

BINGHAMTON-JOHNSON CITY
JOINT SEWAGE BOARD

Basic Financial Statements and
Independent Auditors' Report

December 31, 2024 and 2023

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 8
Basic Financial Statements:	
Statements of Net Position	9 - 10
Statements of Revenue, Expenses and Changes in Net Position	11 - 12
Statements of Cash Flows	13 - 14
Notes to Financial Statements	15 - 36
Required Supplementary Information:	
Schedule of the Board's Proportionate Share of the Net Pension Asset/Liability	37
Schedule of the Board's Pension Contributions	38
Schedule of Changes in the Board's Total OPEB Liability and Related Ratios	39
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 <u>Government Auditing Standards</u>	40 - 41

* * * * *

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, 2024 and 2023, 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, 2024 and 2023, 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 37 through 39 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 September 29, 2025 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 29, 2025

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Management's Discussion and Analysis

December 31, 2024 and 2023

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, 2024 and 2023. 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, New York (the City), and Village of Johnson City, New York (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 \$22,251,189 and \$21,276,107 in 2024 and 2023, respectively. These charges are intended to fund the day-to-day costs of operating the treatment facilities, debt service related to capital projects, 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.

Other key financial highlights for fiscal years 2024 and 2023 are as follows:

- The Board's total net position was \$53,593,250 and \$66,224,090 at December 31, 2024 and 2023, respectively.
- Long-term debt amounted to \$183,797,340 and \$191,057,314 at December 31, 2024 and 2023, respectively.
- Principal payments on long-term debt due for the City and the Village amounted to \$7,257,422 and \$8,978,063 during the years ended December 31, 2024 and 2023, respectively.

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 present 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 \$53,593,250 and \$66,224,090 as of December 31, 2024 and 2023, respectively.

The Board is treated as a proprietary (business-type) fund. The following are summarized versions of the financial statement for 2024, 2023 and 2022.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets:			
Cash and equivalents	\$ 6,137,773	13,369,916	11,076,588
Accounts receivable	348,074	162,434	205,544
Due from other governments	86,507	46,808	223,794
Grants receivable	-	-	21,810,797
Prepaid expenses	178,531	88,633	102,167
Capital assets, net	235,728,286	251,808,004	274,062,161
Net pension asset - proportionate share	-	-	661,138
Total assets	<u>242,479,171</u>	<u>265,475,795</u>	<u>308,142,189</u>
Deferred outflows of resources:			
Pension	1,393,204	1,385,576	1,509,757
OPEB	<u>1,027,444</u>	<u>605,082</u>	<u>850,331</u>
Total deferred outflows of resources	<u>2,420,648</u>	<u>1,990,658</u>	<u>2,360,088</u>
Liabilities:			
Accounts payable and other liabilities	\$ 4,194,637	7,168,642	5,084,441
Long-term debt	<u>183,797,340</u>	<u>191,057,314</u>	<u>204,917,164</u>
Total liabilities	<u>187,991,977</u>	<u>198,225,956</u>	<u>210,001,605</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Management's Discussion and Analysis, Continued

	<u>2024</u>	<u>2023*</u>	<u>2022*</u>
Deferred inflows of resources:			
Unearned revenue	\$ -	-	21,810,797
Pension	848,473	238,714	2,456,206
OPEB	<u>2,466,119</u>	<u>2,777,693</u>	<u>3,528,806</u>
Total deferred inflows of resources	<u>3,314,592</u>	<u>3,016,407</u>	<u>27,795,809</u>
Net position:			
Net investment in capital assets	56,133,645	64,955,941	71,581,736
Restricted	1,404,004	1,431,103	1,384,773
Unrestricted (deficit)	<u>(3,944,399)</u>	<u>(162,954)</u>	<u>(261,646)</u>
Total net position	\$ <u>53,593,250</u>	<u>66,224,090</u>	<u>72,704,863</u>

* Reclassifications have been made to certain prior year balances in order to conform to the current presentation.

