

BINGHAMTON-JOHNSON CITY
JOINT SEWAGE BOARD

Basic Financial Statements and
Independent Auditors' Report

December 31, 2023 and 2022

DRAFT

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

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INDEPENDENT AUDITORS' REPORT

Binghamton-Johnson City Joint Sewage Board
(as the Board of Directors of the Binghamton-Johnson
City Joint Sewage Project):

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Binghamton-Johnson City Joint Sewage Board (the Board), as of and for the years ended December 31, 2023 and 2022, and the related notes to financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board, as of December 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board 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 opinions.

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 Board'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.

Auditors' 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 auditors' report that includes our opinions. 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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Board'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, that raise substantial doubt about the Board'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 audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional information on pages 41 through 43 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 GAAS, 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 audits 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated . 2024 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control over financial reporting and compliance.

Williamsville, New York
, 2024

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Management's Discussion and Analysis

December 31, 2023 and 2022

As management, the Binghamton-Johnson City Joint Sewage Board (the Board) offers readers of the Board's financial statements this narrative overview and analysis of the financial activities of the Board for the years ended December 31, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements.

FINANCIAL HIGHLIGHTS

The Board is a joint venture between the City of Binghamton (the City) and Village of Johnson City (the Village) and was established based upon a municipal cooperation agreement dated July 14, 1965. The joint venture is proportionately divided between the City and Village, with the City's ownership of 54.8% and the Village's ownership of 45.2%.

The Board primarily receives revenue from the municipal and industrial users of the wastewater treatment facilities that the Board manages. These charges for services, net totaled \$21,276,107 and \$23,325,854 in 2023 and 2022, respectively. These charges are intended to fund the day-to-day costs of operating the treatment facilities, to fund debt service related to capital projects and fund ongoing maintenance and other required costs to operate the treatment facilities. Fees collected in excess of actual expenditures for normal operations are returned to municipal users after the end of each year.

The Board had numerous ongoing capital projects due to flooding in 2011, catastrophic failure of a structure and cyclical repairs and periodic upgrades at the treatment facilities to be compliant with rules and regulations for wastewater treatment facilities. Capital improvements of \$7,176,880 were ongoing in 2022, and are included in capital assets of the Board as construction in process. These capital improvements were all completed and placed in service in 2022.

The Board was also qualified to receive federal and state grant monies as a result of the 2011 and 2006 flooding that caused significant damage to much of the facility. These grant monies are specific to capital projects as defined in the grant agreements. A total of \$21,810,797 as of December 31, 2022, was due from granting agencies related to these grant monies. Outstanding Federal Emergency Management Agency (FEMA) receivables are deferred at the end of 2022 to serve as an allowance of bad debts against the receivables as FEMA collections are slow. Therefore, the revenue is recognized in a similar manner to the cash basis of accounting. All outstanding federal and state monies were received and recognized in revenue in 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements are comprised of two components: 1) Board's financial statements, 2) notes to financial statements.

Board financial statements - The financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to a private-sector business.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Management's Discussion and Analysis, Continued

The Statements of Net Position presents information on all of the Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statements of Revenue, Expenses and Changes in Net Position presents information showing how the Board's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

BOARD'S FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the Board's financial position. In the case of the Board, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$66,224,090 and \$72,704,863 as of December 31, 2023 and 2022, respectively.

The Board is treated as a proprietary (business-type) fund. The following are summarized versions of the financial statement for 2023, 2022 and 2021.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets:			
Cash and equivalents	\$ 13,369,916	11,076,588	5,461,332
Accounts receivable	162,434	205,544	213,134
Due from other governments	46,808	223,794	295,684
Grants receivable	-	21,810,797	15,219,075
Prepaid expenses	88,633	102,167	131,920
Capital assets, net	251,808,004	274,062,161	282,575,846
Net pension asset - proportionate share	-	<u>661,138</u>	-
Total assets	<u>265,475,795</u>	<u>308,142,189</u>	<u>303,896,991</u>
Deferred outflows of resources:			
Pension	1,385,576	1,509,757	1,667,931
OPEB	<u>605,082</u>	<u>850,331</u>	<u>1,095,580</u>
Total deferred outflows of resources	<u>1,990,658</u>	<u>2,360,088</u>	<u>2,763,511</u>
Liabilities:			
Accounts payable and other liabilities	\$ 7,168,642	5,084,441	3,505,039
Long-term debt	<u>191,057,314</u>	<u>204,917,164</u>	<u>238,933,672</u>
Total liabilities	<u>198,225,956</u>	<u>210,001,605</u>	<u>242,438,711</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Management's Discussion and Analysis, Continued

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred inflows of resources:			
Unearned revenue	\$ -	21,810,797	15,214,033
Pension	238,714	2,456,206	2,149,844
OPEB	<u>2,777,693</u>	<u>3,528,806</u>	<u>2,485,618</u>
Total deferred inflows of resources	<u>3,016,407</u>	<u>27,795,809</u>	<u>19,849,495</u>
Net position:			
Net investment in capital assets	64,955,941	71,581,736	47,791,172
Restricted	1,268,149	1,123,127	-
Unrestricted (deficit)	<u>-</u>	<u>-</u>	<u>(3,418,876)</u>
Total net position	<u>\$ 66,224,090</u>	<u>72,704,863</u>	<u>44,372,296</u>

A summary of the changes in net position for the years ended December 31, 2023, 2022 and 2021 is as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenue:			
Charges for services:			
City of Binghamton	\$ 8,334,922	8,666,997	8,496,622
Village of Johnson City	8,101,905	6,528,526	5,782,401
Other governments	4,839,280	8,130,331	7,349,709
Permits, surcharges, fines	1,244,824	941,627	1,137,388
Grants	21,810,797	14,363,768	11,315,005
Other revenue	<u>156,688</u>	<u>33,554,260</u>	<u>1,435</u>
Total operating revenue	<u>44,488,416</u>	<u>72,185,509</u>	<u>34,082,560</u>
Operating expenses:			
Personal services	\$ 2,780,376	2,610,815	2,414,356
Personal related benefits	1,680,375	1,246,916	876,927
Operations	4,863,153	8,744,307	4,777,040
Sanitary sewer costs (local costs)	4,211,677	11,906,497	11,028,264
Depreciation	15,667,299	15,881,515	758,933
Reimbursement to owners (recovery costs)	<u>18,935,263</u>	<u>208,066</u>	<u>1,052,084</u>
Total operating expenses	<u>48,138,143</u>	<u>40,598,116</u>	<u>20,907,604</u>
Operating income (loss)	(3,649,727)	31,587,393	13,174,956
Nonoperating revenue (expense), net	<u>(2,831,046)</u>	<u>(3,254,826)</u>	<u>(3,157,430)</u>
Change in net position	(6,480,773)	28,332,567	10,017,526
Net position at beginning of year	<u>72,704,863</u>	<u>44,372,296</u>	<u>34,354,770</u>
Net position at end of year	<u>\$ 66,224,090</u>	<u>72,704,863</u>	<u>44,372,296</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Management's Discussion and Analysis, Continued

CAPITAL ASSETS

The Board has significant capital assets. These capital assets are used by the Board in carrying out its primary responsibility to treat sewage and industrial wastewater. Construction in progress changed by \$276,812,381 during the year ended December 31, 2022, due to construction of the new sewage plant system being completed during 2022. As of December 31, 2023 and 2022, the Board had \$251,808,004 and \$274,062,161, respectively, of net capital assets.

