



***FINANCIAL STATEMENTS***  
December 31, 2022 and 2021

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Dermody, Burke & Brown, CPAs, LLC

## INDEPENDENT AUDITORS' REPORT

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### BOARD OF DIRECTORS ONONDAGA COUNTY WATER AUTHORITY

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **ONONDAGA COUNTY WATER AUTHORITY** (the Authority), which comprise the statements of net position as of December 31, 2022 and 2021, and the related statements of revenues, expenses and change in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2022 and 2021, and the changes in its net 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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

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## **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 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 generally accepted auditing standards and *Government Auditing Standards*, we

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

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

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## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 4 to 18 and 53 to 55, respectively, 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



**DERMODY, BURKE & BROWN, CPAs, LLC**

Syracuse, NY

March 22, 2023

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Introduction**

Onondaga County Water Authority's (OCWA) Management's Discussion and Analysis for the fiscal year ended December 31, 2022, provides an introduction to the major activities that had an effect on the operations of the Authority and it also addresses the financial performance and status of OCWA. The information contained within the Management's Discussion and Analysis (MD&A) should be used and considered in conjunction with all of the information contained within the 2022 financial report, which follows this report.

**Financial Overview**

While net income before capital contributions increased by \$9,251,887 compared to 2021, it should be noted that decreases in two expenses (OPEB and pension expense) accounted for \$2,740,364 of that amount. The annual adjustments to both OPEB and pension are non-cash. Increases in four non-operating incomes (interest, grants, legal settlement, and net insurance proceeds from fire) accounted for \$6,003,375 of that amount. Excluding the above amounts, the Authority's net income before capital contributions would have increased by \$508,148 compared to 2021.

Total 2022 revenues increased by \$9,946,971 (19.6%) compared to 2021. The largest portion of that amount was water revenue which increased \$4,063,133 (8.3%) over the previous year. In addition, interest from investments increased by \$1,030,242. The Authority also received grant income of \$1,510,208, a legal settlement of \$1,300,000 and net insurance proceeds from fire of \$2,162,925.

The rate increases that OCWA implemented on January 1, 2022 and the year over year changes in the number of gallons billed (both increases and decreases) had significant effects on the various categories of water revenue.

Each water revenue type will be more fully examined below in the Review of Revenues section.

On the expense side, the Authority's operating expenses (less depreciation and amortization) for 2022 increased by \$697,725 (1.9%).

The largest changes from 2021 are the following three components:

- OPEB expense, as determined by actuarial calculation of OCWA's GASB 75 entries, decreased by \$1,945,145 (61.9%) over the 2021 total.
- Pension expense, as determined by the NYS Retirement System's GASB 68 calculation, was \$795,219 (70.6%) less than the 2021 amount.
- Electric and natural gas costs increased by \$614,314 (36.8%) over 2021 as electric supply costs increased dramatically in 2022.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Financial Overview – Continued**

These items and other changes in various expenses are discussed more fully in the Review of Expenses section.

In January 2022, OCWA issued \$48,830,000 in Water Revenue Bonds to fund the construction of improvements at the Lake Ontario Water Treatment Plant which include work on the water filtration systems, replacement of major equipment and upgrading of the control systems. These improvements were well underway at the end of the year.

**Using This Annual Statement**

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. Because Onondaga County Water Authority is treated as a Proprietary Fund for auditing purposes, it has in the past and will continue to use the accrual basis of accounting. The accrual basis of accounting provides both short-term and long-term information about the Authority's overall financial status.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

**ONONDAGA COUNTY WATER AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Summary of Statements of Net Position**

**TABLE 1**

	<b>2021</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 27,077,620	\$ 31,052,629
Accounts Receivable	13,189,508	15,293,143
Materials, Supplies and Prepaid Expenses	4,492,268	4,580,422
Restricted Assets	25,011,668	63,916,739
Net Pension Asset - ERS	0	3,495,044
Intangible Assets, Net	16,687,724	16,039,778
Plant and Water Rights, Net	<u>264,221,560</u>	<u>285,218,158</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 350,680,348</u></u>	<u><u>\$ 419,595,913</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Amount on Refunding	\$ 401,015	\$ 310,861
Other Post-Employment Benefits	6,353,104	4,406,462
Pension Related - ERS	<u>10,819,000</u>	<u>8,023,613</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 17,573,119</u></u>	<u><u>\$ 12,740,936</u></u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 3,463,655	\$ 3,410,832
Liabilities Payable from Restricted Assets	1,878,318	3,746,440
Bonds Payable	89,560,627	135,503,961
Post-Employment Benefits Other than Pension	41,856,650	34,854,800
Due to NYS Retirement System	<u>42,398</u>	<u>0</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 136,801,648</u></u>	<u><u>\$ 177,516,033</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other Post-Employment Benefits	\$ 3,883,640	\$ 10,138,454
Pension Related - ERS	12,446,985	11,977,063
Deferred Amount on Refunding	<u>116,914</u>	<u>83,107</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>\$ 16,447,539</u></u>	<u><u>\$ 22,198,624</u></u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 189,192,879	\$ 198,878,480
Restricted	9,500,749	1,642,131
Unrestricted	<u>16,310,652</u>	<u>32,101,581</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 215,004,280</u></u>	<u><u>\$ 232,622,192</u></u>



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Summary of Statements of Net Position – Continued**

Total Assets increased by \$68,915,656 in 2022 as a result of the following items:

