

**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES  
OF THE CITY OF JAMESTOWN, NEW YORK  
A BLENDED COMPONENT UNIT OF  
THE CITY OF JAMESTOWN, NEW YORK**

**REPORT ON AUDITED  
FINANCIAL STATEMENTS**

**YEARS ENDED  
DECEMBER 31, 2022 AND 2021**

**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES  
OF THE CITY OF JAMESTOWN, NEW YORK**

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**INDEPENDENT AUDITOR'S REPORT**

**Waste Water Division -  
Board of Public Utilities of the City of Jamestown, New York  
Jamestown, New York**

**Opinion**

We have audited the financial statements of the Waste Water Division - Board of Public Utilities of the City of Jamestown, New York (the Division), one of five divisions comprising a blended component unit of the City of Jamestown, New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Division's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Division as of December 31, 2022, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Division, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Prior Period Financial Statements**

The financial statements of the Division as of December 31, 2021 were audited by other auditors whose report dated May 11, 2022 expressed an unmodified opinion on those statements.

**Emphasis of Matter**

As discussed in Note 10 to the financial statements, the Division reported prior period adjustments related to the reduction of liabilities and increase in net position pertaining to the elimination of certain accrued liabilities. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

## **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Division'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 Division's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 5, the schedule of the Division's proportionate share of the net pension asset/liability – ERS, the schedule of the Division's pension contributions – ERS, and the schedule of changes in the Division's total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Jamestown, New York  
May 17, 2023**

**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES  
OF THE CITY OF JAMESTOWN, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

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**I. Discussion and Analysis**

The following is a discussion and analysis of the Division's financial performance for the year ended December 31, 2022. This section is a summary of the Division's financial activities based on currently known facts, decisions, or conditions. It is based on the financial statements. The results of the current year in comparison with the prior year are discussed in the following paragraphs. This section is only an introduction and should be read in conjunction with the Division's financial statements, which follow this section.

**II. Financial Highlights**

The following items are the financial highlights experienced by the Division during the year ended December 31, 2022:

- Net position changed by approximately \$322,000 and \$35,000 for 2022 and 2021, respectively.
- Total operating revenues increased approximately \$442,000 or 9% when compared to 2021 due primarily to a 3% rate increase as of January 1, 2022 and the Division processing outside waste from other municipalities.
- Transmission and distribution expenses increased \$128,000 or approximately 8% compared to 2021 due primarily to increases in costs and labor.
- Administration and general expenses increased approximately \$109,000 or 9% compared to 2021 due primarily to increase in costs and labor.
- Repairs and maintenance decreased approximately \$2,000 compared to 2021.
- Taxes and payments in lieu of taxes decreased approximately \$7,000 or 1% compared to the prior year.
- Total nonoperating revenues (expenses) increased approximately \$51,000 compared to the prior year. In 2021, the Division recognized a loss on the disposal of fixed assets in the amount of approximately \$121,000.
- The year-end cash position was approximately \$1,322,000 compared to \$2,083,000 at the end of the prior year. The decrease in cash is primarily the result of the movement of cash into U.S. Treasury Notes.

**III. Overview of the Financial Statements**

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

**A. Reporting the Division as a Whole:**

The statements report information about the entity as a whole using accounting methods similar to those used by private-sector companies.

**1. Condensed Statements of Net Position**

The statement of net position presents information on all of the Division's assets and liabilities, with the difference between the two 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 Division is improving or deteriorating.

**2. Condensed Statements of Revenues, Expenses and Changes in Net Position**

The Statements of Revenues, Expenses and Changes in Net Position shows the amounts of the business activities over the course of the year and information as to how the net position changed during the year.

**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES  
OF THE CITY OF JAMESTOWN, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**IV. Financial Analysis of the Waste Water Division as a  
Whole**

**Figure A-1 – Statements of Net Position**

<i>Waste Water Division - Board of Public Utilities</i>			
<i>Statements of Net Position</i>			
	2022	2021	% Change
<b>Assets</b>			
Current assets	\$ 2,186,006	\$ 2,951,465	-26%
Other assets	1,610,127	239,311	573%
Utility plant, net	15,974,693	15,927,572	0%
Total assets	19,770,826	19,118,348	3%
<b>Deferred Outflows of Resources</b>			
	1,272,479	1,152,933	10%
Total assets and deferred outflows	<b>\$ 21,043,305</b>	<b>\$ 20,271,281</b>	<b>4%</b>
<b>Liabilities</b>			
Current liabilities	\$ 888,826	\$ 744,896	19%
Long-term liabilities	793,551	988,558	-20%
Total liabilities	1,682,377	1,733,454	-3%
<b>Deferred Inflows of Resources</b>			
	1,976,869	1,552,521	27%
<b>Net position</b>			
Net investment in capital assets	15,974,693	15,927,572	0%
Unrestricted	1,409,366	1,057,734	33%
Total net position	17,384,059	16,985,306	2%
Total liabilities, deferred inflows and net position	<b>\$ 21,043,305</b>	<b>\$ 20,271,281</b>	<b>4%</b>