LONG-TERM DEBT

The Board itself does not have the authority to issue bonds. Bonds are issued by one or both of the two owners of the Board (the City and/or Village). Bonds are generally issued to finance major capital projects of the Board. As required by the municipal cooperation agreement, the Board is required to pay the related debt service of such bonds issued on behalf of the Board whereby such debt service payments are financed through fees charged by the Board to the users of the treatment facility, including the owners, other municipal users, and surcharged industrial users (as further described in the next paragraph). As of December 31, 2023 and 2022, the Board has outstanding obligation to repay debt principal totaling \$186,852,063 and \$202,480,425, respectively. The gross interest to be paid on this outstanding debt as of December 31, 2023 and 2022 totals \$72,426,883 and \$77,802,547, respectively, excluding interest subsidies and interest on bond anticipation notes. As such, total future debt service for the Board is \$259,278,946 and \$280,282,972, excluding offsets for the interest subsidies as of December 31, 2023 and 2022, respectively. This debt dates back to 2001 which is prior to the 2011 flood.

DUE FROM OTHER GOVERNMENTS AND SURCHARGED INDUSTRIAL USERS

On an annual basis, the Board charges an amount equal to the year's debt service on the Joint Sewage Project (including principal, interest, administrative fees, and other carrying costs, net of interest subsidies) on a proportionate basis to [i] the owners (as provided in their intermunicipal cooperation agreement), [ii] the other municipal users (as provided in their respective intermunicipal agreements with the owners), and [iii] surcharged industrial users (for interest, administrative fees, and other carrying costs only [i.e., but not principal {given the Industrial Users are not municipalities and have no ownership interest in the Joint Sewage Project}] as provided in their respective agreements with the Board and/or their respective Industrial Wastewater Pretreatment Permits issued by the Board). Generally, the proportion is computed based on the respective annual wastewater flows discharged by the municipal users (including the owners) and the industrial users into publicly-owned sewer systems tributary to the Joint Sewage Project, and - as provided in the intermunicipal agreements - Municipal Users other than the Owners, the host municipality (Town of Vestal), and Binghamton University are charged a 25% premium (i.e., 1.25x) in apportioning the year's debt service costs.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Management's Discussion and Analysis, Continued

ECONOMIC FACTORS ON FUTURE YEARS

The New York State Department of Environmental Conservation (NYSDEC) issued State Pollutant Discharge Elimination System Permit for the Joint Sewage Treatment Facilities (JSTF) expires on March 31, 2025. NYSDEC has initiated preliminary discussions with the JSTF's Owners and the JSTF Superintendent regarding a successor Permit. Changes from the issuance of a successor permit may include additional parameters and/or increased frequency laboratory testing and reporting for certain pollutants of concern, in support of U.S. EPA Chesapeake Bay Total Maximum Daily Load requirements as well as New York State water quality requirements. The potential impacts of this matter cannot be determined at this time.

The Owner-adopted 2024 Joint Sewage Board Budget, totaling \$25,241,870 is a 0.13% reduction in comparison to the Owner-adopted 2023 JSB Budget.

REQUEST FOR INFORMATION

This financial report is designed to provide readers with a general overview of the Board's finances. If you have questions about this report or need additional information, contact the Board at the Binghamton-Johnson City Joint Sewage Treatment Facilities, 4480 Vestal Road, Vestal, New York 13850. Please call 607-729-2975 or email the Board's confidential secretary at mcuevas@bjcwtp.onmicrosoft.com.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Statements of Net Position
December 31, 2023 and 2022

<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and equivalents:		
Unrestricted	\$ 12,101,767	9,953,461
Restricted	1,268,149	1,123,127
Accounts receivable	162,434	205,544
Due from other governments	46,808	223,794
Grants receivable	-	21,810,797
Prepaid expenses	88,633	102,167
Total current assets	<u>13,667,791</u>	<u>33,418,890</u>
Capital assets, net	251,808,004	274,062,161
Net pension asset - proportionate share	-	661,138
Total assets	<u>265,475,795</u>	<u>308,142,189</u>
<u>Deferred Outflows of Resources</u>		
Deferred outflows of resources:		
Pension	1,385,576	1,509,757
OPEB	605,082	850,331
Total deferred outflows of resources	<u>1,990,658</u>	<u>2,360,088</u>

(Continued)

See accompanying notes to financial statements.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Statements of Net Position, Continued

<u>Liabilities</u>	<u>2023</u>	<u>2022</u>
Current liabilities:		
Accounts payable	\$ 416,571	946,140
Accrued liabilities	2,031,625	3,497,336
Due to other governments	4,720,446	640,965
Current installments of long-term debt:		
City of Binghamton	3,868,687	3,812,934
Village of Johnson City	3,388,735	3,336,688
Total current liabilities	<u>14,426,064</u>	<u>12,234,063</u>
Noncurrent liabilities:		
Compensated absences	112,392	140,960
Net pension liability - proportionate share	1,707,299	-
Total OPEB liability	2,385,560	2,295,779
Long-term debt, excluding current installments:		
City of Binghamton	96,970,119	104,483,170
Village of Johnson City	82,624,522	90,847,633
Total noncurrent liabilities	<u>183,799,892</u>	<u>197,767,542</u>
Risk management, commitments and contingencies (notes 10 and 11)	<u> </u>	<u> </u>
Total liabilities	<u>198,225,956</u>	<u>210,001,605</u>
<u>Deferred Inflows of Resources</u>		
Deferred inflows of resources:		
Unearned revenue	-	21,810,797
Pension	238,714	2,456,206
OPEB	2,777,693	3,528,806
Total deferred inflows of resources	<u>3,016,407</u>	<u>27,795,809</u>
<u>Net Position</u>		
Net position:		
Net investment in capital assets	64,955,941	71,581,736
Restricted	1,268,149	1,123,127
Total net position	<u>\$ 66,224,090</u>	<u>72,704,863</u>

See accompanying notes to financial statements.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
 Statements of Revenue, Expenses and Changes in Net Position
 Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenue:		
Charges for services:		
City of Binghamton	\$ 8,334,922	8,666,997
Village of Johnson City	8,101,905	6,528,526
Other governments	4,839,280	8,130,331
Permits, surcharges, fines	1,244,824	941,627
Grants	21,810,797	14,363,768
Prior years refunds	-	12,322
Insurance recoveries	156,539	3,331,287
Settlement income	-	30,204,488
Other	149	6,163
Total operating revenue	44,488,416	72,185,509
Operating expenses:		
Personal services	2,780,376	2,610,815
Retirement contributions	275,126	295,936
Payroll taxes	211,716	202,446
Workers' compensation	79,957	116,523
Health insurance - actives	803,640	366,801
Health insurance - retirees	236,409	193,590
Health insurance - buyouts	26,294	37,404
Other employee related costs	47,233	34,216
Sanitary sewer costs (local costs)	4,211,677	11,906,497
Chemicals	1,588,240	1,269,806
Insurance	345,816	298,450
Sludge and waste disposal	367,289	385,273
Industrial pre-treatment	90,000	75,120
Utilities	984,363	932,125

(Continued)

See accompanying notes to financial statements.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
 Statements of Revenue, Expenses and Changes in Net Position, Continued

	<u>2023</u>	<u>2022</u>
Operating expenses, continued:		
Water	\$ 139,996	163,569
Professional services	299,838	2,254,336
Other expenses	280,144	837,060
Travel, training, conferences, meetings	26,388	15,120
Office expenses	10,896	10,119
Depreciation	15,667,299	15,881,515
Equipment	297,538	2,126,818
Repairs and maintenance	432,645	376,511
Reimburse owners	<u>18,935,263</u>	<u>208,066</u>
Total operating expenses	<u>48,138,143</u>	<u>40,598,116</u>
Operating income (loss)	<u>(3,649,727)</u>	<u>31,587,393</u>
Nonoperating revenue (expenses):		
Interest income	335,176	22,133
Interest expense	<u>(3,166,222)</u>	<u>(3,276,959)</u>
Total nonoperating revenue (expenses)	<u>(2,831,046)</u>	<u>(3,254,826)</u>
Change in net position	(6,480,773)	28,332,567
Net position at beginning of year	<u>72,704,863</u>	<u>44,372,296</u>
Net position at end of year	<u>\$ 66,224,090</u>	<u>72,704,863</u>

