	(763,763)	(806,969)
	<b>(1,681,422)</b>	<b>(1,714,296)</b>
<b>Net increase in cash and cash equivalents</b>	<b>62,872</b>	<b>156,542</b>
<b>CASH AND CASH EQUIVALENTS, UNRESTRICTED, <i>beginning of year</i></b>	<b>740,277</b>	<b>583,735</b>
<b>CASH AND CASH EQUIVALENTS, UNRESTRICTED, <i>end of year</i></b>	<b>\$ 803,149</b>	<b>\$ 740,277</b>
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Net operating income	\$ 1,210,562	\$ 1,371,518
Adjustments to reconcile net operating income to net cash provided (used) by operating activities		
Depreciation expense	535,073	533,206
Uncollectible revenue	51,249	17,283
Decrease (increase) in		
Accounts receivable	(22,651)	(140,907)
Inventory	1,881	(7,894)
Deferred outflows of resources	(24,879)	165,603
Prepaid expenses	(73,181)	21,443
Due from other governments	(13,895)	(28,203)
Increase (decrease) in		
Accounts payable	(29,669)	(31,394)
Net pension liability	(124,797)	(131,072)
Deferred inflows of resources	137,092	(12,211)
Accrued postretirement benefits	56,864	52,117
Due to other governments	(40,000)	(30,009)
Other liabilities	3,193	(25,928)
	<b>\$ 1,666,842</b>	<b>\$ 1,753,552</b>

See accompanying Notes to Financial Statements.



# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### **Note 1 - Organization and Summary of Significant Accounting Policies**

#### *a. Organization*

The Green Island Power Authority (Authority) is engaged in the distribution of retail electric power in the Village of Green Island, New York (Village) and in generating and selling electricity from its hydroelectric generating facility, as further describe in Note 1e. The Authority is subject to regulation by the New York State Department of Public Service (PSC) with respect to wholesale power purchased, rate structure, accounting, and related matters.

The Authority is a body corporate and politic constituting a public benefit corporation, created by and existing under Title I-A of Article 5 of the New York Public Authorities Law, as enacted by Chapter 807 of Laws of 1986, as amended (Act). The Act provides that the Authority and its corporate existence shall continue for twelve years and thereafter until all its liabilities have been met and its bonds paid in full or otherwise discharged, whereupon all rights and properties of the Authority then remaining shall pass to and be vested in the Village.

Under the Act, the five members of the Authority, who must be residents of the Village, serve for overlapping terms of five years, or until their successors are appointed and qualified. The members were initially appointed for terms of varying duration, pursuant to the Act, by the Board of Trustees of the Village on designation of the Mayor. Subsequent appointments have been made in the same manner for terms of five years.

During July 1987, the Authority acquired the assets and certain liabilities of the Village Electric Department (Department).

During July 2000, the Authority acquired the assets and certain liabilities of Erie Boulevard Hydropower, LP related to a hydroelectric generating facility located on the Hudson River.

#### *b. Basis of Accounting and Financial Statement Presentation*

The Authority's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations are included on the statements of net position.

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### b. Basis of Accounting and Financial Statement Presentation - Continued

Net position is classified into three components, as follows:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances related to those capital assets.
- *Restricted net position* consists of assets that have constraints placed on use, either externally or internally, less liabilities that will be extinguished from restricted assets. Constraints include those imposed by laws and regulations of other governments or various debt instruments.
- *Unrestricted net position* consists of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted net position" or "net investment in capital assets."

#### c. Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

#### d. New Accounting Pronouncements

The Authority adopted several new accounting standards effective June 1, 2017 as follows:

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. This statement establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions*. In addition, this statement establishes requirements for defined contribution pensions that are not within the scope of GASB Statement No. 68.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits) included in the general purposes external financial reports of state and local government other postemployment benefit plans for making decisions and assessing accountability.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*. This statement provides clarity on how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government.

GASB Statement No. 82, *Pension Issues*. This statement addresses practice issues raised during implementation of GASB Statements 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*.

Adoption of these accounting standards did not significantly impact the Authority's financial statements.

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *e. Operations*

The Authority owns, operates, and maintains the operating property used to distribute electricity within the Village. The Authority acquires its base electric load from the New York Power Authority (NYPA) under a supply contract that expires during September 2025. The Authority purchases its incremental power supply on the open market, at day ahead rates, through the New York Independent Systems Operators (NYISO).