- The increase in cash of \$3,975,009 (14.7%) is primarily due to an increase in the General Fund of \$3,503,719 along with an increase of \$140,817 in the Revenue Fund. The increase in the General Fund is related to the funds generated by 2022 operating results.
- Accounts receivable have increased by \$2,103,635 (15.9%). The two largest components that comprise accounts receivable for water sales are accounts receivable for water that has been billed to customers which increased by \$279,413 and the estimated revenue that has been accrued on accounts which increased by \$1,588,287. The allowance of uncollectable accounts decreased by \$160,000.
- Materials, supplies and prepaid expenses increased by \$88,154 (2.0%) as compared to 2021 levels. The largest parts of this variance are the \$312,953 decrease in prepaid insurance, a \$144,624 decrease in prepaid service contracts, \$1,010,244 increase in inventory. There also is a \$400,000 credit for the remaining fire costs.
- Restricted assets increased by \$38,905,071 (155.5%) in 2022. It is primarily due to the new 2022 construction fund for \$40,333,290.
- Net pension assets – ERS increased \$3,495,044 (100%) in 2022 based on information provided by the NYS and Local Retirement System to enable the calculation of required GASB 68 entries.
- Intangible assets, net decreased by \$647,964 (3.9%) in 2022. Primarily due to the annual current year amortization.
- Plant and water rights increased due to additional capital projects either completed or in progress at the end of 2022. A detailed outline of the additions is located just after Table 4 “Capital Assets at Year End” later in this analysis.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Summary of Statements of Net Position – Continued**

Deferred Outflows of Resources decreased by \$4,832,183 in 2022 as a result of the following:

- Deferred amount on refunding decreased by \$90,154. Deferred amount on refunding is the difference between the reacquisition price and the net carrying amount of the old debt for two bond issues that were advance refunded. It is being recognized as a component of interest expense over the remaining life of the old debt. The amount recognized as a component of interest expense in 2022 was \$90,154.
- Deferred outflow to other post-employment benefits decreased by \$1,946,642 in 2022. This information is based on calculations performed by OCWA's actuary that allow for the creation of GASB 75 entries.
- Deferred contributions to pension plan decreased by \$2,795,387 based on information provided by the NYS and Local Retirement System to enable the calculation of required GASB 68 entries.

Total Liabilities increased by \$40,714,385 in 2022 as a result of the following items:

- Accounts payable and accrued liabilities decreased by \$52,823 (1.5%) in 2022 due primarily to the decrease of \$133,266 in accounts payable offset by a higher number of purchases received and not invoiced in 2022.
- Liabilities payable from restricted assets increased by \$1,868,122 (99.5%) as compared to 2021 due to jobbing deposits increased by \$671,320. Also the retainage for the 2022 construction fund for \$470,227 which was new in 2022. Accrued interest payable also increased \$365,103 in 2022 due to the new 2022 bonding.
- The bonds payable balance increased by \$45,943,334 million. This increase was mainly due to an issuance of a new bond which added \$48,830,000 in bonds payable and \$3,869,961 in bond premium. In addition, there were annual principal payments totaling \$6,005,000 and the amortization of bond premium in the amount of \$751,625 during 2022.
- GASB Statement No. 75 establishes guidance for the financial reporting of OPEB. It does not require that the unfunded liability actually be funded, only that the Authority account for the unfunded liability. The financial statements at December 31, 2022 include a liability in the amount of \$34,854,800 that was determined by OCWA's actuary that represents the Authority's unfunded liability. This is a decrease of \$7,001,850 over the 2021 amount.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Summary of Statements of Net Position – Continued**

- Due to NYS Retirement System decreased by \$42,398. This represents the Authority's share of the total net pension liability based on information provided by the New York State Local Retirement System. This information is provided by the System on an annual basis. This decrease is related to better market returns and changes in the discount rate.

Deferred Inflows of Resources increased by \$5,751,085 over the end of 2021 as a result of the following items:

- Deferred inflows from other post-employment benefits increased to \$10,138,454 at the end of 2022 from \$3,883,640 at the end of 2021. This again is information based on calculations performed by OCWA's actuary that allow for the creation of GASB 75 entries.
- Deferred inflows from pension plan decreased to \$11,977,063 at the end of 2022 from \$12,446,985 at the end of 2021. This again is based on information provided by NYS and Local Retirement System and enables the calculation of required GASB 68 entries. This is primarily due to changes in future assumptions.
- Deferred inflows from refunding decreased to \$83,107 at the end of 2022 from \$116,914 at the end of 2021. Deferred amount on refunding is the difference between the reacquisition price and the net carrying amount of the old debt for two bond issues that were advance refunded.

Net position is the difference between all the other elements of the statement. That is assets plus deferred outflows, less liabilities, less deferred inflows.

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**ONONDAGA COUNTY WATER AUTHORITY**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Review of Revenues**

**TABLE 2**

	<b>2021</b>	<b>2022</b>
Residential/Commercial Sales	\$ 38,484,937	\$ 41,548,937
Industrial Sales	4,679,283	5,094,002
Municipal (Water Utility) Sales	4,420,872	4,921,736
Fire Protection	1,528,233	1,611,783
Miscellaneous Revenue	1,340,678	1,364,209
Interest from Investments Held in Trust	24,959	1,055,201
Gain on Disposal of Fixed Assets	346,652	203,584
Grant Income	0	1,510,208
Legal Settlement	0	1,300,000
Net Insurance Proceeds from Fire	0	2,162,925
	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b><u>\$ 50,825,614</u></b>	<b><u>\$ 60,772,585</u></b>