**Figure A-2 Statements of Revenues, Expenses and Changes in Net Position**

<i>Waste Water Division - Board of Public Utilities</i>			
<i>Statements of Revenue, Expenses and Changes in Net Position</i>			
	2022	2021	% Change
<b>Operating Revenue</b>	<b>\$ 5,356,727</b>	<b>\$ 4,914,938</b>	<b>9%</b>
<b>Operating Expenses</b>			
Transmission and distribution	1,664,929	1,537,360	8%
Administrative and general	1,345,019	1,236,411	9%
Repairs and maintenance	350,191	351,887	0%
Depreciation	900,129	923,450	-3%
Taxes and payments in lieu of taxes	716,927	723,543	-1%
	<b>4,977,195</b>	<b>4,772,651</b>	<b>4%</b>
<b>Non-operating revenues (expenses)</b>	(57,131)	(107,770)	-47%
<b>Change in net position</b>	<b>\$ 322,401</b>	<b>\$ 34,517</b>	

**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES  
OF THE CITY OF JAMESTOWN, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**V. Utility Plant and Debt Administration**

Utility Plant Assets

As depicted in Figure A-3, as of December 31, 2022, the Division had invested approximately \$15,975,000, net of depreciation, in a broad range of utility plant assets, including net book values of the treatment plant, collection system, vehicles and equipment. During 2022 and 2021, the Division added \$947,000 and \$807,000 respectively, in utility plant assets.

Long-term Liabilities

As depicted in Figure A-4, the Division had approximately \$794,000 of long-term debt for 2022 which consisted of its OPEB liability.

**Figure A-3 – Utility Plant**

<i>Waste Water Division - Board of Public Utilities</i>			
<i>Utility Plant</i>			
	2022	2021	Change
Buildings and improvements	\$ 46,062,227	\$ 45,378,844	2%
Vehicles and equipment	4,696,407	4,432,540	6%
Accumulated depreciation	(34,783,941)	(33,883,812)	3%
<b>Utility plant - net</b>	<b>\$ 15,974,693</b>	<b>\$ 15,927,572</b>	<b>0%</b>

**Figure A-4 – Long-term liabilities**

<i>Waste Water Division - Board of Public Utilities</i>			
<i>Long-term Liabilities</i>			
	2022	2021	Change
Net pension liability	\$ -	\$ 4,860	-100%
OPEB liability	793,551	983,698	-19%
<b>Total Long-term Liabilities</b>	<b>\$ 793,551</b>	<b>\$ 988,558</b>	<b>-20%</b>

**VI. Factors Bearing on the Division's Future**

At the time these financial statements were prepared and audited, the Division was aware of the following existing circumstances that could significantly affect its financial health in the future:

- A key factor for the Division in the years ahead will be the BPU's ability to provide increased support related to local economic development and area marketing. The ongoing trend of wastewater consumption reductions must be reversed through a strong local commercial and industrial customer base.
- Successful business retention and new business recruitment will support the other ongoing City of Jamestown, New York efforts related to downtown improvement, the Urban Design Plan, Neighborhood Revitalization, and the Riverwalk Project. The economic outlook for the City of Jamestown, New York and surrounding communities remains a very important factor related to the future of the Division, including the Division's ability to continue its annual increase in net position and positive cash flows.
- In addition, local challenges, the Division is also at risk of significant expense increases due to local, national, and global inflation, supply chain challenges, increased fuel expenses, as well as anticipated changes to New York State testing and specific limit requirements.

**VII. Contacting the Waste Water Division's Financial Management**

This financial report is designed to provide citizens, customers, investors and creditors with a general overview of the finances of the Waste Water Division and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Attention: Kevin Karr  
Finance and Customer Accounts Manager  
P.O. Box 700, 92 Steele Street  
Jamestown, NY 14702-0700

**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES  
OF THE CITY OF JAMESTOWN, NEW YORK  
STATEMENTS OF NET POSITION  
AS OF DECEMBER 31,**