A summary of the changes in net position for the years ended December 31, 2024, 2023 and 2022 is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenue:			
Charges for services:			
City of Binghamton	\$ 8,316,189	8,334,922	8,666,997
Village of Johnson City	5,959,914	8,101,905	6,528,526
Other governments	7,975,086	4,839,280	8,130,331
Permits, surcharges, fines	1,246,509	1,244,824	941,627
Grants	-	21,810,797	14,363,768
Other revenue	<u>11,715</u>	<u>156,688</u>	<u>33,554,260</u>
Total operating revenue	<u>23,509,413</u>	<u>44,488,416</u>	<u>72,185,509</u>
Operating expenses:			
Personal services	2,862,056	2,780,376	2,610,815
Personal related benefits	1,248,733	1,680,375	1,246,916
Operations	5,130,920	4,863,153	8,744,307
Sanitary sewer costs (local costs)	3,971,921	4,211,677	11,906,497
Depreciation	16,079,718	15,667,299	15,881,515
Reimbursement to owners (recovery costs)	<u>300,000</u>	<u>18,935,263</u>	<u>208,066</u>
Total operating expenses	<u>29,593,348</u>	<u>48,138,143</u>	<u>40,598,116</u>
Operating income (loss)	(6,083,935)	(3,649,727)	31,587,393
Nonoperating revenue (expense), net	<u>(6,546,905)</u>	<u>(2,831,046)</u>	<u>(3,254,826)</u>
Change in net position	(12,630,840)	(6,480,773)	28,332,567
Net position at beginning of year	<u>66,224,090</u>	<u>72,704,863</u>	<u>44,372,296</u>
Net position at end of year	\$ <u>53,593,250</u>	<u>66,224,090</u>	<u>72,704,863</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. As of December 31, 2024 and 2023, the Board had \$235,728,286 and \$251,808,004, respectively, of net capital assets. Depreciation expense amounted to \$16,079,718 and \$15,667,299 for the years ended December 31, 2024 and 2023, respectively.

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, 2024 and 2023, the Board has outstanding obligation to repay debt principal totaling \$179,594,641 and \$186,852,063, respectively. The gross interest to be paid on this outstanding debt as of December 31, 2024 and 2023 totals \$67,189,545 and \$72,426,883, respectively, excluding interest subsidies and interest on bond anticipation notes. As such, total future debt service for the Board is \$246,784,186 and \$259,278,946, excluding offsets for the interest subsidies as of December 31, 2024 and 2023, respectively.

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, New York), 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 a State Pollutant Discharge Elimination System Permit for the Joint Sewage Treatment Facilities (JSTF) which expires on March 31, 2025. NYSDEC, the JSTF Owners, and the JTSF Superintendent have reached an agreement on a successor permit which expires on November 30, 2029. Changes in this newly issued 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 2025 Joint Sewage Board Budget, totaling \$34,779,994 is a 37.78% increase in comparison to the Owner-adopted 2024 JSB Budget. The primary cause of the increase is due to the Board budgeting for depreciation expense so that the budget and the financial statements are presented on the same basis of accounting.

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@bjcwtponmicrosoft.com.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Statements of Net Position
December 31, 2024 and 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and equivalents:		
Unrestricted	\$ 4,733,769	11,938,813
Restricted	1,404,004	1,431,103
Accounts receivable	348,074	162,434
Due from other governments	86,507	46,808
Prepaid expenses	178,531	88,633
Total current assets	6,750,885	13,667,791
Capital assets, net	235,728,286	251,808,004
Total assets	242,479,171	265,475,795
<u>Deferred Outflows of Resources</u>		
Pension	1,393,204	1,385,576
OPEB	1,027,444	605,082
Total deferred outflows of resources	2,420,648	1,990,658
		(Continued)

See accompanying notes to financial statements.

