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

Financial Report

May 31, 2020 and 2019

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C O N T E N T S

BST
ACCOUNTING / TAX / ADVISORY

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, 2020 and 2019, 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 opinions 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 opinions.

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, 2020 and 2019, 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 26 to 28 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 21, 2020, 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, 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 21, 2020

Green Island Power Authority

Statements of Net Position

	May 31, 2020	May 31, 2019 (Restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
UTILITY PLANT, net		
Distribution facilities	$ 8,698,463	$ 8,674,203
Hydroelectric generating facility	11,987,799	11,987,799
	20,686,262	20,662,002
Less accumulated depreciation	9,019,704	8,456,223
Total utility plant, net	11,666,558	12,205,779
RESTRICTED ASSETS		
Cash and cash equivalents, restricted	1,898,352	2,164,939
CURRENT ASSETS		
Cash and cash equivalents, unrestricted	1,261,266	845,349
Accounts receivable, net	605,062	375,419
Inventory	68,119	79,484
Prepaid expenses	96,174	175,255
Due from other governments	118,008	120,988
Total current assets	2,148,629	1,596,495
Total assets	15,713,539	15,967,213
DEFERRED OUTFLOWS OF RESOURCES		
Other postemployment benefits resources	114,775	125,921
Pension resources	231,284	47,077
Total deferred outflows of resources	346,059	172,998
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 16,059,598**	**$ 16,140,211**

See accompanying Notes to Financial Statements.

	May 31, 2020	May 31, 2019 (Restated)
NET POSITION, LIABILITIES, AND DEFERRED INFLOWS OF RESOURCES		
NET POSITION		
Net investment in capital assets	$ 2,474,910	$ 2,315,718
Unrestricted net position	381,903	15,648
Total net position	2,856,813	2,331,366
LONG-TERM DEBT, less current installments		
Other postemployment benefits obligation	1,243,614	1,177,310
Net pension liability	390,922	105,018
Bonds payable	10,065,000	11,090,000
Total long-term debt, less current installments	11,699,536	12,372,328
CURRENT LIABILITIES		
Current installments of bonds payable	1,025,000	965,000
Accounts payable	172,891	69,511
Due to other governments	48,804	88,804
Interest payable	162,949	180,383
Other liabilities	51,346	52,700
Total current liabilities	1,460,990	1,356,398
Total liabilities	13,160,526	13,728,726
DEFERRED INFLOWS OF RESOURCES		
Pension resources	42,259	80,119
TOTAL NET POSITION, LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**$ 16,059,598**	**$ 16,140,211**

Green Island Power Authority

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended May 31, 2020	Years Ended May 31, 2019
OPERATING REVENUES		
Distribution	$ 3,052,259	$ 3,345,278
Hydroelectric generation and related revenues	1,109,200	1,109,768
Total operating revenues	4,161,459	4,455,046
OPERATING EXPENSES		
Purchased power	1,589,546	1,779,088
Transmission expenses	15,868	15,856
Distribution expenses	352,748	300,643
Street lighting	21,040	24,006
Consumer accounting	84,657	84,141
Hydroelectric generation	309,661	309,661
Administrative and general	644,401	566,017
Total operating expenses	3,017,921	3,079,412
Net operating income	**1,143,538**	**1,375,634**
OTHER INCOME (EXPENSE)		
Interest income	34,201	40,885
Interest expense	(652,292)	(701,932)
	(618,091)	(661,047)
Change in net position	**525,447**	**714,587**
NET POSITION, ***beginning of year***	2,331,366	1,616,779
NET POSITION, ***end of year***	$ 2,856,813	$ 2,331,366

See accompanying Notes to Financial Statements.

