



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

Financial Report

May 31, 2022 and 2021

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

Financial Report

May 31, 2022 and 2021

C O N T E N T S

	Page
Independent Auditor's Report	1-3
Financial Statements	
Statements of Net Position	4
Statements of Revenues, Expenses, and Changes in Net Position.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-30
Required Supplementary Information	
Schedule of Other Postemployment Benefits Liability.....	31
Schedule of the Proportionate Share of the Net Pension Liability (Asset)	32
Schedule of Pension Contributions.....	33
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	34-35
Schedule of Findings and Responses	36



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Green Island Power Authority (Authority) (a New York public benefit corporation) as of and for the years ended May 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of May 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1p, subsequent to May 31, 2022, the Authority has agreed to sell its Hydro Facility to a third-party operator. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

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 October 19, 2022, 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 on 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
October 19, 2022



Green Island Power Authority

Statements of Net Position

	May 31,	
	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets		
Cash and cash equivalents, unrestricted	\$ 968,054	\$ 1,414,535
Accounts receivable, net	491,557	779,265
Inventory	62,762	79,361
Prepaid expenses	100,205	96,663
Due from other governments	36,472	27,082
Total current assets	1,659,050	2,396,906
Noncurrent assets		
Cash and cash equivalents, restricted	1,899,987	1,899,303
NYISO collateral deposit	165,343	-
Net pension asset	112,236	-
Utility plant, net	9,308,011	11,084,889
Total noncurrent assets	11,485,577	12,984,192
Total assets	13,144,627	15,381,098
Deferred outflows of resources		
Other postemployment benefits resources	262,729	435,896
Pension resources	195,810	271,059
Total deferred outflows of resources	458,539	706,955
Total assets and deferred outflows of resources	\$ 13,603,166	\$ 16,088,053
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities		
Accounts payable	\$ 132,013	\$ 167,626
Interest payable	124,866	144,372
Other liabilities	54,921	56,704
Current installments of bonds payable	1,130,000	1,075,000
Total current liabilities	1,441,800	1,443,702
Noncurrent liabilities		
Other postemployment benefits obligation	1,897,492	1,813,305
Net pension liability	-	1,382
Bonds payable, less current installments	7,860,000	8,990,000
Total noncurrent liabilities	9,757,492	10,804,687
Total liabilities	11,199,292	12,248,389
Deferred inflows of resources		
Other postemployment benefits resources	10,427	-
Pension resources	406,921	435,565
Total deferred outflows of resources	417,348	435,565
Net position		
Net investment in capital assets	2,217,998	2,919,192
Unrestricted net position (deficit)	970,745	484,907
Total net position	3,188,743	3,404,099
Total liabilities, deferred inflows of resources and net position	\$ 14,805,383	\$ 16,088,053

See accompanying Notes to Financial Statements.

Green Island Power Authority

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended May 31,	
	2022	2021
OPERATING REVENUES		
Distribution	\$ 3,281,663	\$ 3,201,090
Hydroelectric generation and related revenues	804,284	1,111,074
Total operating revenues	4,085,947	4,312,164
OPERATING EXPENSES		
Purchased power	1,730,983	1,614,472
Transmission expenses	16,310	15,889
Distribution expenses	416,658	270,288
Street lighting	20,895	20,933
Consumer accounting	80,163	71,696
Hydroelectric generation	309,298	309,415
Administrative and general	839,450	850,232
Capital asset impairment	-	-
Bad debt expense	346,502	91,911
Total operating expenses	3,760,259	3,244,836
Net operating income	325,688	1,067,328
OTHER INCOME (EXPENSE)		
Interest income	2,800	4,533
Sale of excess inventory	-	75,000
Interest expense	(543,844)	(599,575)
	(541,044)	(520,042)
Change in net position	(215,356)	547,286
NET POSITION, <i>beginning of year</i>	3,404,099	2,856,813
NET POSITION, <i>end of year</i>	\$ 3,188,743	\$ 3,404,099

See accompanying Notes to Financial Statements.