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

<u>Liabilities</u>	<u>2024</u>	<u>2023</u>
Current liabilities:		
Accounts payable	\$ 786,961	416,571
Accrued liabilities	1,954,956	2,031,625
Due to other governments	1,452,720	4,720,446
Current installments of long-term debt:		
City of Binghamton	3,918,726	3,868,687
Village of Johnson City	<u>3,417,884</u>	<u>3,388,735</u>
Total current liabilities	<u>11,531,247</u>	<u>14,426,064</u>
Noncurrent liabilities:		
Compensated absences	119,232	112,392
Net pension liability - proportionate share	1,336,393	1,707,299
Total OPEB liability	2,747,074	2,385,560
Long-term debt, excluding current installments:		
City of Binghamton	93,051,393	96,970,119
Village of Johnson City	<u>79,206,638</u>	<u>82,624,522</u>
Total noncurrent liabilities	<u>176,460,730</u>	<u>183,799,892</u>
Risk management, commitments and contingencies (notes 8 and 9)	<u> </u>	<u> </u>
Total liabilities	<u>187,991,977</u>	<u>198,225,956</u>
<u>Deferred Inflows of Resources</u>		
Pension	848,473	238,714
OPEB	<u>2,466,119</u>	<u>2,777,693</u>
Total deferred inflows of resources	<u>3,314,592</u>	<u>3,016,407</u>
<u>Net Position</u>		
Net position:		
Net investment in capital assets	56,133,645	64,955,941
Restricted	1,404,004	1,431,103
Unrestricted (deficit)	<u>(3,944,399)</u>	<u>(162,954)</u>
Total net position	<u>\$ 53,593,250</u>	<u>66,224,090</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenue:		
Charges for services:		
City of Binghamton	\$ 8,316,189	8,334,922
Village of Johnson City	5,959,914	8,101,905
Other governments	7,975,086	4,839,280
Permits, surcharges, fines	1,246,509	1,244,824
Grants	-	21,810,797
Insurance recoveries	1,551	156,539
Other	10,164	149
Total operating revenue	23,509,413	44,488,416
Operating expenses:		
Personal services	2,862,056	2,780,376
Retirement contributions	312,174	275,126
Payroll taxes	214,254	211,716
Workers' compensation	82,267	79,957
Health insurance - actives	519,692	803,640
Health insurance - retirees	71,072	236,409
Health insurance - buyouts	8,923	26,294
Other employee related costs	40,351	47,233
Sanitary sewer costs (local costs)	3,971,921	4,211,677
Chemicals	1,472,328	1,588,240
Insurance	413,226	345,816
Sludge and waste disposal	390,000	367,289
Industrial pre-treatment	89,622	90,000
Utilities	1,252,637	984,363

(Continued)

See accompanying notes to financial statements.

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

	<u>2024</u>	<u>2023</u>
Operating expenses, continued:		
Water	\$ 140,000	139,996
Professional services	224,244	299,838
Other expenses	425,572	280,144
Travel, training, conferences, meetings	25,872	26,388
Office expenses	10,160	10,896
Depreciation	16,079,718	15,667,299
Equipment	90,203	297,538
Repairs and maintenance	597,056	432,645
Reimburse owners	<u>300,000</u>	<u>18,935,263</u>
Total operating expenses	<u>29,593,348</u>	<u>48,138,143</u>
Operating loss	<u>(6,083,935)</u>	<u>(3,649,727)</u>
Nonoperating revenue (expenses):		
Interest income	501,754	335,176
Interest expense	(3,046,789)	(3,166,222)
Transfers to owners and municipalities	<u>(4,001,870)</u>	<u>-</u>
Total nonoperating revenue (expenses)	<u>(6,546,905)</u>	<u>(2,831,046)</u>
Change in net position	(12,630,840)	(6,480,773)
Net position at beginning of year	<u>66,224,090</u>	<u>72,704,863</u>
Net position at end of year	<u><u>\$ 53,593,250</u></u>	<u><u>66,224,090</u></u>