The Authority owns a hydroelectric generating facility used to generate electricity which is sold to Niagara Mohawk Power Corporation, a National Grid Company (NIMO), on a day ahead pricing basis contract (Note 7). Generation of electricity is limited to run-of-the-river (natural flow of the river).

Prior to October 1, 2015, the Authority operated and maintained the hydroelectric generating facility using its own workforce and the general assets of the Authority. Effective October 1, 2015, the Authority entered into a service agreement with Albany Engineering Corporation (AEC), under which AEC manages, maintains, operates, and retains revenues associated with the sale of hydroelectric power. In consideration, the Authority is entitled to receive certain payments from AEC related to the use of the hydroelectric generating facility, management fees, and generation of hydroelectric power, as set forth in the agreement.

The service agreement expires December 31, 2050, unless terminated earlier or extended by mutual consent of the Authority and AEC.

Income related to the service agreement totaled \$1,113,238 and \$1,114,938 for the years ended May 31, 2018 and 2017, respectively, and is included in hydroelectric generation and related revenues in these financial statements.

#### *f. Utility Plant*

Utility plant, including distribution facilities and a hydroelectric generating facility, is stated at the original cost to the Authority and consists primarily of amounts expended for construction, acquisition, completion, and placing in operation the projects of the Authority. Such expenditures include labor, materials, services, and certain indirect costs. The costs of current repairs and maintenance are charged to operating expenses. The cost of renewals and betterments are capitalized to utility plant. Operating property constructed with capital fees received from customers or other parties is included in utility plant. Capital fees totaled \$1,413,268 as of both May 31, 2018 and 2017. When a utility plant is retired, the book cost, together with the cost of removal and any salvage value, is charged to accumulated depreciation.

Depreciation is provided, based on asset groups, on a straight-line basis over the estimated useful lives of the property as prescribed by the PSC, ranging from 5 to 50 years.

The Authority periodically reviews long-lived assets for impairment to determine whether any events or circumstances indicate the carrying value of the assets may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. No impairment was identified in 2018 and 2017.

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *g. Cash and Cash Equivalents*

The Authority's investment policies are governed by State statutes. Monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Authority is authorized to use demand accounts, time deposit accounts, and certificates of deposit.

Collateral is required for demand deposits, time deposits, and certificates of deposit equal to or exceeding all deposits not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Cash accounts were fully insured or collateralized at May 31, 2018 and 2017.

Cash and cash equivalents include amounts in demand deposits and time deposits, which mature no more than three months from the date purchased.

Changes in restricted cash and cash equivalents are considered investing activities in the statements of cash flows.

#### *h. Accounts Receivable, Net*

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts annually. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance was \$50,000 at May 31, 2018 and 2017. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Uncollectible revenues totaled \$51,249 and \$17,283 for the years ended May 31, 2018 and 2017, respectively, and are included in administrative and general expenses in these financial statements.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. A late payment penalty of 1.5% per month is charged on all accounts receivable that are outstanding for more than 30 days and is recognized as it is charged. Late payment penalties are assessed up to the time the account receivable is collected or deemed uncollectible.

#### *i. Inventory*

Inventory is valued at the lower of cost or market, with cost determined on a rolling average cost basis, and is expensed or capitalized when used. Inventory materials recovered and returned to stock in construction, maintenance, or the retirement of operating property are valued at current replacement prices. Inventory consists of components, parts, and tools held for consumption.

#### *j. Deferred Outflows and Deferred Inflows of Resources*

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. Likewise, deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *k. Pensions*

The Authority is a participating employer in the New York State and Local Retirement System (System). Employees in permanent positions are required to enroll in the System, and employees in part-time or seasonal positions have the option of enrolling in the System. The System is a cost sharing, multiple employer, public employee defined benefit retirement system.

The Authority recognizes a net pension liability for the pension plan which represents the Authority's proportionate share of the excess total pension liability over the pension plan assets, as actuarially calculated, of a cost-sharing multiple-employer plan, measured as of the fiscal year end of the plan (March 31<sup>st</sup>). The Authority's proportionate net pension liability, pension expense, deferred outflows of resources, and deferred inflow of resources are allocated using covered payroll of the Authority. Additional information related to the net pension liability is described in Note 5 to these financial statements.