- Total revenue increased by \$9,946,971 (19.6%) in 2022 as compared to 2021. That amount is comprised of the following variances.
- On January 1, 2022, OCWA implemented a base system fee increase of \$0.75 per month for each equivalent dwelling unit (EDU) for all customer classes except fire protection. In addition, commodity rates were also increased. The Residential and Commercial rates increased by 6%, Wholesale and Industrial rates increased by 7%. Private fire protection fees were increased by 6% and Public fire protection fees were increased 3%. The increases, which were determined during the budget process in late 2021, were based on the projected requirements for 2022 and took into account changes that were expected at the time to have an effect on 2022 operations.
- Total water revenues for 2022 increased by \$4,063,133 (15.4%) over the previous year as a result of changes to the various water revenue categories described below.
- Residential revenue increased by \$2,284,461 (7.8%) in 2022 as compared to 2021. The increases to the base system fee and commodity rates were the primary reasons for the increase. Residential consumption decreased from 4,643 MG in 2021 to 4,522 MG in 2022. The decrease of 121 MG equates to a 2.6% decline in the number of gallons billed.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Review of Revenues – Continued**

- Commercial revenue increased by \$779,539 (8.6%) in 2022 as compared to 2021. The increases to the base system fee and commodity rates were the primary reasons for the increase. Commercial consumption decreased from 1,833 MG in 2021 to 1,800 MG in 2022. The decrease of 33 MG equates to a 1.8% decline in the number of gallons billed
- Industrial sales increased by \$414,719 (8.9%) as compared to the 2021 amounts. The combination of base system fee and commodity rate increases and additional consumption account for this increase. Industrial consumption increased from 2,148 MG in 2021 to 2,172 MG in 2022. The increase of 24 MG equates to a 1.1% rise in the number of gallons billed.
- Municipal sales increased by \$500,864 (11.3%), as compared to the 2021 amounts. The combination of base system fee and commodity rate increases and additional consumption account for this increase. Municipal consumption increased from 2,148 MG in 2021 to 2,255 MG in 2022. The increase of 107 MG equates to a 5.0% rise in the number of gallons billed.
- Miscellaneous revenue increased by \$23,531 (1.8%) over the 2021 amount. Penalties increased by \$33,571 (5.5%) and external customer charges increased by \$15,846 (7.6%) in 2022. These were partially offset by a \$32,149 (15.8%) decrease in other income.
- Interest from investments held in trust increased by \$1,030,242 (4,128%) over the 2021 amount. In addition to having additional funds to invest due to the issuance of the 2022 bonds, money market, treasury bill and other yields increased dramatically as compared to 2021.
- Grant Income increased by \$1,510,208 over the 2021 amount. In 2022, the Authority received \$1,378,043 for a NYSEFC North Shore grant and \$132,165 from a NYS Department of State Restructuring Grant. The Authority received no grants in 2021.
- Legal Settlement – the Authority reached a settlement with the parties involved in a lawsuit regarding the improper installation of piping at the Terminal Reservoir in Clay, NY. The parties, all of whom deny any liability, agreed to pay the Authority \$1,300,000 in consideration of the Authority releasing them from the lawsuit in question.
- Net Insurance Proceeds from Fire – \$2,162,925 is the net of the insurance proceeds received less the repair/renovation costs resulting from the 2021 fire at the Authority's Northern Concourse facility.

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**ONONDAGA COUNTY WATER AUTHORITY**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Review of Expenses**

**TABLE 3**

	2021	2022
Operations	\$ 15,198,273	\$ 16,089,345
Purchased Water	1,193,840	1,359,834
General and Administrative	8,363,512	6,586,064
Less: Burden Applied	(1,364,551)	(1,339,419)
Depreciation	7,998,880	8,144,508
Bond Premium Amortization	(603,356)	(751,625)
Water District Amortization	442,045	437,178
Maintenance	8,674,279	9,078,701
Debt Issuance Costs	180,000	266,563
Realized Loss on Investments	0	82,186
Interest Expense	<u>3,608,782</u>	<u>4,433,453</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 43,691,704</u></u>	<u><u>\$ 44,386,788</u></u>

Total expenses for 2022 increased by \$695,084 (1.6%) compared to fiscal year 2021. There were significant increases in electric and natural gas charges (\$614,314), interest expense (\$824,671), chemical expense (\$314,262), transportation expense (\$254,480) and depreciation (\$145,628). There were significant decreases in OPEB expense (\$1,945,145) and pension expense (\$715,219). The above items and others are discussed below.

Labor Changes Impacting Operations, Maintenance, and General and Administrative Expenses

Labor expenses in operations, maintenance and general and administrative accounts increased by \$213,959 (1.8%) during 2022 as compared to 2021 amounts. Wage rates increased by 3% in 2022 for CSEA, Teamsters and non-union personnel. The main reason that labor expenses only increased by the amount noted is that an average of thirteen budgeted permanent positions were unfilled throughout 2022. Somewhat offsetting the unfilled positions is that overtime was \$30,982 (2.4%) more than in 2021 and the amount of labor charged to capital projects was \$65,001 (6.5%) less in 2022 than in 2021.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Review of Expenses – Continued**

Notable Expense Changes (Other Than Labor)

Some of the larger decreases in expense from 2021 to 2022 include the following:

Pension expense decreased by \$795,219 (70.6%) in 2022 as compared to 2021 based on the GASB 68 calculations provided by the NYS Local Retirement System. The NYSLRS calculates pension expense and other information on an annual basis and provides it to the Authority for inclusion in financials. OCWA's annual contribution for 2022 was \$590,945 (27.7%) less than in 2021.

OPEB expense decreased by \$1,945,145 (61.9%) in 2022. The 2022 expense of \$1,991,981 was one of the amounts determined by OCWA's actuary that comprise the GASB 75 entries for the year. The calculated expense for 2021 was \$3,114,751.

Uncollectable accounts decreased by \$309,678 in 2022 as compared to 2021 due to a \$160,000 reduction in the allowance for doubtful accounts in 2022. There was a \$150,000 increase in the allowance in 2021.

