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

Financial Report

May 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

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 November 20, 2023, 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

Latham, New York
November 20, 2023

Green Island Power Authority

Statements of Net Position

	May 31, 2023	May 31, 2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets		
Cash and cash equivalents, unrestricted	$ 2,269,957	$ 968,054
Accounts receivable, net	199,761	491,557
Inventory	59,147	62,762
Prepaid expenses	90,245	100,205
Due from other governments	49,721	36,472
Total current assets	2,668,831	1,659,050
Noncurrent assets		
Cash and cash equivalents, restricted	186,234	1,899,987
NYISO collateral deposit	165,343	165,343
Net pension asset	-	112,236
Utility plant, net	3,002,700	9,308,011
Total noncurrent assets	3,354,277	11,485,577
Total assets	6,023,108	13,144,627
Deferred outflows of resources		
Other postemployment benefits resources	82,703	262,729
Pension resources	177,591	195,810
Total deferred outflows of resources	260,294	458,539
Total assets and deferred outflows of resources	**$ 6,283,402**	**$ 13,603,166**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities		
Accounts payable	$ 57,624	$ 132,013
Interest payable	18,683	124,866
Other liabilities	56,568	54,921
Current installments of bonds payable	130,000	1,130,000
Total current liabilities	262,875	1,441,800
Noncurrent liabilities		
Other postemployment benefits obligation	1,417,018	1,897,492
Net pension liability	298,516	-
Bonds payable, less current installments	1,510,000	7,860,000
Total noncurrent liabilities	3,225,534	9,757,492
Total liabilities	3,488,409	11,199,292
Deferred inflows of resources		
Other postemployment benefits resources	430,930	10,427
Pension resources	28,856	406,921
Total deferred outflows of resources	459,786	417,348
Net position		
Net investment in capital assets	1,548,934	2,217,998
Unrestricted net position (deficit)	786,273	(231,472)
Total net position	2,335,207	1,986,526
Total liabilities, deferred inflows of resources and net position	**$ 6,283,402**	**$ 13,603,166**

See accompanying Notes to Financial Statements.

Green Island Power Authority

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended May 31, 2023	2022
OPERATING REVENUES		
Distribution	$ 3,430,217	$ 3,281,663
Hydroelectric generation and related revenues	116,862	804,284
Total operating revenues	3,547,079	4,085,947
OPERATING EXPENSES		
Purchased power	1,442,302	1,730,983
Transmission expenses	15,947	16,310
Distribution expenses	204,357	416,658
Street lighting	20,859	20,895
Consumer accounting	92,896	80,163
Hydroelectric generation	101,972	309,298
Administrative and general	1,002,053	839,450
Capital asset impairment	-	1,202,217
Bad debt expense	112,687	346,502
Total operating expenses	2,993,073	4,962,476
Net operating income (loss)	**554,006**	**(876,529)**
OTHER INCOME (EXPENSE)		
Interest income	113,225	2,800
Interest expense	(431,020)	(543,844)
	(317,795)	(541,044)
SPECIAL ITEMS		
Gain on disposition of Hydro Facility	112,470	-
Change in net position	**348,681**	**(1,417,573)**
NET POSITION, ***beginning of year***	1,986,526	3,404,099
NET POSITION, ***end of year***	**$ 2,335,207**	**$ 1,986,526**

See accompanying Notes to Financial Statements.