#### *l. Other Postemployment Benefits*

The Authority recognizes in its financial statements the financial impact of other postemployment benefits, principally employer funded health care costs. The impact on the Authority's financial position and results of operations is more fully disclosed in Note 8.

#### *m. Revenue Recognition*

Distribution income is recorded when services are provided to customers. Distribution income is determined based on customer usage and demand at base rates for each consumer class approved by the PSC. Purchase power costs incurred in excess of those costs included in the base rate calculation are passed on to the consumer at no profit or loss from the Authority by means of a "Purchased Power Adjustment" (PPA) factor.

Hydroelectric generation and related revenues are recorded as the services are rendered under the terms of the agreement with AEC.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a principal ongoing operation. The principal operating revenues are distribution and hydroelectric generating income. Operating expenses include the cost of services, administrative expenses, depreciation costs, and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

#### *n. Contributions to Other Governments*

Properties and income of the Authority are exempt from all taxes on distribution and hydroelectric generating facilities. However, the Authority is allowed to make discretionary contributions to the Village and school in lieu of taxes. No contributions were made to the Village or school during the fiscal years ended May 31, 2018 and 2017.

#### *o. Compensated Absences*

Vested or accumulated vacation and sick leave is recorded as an expense and a liability as the benefits accrue to employees. Accrued compensated absences totaled \$41,417 and \$39,179 as of May 31, 2018 and 2017, respectively, and are included in other liabilities in these financial statements.

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

*p. Income Taxes*

The Authority is a public benefit corporation of the State of New York. As such, income earned in the exercise of its essential government functions is exempt from state and federal income taxes.

*q. Subsequent Events*

The Authority has evaluated subsequent events for potential recognition or disclosure through September 26, 2018, the date the financial statements were available to be issued.

### Note 2 - Utility Plant

A summary of the Authority's utility plant is as follows:

	May 31, 2018			
	Balance at Beginning of Year	Additions	Disposals	Balance at End of Year
<u>Distribution Facilities</u>				
Land	\$ 88,520	\$ -	\$ -	\$ 88,520
Buildings	693,490	-	-	693,490
Transmission and distribution equipment	6,945,247	84,897	(35,553)	6,994,591
Furniture, fixtures, transportation, and miscellaneous equipment	886,470	-	-	886,470
Total distribution facilities	8,613,727	84,897	(35,553)	8,663,071
<u>Hydroelectric Generating Facility</u>				
Land	521,207	-	-	521,207
Structures	6,405,258	-	-	6,405,258
Reservoirs, dams, and waterways	1,054,439	-	-	1,054,439
Roads, trails, and bridges	10,063	-	-	10,063
Water wheels, turbines, and generators	2,032,924	-	-	2,032,924
Accessory electric equipment	1,629,919	-	-	1,629,919
Furniture, fixtures, transportation, and miscellaneous equipment	333,989	-	-	333,989
Total hydroelectric generating facility	11,987,799	-	-	11,987,799
Total utility plant	20,601,526	84,897	(35,553)	20,650,870
Accumulated Depreciation	(7,320,639)	(602,484)	50,726	(7,872,397)
	\$ 13,280,887	\$ (517,587)	\$ 15,173	\$ 12,778,473

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 2 - Utility Plant - Continued

	May 31, 2017			
	Balance at Beginning of Year	Additions	Disposals/ Transfers	Balance at End of Year
<u>Distribution Facilities</u>				
Land	\$ 88,520	\$ -	\$ -	\$ 88,520
Buildings	693,490	-	-	693,490
Transmission and distribution equipment	6,882,855	150,540	(88,148)	6,945,247
Furniture, fixtures, transportation, and miscellaneous equipment	886,470	-	-	886,470
Total distribution facilities	8,551,335	150,540	(88,148)	8,613,727
<u>Hydroelectric Generating Facility</u>				
Land	521,207	-	-	521,207
Structures	6,280,894	124,364	-	6,405,258
Reservoirs, dams, and waterways	1,054,439	-	-	1,054,439
Roads, trails, and bridges	10,063	-	-	10,063
Water wheels, turbines, and generators	2,157,288	(124,364)	-	2,032,924
Accessory electric equipment	1,629,919	-	-	1,629,919
Furniture, fixtures, transportation, and miscellaneous equipment	333,989	-	-	333,989
Total hydroelectric generating facility	11,987,799	-	-	11,987,799
	20,539,134	150,540	(88,148)	20,601,526
Accumulated Depreciation	(6,752,368)	(600,617)	32,346	(7,320,639)
	\$ 13,786,766	\$ (450,077)	\$ (55,802)	\$ 13,280,887