Green Island Power Authority

Statements of Cash Flows

	Years Ended May 31,	
	2022	2021
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from customers	\$ 4,032,655	\$ 4,157,961
Cash paid to suppliers and other vendors	(2,172,446)	(1,785,394)
Cash paid for salaries and employee benefits	(640,465)	(632,313)
	1,219,744	1,740,254
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Interest income	2,800	4,533
CASH FLOWS PROVIDED (USED) BY CAPITAL AND FINANCING ACTIVITIES		
Principal payments of bonds payable	(1,075,000)	(1,025,000)
Proceeds from sale of surplus inventory	-	75,000
Acquisition of distribution facilities	(23,828)	(16,619)
Cost to remove operating property components	(6,163)	(5,796)
Interest paid	(563,350)	(618,152)
	(1,668,341)	(1,590,567)
Net increase in cash and cash equivalents	(445,797)	154,220
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	3,313,838	3,159,618
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 2,868,041	\$ 3,313,838
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net operating income	\$ 325,688	\$ 1,067,328
Adjustments to reconcile net operating income to net cash provided (used) by operating activities		
Depreciation expense and charges	604,652	604,084
Capital asset impairment	-	-
Provision for doubtful accounts	341,000	(20,000)
Decrease (increase) in		
Accounts receivable	(53,292)	(154,203)
Inventory	16,599	(11,242)
Deferred outflows of resources	248,416	(360,896)
Prepaid expenses	(3,542)	(489)
Due from other governments	(9,390)	90,926
NYISO collateral deposits	(165,343)	-
Increase (decrease) in		
Accounts payable	(35,613)	(5,265)
Net pension liability (asset)	(113,618)	(389,540)
Deferred inflows of resources	(18,217)	393,306
Other postemployment benefits obligation	84,187	569,691
Due to other governments	-	(48,804)
Other liabilities	(1,783)	5,358
	\$ 1,219,744	\$ 1,740,254

See accompanying Notes to Financial Statements.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

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.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

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

b. Basis of Accounting and Financial Statement Presentation - Continued

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.

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. 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. On 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.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

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

d. Operations - Continued

The service agreement expires December 31, 2050, unless terminated earlier or extended by mutual consent of the Authority and AEC. Generation of electricity is limited to run-of-the-river (natural flow of the river). During the year ended May 31, 2022, the Authority and AEC entered into an agreement to sell the assets of the hydroelectric generating facility from the Authority to AEC. See footnote 1p.

Income related to the service agreement totaled \$804,284 and \$1,111,074 for the years ended May 31, 2022 and 2021, respectively, and is included in hydroelectric generation and related revenues in these financial statements.

e. 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, 2022 and 2021. 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. In conjunction with the planned sale of the Hydro Facility (Facility) to a third-party operator subsequent to May 31, 2022 (See Note 1p), the Authority has determined that net book value of the Facility exceeded the consideration to be received by \$1,202,717. Accordingly, the Authority has reduced the value of its Hydro Facility assets to expected total consideration. Excluding this adjustment, no other impairment was identified as of and during the years ended May 31, 2022 and 2021.

f. 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, 2022 and 2021.

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

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

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

g. 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 \$376,000 and \$15,000 at May 31, 2022 and 2021, 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.

h. 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.

i. 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.

j. 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 asset or liability for the pension plan which represents the Authority's proportionate share of the total pension liability under or over the pension plan assets, respectively, 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 asset or liability, pension revenue, 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 asset/liability is described in Note 5 to these financial statements.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

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

k. 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.

l. 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.

m. 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 years ended May 31, 2022 and 2021.

n. 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 \$48,799 and \$49,807 as of May 31, 2022 and 2021, respectively, and are included in other liabilities in these financial statements.

o. 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.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

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

p. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through October 19, 2022, the date the financial statements were available to be issued.