See accompanying notes to financial statements.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Statements of Cash Flows
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received - services	\$ 18,943,764	25,532,574
Cash received - grants	-	21,810,797
Cash received - other	1,072,584	1,444,622
Cash payments - payroll and benefits	(3,086,311)	(2,936,367)
Cash payments - services and payables	<u>(10,321,700)</u>	<u>(31,770,870)</u>
Net cash provided by operating activities	<u>6,608,337</u>	<u>14,080,756</u>
Cash flows from capital and related financing activities:		
Repayment of long-term debt	(7,257,422)	(8,978,063)
Interest paid on long-term debt	(3,082,942)	(3,081,100)
Acquisition of capital assets	<u>-</u>	<u>(63,441)</u>
Net cash used in capital and related financing activities	<u>(10,340,364)</u>	<u>(12,122,604)</u>
Cash flows from noncapital financing activities - transfers to owners and municipalities	<u>(4,001,870)</u>	<u>-</u>
Cash flows from investment activities - interest income	<u>501,754</u>	<u>335,176</u>
Net change in cash and equivalents	(7,232,143)	2,293,328
Cash and equivalents at beginning of year	<u>13,369,916</u>	<u>11,076,588</u>
Cash and equivalents at end of year	<u><u>\$ 6,137,773</u></u>	<u><u>13,369,916</u></u>

(Continued)

See accompanying notes to financial statements.

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

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Operating loss	\$ (6,083,935)	(3,649,727)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	16,079,718	15,667,299
Changes in:		
Accounts receivable	(185,640)	43,110
Due from other governments	(39,699)	176,986
Grants receivable	-	21,810,797
Prepaid expenses	(89,898)	13,534
Deferred outflows of resources:		
Pension	(7,628)	124,181
OPEB	(422,362)	245,249
Accounts payable	370,390	(529,569)
Accrued liabilities	(40,516)	(1,550,833)
Due to other governments	(3,267,726)	4,079,481
Compensated absences	6,840	(28,568)
Net pension asset/liability - proportionate share	(370,906)	2,368,437
Total OPEB liability	361,514	89,781
Deferred inflows of resources:		
Unearned revenue	-	(21,810,797)
Pension	609,759	(2,217,492)
OPEB	<u>(311,574)</u>	<u>(751,113)</u>
Net cash provided by operating activities	<u>\$ 6,608,337</u>	<u>14,080,756</u>

See accompanying notes to financial statements.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements

December 31, 2024 and 2023

(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, New York (the City), and the Village of Johnson City, New York (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, 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, 2024, 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, the 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 are 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 capital assets are as follows:

<u>Assets</u>	<u>Years</u>
Land	N/A
Buildings and improvements	25 - 40
Machinery and equipment	5 - 15
Infrastructure	5 - 40

- 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 and differences between expected and actual experience of those benefits.

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 two items that qualify for reporting in this category. The first 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 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 relates to postemployment benefits. This represents the changes of assumptions and differences between expected and actual experience of those benefits.

- Net Investment in Capital Assets - Consists of 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 \$56,133,645 and \$64,955,941 at December 31, 2024 and 2023, 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, 2024 and 2023 was \$1,404,004 and \$1,431,103, respectively.
- Unrestricted Net Position - Consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets." As of December 31, 2024 and 2023, unrestricted net position deficit totaled \$3,944,399 and \$162,954, respectively.

(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.

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

(1) Summary of Significant Accounting Policies, Continued

(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.

(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.

(i) Reclassifications

Reclassifications have been made to certain 2023 balances in order to conform them to the 2024 presentation.