Green Island Power Authority

Statements of Cash Flows

	Years Ended May 31, 2023	2022
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from customers	$ 3,726,188	$ 4,032,655
Cash paid to suppliers and other vendors	(1,554,915)	(2,172,446)
Cash paid for salaries and employee benefits	(829,445)	(640,465)
	1,341,828	**1,219,744**
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Interest income	**113,225**	**2,800**
CASH FLOWS PROVIDED (USED) BY CAPITAL AND FINANCING ACTIVITIES		
Principal payments of bonds payable	(1,305,000)	(1,075,000)
Refunding of outstanding bonds payable	(7,860,000)	-
Proceeds from issuance of bonds payable	1,815,000	-
Proceeds from the sale of capital assets	6,045,874	
Acquisition of distribution facilities	(21,914)	(23,828)
Cost to remove operating property components	(3,660)	(6,163)
Interest paid	(537,203)	(563,350)
	(1,866,903)	**(1,668,341)**
Net decrease in cash and cash equivalents	**(411,850)**	**(445,797)**
CASH AND CASH EQUIVALENTS, *beginning of year*	2,868,041	3,313,838
CASH AND CASH EQUIVALENTS, *end of year*	**$ 2,456,191**	**$ 2,868,041**
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net operating income (loss)	$ 554,006	$ (876,529)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities		
Depreciation expense and charges	397,481	604,652
Capital asset impairment	-	1,202,217
Provision for doubtful accounts	112,687	341,000
Decrease (increase) in		
Accounts receivable	179,109	(53,292)
Inventory	3,615	16,599
Deferred outflows of resources	198,245	248,416
Prepaid expenses	9,960	(3,542)
Due from other governments	(13,249)	(9,390)
NYISO collateral deposits	-	(165,343)
Increase (decrease) in		
Accounts payable	(74,389)	(35,613)
Net pension liability (asset)	410,752	(113,618)
Deferred inflows of resources	42,438	(18,217)
Other postemployment benefits obligation	(480,474)	84,187
Other liabilities	1,647	(1,783)
	$ 1,341,828	**$ 1,219,744**

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 described 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 (Hydro Facility). During August 2022, the Authority sold the assets and related liabilities of the Hydro Facility. See Note 1q.

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. 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 Hydro Facility was used to generate electricity, which was 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 managed, maintained, operated, and retained revenues associated with the sale of hydroelectric power. In consideration, the Authority was entitled to receive certain payments from AEC related to the use of the Hydro Facility, management fees, and generation of hydroelectric power, as set forth in the agreement.

The service agreement was to expire December 31, 2050, unless terminated earlier or extended by mutual consent of the Authority and AEC. Generation of electricity was limited to run-of-the-river (natural flow of the river). In August 2022, the Authority and AEC entered into an agreement to sell the assets of the Hydro Facility from the Authority to AEC. See Note 1q.

Income related to the service agreement totaled $116,862 and $804,284 for the years ended May 31, 2023 and 2022, respectively, and is included in hydroelectric generation and related revenues in these financial statements.

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

e. Utility Plant

Utility plant, including distribution facilities and the Hydro Facility (prior to sale, see Note 1q), 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, 2023 and 2022. 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 to a third-party operator subsequent to May 31, 2022 (See Note 1q), the Authority had determined that net book value of the Hydro Facility exceeded the consideration to be received by $1,202,717 as of May 31, 2022. Accordingly, the Authority reduced the value of its Hydro Facility assets to expected total consideration during the year ended May 31, 2022. Excluding this adjustment, no other impairment was identified as of and during the years ended May 31, 2023 and 2022.

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, 2023 and 2022.

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

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 $250,000 and $376,000 at May 31, 2023 and 2022, 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.

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

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.

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 prior to sale of the Hydro Facility (See Note 1q) were recorded as the services were rendered under the terms of the agreement with AEC.

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

l. Revenue Recognition - Continued

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 prior to sale of the Hydro Facility (See Note 1q). 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, 2023 and 2022.

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 $51,686 and $48,799 as of May 31, 2023 and 2022, 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.

p. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through November 20, 2023, the date the financial statements were available to be issued.

q. Hydro Facility Sale

The Authority entered into an asset purchase agreement to sell the Hydro Facility to AEC, which closed in October 2022. The sale included all tangible personal property at the Hydro Facility and the power line from the Hydro Facility to Cannon Street. The aggregate purchase price of the Hydro Facility was $6,045,874. The net book value of the Hydro Facility was $5,933,404 resulting in a net gain on the sale of $112,470. AEC paid all expenses associated with the sale. Proceeds of the sale were primarily used to defease the Authority's revenue bonds.