Depreciation expense for operating property was \$535,073 and \$533,206 for 2018 and 2017, respectively. Depreciation charges on transportation and shop equipment have been allocated to the various expense or operating property accounts via the Department's work order system, as prescribed by the *Uniform System of Accounts for Municipal Utilities*. These depreciation charges totaled \$67,411 for both the years ended May 31, 2018 and 2017. In accordance with the *Uniform System of Accounts for Municipal Utilities*, net costs associated with retirement, removal, salvage, and proceeds upon disposition of fixed assets have been charged against accumulated depreciation. These costs totaled \$50,726 and \$32,346 for 2018 and 2017, respectively.

### Note 3 - Cash and Cash Equivalents, Restricted

Cash and cash equivalents, restricted, represents cash reserved from the issuance of the 2000, 2004, and 2008 Serial Bonds. A summary is as follows:

	May 31,	
	2018	2017
Debt Service Reserve Funds, 2000, 2004, and 2008 Serial Bonds equal to the largest annual debt service requirement	\$ 1,880,021	\$ 1,939,522
Renewal and Replacement Fund, in anticipation of unforeseen repairs and replacements (a)	119,933	118,700
Proceeds restricted by 2004 and 2008 Bonds payable	54,950	54,386
Cash and cash equivalents, restricted	\$ 2,054,904	\$ 2,112,608

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 3 - Cash and Cash Equivalents, Restricted - Continued

- (a) There were no funds expended for repairs or replacements during the years ended May 31, 2018 and 2017. As required by the 2000 Serial Bond issue, the Authority must have a \$100,000 balance in this account as of September 1 each year.

### Note 4 - Bonds Payable

A summary of changes in bonds payable of the Authority is as follows:

	Years Ended May 31,	
	2018	2017
Bonds payable, <i>beginning of year</i>	\$ 13,860,000	\$ 14,740,000
Principal payments	(885,000)	(880,000)
Bonds payable, <i>end of year</i>	\$ 12,975,000	\$ 13,860,000

A summary of the Authority's bond issues at May 31, 2018 is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance
Series 2000 Subordinate Power System Revenue Bonds	12/2000	12/2025	5.000% to 6.000%	\$ 2,495,000
Series 2004 Power System Revenue Bonds	12/2004	12/2024	2.500% to 5.125%	2,560,000
Series 2008 Power System Revenue Bonds	7/2008	3/2033	3.000% to 7.250%	7,920,000
Total bonds payable				\$ 12,975,000

A summary of the Authority's future minimum annual maturities for bonds payable is as follows:

	Principal	Interest
For the year ending May 31,		
2019	\$ 920,000	\$ 718,525
2020	965,000	669,725
2021	1,025,000	618,150
2022	1,075,000	563,350
2023	1,130,000	505,407
2024 through 2028	4,470,000	1,621,188
2029 through 2033	3,390,000	606,096
	\$ 12,975,000	\$ 5,302,441

Interest expense on the bonds payable was \$747,730 and \$790,827 for the years ended May 31, 2018 and 2017, respectively. Interest paid was \$763,762 and \$806,969 during the years ended May 31, 2018 and 2017, respectively.



# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 5 - New York State Retirement Systems

#### *a. Plan Description*

The Authority participates in the System, a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct state-wide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

#### *b. Funding Policy*

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (New York State and Local Employees' Retirement System) or January 9, 2010 (New York State Police and Fire Retirement System) who generally contribute 3% of their salary for their entire length of service. The average contribution rate for the New York State and Local Employees' Retirement System for the fiscal years ended March 31, 2018 and 2017, was approximately 13.4% and 15.5% of payroll, respectively. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Authority contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

For the year ended May 31,

2018	\$	45,409
2017		56,641
2016		76,701

#### *c. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

At May 31, 2018 and 2017, the Authority reported a liability of \$50,148 and \$174,945, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018 and 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At May 31, 2018 and 2017, the Authority's proportion was 0.0015538% and 0.0018619%, respectively.