The Authority has entered into an asset purchase agreement to sell the hydroelectric generating facility (the Facility) to AEC, which is expected to close on October 21, 2022.. The sale includes all tangible personal property at the Facility and the power line from the Facility to Cannon Street. The aggregate purchase price of the Facility is \$6,035,375 and will be paid as follows:

- (A) Payment to the Seller on the Closing Date in cash or immediately available federal funds in an amount equal to 64.5% of the aggregate amount required to defease the Seller's Subordinate Power Systems Revenue Bonds, Series 2000, the Power System Revenue Bonds, Series 2004A and 2004B, the Power System Revenue Bonds, Series 2008A and 2008B.
- (B) Future expenditures necessary for the construction of the fish ladder protection and passage facilities required under the FERC license in the amount of \$3,757,227.
- (C) Seller shall undertake a defeasance of the Bonds so that the Facility may be released from any and all liens and encumbrances on the Facility in favor of the Trustee for the holders of the Bonds.

In addition to the aggregate purchase price, AEC is responsible for the payment of all costs and expenses associated with the sale of the Facility. The agreement includes true-up payments for mutual obligations.

Commencing with the year 2022 and continuing until the end of the current FERC license on July 31, 2062, Purchaser will provide Seller with additional financial value in the form of an annual Performance Payment, as defined in Project Implementation Element 2 to Task Order 10 to Master Service Agreement equal to \$0.001/kilowatt-hour (kWh) for excess generation exceeding 38,478,000 kWh/year and capped at the maximum generation of 52,560,000 kWh/year. Performance Payments will be based on generation as metered by National Grid (or any successor utility) in each calendar year and will be paid to Seller no later than March 31 of the subsequent calendar year. To provide Seller with additional value attributable to future increases in power sales rates, each year after 2022 the compensation rate to Seller will be adjusted by the proportion of actual real-time locational based market price for energy published by the New York Independent System Operator (or any successor entity) and the historic real-time locational based market price for energy of \$.0291/kWh. The Performance Payment for the year 2022 shall be calculated as if the Closing Date were January 1, 2022 (regardless of the actual Closing Date) and the Performance Payment for the year 2062 will be pro-rated for January through July and will be paid by October 31, 2062. The estimated value of these future payments is not currently determinable.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

Note 2 - Utility Plant

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

	May 31, 2022			
	Balance at Beginning of Year	Additions	Reductions/ Disposals	Balance at End of Year
<u>Distribution Facilities</u>				
Land	\$ 88,520	\$ -	\$ -	\$ 88,520
Buildings	693,490	-	-	693,490
Transmission and distribution equipment	7,032,140	23,828	(10,341)	7,045,627
Furniture, fixtures, transportation, and miscellaneous equipment	886,470	-	-	886,470
Total distribution facilities	8,700,620	23,828	(10,341)	8,714,107
<u>Hydroelectric Generating Facility</u>				
Land	521,207	-	-	521,207
Structures	6,405,258	-	(671,560)	5,733,698
Reservoirs, dams, and waterways	1,054,439	-	(110,553)	943,886
Roads, trails, and bridges	10,063	-	(1,055)	9,008
Water wheels, turbines, and generators	2,032,924	-	(213,142)	1,819,782
Accessory electric equipment	1,629,919	-	(170,890)	1,459,029
Furniture, fixtures, transportation, and miscellaneous equipment	333,989	-	(35,017)	298,972
Total hydroelectric generating facility	11,987,799	-	(1,202,217)	10,785,582
	20,688,419	23,828	(1,212,558)	19,499,689
Accumulated depreciation	(9,603,530)	(604,652)	16,504	(10,191,678)
	\$ 11,084,889	\$ (580,824)	\$ (1,196,054)	\$ 9,308,011

	May 31, 2021			
	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	7,029,983	16,619	(14,462)	7,032,140
Furniture, fixtures, transportation, and miscellaneous equipment	886,470	-	-	886,470
Total distribution facilities	8,698,463	16,619	(14,462)	8,700,620
<u>Hydroelectric Generating Facility</u>				
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
	20,686,262	16,619	(14,462)	20,688,419
Accumulated depreciation	(9,019,704)	(604,084)	20,258	(9,603,530)
	\$ 11,666,558	\$ (587,465)	\$ 5,796	\$ 11,084,889