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	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,322,132	\$ 2,082,853
Accounts receivable, net	660,636	696,710
Prepaid items	203,238	171,902
Total current assets	<b>2,186,006</b>	<b>2,951,465</b>
<b>Noncurrent assets</b>		
Non-utility property	11,485	11,485
Net pension asset	428,912	--
Investments	936,370	--
Total other assets	<b>1,376,767</b>	<b>11,485</b>
<b>Utility plant</b>		
In service - at cost	50,758,634	49,811,384
Less: accumulated depreciation	(34,783,941)	(33,883,812)
Total utility plant	<b>15,974,693</b>	<b>15,927,572</b>
Charges for future benefits	<b>233,360</b>	<b>227,826</b>
Total assets	<b>19,770,826</b>	<b>19,118,348</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows - pension	1,253,991	1,122,170
Deferred outflows - OPEB	18,488	30,763
Total deferred outflows of resources	<b>1,272,479</b>	<b>1,152,933</b>
Total assets and deferred outflows of resources	<b>\$ 21,043,305</b>	<b>\$ 20,271,281</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable		
Trade	291,909	37,283
Related parties	27,969	37,993
Other current and accrued liabilities	568,948	669,620
Total current liabilities	<b>888,826</b>	<b>744,896</b>
<b>Long-term liabilities</b>		
Total OPEB liability	793,551	983,698
Net pension liability	--	4,860
Total long-term liabilities	<b>793,551</b>	<b>988,558</b>
Total liabilities	<b>1,682,377</b>	<b>1,733,454</b>
<b>Deferred inflows of resources</b>		
Deferred inflows - pension	1,851,045	1,439,285
Deferred inflows - OPEB	125,824	113,236
Total deferred inflows of resources	<b>1,976,869</b>	<b>1,552,521</b>
<b>Net Position</b>		
Net investment in capital assets	15,974,693	15,927,572
Unrestricted	1,409,366	1,057,734
Total net position	<b>17,384,059</b>	<b>16,985,306</b>
Total liabilities, deferred outflows of resources, and net position	<b>\$ 21,043,305</b>	<b>\$ 20,271,281</b>

See accompanying independent auditor's report and notes to financial statements.



**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES  
OF THE CITY OF JAMESTOWN, NEW YORK  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31,**

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	<u>2022</u>	<u>2021</u>
<b>Operating revenue</b>	\$ 5,356,727	\$ 4,914,938
<b>Operating expenses</b>		
Transmission and distribution	1,664,929	1,537,360
Administrative and general	1,345,019	1,236,411
Repairs and maintenance	350,191	351,887
Depreciation	900,129	923,450
Taxes	245,925	277,402
Payments in lieu of taxes	471,002	446,141
Total operating expenses	<u>4,977,195</u>	<u>4,772,651</u>
<b>Income from operations</b>	<u>379,532</u>	<u>142,287</u>
<b>Non-operating revenues (expenses)</b>		
Loss on disposal of assets	--	(121,495)
Interest income	930	13,725
Change in fair value of investments	(58,061)	--
Total non-operating revenues (expenses)	<u>(57,131)</u>	<u>(107,770)</u>
<b>Change in net position</b>	322,401	34,517
Net position, beginning of year	16,985,306	16,950,789
Prior period adjustments	76,352	--
<b>Net position, end of year</b>	<u>\$ 17,384,059</u>	<u>\$ 16,985,306</u>

**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES  
OF THE CITY OF JAMESTOWN, NEW YORK  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31,**

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	<b>2022</b>		<b>2021</b>
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 5,392,801	\$	4,884,464
Cash paid to suppliers and employees	(3,495,844)		(3,561,949)
Cash paid for taxes and payments in lieu of taxes	(716,927)		(723,543)
Net cash provided by operating activities	<u>1,180,030</u>		<u>598,972</u>
<b>Cash flows from investing activities</b>			
Interest income from cash deposits	930		13,725
Purchase of investments	(994,431)		--
Net cash provided by (used in) investing activities	<u>(993,501)</u>		<u>13,725</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets and equipment purchases	(947,250)		(807,413)
Proceeds from sale of assets	--		41,896
Net cash used in capital and related financing activities	<u>(947,250)</u>		<u>(765,517)</u>
<b>Net decrease in cash and cash equivalents</b>	(760,721)		(152,820)
Cash and cash equivalents, beginning of year	2,082,853		2,235,673
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,322,132</u>	<u>\$</u>	<u>2,082,853</u>
<b>Reconciliation of income from operations to net cash provided by operating activities</b>			
Income from operations	\$ 379,532	\$	142,287
Adjustments			
Depreciation	900,129		923,450
Prior period adjustments	76,352		--
Change in net pension asset/liability including deferred items	(153,833)		(85,407)
Change in OPEB liability including deferred items	(165,284)		(311,519)
Changes in operating assets and liabilities			
Decrease (increase) in accounts receivables	36,074		(30,474)
Increase in prepaid items	(31,336)		(61,778)
Decrease (increase) in charges for future benefits	(5,534)		85,961
Increase in accounts payable	244,602		39,662
Decrease in other current and accrued liabilities	(100,672)		(103,210)
Net cash provided by operating activities	<u>\$ 1,180,030</u>	<u>\$</u>	<u>598,972</u>

**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES  
OF THE CITY OF JAMESTOWN, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

The Waste Water Division (Division) of the Board of Public Utilities of the City of Jamestown, New York (BPU) provides for the operation and treatment of water for consumers in and around the City of Jamestown, New York (City). The Division grants credit for sales made.