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 5 - New York State Retirement Systems - Continued

*c. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued*

For the years ended May 31, 2018 and 2017, the Authority recognized pension expense of \$32,825 and \$22,319, respectively.

The Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	May 31, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,886	\$ 14,781
Changes of assumptions	33,252	-
Net differences between projected and actual investment earnings on pension plan investments	72,836	143,772
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	61,092
Total	\$ 123,974	\$ 219,645

	May 31, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,384	\$ 26,566
Changes of assumptions	59,767	-
Net differences between projected and actual investment earnings on pension plan investments	34,944	-
Changes in proportion and differences between employer		

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

For the year ending May 31,	
2019	\$ (17,068)
2020	(8,342)
2021	(46,803)
2022	(23,458)
	\$ (95,671)

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 5 - New York State Retirement Systems - Continued

#### d. Actuarial Assumptions

The total pension liability at March 31, 2018 is the most current information available and was determined by using an actuarial valuation as of April 1, 2017, with updated procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions, which were consistent from year to year unless otherwise noted:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.50%
Salary Scale	3.80%, indexed by service
Investment rate of return, including inflation	7.00% compounded annually, net of expenses
Decrement	Developed from the plan's 2010 experience study for the period April 1, 2011 through March 31, 2015 (2018) and April 1, 2011 through March 31, 2015 (2017)
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on the System's pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation.

#### e. Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the applicable valuation dates are summarized as follows:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-Indexed bonds	4.00%	1.25%
	100.00%	

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 5 - New York State Retirement Systems - Continued

*f. Discount Rate*

The discount rate projection of cash flows assumed that contributions from members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Authority's proportionate share of the net pension liability or asset would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the net pension liability (asset)	\$ 379,435	\$ 50,148	\$ (228,415)

*h. Pension Plan Fiduciary Net Position*

The components of the current-year net pension liability of the New York State and Local Employees' Retirement System as of March 31, 2018 and 2017 are as follows (amounts in thousands):

	2018	2017
Employer's total pension liability	\$ 183,400,590	\$ 177,400,586
Plan net position	(180,173,145)	(168,004,363)
Employer's net pension liability	\$ 3,227,445	\$ 9,396,223
Ratio of plan net position to the employer's total pension liability	98.24%	94.70%

### Note 6 - Due From/To Other Governments

The Authority provides the Village with electric service related to public street lighting and other types of lighting. Revenue from this service totaled \$42,352 and \$47,187 for the years ended May 31, 2018 and 2017, respectively.

The Authority also rents office space on a month-to-month basis from the Village for an annual rental of \$8,400 for both years ended May 31, 2018 and 2017.

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 6 - Due From/To Other Governments - Continued

Amounts due from the Village as a result of these transactions were \$95,005 and \$81,110 as of May 31, 2018 and 2017, respectively.

Additionally, the Authority may make discretionary contributions to the Village and school district. The Authority is indebted to the Village for declared contributions in prior years. Contributions paid to the Village and school district for prior year declared contributions totaled \$40,000 and \$25,000 during the years ended May 31, 2018 and 2017, respectively. Contributions due to the Village and school totaled \$128,804 and \$168,804 at May 31, 2018 and 2017, respectively, and are included in due to other governments in these financial statements.

### Note 7 - Power Supply Contract Commitments, Concentrations, Risks, and Uncertainties

#### a. *Power Supply Contracts*

##### i. Distribution

Electric power distributed by the Authority is obtained from NYPA under a power supply contract which expires during September 2025. The Authority is entitled to certain kilowatts of firm hydroelectric power and associated energy. Demand, energy, and transmission charges under this contract are subject to change and approval of regulatory authorities. There are no minimum capacity or other fixed charge components to this contract. Electric purchases under this contract totaled \$233,096 and \$230,809 for the years ended May 31, 2018 and 2017, respectively. The Village guarantees contractual electric payments to NYPA.

The Authority purchases incremental power (power supplied in excess of its hydroelectric power allotment) on the open market, at day ahead rates. The scheduling of these power purchases is performed by Lynx Technologies, and purchased on the open market through NYISO. Electric purchases and related charges from NYISO totaled \$637,638 and \$699,822 for the years ended May 31, 2018 and 2017, respectively.