OCWA's worker's compensation insurance premium decreased by \$29,356 (5.4%) in 2022. In fact, premiums have decreased each year since 2018 when the amount was \$750,919.

Significant expense increases from 2021 to 2022 include the following:

Interest expense increased by \$824,671 (22.9%) in 2022. The 2022 bonding resulted in an additional \$1,462,158 of interest expense in 2022. All other bond interest expenses decreased by a total of \$637,487.

Purchased water cost increased by \$165,994 (13.9%) in 2022. The rate increase for large users that was implemented by the City on July 1, 2021 was in effect for the full year and the increase implemented on July 1, 2022 was in place for half a year.

OCWA experienced a \$614,314 (36.8%) increase in its electric and natural gas charges in 2022 as compared to 2021 amounts. The primary reason was due to the dramatic increase in electric supply costs. The average hourly supply charge for 2022 increased by 84.6% over 2021 amounts.

Chemical expenses increased by \$314,262 (38.4%) in 2022 as compared to 2021. Chemical costs increased dramatically over the second half of the year and the recalculation of the amortization of carbon filters increased expenses by approximately \$75,000.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Review of Expenses – Continued**

Notable Expense Changes (Other Than Labor) – Continued

Contractor expenses increased by \$183,680 (8.8%) in 2022 as compared to 2021. Some of the larger increases were requiring the use of OCWA's construction contractor for repairing water mains (\$47,594). Increased use of OCWA's network consultant (\$27,895) and increased costs of software maintenance contracts (\$20,650).

Total supply expenses increased by \$402,835 (30.1%) in 2022 as compared to 2021. Inventory supply expense (those items required to maintain OCWA infrastructure) increased by \$70,781 (36.3%), office supplies increased by \$14,425 (7.5%), field supplies increased by \$317,629 (33.5%) in 2022 as inflation significantly impacted costs.

Transportation expenses increased by \$254,480 (24.7%) in 2022 as compared to 2021. The increase is attributable to the rise in fuel costs. Diesel fuel costs increased by \$56,919 (69.2%) in 2022. Unleaded fuel costs increased by \$120,931 (41.8%) in 2022. All other transportation costs (maintenance and repairs, etc.) increased by \$76,630 (11.7%) in 2022.

Per the Metropolitan Water Board (MWB) consolidation agreement with Onondaga County, OCWA pays to the County the annual amount needed to balance the budgeted appropriations made by the County on behalf of the District. These legacy costs, which are the net of costs still incurred by the County for such items as debt service, employee benefits and interdepartmental charges over and above amounts collected for ad valorem taxes and appropriated fund balance applied was \$112,889 (14.5%) more in 2022 than in 2021.

Debt issuance costs increased by \$86,653 in 2022 due to OCWA issuing bonds during 2022 similar to 2021.

Realized loss on investments increased from \$-0- in 2021 to \$82,186 in 2022. This occurred when U.S. Treasury Bills which had extremely low yields were sold at a loss to reinvest the proceeds at significantly higher rates.

Depreciation increased by \$145,628 (1.8%) in 2022 as compared to 2021 figures. This reflects the fact that OCWA's water plant in service increased by \$10.7 million in 2021 as well as \$7.2 million in 2022. Fixed assets are depreciated over their estimated useful lives. In addition, improvements made by OCWA to Onondaga County owned facilities as part of MWB consolidation agreement were set up as intangible assets as ownership of those facilities remains with the County. These intangible assets are amortized over the term of the agreement.



**ONONDAGA COUNTY WATER AUTHORITY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Capital Assets at Year End (Net of Depreciation)**

**TABLE 4**

	<b>Governmental Activities</b>		<b>Total</b>
	<b>2021</b>	<b>2022</b>	<b>Percent Change 2021-2022</b>
Water Plant in Service	\$ 361,969,070	\$ 369,182,917	1.99%
Water Rights - Source	5,250,000	5,250,000	0.00%
Construction Work-in-Progress (I&E)	11,146,761	31,492,134	182.52%
Water District	23,169,890	23,169,890	0.00%
Pre-Survey and Investigation	267,714	331,680	23.89%
Jobbing in Progress	205,812	734,842	257.05%
Allowance for Depreciation	(116,536,145)	(123,254,584)	5.77%
Accumulated Amortization/Water Districts	(16,001,542)	(16,438,721)	2.73%
Residual Amortization/Water Rights	<u>(5,250,000)</u>	<u>(5,250,000)</u>	<u>0.00%</u>
<b>Total</b>	<b><u>\$ 264,221,560</u></b>	<b><u>\$ 285,218,158</u></b>	<b><u>7.95%</u></b>

Increase to Water Plant in Service Highlights

- Clean and Line Split Rock Road and Onondaga Road – \$1,197,397
- 8” Main Replacement Bear Springs Road and Mudmill Road – \$510,374
- 10” Main Replacement Horseshoe Island Road – \$484,037
- 8” Main Replacement Upper Brickyard Falls Road – \$188,377
- Eastern Pumping Station Electrical Upgrades – \$183,551
- 8” Main Replacement Ravenswood Lane – \$166,378
- 8” Ext Baltimore Ridge – \$132,812
- 10” Relocation Town Center – \$104,295
- Water meters in the amount of \$779,169 as part of an ongoing meter replacement project
- The installation of new and replacement water services – \$699,713

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Capital Assets at Year End (Net of Depreciation) – Continued**

Construction Work-In-Progress Highlights

Construction Work-In-Progress increased by \$20,345,373 during 2022, from \$11,146,761 at the beginning of the year, to \$31,492,134 at year end. Of that amount, \$30,598,653 is related to the following nine projects:

- Fairmount Reservoir Improvements – \$14,472,760
- Lake Ontario WTP Improvements Construction – \$10,604,759
- Salt Springs Tank Construction – \$1,993,205
- Terminal 36” Emergency Bypass – \$1,404,271
- 8” Main Replacement Newport Road – \$706,437
- Pipe Bridge Rehabilitation Construction – \$690,771
- 10” Main Replacement Horseshoe Island – \$286,233
- 8” Main Replacement Lake Street – \$221,438
- Farrell Pump Station Improvements – Engineering – \$218,799

Pre-Survey and Investigation Highlights

Pre-survey and investigation captures costs related to studies undertaken related to potential additions and improvements to the OCWA system. The total increased by \$63,966 in 2022 as a result of the costs added to projects during the year being less than those removed either by being transferred to a project that will be capitalized or being charged to expense.

Jobbing in Progress

Jobbing in progress captures costs associated with activities for which an individual or developer will pay for the job in full. The installation of new hydrants and large services within certain areas of OCWA's system are examples of this. A deposit for the job is taken. When the project is completed, the Authority will either bill the developer if the actual cost is more than the deposit or refund a portion of the deposit if the cost is less. “Job Orders” are also used to capture costs associated with repairing or replacing assets, generally hydrants and services, which are hit and damaged by individuals. The Authority then bills the individual or the individual's insurance for the repair cost. The account is also used to track the cost of contract operations and of maintenance agreements with various water systems.

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**ONONDAGA COUNTY WATER AUTHORITY**

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**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**Long-Term Debt Administration**

The Authority has six General Water System Revenue Bond issues and one E.F.C. Drinking Water Bond issue outstanding with a remaining principal totaling \$122,840,000 as of December 31, 2022. OCWA’s most recent bonds were issued in January 2022 for \$48,830,000 that mature in September 2051 with interest ranging from 2.4% to 5.0%.

Pursuant to its Bond Resolution, all revenues collected by the Authority are pledged to the payment of principal and interest on the bonds. All such revenues are deposited in the name of a trustee for allocation to funds set up in accordance with the Bond Resolution.

<b>Series Bonds</b>	<b>Bonds Outstanding as of December 31, 2022</b>
2022 Series A Bonds	\$ 47,415,000
2021 Series A Bonds	15,755,000
2019 Series A Bonds	38,545,000
2016 Series A Bonds	8,135,000
2015 Series Bonds	3,495,000
2013 Series Bonds	2,770,000
2008 E.F.C. Bonds	<u>6,725,000</u>
Total	<u>\$ 122,840,000</u>

**OCWA Bond Rating**

On December 21, 2021, Moody’s Investors Service assigned a Aa2 rating to OCWA’s General Water System Revenue Bonds, Series 2022A and maintained the Aa2 rating on OCWA’s previously rated debt.

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**ONONDAGA COUNTY WATER AUTHORITY**

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**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

Year Ended December 31, 2022

**OCWA Budget Process**

Each year the Authority’s department managers prepare comprehensive draft budgets, one for operations and maintenance and one for capital projects. The executive staff combines the budgets and prepares a recommendation for the Authority’s Board to review in early October of each year. The Board, in turn, conducts a budget workshop with executive management and a final recommendation is made for approval by the Board at its October meeting. Per the implementation of New York State’s Public Authorities Accountability Act, OCWA’s annual budget process must be completed by the end of October. Copies of the approved budget are then forwarded to elected officials at the County and State level in accordance with PAAA guidelines.

Executive management also prepares 20-year capital budgets and 20-year operations and maintenance budgets for the Authority. Both budgets include a list of assumptions that are used to prepare the long-range projections. It should be noted that both long-range budgets are updated regularly and submitted to the OCWA Board for review.

The improvements at the Lake Ontario Water Treatment Plant which include work on the water filtration systems, replacement of major equipment and upgrading of the control systems are expected to be completed in early 2025. These improvements are being funded by OCWA’s 2022 revenue bond issue.

One of OCWA’s other major projects is the Fairmount Water Storage Tank replacement. In April 2021, ground was broken on the construction of two 6 million gallon concrete water storage tanks. The first of the two tanks was completed in December 2021. Construction of the second tank is nearing completion and will enter service in 2023.

On January 1, 2023, OCWA implemented the following rate increases:

<b>Residential/ Commercial</b>	<b>Wholesale</b>	<b>Industrial</b>	<b>Private/Public Fire Protection</b>
\$10.80 / EDU + 7% Commodity Rate	\$10.80 / EDU + 7% Commodity Rate	\$10.80 / EDU + 7% Commodity Rate	7% / 7%

**Request for Information**

This report is presented as a broad overview of the financial condition of the Onondaga County Water Authority. Questions related to the report or the Authority in general should be sent to the Executive Director, Onondaga County Water Authority, PO Box 4949, Syracuse, New York 13221-4949. Questions can also be directed to the Executive Director via the Authority’s web site at [www.ocwa.org](http://www.ocwa.org).