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

Note 2 - Utility Plant - Continued

Depreciation expense for operating property was \$537,084 and \$536,673 for 2022 and 2021, 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, 2022 and 2021. 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 \$16,141 and \$20,263 for 2022 and 2021, 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,	
	2022	2021
Debt Service Reserve Funds, 2000, 2004, and 2008 Serial Bonds equal to the largest annual debt service requirement	\$ 1,718,454	\$ 1,717,836
Renewal and Replacement Fund, in anticipation of unforeseen repairs and replacements (a)	124,494	124,449
Proceeds restricted by 2004 and 2008 Bonds payable	57,039	57,018
Cash and cash equivalents, restricted	\$ 1,899,987	\$ 1,899,303

(a) There were no funds expended for repairs or replacements during the years ended May 31, 2022 and 2021. 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,	
	2022	2021
Bonds payable, <i>beginning of year</i>	\$ 10,065,000	\$ 11,090,000
Principal payments	(1,075,000)	(1,025,000)
Bonds payable, <i>end of year</i>	\$ 8,990,000	\$ 10,065,000

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

Note 4 - Bonds Payable - Continued

A summary of the Authority's bond issues at May 31, 2022 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%	\$ 1,395,000
Series 2004 Power System Revenue Bonds	12/2004	12/2024	2.500% to 5.125%	1,195,000
Series 2008 Power System Revenue Bonds	7/2008	3/2033	3.000% to 7.250%	6,400,000
Total bonds payable				<u>\$ 8,990,000</u>

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

	Principal	Interest
For the year ending May 31,		
2023	\$ 1,130,000	\$ 563,350
2024	1,190,000	505,407
2025	1,265,000	444,443
2026	895,000	379,725
2027	545,000	310,826
2028 through 2032	3,210,000	964,233
2033	755,000	128,057
	<u>\$ 8,990,000</u>	<u>\$ 3,296,041</u>

Interest expense on the bonds payable was \$543,844 and \$599,575 for the years ended May 31, 2022 and 2021, respectively. Interest paid was \$563,350 and \$618,150 during the years ended May 31, 2022 and 2021, 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.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

Note 5 - New York State Retirement Systems - Continued

a. Plan Description - Continued

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.

b. Plan Benefits

The System provides retirement benefits as well as death and disability benefits. Retirement benefits are established by the NYSRSSL and are dependent upon the point in time at which the employees last joined the System. The NYSRSSL has established distinct classes of membership.

The System uses a tier concept to distinguish these groups, as follows:

- Tier 1 – Those persons who last became members before July 1, 1973.
- Tier 2 – Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 – Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 – Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 – Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6 – Those persons who first became members on or after April 1, 2012.

Generally, members of the System may retire at age 55; however, members of Tiers 2, 3, and 4 will receive a reduced benefit if they retire before age 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits. The full benefit age for Tier 6 is 63. Tier 6 members with 10 years of service or more can retire as early as age 55 with reduced benefits. A member with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. Members who joined the System prior to January 1, 2010 generally need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 need 10 years of service credit to be 100 percent vested. Subsequent to March 31, 2022, legislation was passed that reduced the number of years of service credit from ten years to five years. Therefore, all members are vested when they reach five years of service credit.

Green Island Power Authority

Notes to Financial Statements

May 31, 2022 and 2021

Note 5 - New York State Retirement System - Continued

b. Plan Benefits - Continued

Typically, the benefit for members in all Tiers is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a Tier 1 or Tier 2 member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Final average salary for Tiers 1 through 5 is the average of the wages earned in the three highest consecutive years of employment. Each year used in the final average salary calculation is limited to no more than 20 percent of the previous year (Tier 1) or no more than 20 percent of the average of the previous two years (Tier 2). For Tier 3, 4, and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent of the average of the previous two years. The benefit for Tier 6 members who retire with 20 years of service is 1.75 percent of final average salary for each year of service. If a Tier 6 member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied to each year of service over 20 years. The final average salary for a Tier 6 member is computed as the average of the wages earned in the five highest consecutive years. Each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

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

c. Funding Policy

The System is noncontributory except for: (1) 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 (2) 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. 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,		
2022	\$	55,261
2021		48,855
2020		47,053

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

Note 5 - New York State Retirement System - Continued

d. Pension Assets, Pension Liabilities, Pension Revenue, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At May 31, 2022 and 2021, the Authority reported an asset of \$112,236 and a liability of \$1,382, respectively, for its proportionate share of the net pension asset/liability. The net pension asset/liability was measured as of March 31, 2022 and 2021, and the total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension asset/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, 2022 and 2021, the Authority's proportion was 0.0013730% and 0.0013883%, respectively.