Green Island Power Authority

Statements of Cash Flows

	Years Ended May 31, 2020	2019
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from customers	$ 3,953,812	$ 4,389,554
Cash paid to suppliers and other vendors	(1,655,306)	(1,644,021)
Cash paid for salaries and employee benefits	(483,377)	(964,634)
	1,815,129	**1,780,899**
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Transfers (to) from cash and cash equivalents, restricted	266,587	(110,035)
Interest income	34,201	40,885
	300,788	**(69,150)**
CASH FLOWS USED BY CAPITAL AND FINANCING ACTIVITIES		
Principal payments of bonds payable	(965,000)	(920,000)
Acquisition of distribution facilities	(58,181)	(26,002)
Cost to remove operating property components	(7,092)	(5,022)
Interest paid	(669,727)	(718,525)
	(1,700,000)	**(1,669,549)**
Net increase in cash and cash equivalents, unrestricted	**415,917**	**42,200**
CASH AND CASH EQUIVALENTS, UNRESTRICTED, ***beginning of year***	845,349	803,149
CASH AND CASH EQUIVALENTS, UNRESTRICTED, ***end of year***	**$ 1,261,266**	**$ 845,349**
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net operating income	$ 1,143,538	$ 1,375,634
Adjustments to reconcile net operating income to net cash provided (used) by operating activities		
Depreciation expense and charges	604,495	603,718
Provision for uncollectible revenue	(21,996)	7,116
Decrease (increase) in		
Accounts receivable	(207,647)	(65,492)
Inventory	11,365	(8,031)
Deferred outflows of resources	(173,061)	(49,024)
Prepaid expenses	79,081	(47,479)
Due from other governments	2,980	(25,983)
Increase (decrease) in		
Accounts payable	103,380	(4,554)
Net pension liability	285,904	54,870
Deferred inflows of resources	(37,860)	(139,526)
Other postemployment benefits obligation	66,304	116,412
Due to other governments	(40,000)	(40,000)
Other liabilities	(1,354)	3,238
	$ 1,815,129	**$ 1,780,899**

See accompanying Notes to Financial Statements.

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.

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 the following standards effective June 1, 2019. Adoption of these standards did not have a significant impact on the Authority's financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

GASB Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 establishes criteria for identifying fiduciary activities of state and local governments and establishes four types of fiduciary funds that should be reported. The statement also provides guidance for the recognition of liabilities in a fiduciary fund and the related release of liability to a beneficiary.

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.

GASB Statement No. 90, *Majority Equity Interests.* This statement will provide financial reporting users with information related to the presentation of majority equity interests in legally separate organizations. In addition, this statement requires the reporting of information about component units if the government acquires a 100% equity interest about the cost of services to be provided by the component unit in relation to the construction period to acquire the component unit.

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. During June 2018, Albany Engineering Corporation (AEC) assumed operational management of the facility and began selling power produced by the facility pursuant to the agreement referenced in the following paragraph. 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 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 $1,109,200 and $1,109,768 for the years ended May 31, 2020 and 2019, 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, 2020 and 2019. 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 as of and during the years ended May 31, 2020 and 2019.

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, 2020 and 2019.

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 $15,000 and $35,000 at May 31, 2020 and 2019, respectively. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

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.

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 31st). 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, 2020 and 2019.

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 $44,553 and $44,752 as of May 31, 2020 and 2019, respectively, and are included in other liabilities in these financial statements.

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. Restatement

The statement of net position as of May 31, 2019, has been restated to correct the presentation of net investment in capital assets, restricted net position and unrestricted net position. The total of net position at May 31, 2019 was unchanged.

r. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through September 21, 2020, 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, 2020			
	Balance at Beginning of Year	Additions	Disposals	Balance at End of Year
Distribution Facilities				
Land	$ 88,520	$ -	$ -	$ 88,520
Buildings	693,490	-	-	693,490
Transmission and distribution equipment	7,005,723	58,181	(33,921)	7,029,983
Furniture, fixtures, transportation, and miscellaneous equipment	886,470	-	-	886,470
Total distribution facilities	8,674,203	58,181	(33,921)	8,698,463
Hydroelectric Generating Facility				
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
	20,662,002	58,181	(33,921)	20,686,262
Accumulated depreciation	(8,456,223)	(604,495)	41,014	(9,019,704)
	$ 12,205,779	$ (546,314)	$ 7,093	$ 11,666,558