The Waste Water Division is one of five divisions that comprise the Board of Public Utilities which is reported as a business-type activity of the City of Jamestown, New York.

Basis of Presentation

The financial statements of the Division have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Division is engaged only in business-type activities as defined in GASB Statement No. 34. The Division applies all applicable GASB pronouncements, as well as, Financial Accounting Standards Board's (FASB) Accounting Standards Codification unless these standards conflict with or contradict GASB pronouncements.

The financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the cash is received or paid. Nonexchange transactions in which the Division gives or receives value without directly receiving or giving equal value in exchange include grants and donations. Revenue from grants and donations are recognized in the year in which all eligibility requirements have been satisfied.

The Division distinguishes operating revenues and expenses from nonoperating items in its financial statements. Operating revenues and expenses generally result from providing services and delivering goods in connection with the Division's principal on-going operations. The principal operating revenue of the Division is a result of charges to customers for sales and services. Operating expenses include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition

Customers are billed based on usage. Revenue is recognized based upon billings.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Division considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments, consisting of United States Treasury Notes, are reported at fair value; fair value is generally based on market prices.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Accounts Receivable

Receivables consist of amounts due from customers for services provided. The Division's policy is to accrue a penalty on past due customer receivables. Receivables are reported net of allowance for uncollectible account. Management determines the allowance based on historical experience and analysis of accounts.

Utility Plant

All utility plant assets are valued at historical cost, or estimated historical cost if actual cost is unavailable. Capitalization thresholds (the estimated useful life above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the financial statements are as follows:

	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Structures, mains, service lines	Straight-line	20 – 40 years
Vehicles	Straight-line	5 – 10 years
Other equipment	Straight-line	5 – 10 years
GIS system	Straight-line	5 – 10 years

**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES  
OF THE CITY OF JAMESTOWN, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Health Insurance

The Waste Water Division of the BPU of the City of Jamestown, New York funds its health costs through self-insured health premiums. The Division employs an administrator to manage the self-insurance plan. Monthly premiums, based on prior experience, are deposited in a separate bank account from which the administrator pays the Division's funds for health claims, prescriptions, administration fees, and stop loss insurance premiums. Stop loss coverage is \$145,000 per occurrence.

Other Postemployment Benefits (OPEB)

The Division provides health insurance coverage for current and future retirees and their spouses as described in Note 9.

Allocation of Assets, Liabilities and Expenses Related to Pension Obligations

Total pension obligations including deferred outflows of resources and deferred inflow of resources are allocated by the City to the BPU based on payroll. The BPU further allocates these amounts by division based on the percentage of each Division's payroll to the total BPU payroll.

Deferred Inflows/Outflows of Resources

In addition to assets, the Statements of Net Position include a separate section for deferred outflows or resources. Deferred outflows or resources represent a consumption of net position that applies to future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The Division has two items that qualify for reporting in this category. They are deferred amounts related to pension and OPEB reported in the Statements of Net Position. The deferred amounts related to pension and OPEB relate to differences between estimated and actual investment earning, changes in assumption and other pension and OPEB related changes.

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The Division has two items that qualify for reporting in this category. In the Statements of Net Position, the Division reports deferred amounts related to pension and OPEB.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Net Position

Net position is classified into two categories according to availability of assets for satisfaction of the Division's obligations. The Division's net position is classified as follows:

Net investment in capital assets – This represents the Division's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Unrestricted – Unrestricted net positions represent resources derived from services and other operating revenue.

Use of Estimates in Preparation for Financial Statements

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Standards

Effective January 1, 2022, the Division implemented the provisions of GASB Statement No. 87, Leases which establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, thereby, eliminating the distinction between operating and capital leases. As a result substantially all leases are reported on the statement of net position. The new standard did not have a material impact on the Division.

Accounting Pronouncements

The following are GASB Statements that have been issued recently and are currently being evaluated, by the Division, for their potential impact in future years.

- Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, which will be effective for the year ending December 31, 2023.
- Statement No. 96, Subscription-Based Information Technology Arrangements, which will be effective for the year ending December 31, 2023.
- Statement No. 101, Compensated Absences, which will be effective for the year ending December 31, 2024.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

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**NOTE 2 – CASH AND INVESTMENTS**

The Division's investment policies are governed by State statutes because the BPU is a component unit of the City. Monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The BPU's Finance and Customer Accounts Manager is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include demand accounts and certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and municipalities and school districts.

Deposits of the Division were fully insured or collateralized by securities held in the name of the City of Jamestown, New York at December 31, 2022 and 2021.

**Investment and Deposit Policy**

The Division follows an investment and deposit policy, the overall objective of which is to adequately and safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the City of Jamestown, New York on behalf of the Division.