**STATEMENTS OF NET POSITION**

December 31, 2022 and 2021

<b>ASSETS</b>		
	<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 31,052,629	\$ 27,077,620
Accounts Receivable - Customers (Less Allowance for Doubtful Accounts of \$90,000 and \$250,000 in 2022 and 2021, Respectively )	15,186,909	13,159,209
Accounts Receivable - Other	106,234	30,299
Materials, Supplies and Prepaid Expenses	<u>4,580,422</u>	<u>4,492,268</u>
Total Current Assets	50,926,194	44,759,396
<b>RESTRICTED ASSETS</b>		
Customer Deposits	1,227,230	874,766
Bond Fund	3,804,710	2,878,796
Renewal and Replacement Fund	1,328,125	916,612
Bond Reserve Fund	8,620,145	6,093,649
Construction Fund	<u>48,936,529</u>	<u>14,247,845</u>
Total Restricted Assets	63,916,739	25,011,668
NET PENSION ASSET - ERS	3,495,044	0
INTANGIBLE ASSETS, NET	16,039,778	16,687,724
PLANT AND WATER RIGHTS, NET	<u>285,218,158</u>	<u>264,221,560</u>
<b>TOTAL ASSETS</b>	<u>419,595,913</u>	<u>350,680,348</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Amount on Refunding	310,861	401,015
Other Post-Employment Benefits	4,406,462	6,353,104
Pension Related - ERS	<u>8,023,613</u>	<u>10,819,000</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>12,740,936</u>	<u>17,573,119</u>

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**ONONDAGA COUNTY WATER AUTHORITY**

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**LIABILITIES AND NET POSITION**

	<b>2022</b>	<b>2021</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	<u>3,410,832</u>	<u>3,463,655</u>
Total Current Liabilities	3,410,832	3,463,655
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>		
Accounts Payable	1,317,010	486,493
Customer Deposits	1,321,033	648,531
Bonds Payable, Portion Due Within One Year	5,680,000	4,590,000
Accrued Interest on Bonds Payable	<u>1,108,397</u>	<u>743,294</u>
Total Liabilities Payable from Restricted Assets	9,426,440	6,468,318
<b>LONG-TERM DEBT</b>		
Bonds Payable	129,823,961	84,970,627
Post-Employment Benefits Other Than Pension	34,854,800	41,856,650
Net Pension Liability - ERS	<u>0</u>	<u>42,398</u>
Total Long-Term Debt	<u>164,678,761</u>	<u>126,869,675</u>
<b>TOTAL LIABILITIES</b>	<u>177,516,033</u>	<u>136,801,648</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other Post-Employment Benefits	10,138,454	3,883,640
Pension Related - ERS	11,977,063	12,446,985
Deferred Amounts on Refunding	<u>83,107</u>	<u>116,914</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>22,198,624</u>	<u>16,447,539</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	198,878,480	189,192,879
Restricted	1,642,131	9,500,749
Unrestricted	<u>32,101,581</u>	<u>16,310,652</u>
<b>TOTAL NET POSITION</b>	<u>\$ 232,622,192</u>	<u>\$ 215,004,280</u>

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See notes to financial statements.

**ONONDAGA COUNTY WATER AUTHORITY**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**

Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>OPERATING REVENUE</b>		
Charges for Services	\$ 53,176,458	\$ 49,113,325
Penalties	646,463	612,892
Other	717,746	727,786
	54,540,667	50,454,003
<b>OPERATING EXPENSE</b>		
Source of Supply	1,359,834	1,193,840
Transmission and Distribution	23,960,074	22,408,763
Collection	1,207,972	1,463,789
Administration	5,246,645	6,998,961
Depreciation and Amortization	7,830,061	7,837,569
	39,604,586	39,902,922
<b>INCOME FROM OPERATIONS</b>	<b>14,936,081</b>	<b>10,551,081</b>
<b>OTHER INCOME (EXPENSE)</b>		
Interest from Investments Held by Trustee	1,055,201	24,959
Gain on Disposal of Fixed Assets	203,584	346,652
Grant Income	1,510,208	0
Legal Settlement	1,300,000	0
Net Insurance Proceeds from Fire	2,162,925	0
Debt Issuance Costs	(266,563)	(180,000)
Realized Loss on Investments	(82,186)	0
Interest Expense	(4,433,453)	(3,608,782)
	1,449,716	(3,417,171)
Net Income Before Capital Contributions	16,385,797	7,133,910
Capital Contributions	1,232,115	1,510,288
	17,617,912	8,644,198
<b>CHANGE IN NET POSITION</b>		
<b>NET POSITION</b>		
Balance, Beginning of Year	215,004,280	206,360,082
Balance, End of Year	\$ 232,622,192	\$ 215,004,280

See notes to financial statements.

**ONONDAGA COUNTY WATER AUTHORITY**

**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 52,607,033	\$ 50,423,778
Cash Payments for Goods and Services	(18,445,179)	(19,174,626)
Cash Payments to Employees	(12,457,075)	(12,215,459)
	21,704,779	19,033,693
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Customer Deposits Received	1,150,503	1,139,787
Refunding of Customer Deposits	(478,001)	(799,140)
	672,502	340,647
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Sale of Capital Assets	511,069	757,445
Cash Received from Contributed Capital	1,232,115	1,510,288
Payments for Capital Acquisitions	(29,237,826)	(23,409,198)
Debt Issuance Costs	(266,563)	(180,000)
Grant Income	1,510,208	0
Legal Settlement	1,300,000	0
Net Insurance Proceeds from Fire	2,162,925	0
Premium on Bond Issuance	3,869,961	3,139,311
Proceeds from Issuance of Long-Term Debt	48,830,000	16,700,000
Retirement of Debt (Paid from Escrow Fund)	0	(19,740,000)
Principal Payments	(6,005,000)	(4,535,000)
Interest Paid	(4,377,105)	(3,542,575)
	19,529,784	(29,299,729)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipts of Interest	973,015	24,959
	973,015	24,959
Net Change in Cash	42,880,080	(9,900,430)
Cash, Beginning of Year	52,089,288	61,989,718
Cash, End of Year	\$ 94,969,368	\$ 52,089,288

See notes to financial statements.