Green Island Power Authority

Notes to Financial Statements
May 31, 2020 and 2019

Note 2 - Utility Plant - Continued

	May 31, 2019			
	Balance at Beginning of Year	Additions	Disposals/ Transfers	Balance at End of Year
Distribution Facilities				
Land	$ 88,520	$ -	$ -	$ 88,520
Buildings	693,490	-	-	693,490
Transmission and distribution equipment	6,994,591	26,002	(14,870)	7,005,723
Furniture, fixtures, transportation, and miscellaneous equipment	886,470	-	-	886,470
Total distribution facilities	8,663,071	26,002	(14,870)	8,674,203
Hydroelectric Generating Facility				
Land	521,207	-	-	521,207
Structures	6,280,894	-	-	6,280,894
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	-	-	2,157,288
Accessory electric equipment	1,629,919	-	-	1,629,919
Furniture, fixtures, transportation, and and miscellaneous equipment	333,989	-	-	333,989
Total hydroelectric generating facility	11,987,799	-	-	11,987,799
	20,650,870	26,002	(14,870)	20,662,002
Accumulated depreciation	(7,872,397)	(603,718)	19,892	(8,456,223)
	$ 12,778,473	$ (577,716)	$ 5,022	$ 12,205,779

Depreciation expense for operating property was $537,084 and $536,307 for 2020 and 2019, 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, 2020 and 2019. 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 $41,009 and $19,889 for 2020 and 2019, 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, 2020	May 31, 2019
Debt Service Reserve Funds, 2000, 2004, and 2008 Serial Bonds equal to the largest annual debt service requirement	$ 1,716,976	$ 1,986,490
Renewal and Replacement Fund, in anticipation of unforeseen repairs and replacements (a)	124,386	122,379
Proceeds restricted by 2004 and 2008 Bonds payable	56,990	56,070
Cash and cash equivalents, restricted	$ 1,898,352	$ 2,164,939

(a) There were no funds expended for repairs or replacements during the years ended May 31, 2020 and 2019. 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, 2020	Years Ended May 31, 2019
Bonds payable, *beginning of year*	$ 12,055,000	$ 12,975,000
Principal payments	(965,000)	(920,000)
Bonds payable, *end of year*	$ 11,090,000	$ 12,055,000

A summary of the Authority's bond issues at May 31, 2020 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%	$ 1,980,000
Series 2004 Power System Revenue Bonds	12/2004	12/2024	2.500% to 5.125%	1,910,000
Series 2008 Power System Revenue Bonds	7/2008	3/2033	3.000% to 7.250%	7,200,000
Total bonds payable				$ 11,090,000

Note 4 - Bonds Payable - Continued

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

	Principal	Interest
For the year ending May 31,		
2020	$ 1,025,000	$ 618,150
2021	1,075,000	563,350
2022	1,130,000	505,407
2023	1,190,000	444,443
2024	1,265,000	379,725
2025 through 2029	3,260,000	1,151,740
2030 through 2033	2,145,000	251,376
	$ 11,090,000	$ 3,914,191

Interest expense on the bonds payable was $652,292 and $701,932 for the years ended May 31, 2020 and 2019, respectively. Interest paid was $669,725 and $718,525 during the years ended May 31, 2020 and 2019, respectively.

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 or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Note 5 - New York State Retirement Systems - Continued

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, 2019 and 2018, 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,		
2020	$	47,053
2019		45,530
2018		45,409

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

At May 31, 2020 and 2019, the Authority reported a liability of $390,922 and $105,018, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020 and 2019, 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, 2020 and 2019, the Authority's proportion was 0.0014763% and 0.0014822%, respectively.

For the years ended May 31, 2020 and 2019, the Authority recognized pension expense of $110,891 and $37,771, respectively.