**Investments**

The Division, in accordance with Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application, reports investments at fair value in the Statements of Net Position. These investments are considered Level 1 in the fair value hierarchy established under U.S. GAAP.

The Division held no investments as of December 31, 2021. As of December 31, 2022 the Division held a U.S. Treasury Note with a fair value of \$936,370, maturity date of January 15, 2025 and an interest rate of 1.125%.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Division limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a budgetary or economic cycle. The investment policy does not strictly limit the maximum maturity of investments.

**NOTE 2 – CASH AND INVESTMENTS (continued)**

**Credit Risk**

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The Division limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in U.S. Treasury notes. U.S. Treasury notes are rated AAA.

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Division will not be able to recover the value of its investments that are in possession of an outside party. U.S. Treasury notes are not subject to custodial risk.

Concentration of credit risk is the risk that the Division has a high percentage of its investments invested in one type of investment. The Division's investment policy requires diversification of investments to avoid unreasonable risk. Investments in U.S. Treasury Notes are in accordance with the Division's Investment Policy.

**NOTE 3 – RECEIVABLES**

Receivables accrued by the Division as of December 31, 2022 and 2021 are as follows:

	2022	2021
Accounts receivable		
General consumer		
receivables	\$ 703,821	\$ 709,350
Miscellaneous	5,991	36,571
Related from municipality	4,876	4,841
Allowance for uncollectible		
accounts	(54,052)	(54,052)
Net accounts receivable	<u>\$ 660,636</u>	<u>\$ 696,710</u>

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**NOTE 4 – UTILITY PLANT**

Utility plant asset activity for the Division for the year ended December 31, 2022 was as follows:

	Balance <u>01/01/2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2022</u>
Land	\$ --	\$ --	\$ --	\$ --
Construction in progress	--	--	--	--
Buildings and improvements	45,378,844	683,383	--	46,062,227
Vehicles and equipment	4,432,540	263,867	--	4,696,407
	<hr/>			
Total utility plant	49,811,384	947,250	--	50,758,634
Less: accumulated depreciation	33,883,812	900,129	--	34,783,941
	<hr/>			
Total utility plant, net	<u>\$ 15,927,572</u>	<u>\$ 47,121</u>	<u>\$ --</u>	<u>\$ 15,974,693</u>

Utility plant asset activity for the Division for the year ended December 31, 2021 was as follows:

	Balance <u>01/01/2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/2021</u>
Land	\$ 16,100	\$ --	(16,100)	\$ --
Construction in progress	13,170	--	(13,170)	--
Buildings and improvements	44,756,694	746,470	(124,320)	45,378,844
Vehicles and equipment	4,381,398	60,943	(9,801)	4,432,540
	<hr/>			
Total utility plant	49,167,362	807,413	(163,391)	49,811,384
Less: accumulated depreciation	32,960,362	923,450	--	33,883,812
	<hr/>			
Total utility plant, net	<u>\$ 16,207,000</u>	<u>\$ (116,037)</u>	<u>\$ (163,391)</u>	<u>\$ 15,927,572</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$900,129 and \$923,450, respectively.

**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES  
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**NOTE 5 – CHARGES FOR FUTURE BENEFITS**

The Division recognizes the expense of compensated absences when paid. Accordingly, the expense has been deferred subject to the provisions of the Topics of Codification 980. Charges for future benefits totaled \$233,360 and \$227,826 as of December 31, 2022 and 2021, respectively.

**NOTE 6 – OTHER CURRENT AND ACCRUED LIABILITIES**

Other current and accrued liabilities consist of the following at December 31,:

	<b>2022</b>		<b>2021</b>
Compensated absences	\$ 233,360	\$	227,826
Accrued wages	33,904		32,743
Accrued benefits	143,371		165,877
Accrued expenses	1,290		77,766
Customer deposits and prepayments	157,023		165,408
	<u>\$ 568,948</u>	<u>\$</u>	<u>669,620</u>

**NOTE 7 – RELATED-PARTY TRANSACTIONS**

In regular course of business, various divisions of the BPU provide services for other divisions and the City of Jamestown, generating interdivisional receivables and payables. Amounts due to other divisions for such services totaled \$27,969 and \$37,993, at December 31, 2022 and 2021, respectively.

The Division made payments in lieu of taxes to the City of Jamestown, New York in the amount of \$471,002 and \$446,141 for years ended December 31, 2022 and 2021, respectively. This payment is calculated based on approximately 9% of sales of the Division.

**NOTE 8 – PENSION OBLIGATIONS**

***New York State and Local Retirement System***

Plan Description

The Division participates in the New York State and Local Employees' Retirement System (ERS), which is referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the

**NOTE 8 – PENSION OBLIGATIONS (continued)**

***New York State and Local Retirement System (continued)***

Plan Description (continued)

System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). 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 Division 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 benefit's provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory, except for employees who joined the System after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010 who generally contribute three percent (3%) to three and one-half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under 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<sup>st</sup>.