See accompanying notes to financial statements.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
 Statements of Cash Flows
 Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received - services	\$25,532,574	22,991,709
Cash received - grants	21,810,797	14,368,810
Cash received - other	1,444,622	34,503,477
Cash payments - payroll and benefits	(2,936,367)	(3,201,486)
Cash payments - services and payables	<u>(31,770,870)</u>	<u>(20,108,282)</u>
Net cash provided by operating activities	<u>14,080,756</u>	<u>48,554,228</u>
Cash flows from capital and related financing activities:		
Repayment of long-term debt	(8,978,063)	(31,753,075)
Borrowings	-	4,563,045
Interest paid on long-term debt	(3,081,100)	(3,289,026)
Acquisition of capital assets	<u>(63,441)</u>	<u>(12,482,049)</u>
Net cash used in capital and related financing activities	<u>(12,122,604)</u>	<u>(42,961,105)</u>
Cash flows from investment activities - interest income	<u>335,176</u>	<u>22,133</u>
Net change in cash and equivalents	2,293,328	5,615,256
Cash and equivalents at beginning of year	<u>11,076,588</u>	<u>5,461,332</u>
Cash and equivalents at end of year	<u>\$13,369,916</u>	<u>11,076,588</u>

(Continued)

See accompanying notes to financial statements.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Statements of Cash Flows, Continued

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Operating income (loss)	\$ (3,649,727)	31,587,393
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	15,667,299	15,881,515
Changes in:		
Accounts receivable	43,110	7,590
Due from other governments	176,986	71,890
Grants receivable	21,810,797	(6,591,722)
Prepaid expenses	13,534	29,753
Deferred outflows of resources:		
Pension	124,181	158,174
OPEB	245,249	245,249
Accounts payable	(529,569)	505,058
Accrued liabilities	(1,550,833)	1,492,446
Due to other governments	4,079,481	(406,035)
Compensated absences	(28,568)	2,946
Net pension asset/liability - proportionate share	2,368,437	(668,451)
Total OPEB liability	89,781	(1,707,892)
Deferred inflows of resources:		
Unearned revenue	(21,810,797)	6,596,764
Pension	(2,217,492)	306,362
OPEB	(751,113)	1,043,188
Net cash provided by operating activities	<u>\$14,080,756</u>	<u>48,554,228</u>

See accompanying notes to financial statements.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements

December 31, 2023 and 2022

(1) Summary of Significant Accounting Policies

The financial statements of the Binghamton-Johnson City Joint Sewage Board (the Board) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

(a) Organization

The Board was established by the municipal cooperation agreement between the City of Binghamton (the City) and the Village of Johnson City (the Village) dated July 14, 1965 for the operation of a joint wastewater treatment facility. The joint venture is proportionately divided between the City and Village (the owners), with the City's ownership of 54.8% and the Village's ownership of 45.2%.

The Binghamton-Johnson City Joint Sewage Treatment Plant serves a resident population of approximately 98,000, treating sewage and industrial wastewater in areas of the southern tier of New York State (the State). This includes areas from Binghamton University and Port Dickinson and portions of the towns of Vestal, Kirkwood, Dickinson, Union, Binghamton, Conklin, and Fenton. This also includes the City and the Village.

The Board was established pursuant to article 5G of New York State General Municipal Law, whereby the City and Village established this joint sewage project to be administered by the Board.

The original term of the municipal cooperation agreement was 40 years. As of April 15, 2014 the agreement was most recently amended and restated to revise its current expiration date to "up to thirty (30) years, or for the life of bonds issued, whichever is longer." Based on bonds issued as of December 31, 2023, the current expiration date of the municipal cooperation agreement between the City and Village is March 2051.

The Board as established consists of six members: three appointed by the Mayor of the City and three appointed by the Mayor of the Village. The Board has the administrative responsibility for implementing, effectuating and enforcing, on behalf of the City and Village, all requirements necessary to ensure compliance with Chapter 336 of the City code and Part 2 of Chapter 222 of the Village code, the terms and conditions of the State Pollutant Discharge Elimination System permit issued for the sewage treatment plant and the industrial pretreatment program developed and approved by the Board.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(a) Organization, Continued

The Board is a special-purpose government and represents a joint venture type of entity for accounting purposes. In accordance with the GASB Statement No. 14 (as amended by GASB Statement No. 61) - The Financial Reporting Entity, this Board represents a jointly governed organization as neither the City or Village can unilaterally control the operational and financial policies of the Board because the Members of the Board are appointed by the City and Village and therefore an equal representation on the Board. Although the Board is jointly appointed by the City and Village, the overall ownership of the project as defined in the intermunicipal agreement is that the operational and debt service costs of the project are to be split between the City and Village in the ratios of 54.8% and 45.2%, respectively.

(b) Measurement Focus and Basis of Accounting

The activities of the Board are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses are accounted for through a single enterprise fund with revenue recorded when earned and expenses recorded at the time liabilities are incurred, regardless of timing of related cash flow.

Revenue from providing wastewater treatment and sanitary sewer services is reported as operating revenue. Transactions which are capital, financing or investing related are reported as nonoperating revenue. All expenses related to operating systems are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses.

The Board's primary revenue is driven from fees charged to other governmental and commercial entities that utilize the wastewater treatment services of the plant. These fees are generally invoiced to these entities on a quarterly basis.

The amounts of fees are estimated on an annual basis and such fees are designed to cover all the operating, maintenance, transfers to capital, and related debt service costs of the treatment facilities. Since the fees are estimated based on numerous factors, adjustments to revenues can be expected as the estimates are refined and actual figures concerning sewage flows and other costs become finalized.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation

All of the activities of the Board are accounted for as proprietary fund in accordance with GASB standards. A proprietary fund is used to account for a local government's activities that are similar to activities that may be performed by a commercial enterprise although unlike a commercial enterprise, the purpose of a proprietary fund is to provide a service or product (sewage treatment services) to the public and other governmental entities at a reasonable cost, without maximizing its return on invested capital, whereas commercial entities are profit driven. Since the entire activity of the Board is considered a proprietary fund there are no differences between (a) net position and fund balances, and (b) changes in net position and changes in fund balance, and, therefore, no reconciliation schedules of these items are included in this report.

(d) Budgets

The Board shall, on or before August 14th of each year, propose a budget for the next fiscal year and submit it to the budget officers of the City and Village. The budget is deemed adopted unless governing bodies of the City and Village shall reject or modify the proposed budget on or before September 24th of each year. Budget assessments shall be paid to the Board by the City and Village on a quarterly basis based upon the proportion of assessments as described in the intermunicipal agreement.

(e) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

- Cash and Equivalents - The Board's cash and equivalents represent cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.
- Accounts Receivable - All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Board has adopted a policy of recognizing revenue in the period in which the services are provided. Billings to customers generally consist of revenue earned from the prior three months for quarterly billed customers, and revenue earned from the prior month for monthly billed customers.
- Prepaid Expenses - Prepaid expenses reflect costs applicable to future accounting periods.
- Capital Assets - Capital assets which include property and equipment are stated at cost. Depreciation is provided over the estimated useful life on a straight-line basis. Repairs and maintenance are charged to expense as incurred. Major betterments are capitalized.

Capital assets are reviewed for impairment when the capital assets service utility has declined significantly and unexpectedly. A capital asset is generally deemed impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, Continued

Impairment of capital assets with physical damage are measured using a restoration cost approach, an approach that uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written off in accordance with GASB Statement No. 42 - Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.