**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income from Operations	\$ 14,936,081	\$ 10,551,081
Adjustments to Reconcile Income from Operations to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	7,830,061	7,837,569
Change in Allowance for Doubtful Accounts	(160,000)	150,000
(Increase) Decrease in Operating Assets:		
Accounts Receivable - Customers	(1,867,700)	(144,455)
Accounts Receivable - Other	(75,935)	4,231
Materials, Supplies, and Prepaid Expenses	(88,154)	(244,335)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Liabilities	1,142,797	(1,257,476)
Post-Employment Benefits Other Than Pension	(7,001,850)	(371,189)
Pension Related Deferrals and Liabilities	6,989,479	2,508,267
	<u>\$ 21,704,779</u>	<u>\$ 19,033,693</u>
Net Cash Provided By Operating Activities	<u>\$ 21,704,779</u>	<u>\$ 19,033,693</u>

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 1 – NATURE OF OPERATIONS**

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Onondaga County Water Authority (the “Authority”) is a public benefit corporation created by New York State and engaged in construction, maintenance and operation of a water supply and distribution system for the benefit of the people of Onondaga County and surrounding municipalities.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

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**Basis of Accounting**

The Authority’s financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

In accordance with GASB standards, the accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. As required by GASB standards, the transactions of the Authority are accounted for on a flow of economic resources measurement focus and accrual basis of accounting.

**Basis of Presentation**

GASB requires the classification of net position into three components defined as follows:

- *Net Investment in Capital Assets* are the amounts expended by the Authority for the acquisition of capital assets, net of accumulated depreciation and related debt.
- *Restricted Net Position* – This component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This component consists of the remaining net assets, which can be further categorized as designated or undesignated. Designated assets are not governed by statute or contract but are committed for specific purposes pursuant to Authority policy and/or Board directives. Designated assets include funds and assets committed to working capital.

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, and then unrestricted resources as they are needed.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Deferred Outflows and Inflows of Resources**

In addition to assets, the statements of net position will sometimes report separate sections for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will therefore not be recognized as an outflow of resources (expense) until then. The Authority reports deferred outflow amounts on refunding of water revenue bonds, other post-employment benefits, as well as amounts relating to the New York State Employees' Retirement System in this category.

In addition to liabilities, the statements of net position will sometimes report separate sections for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that is applicable to a future reporting period and will therefore not be recognized as an inflow of resources (revenue) until then. The Authority reports deferred inflow amounts on other post-employment benefits, deferred inflow amounts on refunding of water revenue bonds, as well as amounts relating to the New York State Employees' Retirement System in this category.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Authority has adopted the direct method of reporting net cash flows from operating activities and considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Assets Held by Trustee**

Assets held in trust in accordance with the General Water System Revenue Bonds Trust Indentures and the Environmental Facilities Corporation's Drinking Water Installment Bond Indentures are included in Restricted Assets on the statements of net position (see Note 5).

Assets held by the Trustee consist of fixed income United States Government securities. The Authority reports these items at fair value based on quoted market prices.

**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 Authority analyzes accounts receivable on a monthly basis and adjusts the allowance for doubtful accounts as is necessary. Accounts receivable are written off against the allowance for doubtful accounts as they are deemed uncollectible.

Accrued unbilled revenues (included in accounts receivable on the statements of net position) represent revenue earned in the current year but not billed to customers until future dates, usually within three months, and is an estimate made by management.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Materials, Supplies and Prepaid Expenses**

Materials and supplies, consisting mainly of valves, pipe and hydrants are stated at cost and are determined using a weighted average cost method. Prepaid expenses consist of prepaid insurance and service contracts.

**Bond Premium**

Amortization of bond premium is on the straight-line basis over the life of the bonds and amounted to \$751,625 and \$603,356 for the years ended December 31, 2022 and 2021, respectively.

**Plant and Water Rights**

Capital assets are carried at cost. Improvements, renewals and significant repairs that extend the life of the asset are capitalized, other repairs and maintenance costs are expensed as incurred. The capitalized cost of additions to property and equipment includes construction costs such as labor and materials. The Authority's capitalization threshold is \$5,000. The Authority does not capitalize interest.

Depreciation is provided on the straight-line basis using the various lives for each asset which range between 5 and 100 years, with one-half year's depreciation taken in the year of acquisition and disposal. When assets are retired or otherwise disposed of, the related assets and accumulated depreciation is written off and any unrelated gains or losses are recorded.

The Authority leases and operates certain water districts which are capitalized and included in total plant and water rights and are being amortized over periods of 20 and 40 years, depending on the terms of the lease agreement. Lease transactions entered into prior to December 31, 1976 are recorded at the total of the future amount payable under the terms of the respective leases. Commencing January 1, 1977, the Authority adopted the policy of capitalizing long-term lease obligations at the present value of the future lease payments using the interest rates specified in the agreements. Interest expense is recognized on these leases in proportion to the outstanding balance of the principal accounts payable.

As of January 1, 2022, the Authority adopted GASB Statement No. 87, "*Leases*". Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority's lease capitalization threshold is \$25,000.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Contributed Capital**

Contributed capital represents amounts, which have been received from customers for betterments or additions to water plants. The Authority accounts for such contributions as such in its statements of revenues, expenses and change in net position.

**Pensions**

For purposes of measuring the net pension liability, net pension asset, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New York State and Local Employees' Retirement System (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported in the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the statutes governing the System. Investments are reported at fair value.

**Other Post-Employment Benefits**

The Authority provides certain health care benefits to its retired employees in accordance with the provisions of employment contracts (see Note 7).