For the years ended May 31, 2022 and 2021, the Authority recognized pension income of \$12,202 and pension expense of \$12,846, respectively.

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

	May 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,500	\$ 11,025
Changes of assumptions	187,310	3,161
Net differences between projected and actual investment earnings on pension plan investments	-	367,527
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	25,208
Total	\$ 195,810	\$ 406,921

	May 31, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,883	\$ -
Changes of assumptions	254,176	4,794
Net differences between projected and actual investment earnings on pension plan investments	-	397,103
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	33,668
Total	\$ 271,059	\$ 435,565

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

Note 5 - New York State Retirement Systems - Continued

d. Pension Assets, Pension Liabilities, Pension Revenue, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued

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,	
2023	\$ (39,240)
2024	(49,071)
2025	(101,041)
2026	(21,759)
	<hr/>
	\$ (211,111)
	<hr/>

e. Actuarial Assumptions

The total pension asset at March 31, 2022 is the most current information available and was determined by using an actuarial valuation as of April 1, 2021, with updated procedures used to roll forward the total pension liability to March 31, 2022. 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	2.7%
Salary Scale	4.4%, indexed by service
Investment rate of return, including inflation	5.9% compounded annually, net of expenses
Cost-of-living adjustments	1.4%
Decrement	Developed from the plan's 2020 experience study 2020
Mortality improvement	Society of Actuaries Scale MP-2020

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.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

Note 5 - New York State Retirement Systems - Continued

f. 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	32.0%	3.30%
International equity	15.0%	5.85%
Private equity	10.0%	6.50%
Real estate	9.0%	5.00%
Opportunistic/Absolute return strategies	3.0%	4.10%
Credit	4.0%	3.78%
Real assets	3.0%	5.58%
Fixed income	23.0%	0.00%
Cash	1.0%	-1.00%
	100.0%	

g. 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.

h. Sensitivity of the Proportionate Share of the Net Pension Asset/Liability to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension asset as of May 31, 2022 calculated using the discount rate of 5.9%, 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 (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Authority's proportionate share of the net pension liability (asset)	\$ 288,895	\$ (112,236)	\$ (447,763)

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

Note 5 - New York State Retirement Systems - Continued

i. Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/liability of the New York State and Local Employees' Retirement System as of March 31, 2022 and 2021 are as follows (amounts in thousands):

	<u>2022</u>	<u>2021</u>
Employer's total pension liability	\$ 223,874,888	\$ 220,680,157
Plan net position	<u>(232,049,473)</u>	<u>(220,580,583)</u>
Employer's net pension liability (asset)	<u>\$ (8,174,585)</u>	<u>\$ 99,574</u>
Ratio of plan net position to the employer's total pension liability	<u>103.65%</u>	<u>99.95%</u>

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 \$59,900 and \$52,949 for the years ended May 31, 2022 and 2021, 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, 2022 and 2021.

Amounts due from the Village as a result of these transactions were \$36,472 and \$27,082 as of May 31, 2022 and 2021, respectively.

Additionally, the Authority may make discretionary contributions to the Village and school district. Contributions due to the Village and school district were fully repaid at May 31, 2021. There were no discretionary contributions to the Village and school district declared during the year ended May 31, 2022.

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

a. Power Supply Contracts

(1) 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 \$224,940 and \$233,635 for the years ended May 31, 2022 and 2021, respectively. The Village guarantees contractual electric payments to NYPA.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

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

a. Power Supply Contracts - Continued

(1) Distribution - Continued

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 \$916,726 and \$485,586 for the years ended May 31, 2022 and 2021, respectively. 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. These costs are included in purchased power in these financial statements.