The estimated useful lives of depreciable fixed assets are as follows:

<u>Assets</u>	<u>Years</u>
Land	N/A
Buildings and improvements	25 - 50
Machinery and equipment	5 - 20

- Compensated Absences - Board employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, all union employees are entitled to payment for accumulated vacation and compensatory time limited to amounts defined under their respective collectively bargained agreements. The Board's Policies and Benefits for Salaried/Management Staff also addresses the disposition of accumulated vacation and sick leave credits when employment ends other than by discharge for cause.
- Long-term Debt - Long-term debt is reported as liabilities in the accompanying Statements of Net Position.
- Retirement Plan - The Board provides retirement benefits for substantially all of its regular, full-time employees through contributions to the New York State and Local Employees' Retirement System (ERS). The ERS provides various plans and options, some of which require employee contributions.
- Deferred Outflows of Resources 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 then. The Board has three items that qualify for reporting in this category. The first item is related to the pension reported in the Statements of Net Position. This represents the effect of the net change in the Board's proportion of the collective net pension system and difference during the measurement period between the Board's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is the Board contributions to the pension system subsequent to the measurement date. The third item is related to other postemployment benefits. This represents the changes of assumptions.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position, Continued

Deferred inflows of resources represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has three items that qualify for reporting in this category. The first is related to pensions reported in the Statements of Net Position. This represents the effect of the net change in the Board's proportion of the collective net pension system and difference during the measurement periods between the Board's contributions and its proportion share of total contributions to the pension systems not included in the pension expense. The second item is unearned revenue primarily from FEMA, as disclosed in note 4. The third item relates to postemployment benefits. This represents the difference between expected and actual experience, as well as changes of assumptions.

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Board's investment in capital assets, net of related debt is in a surplus position of \$64,955,941 and \$71,581,736 at December 31, 2023 and 2022, respectively. The surplus results from the amortization of the Board's capital debt, as outstanding principal for the majority of the Board's serial bonds is not paid until late into the life of the debt, while depreciation occurs ratably over the life of the assets.
- Restricted Net Position - Consists of net position that has constraints placed on the use of these resources that are either externally imposed by creditors, granters, contributors, laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Board established a capital reserve pursuant to general municipal law section 6c. The balance as of December 31, 2023 and 2022 was \$1,268,149 and \$1,123,127, respectively.
- Unrestricted Net Position - Consists of all other net position that do not meet the definition of "restricted" or "net investment in capital assets." There was no unrestricted net position as of December 31, 2023 and 2022.

(f) Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(g) Income Taxes

The Board is tax-exempt under Section 115 of the Internal Revenue Code. The Board is exempted from filing tax returns and has not filed any tax returns for either federal or State income taxes. The Board does not believe it has any uncertain tax positions as its income is not subject to income tax.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Subsequent Events

The Board has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(2) Cash and Equivalents

Collateral is required for demand deposits and certificates of deposit not covered by Federal Deposit Insurance Corporation (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.

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. Deposits at year-end were covered by FDIC insurance in the Board's custodial banks as well as collateral.

The carrying amount of cash and equivalents totaled \$13,369,916 and \$11,076,588, and the available bank balance was \$13,650,581 and \$11,696,457 at December 31, 2023 and 2022, respectively.

(3) Grants Receivable

The Board sustained substantial damage to its capital assets as a result of a flood in 2006 and Tropical Storm Lee in 2011. Because both the 2006 flood and Tropical Storm Lee were presidentially declared disasters, the Board was eligible to apply for disaster grants through the New York State Office of Emergency Management, now known as the New York State Division of Homeland Security and Emergency Services (DHSES). DHSES oversees the Federal Department of Homeland Security, Federal Emergency Management Agency (FEMA) Public Assistance grant program as the primary recipient of FEMA grant funds. The Board is a sub-grantee and reports to DHSES. The Board received various grants from DHSES, which are subject to both DHSES and Federal rules and regulations that the Board must comply with. The Board recognizes revenue and related receivables from grants that have been approved when eligible costs have been incurred and submitted in accordance with the approved budget for each grant application. The Board invoices DHSES for reimbursements in accordance with the terms and conditions of the grant application. Gross receivables related to these grants for the 2006 flood and for Tropical Storm Lee totaled \$21,810,797 as of December 31, 2022.

Monies from FEMA grants are recorded on a basis that approximates cash due to the uncertainty surrounding the receipt of such monies. When expenses believed to be FEMA reimbursable are submitted for reimbursement, the Board will record a receivable and a corresponding unearned revenue in the same amount. As of December 31, 2022 the unearned revenue related to FEMA reimbursements totaled \$21,810,797.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(3) Grants Receivable, Continued

The Board has been awarded other grants subject to the terms and conditions of those grants:

A total of \$851,525 in New York State Department of Environmental Conservation (NYS DEC) Water Quality Improvement Project (WQIP) Grants (\$444,525 from Round 11 and \$407,000 from Round 13) are being used, together with matching funding from the Board, to improve circulation and mixing of the Plant's Outfall effluent discharge into the Susquehanna River by removing gravel bars, adding flow diversion structures, and otherwise modifying the River's flow path. Engineering design, regulatory approvals, and bidding was completed during 2018, and in-river dredging and construction work began in 2019. WQIP projects have been completed as of December 31, 2022.

The owners of the Plant have been awarded multiple grants to be used toward the owners' capital projects for the Restoration and Rehabilitation (R&R) and Solids Handling Improvements (SHI) at the Plant. The first was awarded in December 2015 for \$5,000,000 for the R&R. An additional award of \$20,000,000 was made in July 2018 for the R&R. In October 2017, the owners were awarded \$10,000,000 for the SHI. In total, the project has been awarded \$35,000,000 in grants.

Grants from FEMA and DHSES providing financial assistance with the recovery from flood damage in September 2011 resulting from Tropical Storm Lee are covered in detail elsewhere in these Financial Statements.

(4) FEMA Grant

The Board has applied for various grants from FEMA which is part of the United States of America Department of Homeland Security to assist in the rebuilding, repair and replacement of assets that were either destroyed or severely damaged by the remnants of Tropical Storm Lee.

Generally, FEMA reimburses an amount equal to seventy-five percent (75%) of estimated eligible project expenditures. The remaining twenty-five percent (25%) is funded either from State sources or directly from the operations of the Board. As it relates to this disaster, the State is providing funding for the remaining 25%. All of the funding for FEMA grants is directly administered by DHSES. The DHSES not only administers the grant monies but is the agency that has the direct oversight responsibility for FEMA monies that pass through the State. The DHSES is the agency that approves and authorizes issuance of all payments under the FEMA grant to the Board. As of December 31, 2022, the Board has incurred reimbursable claims totaling \$21,810,797, to DHSES, which are awaiting submission, audit and payment. All outstanding claims were approved and paid during the year ended December 31, 2023.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(4) FEMA Grant, Continued

FEMA grant monies are subject to strict compliance requirements the Board must satisfy in order to be eligible to receive grant monies. These compliance requirements are both Federal and State requirements. The Board has retained a third party consulting firm to assist in carrying out its duties to comply with such requirements and believes it is compliant with all grant requirements. If the Board is found to be non-compliant with any of the grant requirements, the DHSES or FEMA could require reimbursement of funds received by the Board resulting from such non-compliance. A summary of the remaining activity as of December 31, 2022 related to the grant monies for DR-4031 is as follows:

<u>FEMA Project Worksheet Identifier</u>	<u>FEMA Approval Date</u>	<u>Project Description</u>	<u>Receivables/Unearned Revenue as of 12/31/22</u>
2499	11/28/2012	0FB7174 - Chemically Enhanced Primary Treatment Proces	\$ 2,020,674
2501	10/15/2012	0FB7198 - Primary Power Distribution System	106,680
2504	4/17/2013	0FB7199 - HMP - Plant Wide	18,453,798
2507v1	6/26/2013	0FB7184 - Primary Treatment and Solids - Multiple Bldgs	64,203
2555v1	4/4/2013	0FB7186 - BAF Facility-Structures #11, 14, 15, 16, 17, 18	<u>1,165,442</u>
Totals			<u>\$ 21,810,797</u>

Cumulative payments received can exceed the net obligated amount as the net obligated amount does not account for reimbursable administrative fees.