(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 \$6,137,773 and \$13,369,916, and the available bank balance was \$6,596,285 and \$13,650,581 at December 31, 2024 and 2023, respectively. The following is a summary of deposits covered by FDIC insurance and collateral at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
FDIC insurance	\$ 2,112,581	10,716,722
Collateral	<u>4,483,704</u>	<u>2,933,859</u>
Total	\$ <u>6,596,285</u>	<u>13,650,581</u>

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

(3) Capital Assets

The Board's capital assets activity for the years ended December 31, 2024 and 2023 is summarized as follows:

	Balance at 1/1/2024*	Increases	Decreases	Balance at 12/31/2024
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	13,245,165	-	-	13,245,165
Infrastructure	277,118,683	-	-	277,118,683
Total capital assets, being depreciated	315,467,041	-	-	315,467,041
Less accumulated depreciation:				
Building and improvements	(21,534,063)	(670,866)	-	(22,204,929)
Machinery and equipment	(12,458,036)	(109,138)	-	(12,567,174)
Infrastructure	(29,906,938)	(15,299,714)	-	(45,206,652)
Total accumulated depreciation	(63,899,037)	(16,079,718)	-	(79,978,755)
Capital assets, net	\$ 251,808,004	(16,079,718)	-	235,728,286
	Balance at 1/1/2023	Increases	Decreases*	Balance at 12/31/2023*
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	283,710,641	58,341	(6,650,299)	277,118,683
Total capital assets, being depreciated	322,207,486	63,441	(6,803,886)	315,467,041
Less accumulated depreciation:				
Building and improvements	(20,857,322)	(676,741)	-	(21,534,063)
Machinery and equipment	(12,494,779)	(116,844)	153,587	(12,458,036)
Infrastructure	(15,033,224)	(14,873,714)	-	(29,906,938)
Total accumulated depreciation	(48,385,325)	(15,667,299)	153,587	(63,899,037)
Capital assets, net	\$ 274,062,161	(15,603,858)	(6,650,299)	251,808,004

*Reclassifications have been made to certain 2023 balances in order to conform to the 2024 presentation.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(3) Capital Assets, Continued

Depreciation expense amounted to \$16,079,718 and \$15,667,299 for the years ended December 31, 2024 and 2023, respectively.

(4) 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, 2024 and 2023 by each owner of the Board is as follows:

City of Binghamton					
<u>Original Date of Issuance</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Description</u>	<u>Principal Balance at 12/31/2024</u>	<u>Principal Balance at 12/31/2023</u>
7/1/2005	5/15/2034	\$ 20,276,000	NYSEFC - series 2015D	\$ 7,670,000	8,385,000
12/31/2010	10/1/2039	5,309,412	NYSEFC - series 2010C	2,935,000	3,105,000
8/1/2019	2/1/2049	39,592,379	2019A Bond 03-04	39,695,000	41,075,000
6/13/2019	11/30/2048	6,907,604	2019A Bond 03-05	10,260,000	10,545,000
6/13/2019	11/30/2048	6,780,000	2019A Bond - Interest Free	6,848,100	7,086,200
12/9/2021	3/19/2051	2,740,000	NYSEFC series 2021A	2,517,019	2,592,606
12/9/2021	2/1/2051	5,064,287	NYSEFC series 2021B	4,605,000	4,750,000
9/1/2016	8/15/2046	29,179,122	NYSEFC - series 2016B (03-04)	22,440,000	23,300,000
				<u>\$ 96,970,119</u>	<u>100,838,806</u>
Village of Johnson City					
<u>Original Date of Issuance</u>	<u>Maturity</u>	<u>Original Amount</u>	<u>Description</u>	<u>Principal Balance at 12/31/2024</u>	<u>Principal Balance at 12/31/2023</u>
5/24/2012	6/15/2029	\$ 1,450,000	NYSEFC - series 2012B	\$ 620,000	730,000
3/15/2005	5/1/2034	16,724,000	NYSEFC - series 2015D	6,320,000	6,910,000
6/19/2010	10/1/2039	7,640,314	NYSEFC - series 2010C	4,230,000	4,470,000
8/1/2019	2/1/2049	39,592,379	2019A Bond 03-04	33,020,000	34,150,000
6/13/2019	11/30/2048	6,907,604	2019A Bond 03-04	8,390,000	8,625,000
6/13/2019	11/30/2048	6,780,000	2019A Bond - Interest Free	5,648,440	5,844,830
12/9/2021	3/19/2051	2,260,000	NYSEFC Series 2021A	2,076,082	2,138,427
12/9/2021	2/1/2051	4,177,112	NYSEFC Series 2021B	3,800,000	3,920,000
9/1/2016	8/15/2046	24,054,695	NYSEFC - series 2016B (03-04)	18,520,000	19,225,000
				<u>\$ 82,624,522</u>	<u>86,013,257</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(4) 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, the Federal Emergency Management Agency 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		
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
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	4,143,876	2,387,373	6,531,249	3,639,511	2,051,235	5,690,746
2030 - 2034	21,669,974	10,309,035	31,979,009	18,329,910	8,825,795	27,155,705
2035 - 2039	19,230,968	7,425,627	26,656,595	16,588,816	6,314,298	22,903,114
2040 - 2044	19,766,923	4,416,441	24,183,364	16,647,725	3,708,057	20,355,782
2045 - 2049	15,510,327	1,247,458	16,757,785	12,917,320	1,036,606	13,953,926
2050 - 2051	627,941	12,329	640,270	519,761	10,224	529,985
Total	<u>\$ 96,970,119</u>	<u>36,210,430</u>	<u>133,180,549</u>	<u>82,624,522</u>	<u>30,979,115</u>	<u>113,603,637</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, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
City of Binghamton Obligations	\$ 1,047,414	1,177,035
Village of Johnson City Obligations	<u>1,085,596</u>	<u>1,116,795</u>
Total	<u>\$ 2,133,010</u>	<u>2,293,830</u>