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 \$201,867 and \$264,743 for the years ended May 31, 2022 and 2021, respectively.

(2) 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 \$120,279 and \$95,448 for the years ended May 31, 2022 and 2021, 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.

b. Significant Concentration

Approximately 20% and 26% of the Authority's operating revenues were derived from the management agreement with AEC for the years ended May 31, 2022 and 2021, respectively. No other customers accounted for more than 10% of the Authority's operating revenues during the years ended May 31, 2022 and 2021.

Approximately 19% and 33% of accounts receivable were due from AEC at May 31, 2022 and 2021, respectively. No other customer accounted for more than 10% of outstanding accounts receivable at May 31, 2022 or 2021.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

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

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

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.

A summary of participants as of the June 1, 2021 actuarial measurement date is as follows:

	<u>Subscribers</u>
Retired and surviving beneficiaries	9
Terminated Vested Employees	0
Active	8
	<u>17</u>

Currently, the Authority's cost of its postemployment benefits program is determined on a pay-as-you-go basis and is, therefore, unfunded. During 2022 and 2021, premiums paid by the Authority on behalf of current retirees and their dependents totaled \$10,097 and \$10,052, 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, 2022 and 2021 were measured as of June 1, 2021 and June 1, 2020, respectively.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

Note 8 - Postemployment Benefits Other Than Pensions - Continued

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

Assumptions	Factor
Discount Rate	2.20%
Measurement Date	June 1, 2021
Salary Scale	2.00%
Rate of Inflation	2.40%
Mortality - Active	RPH-2014 for employees, gender distinct, with generational mortality adjusted to 2006 using scale MP-2014 and projected forward with MP-2019
Mortality - Retirees	RPH-2014 for healthy annuitants, gender distinct, with generational mortality adjusted to 2006 using scale MP-2014 and projected forward with MP-2019
Actuarial Cost Method	Entry age normal, as a level percentage of salary.
Coverage Election	100% of all eligible employees.

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

For the year ending May 31,	
2023	6.20%
2024	5.90%
2025	5.60%
2026	5.50%
2031	5.18%
2036	5.18%
2041	5.18%
2051	4.98%
2061	4.75%
2071	4.42%
2081	3.94%
2091	3.94%

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.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

Note 8 - Postemployment Benefits Other Than Pensions - Continued

Changes in the Net OPEB Liability

	2022	2021
Balance as of June 1,	\$ 1,813,305	\$ 1,243,614
Changes for the year		
Service cost	78,141	45,724
Interest	40,642	44,662
Difference between expected and actual experience	-	102,494
Changes in assumptions and other inputs	(14,883)	410,647
Benefit payments (including implicit subsidy)	(19,713)	(33,836)
Net changes	84,187	569,691
Balance as of May 31,	\$ 1,897,492	\$ 1,813,305

Sensitivity of the OPEB liability to changes in the discount rate: The following presents the net OPEB liability of the Authority as of May 31, 2022, 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 1.20%	Current Discount 2.20%	1% Increase 3.20%
Net OPEB Liability	\$ 2,320,856	\$ 1,897,492	\$ 1,570,526

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates: The following presents the net OPEB liability of the Authority as of May 31, 2022, 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 Trend Rates	1% Increase
Net OPEB Liability	\$ 1,509,319	\$ 1,897,492	\$ 2,423,702

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

The Authority recognized OPEB expense of \$289,857 and \$265,916 for the years ended May 31, 2022 and 2021, respectively. At May 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

Note 8 - Postemployment Benefits Other Than Pensions - Continued

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

	May 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,669	\$ -
Changes of assumptions and other inputs	187,351	10,427
Employer contributions subsequent to the measurement date	19,709	-
Total	\$ 262,729	\$ 10,427

	May 31, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 96,321	\$ -
Changes of assumptions and other inputs	322,229	-
Employer contributions subsequent to the measurement date	17,346	-
Total	\$ 435,896	\$ -

Employer contributions subsequent to the measurement date will be recorded as an expense in the period ending May 31, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OBEP will be amortized into postemployment benefits expense as follows:

For the year ending May 31,	
2023	\$ 171,074
2024	61,031
2025	488
	\$ 232,593

Note 9 - Accounting Pronouncements Issued but Not Yet Implemented

GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

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

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 terminology was effective upon 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 Rate*. This statement is to address governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallbacks provisions to the reference rate. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of IBOR, such as providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifying the definition of reference rate. The removal of the London IBOR as an appropriate benchmark interest rate was effective for reporting periods ending after December 31, 2021. The requirements to lease modifications, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement were effective for reporting periods beginning after June 15, 2020.