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

	May 31, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,007	$ -
Changes of assumptions	7,871	6,797
Net differences between projected and actual investment earnings on pension plan investments	200,406	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	35,462
Total	$ 231,284	$ 42,259

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*

	May 31, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,680	$ 7,050
Changes of assumptions	26,397	-
Net differences between projected and actual investment earnings on pension plan investments	-	26,954
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	46,115
Total	$ 47,077	$ 80,119

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,	
2021	$ 21,876
2022	44,245
2023	66,858
2024	56,046
	$ 189,025

d. *Actuarial Assumptions*

The total pension liability at March 31, 2020 is the most current information available and was determined by using an actuarial valuation as of April 1, 2019, with updated procedures used to roll forward the total pension liability to March 31, 2020. 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	4.20%, indexed by service
Investment rate of return, including inflation	6.80% compounded annually, net of expenses
Decrement	Developed from the plan's 2010 experience study for the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2018

Note 5 - New York State Retirement Systems - Continued

d. *Actuarial Assumptions - Continued*

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%	4.05%
International equity	14.00%	6.15%
Private equity	10.00%	6.75%
Real estate	10.00%	4.95%
Absolute return strategies	2.00%	3.25%
Opportunistic portfolio	0.00%	4.65%
Real assets	3.00%	5.95%
Bonds and mortgages	3.00%	0.75%
Cash	17.00%	0.00%
Inflation-Indexed bonds	1.00%	0.50%
	4.00%	
	100.00%	

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 6.8%, 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:

Note 5 - New York State Retirement Systems – Continued

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

	1% Decrease (5.8%)	Current Discount (6.8%)	1% Increase (7.8%)
Authority's proportionate share of the net pension liability (asset)	$ 717,452	$ 390,922	$ 90,186

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, 2020 and 2019 are as follows (amounts in thousands):

	2020	2019
Employer's total pension liability	$ 194,596,261	$ 189,803,429
Plan net position	(168,115,682)	(182,718,124)
Employer's net pension liability	$ 26,480,579	$ 7,085,305
Ratio of plan net position to the employer's total pension liability	86.39%	96.27%

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 $51,970 and $60,128 for the years ended May 31, 2020 and 2019, 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, 2020 and 2019.

Amounts due from the Village as a result of these transactions were $118,008 and $120,988 as of May 31, 2020 and 2019, 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 during the years ended May 31, 2020 and 2019. Contributions due to the Village and school totaled $48,804 and $88,804 at May 31, 2020 and 2019, 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 $228,631 and $217,890 for the years ended May 31, 2020 and 2019, 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 $363,622 and $657,250 for the years ended May 31, 2020 and 2019, 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 $207,061 and $211,732 for the years ended May 31, 2020 and 2019, 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 $207,475 and $158,575 for the years ended May 31, 2020 and 2019, respectively. These costs are included in purchased power in these financial statements.

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 $103,850 and $161,255 for the years ended May 31, 2020 and 2019, respectively. 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.

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

b. Significant Concentration

Approximately 27% and 25% of the Authority's operating revenues were derived from the management agreement with AEC for the years ended May 31, 2020 and 2019, respectively. No other customers accounted for more than 10% of the Authority's operating revenues during the years ended May 31, 2020 and 2019.

Approximately 47% and 45% of accounts receivable, net were due from AEC at May 31, 2020 and 2019, respectively. No other customer accounted for more than 10% of outstanding accounts receivable, net at May 31, 2020 or 2019.

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.

d. Effects of Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Authority operates. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Authority.

Note 8 - Postemployment Benefits Other Than Pensions

OPEB Benefits

The Authority reports in its financial statements the financial impact of other postemployment benefits (OPEB), principally employer funded medical and prescription drug insurance benefits which the Authority provides 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.