Given the requirements of the Consent Order with the NYS DEC as well as the number of interconnected treatment processes, the complex interrelationships, interdependencies and phased construction sequencing required to maximize protection of water quality in the Susquehanna River while reconstruction and rehabilitation of the Board's facilities is ongoing, the Board applied for, and FEMA has granted, extensions to the deadlines for completion of construction under the FEMA Project Worksheet Identifier.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(5) Capital Assets

The Board's capital assets activity for the years ended December 31, 2023 and 2022 is summarized as follows:

	<u>Balance at</u> <u>1/1/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>12/31/2023</u>
Capital assets, not being depreciated - land	\$ 240,000	-	-	240,000
Capital assets, being depreciated:				
Building and improvements	25,103,193	-	-	25,103,193
Machinery and equipment	13,393,652	5,100	(153,587)	13,245,165
Infrastructure	<u>283,710,641</u>	<u>58,341</u>	<u>(6,650,299)</u>	<u>277,118,683</u>
Total capital assets, being depreciated	<u>322,207,486</u>	<u>63,441</u>	<u>(6,803,886)</u>	<u>315,467,041</u>
Less accumulated depreciation:				
Building and improvements	(20,857,322)	(676,741)	153,587	(21,380,476)
Machinery and equipment	(12,494,779)	(116,844)	-	(12,611,623)
Infrastructure	<u>(15,033,224)</u>	<u>(14,873,714)</u>	<u>-</u>	<u>(29,906,938)</u>
Total accumulated depreciation	<u>(48,385,325)</u>	<u>(15,667,299)</u>	<u>153,587</u>	<u>(63,899,037)</u>
Capital assets, net	<u>\$274,062,161</u>	<u>(15,603,858)</u>	<u>(6,650,299)</u>	<u>251,808,004</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(5) Capital Assets, Continued

	Balance at <u>1/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance at <u>12/31/2022</u>
Capital assets, not being depreciated:				
Land	\$ 240,000	-	-	240,000
Construction in progress	276,812,381	7,176,880	(283,989,261)	-
Total capital assets not being depreciated	<u>277,052,381</u>	<u>7,176,880</u>	<u>(283,989,261)</u>	<u>240,000</u>
Capital assets, being depreciated:				
Building and improvements	25,043,193	60,000	-	25,103,193
Machinery and equipment	12,984,082	409,570	-	13,393,652
Infrastructure	-	283,710,641	-	283,710,641
Total capital assets, being depreciated	<u>38,027,275</u>	<u>284,180,211</u>	<u>-</u>	<u>322,207,486</u>
Less accumulated depreciation:				
Building and improvements	(20,180,582)	(676,740)	-	(20,857,322)
Machinery and equipment	(12,323,228)	(171,551)	-	(12,494,779)
Infrastructure	-	(15,033,224)	-	(15,033,224)
Total accumulated depreciation	<u>(32,503,810)</u>	<u>(15,881,515)</u>	<u>-</u>	<u>(48,385,325)</u>
Capital assets, net	<u>\$282,575,846</u>	<u>275,475,576</u>	<u>(283,989,261)</u>	<u>274,062,161</u>

The City, as part owner of the Board, has begun to undertake a large portion of the capital improvements which will ultimately be managed via the Board upon completion. For the years ended December 31, 2022, these costs totaled \$7,550,974, on the City's books and records. These capital costs are generally financed through short term borrowings by the City and the Village with the ultimate goal of refinancing the obligation into long term borrowing through the use of New York State Environmental Facilities Corporation (NYSEFC) bonds. Short term borrowings may also be repaid from grants from the State, FEMA and from various legal settlements. The capital assets of the Board are jointly owned by the City and the Village as part of the municipal cooperation agreement.

Depreciation expense amounted to \$15,667,299 and \$15,881,515 for the years ended December 31, 2023 and 2022, respectively.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(6) Long-Term Debt

The Board does not in and by itself issue bonds or notes for financing purposes. All bonds or notes are issued in the name of either the City or the Village. The primary purpose for debt obligations is to finance various capital projects being undertaken by the Board. A summary of the outstanding obligations at December 31, 2023 and 2022 by each owner of the Board is as follows:

City of Binghamton					
Original Date of Issuance	Maturity	Original Amount	Description	Principal Balance at 12/31/2023	Principal Balance at 12/31/2022
7/1/2005	5/15/2034	\$20,276,000	NYSEFC - series 2015D	\$ 8,385,000	9,090,000
12/31/2010	10/1/2039	5,309,412	NYSEFC - series 2010C	3,105,000	3,270,000
8/1/2019	2/1/2049	39,592,379	2019A Bond 03-04	41,075,000	42,435,000
6/13/2019	11/30/2048	6,907,604	2019A Bond 03-05	10,545,000	10,825,000
6/13/2019	11/30/2048	6,780,000	2019A Bond - Interest Free	7,086,200	7,320,520
12/9/2021	3/19/2051	2,740,000	NYSEFC series 2021A	2,592,606	2,666,933
12/9/2021	2/1/2051	5,064,287	NYSEFC series 2021B	4,750,000	4,894,287
9/1/2016	8/15/2046	29,179,122	NYSEFC - series 2016B (03-04)	23,300,000	24,150,000
N/A	N/A	N/A	Accrued Expenses	-	3,644,364
				<u>\$ 100,838,806</u>	<u>108,296,104</u>
Village of Johnson City					
Original Date of Issuance	Maturity	Original Amount	Description	Principal Balance at 12/31/2023	Principal Balance at 12/31/2022
5/24/2012	6/15/2029	\$ 1,450,000	NYSEFC - series 2012B	\$ 730,000	835,000
3/15/2005	5/1/2034	16,724,000	NYSEFC - series 2015D	6,910,000	7,490,000
6/19/2010	10/1/2039	7,640,314	NYSEFC - series 2010C	4,470,000	4,705,000
8/1/2019	2/1/2049	39,592,379	2019A Bond 03-04	34,150,000	35,265,000
6/13/2019	11/30/2048	6,907,604	2019A Bond 03-04	8,625,000	8,855,000
6/13/2019	11/30/2048	6,780,000	2019A Bond - Interest Free	5,844,830	6,038,100
12/9/2021	3/19/2051	2,260,000	NYSEFC Series 2021A	2,138,427	2,199,733
12/9/2021	2/1/2051	4,177,112	NYSEFC Series 2021B	3,920,000	4,037,112
4/12/2019	N/A	8,757,109	Bond Anticipation Note - NYSEFC (03-06)	-	1,828,441
9/1/2016	8/15/2046	24,054,695	NYSEFC - series 2016B (03-04)	19,225,000	19,925,000
N/A	N/A	N/A	Accrued Expenses	-	3,005,935
				<u>\$ 86,013,257</u>	<u>94,184,321</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(6) Long-Term Debt, Continued

The owners of the Project also will provide financial resources through the issuance of bond anticipation notes (BANs). BANs are expected to be converted to long term bonds in the future or repaid from grants from the State, FEMA and from various legal settlements.