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**NOTE 8 – PENSION OBLIGATIONS (continued)**

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2022, the Division reported the following liability (asset) for its proportionate share of the net pension liability (asset) to the System. The net pension liability (asset) was measured as of March 31, 2022, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of April 1, 2021. The Division's proportion of the net pension liability (asset) was based on a projection of the Division's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the City.

Measurement date	<u>3/31/2022</u>	<u>3/31/2021</u>
Net Pension (asset) liability	\$ (428,912)	\$ 4,860
Division's portion of the Plan's total net pension liability	.005247%	.004811%
Change in proportion since the prior measurement date	.000366%	.0002980%
Actuarially determined pension expense	\$ 10,323	\$ 144,233

At December 31, 2022 and 2021 the Division's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

**NOTE 8 – PENSION OBLIGATIONS (continued)**

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

	2022	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 32,482	\$ 42,131
Change of assumptions	715,806	12,078
Net difference between projected and actual earnings on pension plan investments	-	1,404,508
Changes in proportion and differences between the Division's contributions and proportionate share of contributions	380,889	392,328
Division's contributions subsequent to the measurements date	124,814	-
<b>Total</b>	<b>\$ 1,253,991</b>	<b>\$ 1,851,045</b>

	2021	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59,358	\$ -
Change of assumptions	893,654	16,855
Net difference between projected and actual earnings on pension plan investments	-	1,396,168
Changes in proportion and differences between the Division's contributions and proportionate share of contributions	11,139	26,262
Division's contributions subsequent to the measurements date	158,019	-
<b>Total</b>	<b>\$ 1,122,170</b>	<b>\$ 1,439,285</b>

Division contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending March 31:</u>	
2023	\$ (114,930)
2024	(162,721)
2025	(366,887)
2026	(77,330)



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**NOTE 8 – PENSION OBLIGATIONS (continued)**

Actuarial Assumptions

The total pension liability as of March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with updated procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions:

	2022	2021
Inflation	2.7%	2.7%
Salary Increases	4.4%	4.4%
Investment rate of return (net of investment expense, including inflation)	5.9%	5.9%
Cost of living adjustments	1.4%	1.4%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term expected 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 return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 and 2021 are summarized below:

Measurement date	2022		2021	
	Target Allocation	Long-Term Expected Rate of Return	Target Allocation	Long-Term Expected Rate of Return
<b>Asset Type:</b>				
Domestic equity	32%	3.3%	32%	4.1%
International equity	15%	5.9%	15%	6.3%
Private equity	10%	6.5%	10%	6.8%
Real Estate	9%	5.0%	9%	5.0%
Opportunistic portfolio	3%	4.1%	3%	4.5%
Credit	4%	3.8%	4%	3.6%
Real assets	3%	5.6%	3%	6.0%
Bonds and mortgages	23%	-	23%	-
Cash	1%	-1.0%	1%	0.5%
Inflation-indexed bonds	-	-	-	-
Total:	<u>100%</u>		<u>100%</u>	

**NOTE 8 – PENSION OBLIGATIONS (continued)**

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% (5.9% - 2021). 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 Systems' 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.

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

The following table presents the Division's allocated share of the City's proportionate share of the net pension liability calculated using the discount rate of 5.9% (5.9% - 2021), as well as what the Division's allocated share of the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2022		
	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Division's proportionate share of the net pension liability/(asset)	\$ 1,104,015	\$ (428,912)	\$ (1,711,132)
	2021		
	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Division's proportionate share of the net pension liability/(asset)	\$ 1,349,034	\$ 4,860	\$ (1,234,783)

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**NOTE 8 – PENSION OBLIGATIONS (continued)**

Pension Plan Fiduciary Net Pension

The components of the current-year net pension liability of the employers as of March 31, 2022 and 2021 was as follows:

Measurement date	(dollars in thousands)	
	2022 3/31/22	2021 3/31/21
Employers' total pension asset/liability	\$ 223,874,888	\$ 220,680,157
Plan net position	<u>232,049,473</u>	<u>220,580,583</u>
Employers' net pension (asset) liability	\$ <u>(8,174,585)</u>	\$ <u>99,574</u>
Ratio of plan net position to be Employers' total pension liability	103.65%	99.95%

Prepays to the Pension Plan

Employer contributions are paid annually based on the System fiscal year which ends on March 31st. Prepaid retirement contributions as of December 31, 2022 represent a three-month portion of the employer contribution for the Plan year April 1, 2022 through March 31, 2023. Prepaid retirement contribution amounted to \$41,604 and \$61,715 as of December 31, 2022 and 2021, respectively.