Green Island Power Authority

Notes to Financial Statements
May 31, 2023 and 2022

Note 2 - Utility Plant

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

	May 31, 2023			
	Balance at Beginning of Year	Additions	Reductions/ Disposals	Balance at End of Year
Distribution Facilities				
Land	$ 88,520	$ -	$ -	$ 88,520
Buildings	693,490	-	-	693,490
Transmission and distribution equipment	7,045,627	21,914	(16,113)	7,051,428
Furniture, fixtures, transportation, and miscellaneous equipment	886,470	-	-	886,470
Total distribution facilities	8,714,107	21,914	(16,113)	8,719,908
Hydroelectric Generating Facility				
Land	521,207	-	(521,207)	-
Structures	5,733,698	-	(5,733,698)	-
Reservoirs, dams, and waterways	943,886	-	(943,886)	-
Roads, trails, and bridges	9,008	-	(9,008)	-
Water wheels, turbines, and generators	1,819,782	-	(1,819,782)	-
Accessory electric equipment	1,459,029	-	(1,459,029)	-
Furniture, fixtures, transportation, and miscellaneous equipment	298,972	-	(298,972)	-
Total hydroelectric generating facility	10,785,582	-	(10,785,582)	-
	19,499,689	21,914	(10,801,695)	8,719,908
Accumulated depreciation	(10,191,678)	(397,481)	4,871,951	(5,717,208)
	$ 9,308,011	$ (375,567)	$ (5,929,744)	$ 3,002,700

	May 31, 2022			
	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	7,032,140	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
Hydroelectric Generating Facility				
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 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

Note 2 - Utility Plant - Continued

Depreciation expense for operating property was $330,069 and $537,084 for 2023 and 2022, 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, 2023 and 2022. 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 $19,774 and $16,141 for 2023 and 2022, respectively.

Note 3 - Cash and Cash Equivalents, Restricted

Cash and cash equivalents, restricted, represents cash reserved from the issuance of the 2000, 2004, and 2022 Serial Bonds. A summary is as follows:

	May 31,	
	2023	2022
Debt Service Reserve Funds, 2000 and 2022 Serial Bonds equal to the largest annual debt service requirement	$ 181,501	$ 1,718,454
Renewal and Replacement Fund, in anticipation of unforeseen repairs and replacements (a)	-	124,494
Proceeds restricted by 2004 and 2022 Bonds payable	4,733	57,039
Cash and cash equivalents, restricted	$ 186,234	$ 1,899,987

(a) There were no funds expended for repairs or replacements during the years ended May 31, 2023 and 2022. 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, the account balance is zero as of May 31, 2023 because of the retirement of the 2000 Serial Bond.

Note 4 - Bonds Payable

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

	Years Ended May 31,	
	2023	2022
Bonds payable, *beginning of year*	$ 8,990,000	$ 10,065,000
Bond retirement	(8,990,000)	-
Bond issuance	1,815,000	-
Principal payments	(175,000)	(1,075,000)
Bonds payable, *end of year*	$ 1,640,000	$ 8,990,000

In October 2022, the Authority issued revenue bonds totaling $1,815,000 at an interest rate of 5.40%.

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,		
2024	$ 130,000	$ 88,560
2025	135,000	81,540
2026	140,000	74,250
2027	150,000	66,690
2028	160,000	58,590
2029 through 2033	925,000	155,250
	$ 1,640,000	$ 524,880

Interest expense on the bonds payable was $524,880 and $543,844 for the years ended May 31, 2023 and 2022, respectively. Interest paid was $178,317 and $543,844 during the years ended May 31, 2023 and 2022, 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 https://www.osc.state.ny.us/retirement/publications 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.

Note 5 - New York State Retirement Systems - Continued

b. Plan Benefits - Continued

- 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.

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 retirees 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.

Note 5 - New York State Retirement Systems - Continued

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,		
2023	$	42,601
2022		55,261
2021		48,855

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

At May 31, 2023 and 2022, the Authority reported a liability of $298,516 and an asset of $112,236, respectively, for its proportionate share of the net pension asset/liability. The net pension asset/liability was measured as of March 31, 2023 and 2022, 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, 2023 and 2022, the Authority's proportion was 0.0013921% and 0.0013730%, respectively.

For the years ended May 31, 2023 and 2022, the Authority recognized pension expense of $93,204 and pension income of $12,202, respectively.

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

	May 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 31,794	$ 8,383
Changes of assumptions	144,978	1,602
Net differences between projected and actual investment earnings on pension plan investments	-	1,754
Changes in proportion and differences between employer contributions and proportionate share of contributions	819	17,117
Total	$ 177,591	$ 28,856

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

	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

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,	
2024	$ 31,049
2025	(21,674)
2026	58,663
2027	80,697
	$ 148,735

e. Actuarial Assumptions

The total pension liability at March 31, 2023 is the most current information available and was determined by using an actuarial valuation as of April 1, 2022, with updated procedures used to roll forward the total pension liability to March 31, 2023. 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	2.9%
Salary Scale	4.4%, indexed by service
Investment rate of return, including inflation	5.9% compounded annually, net of investment expenses
Cost-of-living adjustments	1.5% annually
Decrement	Developed from the plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2021

Note 5 - New York State Retirement Systems - Continued

e. 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.