A summary of the future minimum debt service payments, excluding interest subsidies, by each owner of the Board for long term debt is as follows:

Year Ending	City of Binghamton			Village of Johnson City		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2024	\$ 3,868,687	2,794,632	6,663,319	3,388,735	2,442,707	5,831,442
2025	3,918,726	2,721,813	6,640,539	3,417,884	2,372,402	5,790,286
2026	3,978,752	2,645,890	6,624,642	3,467,030	2,299,423	5,766,453
2027	4,033,796	2,565,296	6,599,092	3,526,203	2,221,867	5,748,070
2028	4,088,836	2,479,168	6,568,004	3,570,362	2,139,208	5,709,570
2029 - 2033	21,344,776	10,878,463	32,223,239	18,179,125	9,322,229	27,501,354
2034 - 2038	19,720,769	7,986,488	27,707,257	16,928,040	6,807,479	23,735,519
2039 - 2043	19,646,734	5,041,974	24,688,708	16,636,940	4,241,004	20,877,944
2044 - 2048	18,697,708	1,852,182	20,549,890	15,635,855	1,543,266	17,179,121
2049 - 2051	1,540,022	39,156	1,579,178	1,263,083	32,236	1,295,319
Total	<u>\$ 100,838,806</u>	<u>39,005,062</u>	<u>139,843,868</u>	<u>86,013,257</u>	<u>33,421,821</u>	<u>119,435,078</u>

The owners have outstanding obligations which were issued via the NYSEFC under the Clean Water State Revolving Fund (CWSRF). The CWSRF provides low-interest rate financing to municipalities to construct water quality protection projects such as sewers and wastewater treatment facilities. The owners' outstanding obligations were issued under the CWSRF's Long-Term Subsidized Financing program whereby the obligations of the owners will generally receive an interest subsidy of approximately one-half of the financing amount related to interest. The interest subsidy earnings which reduce the cost of interest for the owners for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
City of Binghamton Obligations	\$ 1,177,035	1,133,460
Village of Johnson City Obligations	<u>1,116,795</u>	<u>1,188,769</u>
Total	\$ <u>2,293,830</u>	<u>2,322,229</u>

Future estimated subsidies of \$16,040,665 and \$14,432,036, respectively, for the City and Village are expected to reduce interest costs in future years. These interest subsidy earnings are included in the charges for services for each of the owners of the Board on the Statements of Revenue, Expenses and Changes in Net Position.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(7) Compensated Absences

The Board reports the value of compensated absences as a liability. The annual budgets of the operating funds provide funding for these benefits as they become payable. The payment of compensated absences is dependent on many factors; therefore, the timing of future payments is not readily determinable.

The Board's collective bargaining agreement and other policies and procedures for other employees allows employees certain benefits such as vacation, sick leave, and other types of compensated absences. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event outside control of the employer and employee are accrued as liabilities as employees earn the rights to the benefits. As of December 31, 2023 and 2022, the liability for compensated absences was \$112,392 and \$140,960, respectively.

(8) Pension Plan

(a) Plan Description and Benefits Provided

The Board participates in the New York State and Local Employees' Retirement System (ERS or the System). This is 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 Authority (the Authority), 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 Board and is the administrative head of the System. System benefits are established under the provision 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 Board also participates in the Public Employees Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. 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.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3.0 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 6.0 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(8) Pension Plan, Continued

(b) Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2023 and 2022, respectively, the Board reported the following asset (liability) for its proportionate share of the net pension asset (liability) for the System. The net pension asset (liability) was measured as of March 31, 2023 and 2022. The total pension liability used to calculate the net pension asset (liability) was determined by an actuarial valuation. The Board's proportionate share of the net pension asset (liability) was based on a projection of the Board's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by New York State in reports provided to the Board.

Measurement date	3/31/2023	3/31/2022
Net pension asset (liability) - proportionate share	\$(1,707,299)	661,138
Board's proportion of the Plan's net pension asset (liability)	0.0079617%	0.0080877%
Change in proportionate share	(0.0001260)	0.0007213

For the years ended December 31, 2023 and 2022, respectively, the Board recognized pension expense of \$275,126 and \$11,101 for the System. At December 31, 2023 and 2022 the Board's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2023</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 181,841	47,947
Changes of assumptions	829,175	9,164
Net difference between projected and actual earnings on pension plan investments	-	10,030
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	140,114	171,573
Board's contributions subsequent to the measurement date	<u>234,446</u>	<u>-</u>
Total	\$ <u>1,385,576</u>	<u>238,714</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(8) Pension Plan, Continued

(b) Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension, Continued

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,069	64,942
Changes of assumptions	1,103,365	18,618
Net difference between projected and actual earnings on pension plan investments	-	2,164,949
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	164,820	207,697
Board's contributions subsequent to the measurement date	191,503	-
Total	\$ 1,509,757	2,456,206

Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset (liability) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ending	
2024	\$ 211,650
2025	(100,990)
2026	339,306
2027	462,450
	\$ 912,416

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(8) Pension Plan, Continued

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions.

Measurement date	March 31, 2023	March 31, 2022
Actuarial valuation date	April 1, 2022	April 1, 2021
Investment rate of return, net of investment expenses, including inflation	5.9%	5.9%
Salary scale	4.4%	4.4%
Inflation rate	2.9%	2.7%
Cost-of-living adjustment	1.5%	1.4%

For the actuarial valuation as of April 1, 2022, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries (SOA) Scale MP-2021. The previous actuarial valuation as of April 1, 2021 used the same assumptions to measure the total pension liability. The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(8) Pension Plan, Continued

(c) Actuarial Assumptions, Continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

	2023		2022	
	Target Allocation	Long-term Expected Rate of Return*	Target Allocation	Long-term Expected Rate of Return*
Domestic equity	32.00%	4.30%	32.00%	3.30%
International equity	15.00%	6.85%	15.00%	5.85%
Private equity	10.00%	7.50%	10.00%	6.50%
Real estate	9.00%	4.60%	9.00%	5.00%
Opportunistic/ARS portfolio	3.00%	5.38%	3.00%	4.10%
Credit	4.00%	5.43%	4.00%	3.78%
Real assets	3.00%	5.84%	3.00%	5.80%
Fixed income	23.00%	1.50%	23.00%	0.00%
Cash	1.00%	0.00%	1.00%	(1.00%)
	100.00%		100.00%	

*The real rate of return is net of the long-term inflation assumption of 2.5% in 2023 and 2022.

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.9% in 2023 and 2022. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the 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.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(8) Pension Plan, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate

The following presents the Board's proportionate share of the net pension asset (liability) calculated using the current discount rate, as well as what the Board's proportionate share of the net pension asset (liability) 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:

	2023		
	1% Decrease (4.9%)	Current Rate (5.9%)	1% Increase (6.9%)
	Board's proportionate share of the net pension asset (liability)	\$ <u>(4,125,809)</u>	<u>(1,707,299)</u>
	2022		
	1% Decrease (4.9%)	Current Rate (5.9%)	1% Increase (6.9%)
	Board's proportionate share of the net pension asset (liability)	\$ <u>(1,701,762)</u>	<u>661,138</u>

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of all participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)	
	2023	2022
Measurement date	3/31/2023	3/31/2022
Employers' total pension liability	\$ (232,627)	(223,875)
Plan fiduciary net position	<u>211,183</u>	<u>232,050</u>
Net pension asset (liability)	\$ <u>(21,444)</u>	<u>8,175</u>
System's net position as a percentage of total pension liability	90.78%	103.65%

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(8) Pension Plan, Continued

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System’s fiscal year which ends on March 31st. Retirement contributions as of December 31, 2023 and 2022 represent the projected employer contribution for the period of April 1, 2023 through March 31, 2024 and April 1, 2022 through March 31, 2023, respectively, based on paid System wages multiplied by the employer’s contribution rate, by tier. Retirement contributions paid to the System for the years ended December 31, 2023 and 2022 were \$313,352 and \$241,780, respectively.

(9) Other Postemployment Benefits

(a) Plan Description and Benefits

The Board provides postemployment benefits to eligible retirees in the form of health insurance. The obligation of the Board and its employees to contribute to the cost of providing these benefits has been established pursuant to various collective bargaining agreements and Board policy for those individuals not included in one of the bargaining units.