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

Plan Description

The BPU, administers the Jamestown Board of Public Utilities Retiree Medical and Prescription Drug Plan (the Plan) as a single-employer defined benefit Other Postemployment Benefit plan (OPEB). The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the BPU subject to applicable collective bargaining and employment agreements. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The obligations of the plan members, employers and other entities are established by action of the BPU pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. The BPU currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the Division.

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

Funding Policy (continued)

The following employees were covered by the benefit terms at December 31:

	2022	2021
Inactive employees or beneficiaries currently receiving benefits	16	18
Active employees	15	21
Total	<u>31</u>	<u>39</u>

The Division's total OPEB liability of \$793,551 was measured as of October 1, 2022 and was determined by an actuarial valuation as of December 31, 2022.

The Division's total OPEB liability of \$983,698 was measured as of October 1, 2021 and was determined by an interim actuarial valuation as of December 31, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

	2022	2021
Inflation	2.53%	2.37%
Salary increases	3.53%	3.44%
Discount rate	4.40%	2.19%
Healthcare cost trend rates	4%-5.5%	4.37%-6.1%
BPU' share of benefit-related costs	18%-68%	20%-70%

The discount rate was based on the Fidelity Municipal General Obligation AA 20-year Bond rate as of the measurement date.

Mortality rates for retirees and beneficiaries were based on the Pub-2010 public retirement plans mortality tables, headcount-weighted, distinct for teachers, general, and safety, without separate contingent survivor mortality, fully generational using Mortality Improvement Scale MP-2021.

Retirement and termination assumptions reflect general published tables based on large-scale retirement plan population data. The Plan's estimated termination and retirement experience is then analyzed, and the base table is adjusted accordingly as necessary. No formal experience study is prepared for this plan.

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**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**Changes in the Total OPEB Liability**

	2022	2021
Balance, beginning of the year	\$ 983,698	\$1,037,468
Service costs	29,497	31,171
Interest	20,737	24,207
Changes of benefit terms	(12,306)	(23,897)
Differences between expected and actual experience	(8,143)	(34,352)
Changes in assumptions or other inputs	(153,649)	13,309
Benefit payments	(66,283)	(64,208)
Net change in total OPEB liability	(190,147)	(53,770)
Balance, end of the year	<u>\$ 793,551</u>	<u>\$ 983,698</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.19% in 2021 to 4.40%, effective December 31, 2022, the salary scale changed from 3.44% in 2021 to 3.53% effective December 31, 2022.

Change in benefit terms represents a change in the amount the BPU contributes towards premiums for retirees and their spouses until age 65 from 20%-70% based on years of service to 18%-68%.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Division, as well as what the Division'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.

	<b>2022</b>		
	1% Decrease (3.40%)	Discount Rate (4.40%)	1% Increase (5.40%)
Total OPEB liability	<u>\$ 854,478</u>	<u>\$ 793,551</u>	<u>\$ 739,975</u>
	<b>2021</b>		
	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Total OPEB liability	<u>\$ 1,070,466</u>	<u>\$ 983,698</u>	<u>\$ 907,296</u>

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

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

	<b>2022</b>		
	1% Decrease (4.5% decreasing to 3%)	Healthcare Cost Trend Rates (5.5% decreasing to 4%)	1% Increase (6.5% decreasing to 5%)
Total OPEB liability	<u>\$ 733,142</u>	<u>\$ 793,551</u>	<u>\$ 863,526</u>
	<b>2021</b>		
	1% Decrease (5.10% decreasing to 3.37%)	Healthcare Cost Trend Rates (6.10% decreasing to 4.37%)	1% Increase (7.10% decreasing to 5.37%)
Total OPEB liability	<u>\$ 885,104</u>	<u>\$ 983,698</u>	<u>\$ 1,099,444</u>

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

For the years ended December 31, 2022 and 2021, the Division recognized OPEB expense (credit) of \$(98,476) and \$(259,943), respectively. OPEB expense reflects the costs to the OPEB plan incurred during the year, including the service cost, interest cost, immediate recognition of the impact of all plan provision changes, and the amortization of gains and losses due to experience or changes in the assumptions. Total benefit payments were \$66,283 and \$64,208 for the years ended December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021, the Division reported deferred outflows or resources and deferred inflows of resources related to OPEB from the following sources:

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**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

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

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,587
Changes of assumptions or other Inputs	1,735	115,237
Contributions subsequent to measurement date	<u>16,753</u>	<u>-</u>
Total	<u>\$ 18,488</u>	<u>\$ 125,824</u>

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 113,236
Changes of assumptions or other Inputs	14,535	-
Contributions subsequent to measurement date	<u>16,228</u>	<u>-</u>
Total	<u>\$ 30,763</u>	<u>\$ 113,236</u>

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

<u>Year Ending December 31:</u>		
2023	\$	(43,193)
2024		(40,448)
2025		(40,448)