Note 8 - Postemployment Benefits Other Than Pensions - Continued

OPEB Benefits - Continued

A summary of participants as of the June 1, 2019 actuarial measurement date is as follows:

	Subscribers
Retired and surviving beneficiaries	9
Terminated Vested Employees	0
Active	8
	17

Currently, the Authority's cost of its postemployment benefits program is determined on a pay-as-you-go basis and is; therefore, unfunded. During 2020 and 2019, premiums paid by the Authority on behalf of current retirees and their dependents totaled $13,746 and $12,750, respectively. The plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Net OPEB Liability

The total OPEB liability for the Authority for the years ended May 31, 2020 and 2019 were measured as of June 1, 2019 and June 1, 2018, respectively, using an actuarial valuation dated June 1, 2018, for both years.

The total OPEB liability in the June 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Assumptions	Factor
Discount Rate	3.51% for 2020 and 3.78% for 2019
Measurement Date	June 1, 2019 for 2020 and June 1, 2018 for 2019
Salary Scale	2% for both 2020 and 2019
Mortality - Active	RPH-2014 for employees, gender distinct, with generational mortality adjusted to 2006 using scale MP-2014 and projected forward with MP-2018
Mortality - Retirees	RPH-2014 for healthy annuitants, gender distinct, with generational mortality adjusted to 2006 using scale MP-2014 and projected forward with MP-2018
Actuarial Cost Method	Entry age normal, as a level percentage of salary.
Coverage Election	100% of all eligible employees.

Note 8 - Postemployment Benefits Other Than Pensions - Continued

Net OPEB Liability - Continued

The healthcare cost trend rates shown below were based on National Health Expenditure Projections and reflect the impact of legislative changes in 2020 and future years. These rates are as follows:

For the year ending May 31,	
2021	7.00%
2022	6.50%
2023	6.00%
2024	5.86%
2029	5.19%
2034	5.19%
2039	5.19%
2049	4.92%
2059	4.68%
2069	4.40%
2079	4.22%
2089	4.22%

Actuarial valuations involve estimates and assumptions about the probability of events far into the future and are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. These calculations are designed to reduce short-term volatility in actuarial accrued liabilities. Projected benefits are based on the types of benefits provided at the time of each valuation and on the cost sharing provisions then in effect.

Changes in the Net OPEB Liability

	2020	2019
Beginning of year	$ 1,177,310	$ 1,060,898
Changes for the year		
Service cost	44,247	41,218
Interest	45,144	38,864
Differences between expected and actual experience	-	54,409
Changes in assumptions and other inputs	31,438	32,995
Benefit paymets (including implicit subsidy)	(54,525)	(51,074)
Net changes	66,304	116,412
End of year	$ 1,243,614	$ 1,177,310

Note 8 - Postemployment Benefits Other Than Pensions - Continued

Changes in the Net OPEB Liability - Continued

Sensitivity of the OPEB liability to changes in the discount rate: The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease 2.51%	Current Discount 3.51%	1% Increase 4.51%
Net OPEB Liability	$ 1,473,745	$ 1,243,614	$ 1,058,885

	May 31, 2019		
	1% Decrease 2.78%	Current Discount 3.78%	1% Increase 4.78%
Net OPEB Liability	$ 1,389,491	$ 1,177,310	$ 1,007,226

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Discount	1% Increase
Net OPEB Liability	$ 1,022,439	$ 1,243,614	$ 1,532,550

	May 31, 2019		
	1% Decrease	Current Discount	1% Increase
Net OPEB Liability	$ 982,670	$ 1,177,310	$ 1,429,965

Note 8 - Postemployment Benefits Other Than Pensions - Continued

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The Authority recognized OPEB expense of $111,286 and $96,090 for the years ended May 31, 2020 and 2019, respectively. The Authority reported deferred outflows of resources related to OPEB of $114,775 and $125,921 as of May 31, 2020 and 2019, respectively, as follows:

	2020	2019
Differences between expected and actual experience	$ 34,479	$ 44,444
Changes of assumptions	46,460	26,952
Employer contributions subsequent to the measurement date	33,836	54,525
Total	$ 114,775	$ 125,921

The Authority did not report any deferred inflows of resources related to OPEB as of May 31, 2020 and 2019.

Contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending May 31, 2021. Other amounts reported as deferred outflows of resources of postemployment benefits other than pensions will be amortized as follows:

For the year ending May 31,	
2021	$ 21,895
2022	21,895
2023	21,895
2024	13,251
2025	2,003
	$ 80,939

Note 9 - Accounting Pronouncement Issued but Not Yet Implemented

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting by state and local governments with limited exceptions (most notably for “short-term” leases with a maximum possible term of 12 months). This statement, as delayed by GASB 95, is effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the end of a Construction Period.* This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the

Note 9 - Accounting Pronouncement Issued but Not Yet Implemented - Continued

period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 91, *Conduit Debt Obligations*. This statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The statement also addresses arrangements, often characterized as leases, that are associated with conduit debt obligations, noting that issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020.* This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public entity risk pools/reinsurance recoveries, fair value measurements, and derivative instrument terminology. Guidance related to leases, reinsurance recoveries and derivative instrument terminology was effective upon the issuance of the standard in January 2020. The remaining components of this standard, as delayed by GASB 95, are effective for periods beginning after June 15, 2021,

GASB Statement No. 93, *Replacement of Interbank Offered Rates.* The objective of this statement is to address accounting and financial reporting implications that result from the replacement of interbank offered rates (IBOR), such as providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the refence rate of the hedging derivative instrument's variable payment. The removal of the London IBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

Note 9 - Accounting Pronouncement Issued but Not Yet Implemented - Continued

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). This statement provides guidance on the accounting and financial reporting of subscription-based information technology arrangements (SBITA) including the definition of a SBITA, establishment of a right-to-use subscription asset and related liability, providing capitalization criteria and requiring note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, and amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (GASB 97). This statement has three objectives (1) to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans (OPEB), and employee benefit plans other than pensions plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. Certain requirements of this statement are effective immediately, and certain requirements are effective for reporting periods beginning after June 15, 2021.

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 Other Postemployment Benefits Liability
Year Ended May 31,

	2020	2019
Beginning of year	$ 1,177,310	$ 1,060,898
Changes for the year		
Service cost	44,247	41,218
Interest	45,144	38,864
Differences between expected and actual experience	-	54,409
Changes in assumptions and other inputs	31,438	32,995
Benefit payments (including implicit subsidy)	(54,525)	(51,074)
Net changes	66,304	116,412
End of year	$ 1,243,614	$ 1,177,310

Schedule is intended to display ten years of information. Data not available prior to 2019 implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Additional years will be displayed as data becomes available.

See Independent's Auditor's Report.

Green Island Power Authority

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

	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability	0.0014763%	0.0014822%	0.0015538%	0.0018619%	0.0019066%
Authority's proportionate share of the net pension liability	$ 390,922	$ 105,018	$ 50,148	$ 174,945	$ 306,017
Authority's covered-employee payroll	347,940	354,782	338,357	365,426	421,434
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	112.35%	29.60%	14.82%	47.87%	72.61%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%

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

See Independent's Auditor's Report.

Green Island Power Authority

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 47,053	$ 45,530	$ 45,409	$ 56,641	$ 76,701	$ 68,992	$105,673	$113,203	$103,254	$107,854
Contributions in relation to the contractually required contribution	47,053	45,530	45,409	56,641	76,701	68,992	105,673	113,203	103,254	107,854
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	347,940	354,782	338,357	365,426	421,434	343,244	415,284	419,584	406,879	410,321
Contribution as a percentage of covered-employee payroll	13.52%	12.83%	13.42%	15.50%	18.20%	20.10%	25.45%	26.98%	25.38%	26.29%

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, 2020, 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 21, 2020.

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 21, 2020

ACCOUNTING / TAX / ADVISORY