The Board provides continuation of medical and prescription drug coverage for employees hired before January 1, 2007 who retire and are at least age 55 and have 10 plus years of service. Employees hired after January 1, 2007 are eligible if they retire at least age 55 and have 20 plus years of service. All retirees and future retirees hired prior to January 1, 2007 with 10 years of service are required to contribute 50% towards the premium cost, with 15 years of service that drops to 25% for both individual and family coverage. All future retirees hired after January 1, 2007 are required to pay 50% of the individual and family premiums.

The Board provides certain health care benefits for retired employees. Substantially all of the employees may become eligible for these benefits if they reach the normal retirement age and have the required minimum age plus years of service working for the Board. The Board, on an annual basis, accrues the cost that represents the present value of these benefits to be paid over the estimated lives of the retirees. There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

(b) Employees Covered by Benefit Terms

At December 31, 2023 and 2022, the following employees were covered by the benefit terms:

	<u>2023</u>	<u>2022</u>
Active employees	36	36
Retired employees	<u>19</u>	<u>19</u>
	<u>55</u>	<u>55</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(9) Other Postemployment Benefits, Continued

(c) Total OPEB Liability

The Board's total OPEB liability of \$2,385,560 and \$2,295,779 as of December 31, 2023 and 2022, respectively, were measured as of December 31, 2023 and 2022, respectively, and were determined by an actuarial valuation as of January 1, 2022.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2022 actuarial valuation (December 31, 2023 and 2022 measurement dates) were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>2023</u>	<u>2022</u>
Discount rate	3.72%	3.72%
Payroll growth	3.00% per year	3.00% per year
Healthcare cost trend rates:		
Pre 65/Post 65	5.67%/7.98%	5.67%/7.98%
Ultimate trend	4.54%	4.54%
Year ultimate trend reached	2090/2023	2090/2023

(e) Changes in the Total OPEB Liability

	<u>2023</u>	<u>2022</u>
Total OPEB liability at beginning of year	\$ <u>2,295,779</u>	\$ <u>4,003,671</u>
Changes for the year:		
Service cost	106,278	102,466
Interest	87,424	84,137
Changes of assumptions	-	(1,266,957)
Difference between actual and expected experience	-	(527,344)
Benefit payments	<u>(103,921)</u>	<u>(100,194)</u>
Total changes	<u>89,781</u>	<u>(1,707,892)</u>
Total OPEB liability at end of year	\$ <u>2,385,560</u>	\$ <u>2,295,779</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(9) Other Postemployment Benefits, Continued

(f) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Board's total OPEB liability calculated using the current discount rate, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	2023		
	1% Decrease <u>(2.72%)</u>	Current Rate <u>(3.72%)</u>	1% Increase <u>(4.72%)</u>
Total OPEB liability	\$ <u>2,707,188</u>	<u>2,385,560</u>	<u>2,114,831</u>
	2022		
	1% Decrease <u>(2.72%)</u>	Current Rate <u>(3.72%)</u>	1% Increase <u>(4.72%)</u>
Total OPEB liability	\$ <u>2,604,214</u>	<u>2,295,779</u>	<u>2,036,728</u>

(g) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rates

The following presents the Board's total OPEB liability calculated using current healthcare cost trend rates, as well as what the Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current trend rates:

	2023		
	1% Decrease	Current Trend Rates	1% Increase
Total OPEB liability	\$ <u>2,022,581</u>	<u>2,385,560</u>	<u>2,840,805</u>
	2022		
	1% Decrease	Current Trend Rates	1% Increase
Total OPEB liability	\$ <u>1,967,236</u>	<u>2,295,779</u>	<u>2,706,060</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(9) Other Postemployment Benefits, Continued

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2023 and 2022, the Board recognized OPEB benefit of \$312,162 and \$319,261, respectively. At December 31, 2023 and 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 605,082	939,155
Difference between expected and actual experience	-	<u>1,838,538</u>
Total	<u>\$ 605,082</u>	<u>2,777,693</u>
	2022	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 850,331	1,103,056
Difference between expected and actual experience	-	<u>2,425,750</u>
Total	<u>\$ 850,331</u>	<u>3,528,806</u>

Amounts reported as deferred outflows and inflows of resources related to total OPEB liability will be recognized as follows:

<u>Year ending</u>	
2024	\$ (505,864)
2025	(508,906)
2026	(524,144)
2027	(232,120)
2028	\$ (232,120)
Thereafter	<u>(169,457)</u>
	<u>\$ (2,172,611)</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(10) Risk Management

The Board has a risk management plan in place to minimize the adverse effects of certain types of losses. These losses can be job-related injuries to employees, theft or, damage to, or destruction of capital assets, torts and other types of losses. Risk-financing techniques include risk retention (also called self-insurance), risk transfer to and from an insurer (through a commercial insurance company or public entity risk pool) and risk transfer to a noninsurer. The Board believes its commercial insurance and other risk-risk financing techniques are sufficient.

(11) Commitments and Contingencies

Claims and Judgements

Various claims and lawsuits are pending against the Board. In the opinion of the Board's management, the potential loss, if any, on all claims and lawsuits will not be significant to the Board's financial statements.

State and Federal Grants

The Board receives state and federal grants to be used for specific purposes. These grants are generally conditioned on compliance with certain statutory, regulatory and/or contractual requirements. The Board makes every effort to comply with all applicable requirements. However, because these grants are audited from time to time, it is possible that the Board could be required, upon audit, to repay portions of the grant monies received and recorded as revenue in a prior year. The Board's management does not anticipate material grant-in-aid disallowances, and therefore, no provision is reflected in these financial statements.

State and Federal Regulations

The Board is required to comply with numerous state and federal laws and regulations concerning its operations. The Board has received consent orders from the New York State Department of Environmental Conservation requiring certain improvements to the Project's facilities.

Remedies for Default

The owners of the Project are the issuers of all bonds, notes and BANs. The Board is responsible for repayment of these debt items to the owners. The owners would decide the remedy in the case of nonpayment. Consequently, only the owners could be in default of these debt items.

Multi-Year Agreements and Permits

The City and the Village have entered into, extended, and/or renewed multi-year agreements to provide wastewater treatment services to various Municipal Users as summarized below:

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(11) Commitments and Contingencies, Continued

Town of Vestal - a 40-year agreement entered into April 24, 1968 between the City, the Village, the Town of Vestal (the Town), and Central School District No. 1 of the Town of Vestal affords the City and Village exemptions from all real property tax, special ad valorem levies, and special assessments on all sewage disposal and treatment facilities owned by them within the Town, including necessary connections and appurtenances, as well as future expansion, additions, and alterations even though such facilities are not located on the real property described in the agreement. In exchange for the tax exemptions, the City and Village agreed to receive and treat up to 2 million gallons per day from all areas of the Town, excluding the Binghamton University Campus (as to which, see below), including areas of the Town not then sewered at the same unit rate as is paid by the City and the Village to the Board. In accordance with its terms, the agreement has self-extended for four successive five-year terms, and as of December 31, 2023, the expiration date is April 23, 2028.

Town of Conklin - the City, the Village, and the Town of Conklin (the Town) entered-into an Outside User agreement for sewage treatment May 26, 1983, which agreement was amended November 1, 1990 and by its terms expired December 7, 2012. The City, Village, and Town have entered-into a further amendment to their (previously amended) agreement, extending its term through December 7, 2047 unless the Town gives written, but revocable, notice to the Mayor of the City and the Mayor of the Village of the Town's intention to terminate the amended agreement on or before December 31, 2020 by reason of the Town's application to the New York State Department of Environmental Conservation for approval to construct its own sewage treatment plant. No such notice was given.