Future estimated subsidies of \$14,993,251 and \$13,346,440, 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

(5) 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, 2024 and 2023, the liability for compensated absences was \$119,232 and \$112,392, respectively.

(6) 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 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 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% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% to 6% 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

(6) Pension Plan, Continued

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

At December 31, 2024 and 2023, respectively, the Board reported the following liability for its proportionate share of the net pension system for the System. The net pension system was measured as of March 31, 2024 and 2023. The total pension liability used to calculate the net pension system was determined by an actuarial valuation. The Board's proportionate share of the net pension system 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	3/31/2024	3/31/2023
Net pension liability - proportionate share	\$ 1,336,393	1,707,299
Board's proportion of the Plan's net pension system	0.0090763%	0.0079617%
Change in proportionate share	0.0011146	(0.0001260)

For the years ended December 31, 2024 and 2023, the Board recognized pension expense of \$312,174 and \$275,126, respectively, for the System. At December 31, 2024 and 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 430,451	36,440
Changes of assumptions	505,260	-
Net difference between projected and actual earnings on pension plan investments	-	652,821
Changes in proportion and differences between the Board's contributions and proportionate share of contributions	155,066	159,212
Board's contributions subsequent to the measurement date	<u>302,427</u>	<u>-</u>
Total	\$ <u>1,393,204</u>	<u>848,473</u>

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

(6) Pension Plan, Continued

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

	<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>

Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension system 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

2025	\$ (254,065)
2026	247,831
2027	387,885
2028	<u>(139,347)</u>
	\$ <u>242,304</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(6) Pension Plan, Continued

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined using a roll forward procedure to advance the liabilities calculated using system assumptions and member demographics from the actuarial valuations completed as of April 1, 2023 and 2022, respectively. Economic assumptions used in the April 1, 2023 and 2022 actuarial valuations include:

Measurement date	March 31, 2024	March 31, 2023
Actuarial valuation date	April 1, 2023	April 1, 2022
Investment rate of return, net of investment expenses, including inflation	5.9%	5.9%
Salary scale	4.4%	4.4%
Inflation rate	2.9%	2.9%
Cost-of-living adjustment	1.5%	1.5%

To set the long-term rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates at return (expected return, net of investment expenses and inflation) 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.