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). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernment entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

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

Some PPPs meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. 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.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) including (1) the definition of a SBITA; (2) establishment of a right-to-use subscription asset and a corresponding subscription liability; (3) providing capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this statement, a government generally should recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this statement are effective for fiscal years 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 – An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in para-graph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics. The requirements of this statement related to the extension of the sue of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GASB Statement No. 34, *Basis Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs, and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

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

GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for (1) each type of accounting changes and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This statement requires disclosures in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about quantitative effects of beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented as required supplementary information and supplementary information should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave.

Green Island Power Authority

Notes to Financial Statements May 31, 2022 and 2021

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

Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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,

	2022	2021	2020	2019
Beginning of year	\$ 1,813,305	\$ 1,243,614	\$ 1,177,310	\$ 1,060,898
Changes for the year				
Service cost	78,141	45,724	44,247	41,218
Interest	40,642	44,662	45,144	38,864
Differences between expected and actual experience	-	102,494	-	54,409
Changes in assumptions and other inputs	(14,883)	410,647	31,438	32,995
Benefit payments (including implicit subsidy)	(19,713)	(33,836)	(54,525)	(51,074)
Net changes	84,187	569,691	66,304	116,412
End of year	\$ 1,897,492	\$ 1,813,305	\$ 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.

Green Island Power Authority

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

	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability (asset)	0.0013730%	0.0013883%	0.0014763%	0.0014822%	0.0015538%	0.0018619%	0.0019066%
Authority's proportionate share of the net pension liability (asset)	\$ (112,236)	\$ 1,382	\$ 390,922	\$ 105,018	\$ 50,148	\$ 174,945	\$ 306,017
Authority's covered-employee payroll	337,234	334,359	347,940	354,782	338,357	365,426	354,782
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-33.28%	0.41%	112.35%	29.60%	14.82%	47.87%	86.25%
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	99.95%	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.

Green Island Power Authority

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 55,261	\$ 48,855	\$ 47,053	\$ 45,530	\$ 45,409	\$ 56,641	\$ 76,701	\$ 68,992	\$ 105,673	\$ 113,203
Contributions in relation to the contractually required contribution	55,261	48,855	47,053	45,530	45,409	56,641	76,701	68,992	105,673	113,203
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	337,234	334,359	347,940	354,782	338,357	365,426	338,357	343,244	415,284	419,584
Contribution as a percentage of covered-employee payroll	16.39%	14.61%	13.52%	12.83%	13.42%	15.50%	22.67%	20.10%	25.45%	26.98%



**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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 19, 2022.

Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a significant deficiency.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
October 19, 2022



Green Island Power Authority

Schedule of Findings and Responses Year Ended May 31, 2021

2022-001. Inventory Accounting and Reporting

Criteria: U.S. GAAP and PSC reporting require inventory to be maintained based on a rolling average cost method.

Condition: The Authority did not update inventory costs as new inventory was purchased as required by US GAAP and the PSC.

Cause: The Authority uses a software to track these items which was not fully updated and not functioning properly. Manual controls were not sufficient to identify and adjust for inventory pricing changes that should have been made.

Effect or potential effect: As a result of not properly maintaining inventory costs the value of inventory could be misstated as well as operating property and expenses related to the work order process.

Recommendation: To accurately determine and maintain inventory assets in accordance with regulations, we recommend management upgrade the software currently in use to track inventory and related unit costs or develop a manual process to perform this function.

Views of responsible officials: The Authority will review current procedures related to inventory pricing and implement new procedures or software improvements to effectively maintain the inventory system.