Towns of Kirkwood, Dickinson, Union, Binghamton, and Fenton as well as the Village of Port Dickinson - the City and the Village have exercised their option to renew the various Outside User Agreements with the Towns of Kirkwood, Dickinson, Union, Binghamton, and Fenton as well as the Village of Port Dickinson through December 7, 2047.

These agreements require the Municipal Users to pay fees and charges to the Board as described therein.

The Board has issued and/or extended multi-year agreements and/or Industrial Wastewater Discharge Permits to the following Significant Industrial Users as summarized below:

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(11) Commitments and Contingencies, Continued

City of Binghamton Water Filtration Plant - the current Industrial Wastewater Discharge Permit issued to the Water Filtration Plant (WFP) expired January 11, 2018. Following a technical/engineering negotiation, a new Industrial Wastewater Discharge Permit was issued to the WFP for the period beginning June 18, 2018 and ending on June 17, 2021. The WFP's permit has presently been extended through June 30, 2024. At the end of 2018, the City was actively pursuing design and construction of a sludge extraction system which, when constructed, will significantly decrease its solids discharges to the Binghamton-Johnson City Joint Sewage Treatment Plant and, correspondingly, the amount of its Industrial Wastewater excess parameter surcharges payable. The City rejected all bids received for construction of the initially-designed bid sludge extraction system. The City solicited bids for construction of a revised-design sludge extraction system and, on July 22, 2020, awarded contracts therefore (General Construction: \$3,289,800 to Streeter Associates; and Electrical Construction: \$318,800 to MATCO Electric Corporation). As of December 31, 2022 construction of the WFP sludge extraction system was complete.

Binghamton University - the current Industrial Wastewater Discharge Permit issued to Binghamton University (via four related entities) expired February 21, 2019 and regulates 10 noncontiguous parcels in the Town of Vestal (comprising Binghamton University's Vestal Campus), the off-campus Innovative Technologies Complex as well as two other parcels in the Town of Vestal, and two parcels in the City of Binghamton. Binghamton University's permit has presently been extended through November 14, 2024. (With respect to the five off-campus parcels, sewer use charges, typically based on water consumption, are billed and collected by the municipality in which each parcel is located).

Frito-Lay - an updated agreement for acceptance and treatment of industrial wastewater was entered into by the Board and Frito-Lay covering the period January 1, 1993 through December 31, 2013. The parties entered into extensions of this agreement upon the same terms and conditions for the periods January 1, 2014 through December 31, 2016, January 1, 2017 through December 31, 2019, December 31, 2019 through December 31, 2020, and January 1, 2021 through December 31, 2023. On December 12, 2023, the Board approved a further extension of the agreement with Frito-Lay through December 31, 2026.

Industrial Wastewater Discharge Permits have been issued to Frito-Lay for decades on behalf of the Board, of late covering the term February 13, 2020 through February 12, 2023. During 2023, a new Industrial Wastewater Discharge Permit effective through December 31, 2026 was issued to Frito Lay on behalf of the Board by the Pretreatment Program Manager (who, by regulation, is the Plant Superintendent).

These agreements and/or permits require the Industrial Users to pay charges, fees, and surcharges to the Board as described therein.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Notes to Financial Statements, Continued

(12) Future Implementations of GASB Pronouncements

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

(13) Settlement Income

In September 2022, the owners and the Board entered into a settlement agreement for design and construction errors. The Board was awarded a portion of \$30,200,000 from this agreement. The agreement included a discontinuation of litigation, including any counterclaims.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
 Required Supplementary Information
 Schedule of Board's Proportionate Share of the Net Pension Asset/Liability
 Year ended December 31, 2023

NYSERS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Board's proportion of the net pension asset (liability)	0.0079617%	0.8087700%	0.0073664%	0.0075638%	0.0075310%	0.0073994%	0.0079703%	0.0070000%	0.0070000%
Board's proportionate share of the net pension asset (liability)	\$(1,707,299)	661,138	(7,313)	(1,964,755)	(558,086)	(238,811)	(748,816)	(1,161,612)	(1,127,460)
Board's covered payroll	\$ 2,599,205	2,414,397	2,100,405	2,210,129	2,193,793	2,212,567	2,253,819	2,358,304	2,242,848
Board's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	65.69%	27.38%	0.35%	88.90%	25.44%	10.79%	33.22%	49.26%	50.27%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Board presents information for those years for which information is available.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
 Required Supplementary Information
 Schedule of Board's Pension Contributions
 Year ended December 31, 2023

NYSERS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 313,352	241,780	311,673	306,206	302,361	317,261	350,853	368,355	402,623
Contributions in relation to the contractually required contribution	<u>313,352</u>	<u>241,780</u>	<u>311,673</u>	<u>306,206</u>	<u>302,361</u>	<u>317,261</u>	<u>350,853</u>	<u>368,355</u>	<u>402,623</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Board's covered payroll	\$ 2,599,205	2,414,397	2,100,405	2,210,129	2,193,793	2,212,567	2,253,819	2,358,304	2,242,848
Contributions as a percentage of covered payroll	12.06%	10.01%	14.84%	13.85%	13.78%	14.34%	15.57%	15.62%	17.95%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Board presents information for those years for which information is available.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
 Required Supplementary Information
 Schedule of Changes in the Board's
 Total OPEB Liability and Related Ratios
 Year ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:						
Service cost	\$ 106,278	102,466	143,372	140,396	204,791	233,933
Interest	87,424	84,137	81,844	80,604	225,173	201,331
Changes of assumptions	-	(1,266,957)	-	913,401	-	(630,633)
Difference between actual and expected experience	-	(527,344)	-	(3,030,577)	-	-
Benefit payments	<u>(103,921)</u>	<u>(100,194)</u>	<u>(164,208)</u>	<u>(160,799)</u>	<u>(168,575)</u>	<u>-</u>
Net change in total OPEB liability	89,781	(1,707,892)	61,008	(2,056,975)	261,389	(195,369)
Total OPEB liability - beginning	<u>2,295,779</u>	<u>4,003,671</u>	<u>3,942,663</u>	<u>5,999,638</u>	<u>5,738,249</u>	<u>5,933,618</u>
Total OPEB liability - ending	<u>\$2,385,560</u>	<u>2,295,779</u>	<u>4,003,671</u>	<u>3,942,663</u>	<u>5,999,638</u>	<u>5,738,249</u>
Covered payroll	\$2,447,227	2,375,949	1,938,591	1,893,308	2,603,863	2,427,405
Total OPEB liability as a percentage of covered payroll	97.48%	96.63%	206.52%	208.24%	230.41%	236.39%

Notes to schedule:

Changes of assumptions - Changes of assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
3.72%	3.72%	2.12%	2.12%	4.10%	3.44%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Board presents information for those years for which information is available. There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

INDEPENDENT AUDITORS' 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

Binghamton-Johnson City Joint Sewage Board
(as the Board of Directors of the Binghamton-Johnson
City Joint Sewage Project):

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 of the Binghamton-Johnson City Joint Sewage Board (the Board), as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated , 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 Board's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board’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.

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 Board’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 Board’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williamsville, New York
, 2024

REPORT TO THE BOARD

, 2024

Binghamton-Johnson City Joint Sewage Board
(as the Board of Directors of the Binghamton-Johnson
City Joint Sewage Project)

Dear Board Members:

We have audited the financial statements of the Binghamton-Johnson City Joint Sewage Board (the Board) as of and for the year ended December 31, 2023, and have issued our report thereon dated , 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2023. We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

For the year ended December 31, 2023, we evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

Significant Disclosures

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this report, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Board's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Board's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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This information is intended solely for the use of the Board of Directors and Management of the Binghamton-Johnson City Joint Sewage Board and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

EFPR GROUP, CPAs, PLLC