Demographic assumptions used in the April 1, 2023 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 - March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

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

(6) 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:

<u>Asset Class</u>	<u>2024</u>		<u>2023</u>	
	<u>Target</u>	<u>Long-term Expected Rate of Return*</u>	<u>Target</u>	<u>Long-term Expected Rate of Return*</u>
Domestic equity	32%	4.00%	32%	4.30%
International equity	15%	6.65%	15%	6.85%
Private equity	10%	7.25%	10%	7.50%
Real estate	9%	4.60%	9%	4.60%
Opportunistic/ARS portfolio	3%	5.25%	3%	5.38%
Credit	4%	5.40%	4%	5.43%
Real assets	3%	5.79%	3%	5.84%
Fixed income	23%	1.50%	23%	1.50%
Cash	1%	0.25%	1%	0.00%
	<u>100%</u>		<u>100%</u>	

*The real rate of return is net of the long-term inflation assumption of 2.9% in 2024 and 2023.

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.9% in 2024 and 2023. 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

(6) 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:

	<u>2024</u>		
	1% Decrease (<u>4.9%</u>)	Current Rate (<u>5.9%</u>)	1% Increase (<u>6.9%</u>)
Board's proportionate share of the net pension asset (liability)	\$ (<u>4,201,756</u>)	(<u>1,336,393</u>)	<u>1,056,780</u>
	<u>2023</u>		
	1% Decrease (<u>4.9%</u>)	Current Rate (<u>5.9%</u>)	1% Increase (<u>6.9%</u>)
Board's proportionate share of the net pension asset (liability)	\$ (<u>4,125,809</u>)	(<u>1,707,299</u>)	<u>313,648</u>

(f) Pension Plan Fiduciary Net Position

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

	(Dollars in Millions)	
	<u>2024</u>	<u>2023</u>
Measurement date	3/31/2024	3/31/2023
Employers' total pension liability	\$ (240,697)	(232,627)
Plan fiduciary net position	<u>225,973</u>	<u>211,183</u>
Net pension liability	\$ (<u>14,724</u>)	<u>(21,444)</u>
System's net position as a percentage of total pension liability	93.88%	90.78%

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(6) 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, 2024 and 2023 represent the projected employer contribution for the period of April 1, 2024 through March 31, 2025 and April 1, 2023 through March 31, 2024, 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, 2024 and 2023 were \$380,576 and \$313,352, respectively.

(7) 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, 2024 and 2023, the following employees were covered by the benefit terms:

	<u>2024</u>	<u>2023</u>
Active employees	36	36
Retired employees	<u>21</u>	<u>19</u>
	<u>57</u>	<u>55</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(7) Other Postemployment Benefits, Continued

(c) Total OPEB Liability

The Board's total OPEB liability of \$2,747,074 and \$2,385,560 as of December 31, 2024 and 2023, respectively, were measured as of December 31, 2024 and 2023, respectively, and were determined by an actuarial valuation as of January 1, 2024 and 2022, respectively.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2024 and 2022 actuarial valuations (December 31, 2024 and 2023 measurement dates) were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>2024</u>	<u>2023</u>
Discount rate	4.08%	3.72%
Payroll growth	5.00% per year	3.00% per year
Healthcare cost trend rates:		
Pre 65/Post 65	7.77%/7.76%	5.67%/7.98%
Ultimate trend	4.54%	4.54%
Year ultimate trend reached	2090/2027	2090/2023

(e) Changes in the Total OPEB Liability

	<u>2024</u>	<u>2023</u>
Total OPEB liability at beginning of year	\$ <u>2,385,560</u>	<u>2,295,779</u>
Changes for the year:		
Service cost	109,872	106,278
Interest	110,042	87,424
Changes of assumptions	(504,463)	-
Difference between actual and expected experience	766,224	-
Benefit payments	<u>(120,161)</u>	<u>(103,921)</u>
Total changes	<u>361,514</u>	<u>89,781</u>
Total OPEB liability at end of year	\$ <u>2,747,074</u>	<u>2,385,560</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(7) 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:

<u>2024</u>			
	<u>1%</u>	<u>Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Rate</u>	<u>Increase</u>
	<u>(3.08%)</u>	<u>(4.08%)</u>	<u>(5.08%)</u>
Total OPEB liability	\$ <u>3,089,932</u>	<u>2,747,074</u>	<u>2,457,114</u>
<u>2023</u>			
	<u>1%</u>	<u>Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Rate</u>	<u>Increase</u>
	<u>(2.72%)</u>	<u>(3.72%)</u>	<u>(4.72%)</u>
Total OPEB liability	\$ <u>2,707,188</u>	<u>2,385,560</u>	<u>2,114,831</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:

<u>2024</u>			
	<u>1%</u>	<u>Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Trend</u>	<u>Increase</u>
		<u>Rates</u>	
Total OPEB liability	\$ <u>2,372,054</u>	<u>2,747,074</u>	<u>3,214,283</u>
<u>2023</u>			
	<u>1%</u>	<u>Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Trend</u>	<u>Increase</u>
		<u>Rates</u>	
Total OPEB liability	\$ <u>2,022,581</u>	<u>2,385,560</u>	<u>2,840,805</u>

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

(7) 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, 2024 and 2023, the Board recognized OPEB benefit of \$252,261 and \$312,162, respectively. At December 31, 2024 and 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 359,833	1,214,793
Difference between expected and actual experience	<u>667,611</u>	<u>1,251,326</u>
Total	\$ <u>1,027,444</u>	<u>2,466,119</u>
	<u>2023</u>	
	<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>-</u>	<u>1,838,538</u>
Total	\$ <u>605,082</u>	<u>2,777,693</u>

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

<u>Year ending</u>	
2025	\$ (475,217)
2026	(490,456)
2027	(198,432)
2028	(198,432)
2029	(135,765)
Thereafter	<u>59,627</u>
	\$ <u>(1,438,675)</u>

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Notes to Financial Statements, Continued

(8) 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.

(9) Commitments and Contingencies

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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

(9) Commitments and Contingencies, Continued

(e) Multi-Year Agreements and Permits, 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, 2024, 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

(9) Commitments and Contingencies, Continued

(e) Multi-Year Agreements and Permits, Continued

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, 2027. (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.

(10) 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. 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.

Statement No. 104 - Disclosure of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2025.

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD
Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net Pension Asset/Liability
Year ended December 31, 2024

	NYSERS Pension Plan									
	<u>2024</u>	<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	0.0090763%	0.0079617%	0.0080877%	0.0073664%	0.0075638%	0.0075310%	0.0073994%	0.0079703%	0.0070000%	0.0070000%
Board's proportionate share of the net pension asset (liability)	\$ (1,336,393)	(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	\$ 2,822,939	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	47.34%	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	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%

BINGHAMTON-JOHNSON CITY JOINT SEWAGE BOARD

Required Supplementary Information
Schedule of the Board's Pension Contributions
Year ended December 31, 2024

NYSERS Pension Plan

	<u>2024</u>	<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	\$ 380,576	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>380,576</u>	<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>	<u>-</u>
Board's covered payroll	\$ 2,822,939	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	13.48%	12.06%	10.01%	14.84%	13.85%	13.78%	14.34%	15.57%	15.62%	17.95%

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, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:							
Service cost	\$ 109,872	106,278	102,466	143,372	140,396	204,791	233,933
Interest	110,042	87,424	84,137	81,844	80,604	225,173	201,331
Changes of assumptions	(504,463)	-	(1,266,957)	-	913,401	-	(630,633)
Difference between actual and expected experience	766,224	-	(527,344)	-	(3,030,577)	-	-
Benefit payments	<u>(120,161)</u>	<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	361,514	89,781	(1,707,892)	61,008	(2,056,975)	261,389	(195,369)
Total OPEB liability - beginning	<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>	<u>5,933,618</u>
Total OPEB liability - ending	<u>\$2,747,074</u>	<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	\$2,780,375	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	98.80%	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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
4.08%	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, 2024, and the related notes to financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated September 30, 2025.

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.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 29, 2025