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%	4.30%
International equity	15.0%	6.85%
Private equity	10.0%	7.50%
Real estate	9.0%	4.60%
Opportunistic/Absolute return strategies	3.0%	5.38%
Credit	4.0%	5.43%
Real assets	3.0%	5.84%
Fixed income	23.0%	1.50%
Cash	1.0%	0.00%
	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.

Note 5 - New York State Retirement Systems - Continued

h. 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 as of May 31, 2023 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)	$ 721,385	$ 298,516	$ (54,840)

i. Pension Plan Fiduciary Net Position

The components of the net pension asset/liability of the New York State and Local Employees' Retirement System as of March 31, 2023 and 2022 are as follows (amounts in thousands):

	2023	2022
Employer's total pension liability	$ 232,627,259	$ 223,874,888
Plan net position	(211,183,223)	(232,049,473)
Employer's net pension liability (asset)	$ 21,444,036	$ (8,174,585)
Ratio of plan net position to the employer's total pension liability	90.78%	103.65%

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 $68,155 and $59,900 for the years ended May 31, 2023 and 2022, 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, 2023 and 2022.

Amounts due from the Village as a result of these transactions were $49,721 and $36,472 as of May 31, 2023 and 2022, respectively.

Additionally, the Authority may make discretionary contributions to the Village and school district. There were no discretionary contributions to the Village and school district declared during the years ended May 31, 2023 and 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 $225,106 and $224,940 for the years ended May 31, 2023 and 2022, 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 $718,425 and $916,726 for the years ended May 31, 2023 and 2022, 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 $120,731 and $201,867 for the years ended May 31, 2023 and 2022, 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 $113,056 and $120,280 for the years ended May 31, 2023 and 2022, 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% of the Authority's operating revenues were derived from the management agreement with AEC for the year ended May 31, 2022. No other customers accounted for more than 10% of the Authority's operating revenues during the years ended May 31, 2023 and 2022.

Approximately 19% of accounts receivable were due from AEC at May 31, 2022. No other customer accounted for more than 10% of outstanding accounts receivable at May 31, 2023 or 2022.

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)

OPEB Benefits

The Authority provides medical and prescription drug insurance benefits for retired employees and their dependents. The benefit plan is administered and accounted for as a single employer defined benefit plan. A summary of participants as of the June 1, 2022 actuarial measurement date is as follows:

	Subscribers
Retired and surviving beneficiaries	9
Terminated Vested Employees	0
Active	10
	19

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. Currently, the Authority's cost of its postemployment benefits program is determined on a pay-as-you-go basis and is; therefore, unfunded. During 2023 and 2022, premiums paid by the Authority on behalf of current retirees and their dependents totaled $8,904 and $10,097, 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.

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

At May 31, 2023, the Authority reported a liability of $1,417,018 for its OPEB liability. The OPEB liability for the years ended May 31, 2023 and 2022 was measured as of June 1, 2022 and 2021, respectively, by an actuarial valuation as of those respective dates. The Authority recognized OPEB expense of $135,268 and $289,857 for the years ended May 31, 2023 and 2022, respectively. At May 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	May 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,017	$ 278,800
Changes of assumptions and other inputs	52,473	152,130
Employer contributions subsequent to the measurement date	15,213	-
Total	$ 82,703	$ 430,930

Note 8 - Postemployment Benefits Other Than Pensions (OPEB) - Continued

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

	May 31, 2022	
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

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

For the year ending May 31,	
2024	$ (94,631)
2025	(155,174)
2026	(113,635)
	$ (363,440)

Actuarial Assumptions

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	3.03%
Measurement Date	June 1, 2022
Salary Scale	2.00%
Rate of Inflation	2.50%
Mortality - Active	Pub-2010 Mortality Table for employees: sex distinct, job catergory-specific, headcount weighted, and adjusted for mortality imporvements with scale MP-2021 mortality improv ement scale on a generational basis.