The Authority also maintains an agreement with National Grid for the transmission of capacity on National Grid's circuits. Electric wheeling charges under this contract totaled \$215,990 and \$234,502 for the years ended May 31, 2018 and 2017, respectively.

##### ii. NYISO

NYISO is a not-for-profit corporation under the support of the Federal Electric Regulatory Commission, with responsibility to provide free access to the electric transmission facilities within New York State. All NYISO costs are billed to users of the electric transmission grid. Pricing is market based rather than cost based. NYISO charges totaled \$90,820 and \$108,223 for the years ended May 31, 2018 and 2017, respectively. These costs are included in purchased power in these financial statements.

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### **Note 7 - Power Supply Contract Commitments, Concentrations, Risks, and Uncertainties - Continued**

#### *a. Power Supply Contracts - Continued*

##### *iii. Hydroelectric*

As described in Note 1e, the Authority has a contract with National Grid to sell all energy produced from the hydroelectric generating facility at day ahead pricing which expired June 30, 2018. As of September 26, 2018, this contract is in the process of being renegotiated. Management believes that a new contract will be signed under similar terms.

##### *iv. Clean Energy Standards*

Effective February 22, 2017, the PSC approved the Phase 1 Implementation Plan associated with PSC Case 15-E-0302, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard (CES)*. Case 15-E-0302 requires the procurement of Renewable Energy Credits (RECs) and Zero-Emissions Credits (ZECs) by all load serving entities (LSE) in New York State.

To comply with the CES, the Authority purchased the required RECs and ZECs from the New York State Energy Research and Development Authority (NYSERDA). Invoicing for the RECs and ZECs commenced in June 2017.

The cost of the RECs and ZECs to the Authority were \$49,401 for the year ended May 31, 2018. The costs associated with the RECs and ZECs have been passed onto the Authority's customers, in their entirety, through the CES surcharge applied to each customer's monthly bill. As such, the impact of the RECs and ZECs on the Authority's statement of revenues, expenses, and changes in net position is revenue neutral.

#### *b. Significant Concentration*

Approximately 27% and 25% of the Authority's operating revenues were derived from sales of hydroelectricity to AEC and NIMO for the years ended May 31, 2018 and 2017, respectively. No other customers accounted for more than 10% of the Authority's operating revenues during the years ended May 31, 2018 and 2017. Amounts due from AEC and NIMO as of May 31, 2018 and 2017, totaled \$184,898 and \$185,998, respectively.

#### *c. Risks and Uncertainties*

The Authority is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include prices on the wholesale markets for short-term power transactions; water conditions; weather, and natural disaster disruptions; collective bargaining labor disputes, and government regulation.

### **Note 8 - Postemployment Benefits Other Than Pensions**

#### *a. Plan Description*

The Authority provides medical and prescription drug insurance benefits for retired Authority employees and their dependents. All Authority employees become eligible for such benefits when they attain certain age and service requirements while employed by the Authority. Retirees are required to contribute a portion of the total cost of these benefits.

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 8 - Postemployment Benefits Other Than Pensions - Continued

*b. Funding Policy*

Currently, the Authority's cost of its postemployment benefits program is determined on a pay-as-you-go basis and is; therefore, unfunded.

During 2018 and 2017, premiums paid by the Authority on behalf of current retirees and their dependents totaled \$11,531 and \$11,345, respectively.

*Annual OPEB Cost and Net OPEB Obligation.* The Authority's annual other postemployment benefit (OPEB) cost is calculated based on the *annual required contribution of the employer (ARC)*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation to the plan:

	May 31,	
	2018	2017
Annual required contribution	\$ 92,404	\$ 88,049
Interest on net OPEB obligation	17,418	15,333
Adjustment of annual required contribution	(26,802)	(23,595)
Annual OPEB cost	83,020	79,787
Expected contributions	(26,156)	(27,670)
Net OPEB obligation, <i>beginning of year</i>	435,453	383,336
Net OPEB obligation, <i>end of year</i>	\$ 492,317	\$ 435,453

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
5/31/2018	\$ 83,020	31.5%	\$ 492,317
5/31/2017	79,787	34.7%	435,453
5/31/2016	78,433	34.1%	383,336

*Funded Status and Funding Progress.* As of May 31, 2018 and 2017, the actuarial accrued liability for benefits was \$844,149 and \$799,148, respectively, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$354,782 and \$393,232 for the years ended May 31, 2018 and 2017, respectively, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 238% and 203% at May 31, 2018 and 2017, respectively.

# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### Note 8 - Postemployment Benefits Other Than Pensions - Continued

#### *b. Funding Policy - Continued*

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

*Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of costs to the employer to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement Age and Service Period for Active Employees* - An employee must be age 55 with 10 years of service to become eligible for postretirement health benefits.

*Marital Status* - It is assumed that 70% of retirees will be married at the time of their retirement, with the male spouse assumed to be approximately three years older than the female.

*Mortality* - Life expectancies were based on the RP-2014 Mortality Table.

*Termination Rates* - Termination rates were selected and are based on the experience of the New York State and Local Retirement System.

*Retirement Rates* - Retirement rates are based on the experience of the New York State and Local Retirement System.

*Healthcare Cost Trend Rate* - The Society of Actuaries Long-Run Medical Cost Trend Model and its baseline projection were used as a basis for healthcare cost trend.

#### *Other Related Information*

The remaining actuarial assumptions and methods used for the valuation of the Authority's postemployment benefits program as of May 31, 2018 and 2017, were as follows:

Interest Rate:	4.00%
Valuation Method:	Projected Unit Credit
Amortization Method:	Level dollar closed
Amortization Period:	25 years



# Green Island Power Authority

## Notes to Financial Statements May 31, 2018 and 2017

### **Note 9 - Accounting Pronouncement Issued but Not Yet Implemented**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes financial reporting standards for other postemployment benefits (OPEB) plans for state and local governments. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, this statement identifies requirements for additional note disclosures and required supplementary information. These requirements are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 85, *Omnibus 2017*. This statement addresses practice issues identified during the implementation and application of certain GASB Statements. This statement is effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishments*. The primary object of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt are placed in an irrevocable trust and for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of the statement is to improve the information that is disclosed in notes to government financial statements related to debt, direct borrowings, and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement is effective for reporting periods beginning after June 15, 2018.

Management has not yet estimated the potential impact, if any, of the statements on the Authority's financial statements.

# Green Island Power Authority

## Required Supplementary Information Schedule of Funding Progress - Other Postemployment Benefits

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability Percentage of Covered Payroll</u>
5/31/2018	7/19/2018	\$ -	\$ 844,149	\$ 844,149	0.00%	\$ 354,782	237.93%
5/31/2017	7/21/2017	-	799,148	799,148	0.00%	393,232	203.23%
5/31/2016	7/22/2016	-	760,019	760,019	0.00%	492,449	154.33%
5/31/2015	7/21/2015	-	847,954	847,954	0.00%	393,232	215.64%
5/31/2014	7/27/2014	-	801,332	801,332	0.00%	393,232	203.78%

# Green Island Power Authority

## Required Supplementary Information Schedule of the Proportionate Share of the Net Pension Liability Years Ended May 31,

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the net pension liability	0.0015538%	0.0018619%	0.0019066%
Authority's proportionate share of the net pension liability	\$ 50,148	\$ 174,945	\$ 306,017
Authority's covered-employee payroll	\$ 338,357	\$ 365,426	\$ 421,434
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.82%	47.87%	72.61%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

## Green Island Power Authority

### Required Supplementary Information Schedule of Pension Contributions Years Ended May 31,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 45,409	\$ 56,641	\$ 76,701	\$ 68,992	\$ 105,673	\$ 113,203	\$ 103,254	\$ 107,854	\$ 101,789	\$ 104,635
Contributions in relation to the contractually required contribution	45,409	56,641	76,701	68,992	105,673	113,203	103,254	107,854	101,789	104,635
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	338,357	365,426	421,434	343,244	415,284	419,584	406,879	410,321	401,895	421,896
Contribution as a percentage of covered-employee payroll	13.42%	15.50%	18.20%	20.10%	25.45%	26.98%	25.38%	26.29%	25.33%	24.80%

*See Independent's Auditor's Report.*



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

Board of Trustees  
Green Island Power Authority  
Green Island, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Green Island Power Authority (Authority) as of and for the year ended May 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 26, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

BST & CO. CPAs, LLP

Albany, New York  
September 26, 2018