**NOTE 10 – PRIOR PERIOD ADJUSTMENTS**

In the current year, the Division recorded prior period adjustments to eliminate certain accrued liabilities which were overstated. The Division's net position was restated as follows:

Collections liability	\$	17,376
Accrued retirement		<u>58,976</u>
Total prior period adjustments	\$	<u>76,352</u>

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 17, 2023 which is the date the financial statements are available for issuance and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

***REQUIRED SUPPLEMENTARY INFORMATION***

**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES**  
**SCHEDULE OF THE DIVISION'S PROPORTIONATE SHARE OF THE NET PENSION**  
**ASSET/LIABILITY - ERS**  
**LAST TEN FISCAL YEARS**

*New York State Local Employees' Retirement System - Net Pension (Asset) Liability*

As of the measurement date of March 31,	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension (asset) liability	0.0598290%	0.0584115%	0.0569336%	0.0584473%	0.0602267%	0.0614446%	0.0604838%	0.0600616%
Division's proportion of the net pension (asset) liability	0.0052470%	0.0048811%	0.0045831%	0.0057824%	0.0047290%	0.0048246%	0.0042329%	0.0042034%
Division's allocated share of the City's proportionate share of the net pension (asset) liability	\$ (428,912)	\$ 4,860	\$ 1,213,641	\$ 409,697	\$ 152,626	\$ 409,801	\$ 679,392	\$ 149,842
Division's covered-employee payroll	\$ 1,504,671	\$ 1,372,567	\$ 1,280,161	\$ 1,549,961	\$ 1,076,196	\$ 1,068,443	\$ 1,028,072	\$ 963,888
Division's allocated share of the City's proportionate share of the net pension (asset) liability as a percentage of its covered employee payroll	28.51%	-0.35%	-94.80%	-26.43%	-14.18%	-38.35%	-66.08%	-15.55%
Plan fiduciary net position as a percentage of the total pension (asset) liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES**  
**SCHEDULE OF THE DIVISION'S PENSION CONTRIBUTIONS - ERS**  
**LAST TEN FISCAL YEARS**

*New York State Local Employees' Retirement System (ERS)*

For the year ended March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 166,418	\$ 229,643	\$ 186,804	\$ 213,243	\$ 174,528	\$ 164,412	\$ 160,512	\$ 181,666	\$ 205,778	\$ 216,310
Contributions in relation to the contractually required contribution	(166,418)	(229,643)	(186,804)	(213,243)	(174,528)	(164,412)	(160,512)	(181,666)	(205,778)	(216,310)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Division's covered-employee payroll	\$ 1,504,671	\$ 1,372,567	\$ 1,280,161	\$ 1,549,961	\$ 1,076,196	\$ 1,068,443	\$ 1,028,072	\$ 963,888	\$ 1,138,395	\$ 1,060,221
Contributions as a percentage of Division's covered-employee payroll	11.06%	16.73%	14.59%	13.76%	16.22%	15.39%	15.61%	18.85%	18.08%	20.40%

**WASTE WATER DIVISION - BOARD OF PUBLIC UTILITIES****SCHEDULE OF CHANGES IN THE DIVISION'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS**

As of December 31,	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service cost	\$ 29,497	\$ 31,171	\$ 42,143	\$ 48,905	\$ 49,285
Interest	20,737	24,207	51,445	81,469	74,561
Differences between expected and actual experience	(8,143)	(34,352)	(719,288)	(244,667)	39,386
Change in benefit terms	(12,306)	(23,897)	(219,169)	(288,353)	-
Changes in assumptions and other inputs	(153,649)	13,309	53,761	267,496	(64,882)
Benefit payments	(66,283)	(64,208)	(114,500)	(101,152)	(94,752)
Net change in total OPEB liability	(190,147)	(53,770)	(905,608)	(236,302)	3,598
Total OPEB liability - beginning	983,698	1,037,468	1,943,076	2,179,378	2,175,780
Total OPEB liability - ending	\$ 793,551	\$ 983,698	\$ 1,037,468	\$ 1,943,076	\$ 2,179,378
Covered-employee payroll	\$ 1,220,081	\$ 1,211,996	\$ 1,171,690	\$ 1,135,139	\$ 1,135,139
Division's net OPEB liability as a percentage of covered-employee payroll	65.04%	81.16%	88.54%	171.18%	191.99%

## Notes to Schedule:

Benefit Changes: Change in the amount the BPU contributes towards premiums for retirees and their beneficiaries until age 65 from 20%-70% based on years of service to 18%-68%.

## Significant methods and assumptions used to determine contribution rates:

Discount rate	4.40%
Inflation	2.53% per year
Healthcare cost trend rates	5.5% initial, then between 4.21% - 6.00% through 2070, ultimate of 4.00%
Salary increases	3.53% as of December 31, 2022
Mortality Improvement	MP-2021, fully generational.