Note 8 - Postemployment Benefits Other Than Pensions (OPEB) - Continued

Actuarial Assumptions - Continued

Assumptions	Factor
Mortality - Retirees	Pub-2010 Mortality Table for healthy retirees: sex distrinct, job category-specific, headcount weigthed, and adjusted for mortality improvements with scale MP-2021 mortality imrpovement scale on a generational basis.
Actuarial Cost Method	Entry age normal, as a level percentage of salary.
Coverage Election	100% of all eligible employees.

The discount rate used to measure the liability was 3.03% based on the 20-year tax-exempt general obligation municipal bond rate.

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,	
2024	8.00%
2025	7.00%
2026	6.00%
2027	5.20%
2028	5.16%
2033	4.97%
2038	4.97%
2043	4.78%
2053	4.62%
2063	4.53%
2073	4.15%
2083	3.94%
2093	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.

Note 8 - Postemployment Benefits Other Than Pensions (OPEB) - Continued

Schedule of Changes in the OPEB Liability

	2023	2022
Balance as of June 1,	$ 1,897,492	$ 1,813,305
Changes for the year		
Service cost	76,642	78,141
Interest	43,214	40,642
Difference between expected and actual experience	(380,924)	-
Changes in assumptions and other inputs	(199,697)	(14,883)
Benefit payments (including implicit subsidy)	(19,709)	(19,713)
Net changes	(480,474)	84,187
Balance as of May 31,	$ 1,417,018	$ 1,897,492

Sensitivity of the OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rate

The following presents the OPEB liability of the Authority as of May 31, 2023, as well as what the Authority's 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 2.03%	Current Discount 3.03%	1% Increase 4.03%
Net OPEB Liability	$ 1,714,342	$ 1,417,018	$ 1,183,780

The following presents the OPEB liability of the Authority as of May 31, 2023, as well as what the Authority's 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	$ 1,152,467	$ 1,417,018	$ 1,766,823

Note 9 - Accounting Pronouncements Issued but Not Yet Implemented

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 (PPP). This statement also provides guidance for accounting and financial reporting of availability payment arrangements (APA). 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 Pronouncements Issued but Not Yet Implemented - Continued

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) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the 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. 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.

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.

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

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. 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,

	2023	2022	2021	2020	2019
Beginning of year	$ 1,897,492	$ 1,813,305	$ 1,243,614	$ 1,177,310	$ 1,060,898
Changes for the year					
Service cost	76,642	78,141	45,724	44,247	41,218
Interest	43,214	40,642	44,662	45,144	38,864
Differences between expected and actual experience	(380,924)	-	102,494	-	54,409
Changes in assumptions and other inputs	(199,697)	(14,883)	410,647	31,438	32,995
Benefit payments (including implicit subsidy)	(19,709)	(19,713)	(33,836)	(54,525)	(51,074)
Net changes	(480,474)	84,187	569,691	66,304	116,412
End of year	$ 1,417,018	$ 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.

See Independent's Auditor's Report.

Green Island Power Authority

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

	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability (asset)	0.0013921%	0.0013730%	0.0013883%	0.0014763%	0.0014822%	0.0015538%	0.0018619%	0.0019066%
Authority's proportionate share of the net pension liability (asset)	$ 298,516	$ (112,236)	$ 1,382	$ 390,922	$ 105,018	$ 50,148	$ 174,945	$ 306,017
Authority's covered-employee payroll	358,433	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	83.28%	-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)	90.78%	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.

See Independent's Auditor's Report.

Green Island Power Authority

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 42,601	$ 55,261	$ 48,855	$ 47,053	$ 45,530	$ 45,409	$ 56,641	$ 76,701	$ 68,992	$ 105,673
Contributions in relation to the contractually required contribution	42,601	55,261	48,855	47,053	45,530	45,409	56,641	76,701	68,992	105,673
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	358,433	337,234	334,359	347,940	354,782	338,357	365,426	354,782	343,244	415,284
Contribution as a percentage of covered-employee payroll	11.89%	16.39%	14.61%	13.52%	12.83%	13.42%	15.50%	21.62%	20.10%	25.45%

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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 20, 2023.

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 2023-001 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

Latham, New York
November 20, 2023

Green Island Power Authority

Schedule of Findings and Responses
Year Ended May 31, 2023

2023-001. 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.