**Revenue Recognition**

The Authority distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Water service revenues are recognized based on actual customer water usage, including estimates for unbilled periods. Other operating revenues are recognized when service has been rendered and collection is reasonably assured. The Authority's operating expenses include operations and maintenance expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Income Tax Status**

As a public benefit corporation, the Authority is exempt from federal and state income taxes, as well as state and local property and sales taxes.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Subsequent Events**

The Authority has evaluated subsequent events through March 22, 2023, the date the financial statements were available to be issued, and identified the following additional disclosure.

**NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

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Cash held by the Authority at December 31, 2022 consists of the following:

	<b>Carrying Value</b>	<b>Bank Balance</b>
Cash Held:		
Cash on Hand	\$ 500	\$ 0
Bank Accounts	1,829,529	2,100,816
<b>Total Cash Held</b>	<b>\$ 1,830,029</b>	<b>\$ 2,100,816</b>

Cash held by the Authority at December 31, 2021 consists of the following:

	<b>Carrying Value</b>	<b>Bank Balance</b>
Cash Held:		
Cash on Hand	\$ 500	\$ 0
Bank Accounts	1,259,888	1,781,997
<b>Total Cash Held</b>	<b>\$ 1,260,388</b>	<b>\$ 1,781,997</b>

**ONONDAGA COUNTY WATER AUTHORITY**

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – Continued**

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Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned. The Authority’s deposits are secured by \$513,651 from the Federal Depository Insurance Corporation plus \$1,587,165 of pledged collateral at December 31, 2022. For the Authority, all pledged collateral and all investments are classified in the highest category by being held in bank trust departments in the Authority’s name.

Funds held by the Authority are administered in accordance with the Authority’s investment guidelines pursuant to Section 2925 of the New York State Public Authorities Law. These guidelines comply with the New York State Comptroller’s investment guidelines for public authorities.

Statutes authorize the Authority to invest in defeasance obligations, obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated F-1 by Fitch, A-1+ by Standard & Poor’s Corporation or P-1 by Moody’s Commercial Paper Record, among other things. At the present time the investments are primarily in money market funds, obligations of the U.S. Treasury and fixed income funds.

Total marketable securities by type as of December 31 are as follows:

	<b>2022</b>	<b>2021</b>
Investments:		
Money Market Funds	\$ 23,127,716	\$ 18,222,940
U.S. Treasury Bills	26,901,922	32,605,960
Fixed Income	<u>43,109,700</u>	<u>0</u>
Total Investments	<u>\$ 93,139,338</u>	<u>\$ 50,828,900</u>

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Money market funds, United States Treasury bills and fixed income funds are considered Level 1 investments.

The Authority’s recurring fair value measurements of its U.S. Treasury bills and fixed income as of December 31, 2022 and 2021, are valued using quoted market prices (Level 1 inputs).

**ONONDAGA COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 4 – PLANT AND WATER RIGHTS**

Activity for plant and water rights and changes in accumulated depreciation for the year ended December 31, 2022 is as follows:

	<b>December 31, 2021</b>	<b>Additions</b>	<b>Retirements / Reclassifications</b>	<b>December 31, 2022</b>
Land	\$ 965,375	\$ 0	\$ 11,394	\$ 953,981
Dams, Buildings and Other Structures	96,946,542	421,635	0	97,368,177
Pumping and Purification Equipment	3,289,485	0	0	3,289,485
Mains, Meter, Services and Other Distribution Facilities	209,044,584	6,107,682	316,469	214,835,797
Filtration Plant	25,949,382	1,511	0	25,950,893
Automobiles, Trucks and Other Equipment	25,773,702	1,747,995	737,113	26,784,584
Water Districts	<u>23,169,890</u>	<u>0</u>	<u>0</u>	<u>23,169,890</u>
	385,138,960	8,278,823	1,064,976	392,352,807
Construction-in-Progress	11,620,287	23,053,559	2,115,190	32,558,656
Water Rights	<u>5,250,000</u>	<u>0</u>	<u>0</u>	<u>5,250,000</u>
Total Plant and Water Rights	402,009,247	31,332,382	3,180,166	430,161,463
Less: Accumulated Depreciation and Amortization	<u>137,787,687</u>	<u>7,913,107</u>	<u>757,489</u>	<u>144,943,305</u>
Net Plant and Water Rights	<u>\$ 264,221,560</u>	<u>\$ 23,419,275</u>	<u>\$ 2,422,677</u>	<u>\$ 285,218,158</u>



**ONONDAGA COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 4 – PLANT AND WATER RIGHTS – Continued**

Activity for plant and water rights and changes in accumulated depreciation for the year ended December 31, 2021 is as follows:

	<b>December 31, 2020</b>	<b>Additions</b>	<b>Retirements / Reclassifications</b>	<b>December 31, 2021</b>
Land	\$ 988,834	\$ 0	\$ 23,459	\$ 965,375
Dams, Buildings and Other Structures	96,287,271	659,271	0	96,946,542
Pumping and Purification Equipment	3,269,194	20,291	0	3,289,485
Mains, Meter, Services and Other Distribution Facilities	201,394,320	7,870,876	220,612	209,044,584
Filtration Plant	25,949,382	0	0	25,949,382
Automobiles, Trucks and Other Equipment	23,409,792	3,616,000	1,252,090	25,773,702
Water Districts	<u>23,169,890</u>	<u>0</u>	<u>0</u>	<u>23,169,890</u>
	374,468,683	12,166,438	1,496,161	385,138,960
Construction-in-Progress	12,640,366	10,390,099	11,410,178	11,620,287
Water Rights	<u>5,250,000</u>	<u>0</u>	<u>0</u>	<u>5,250,000</u>
Total Plant and Water Rights	392,359,049	22,556,537	12,906,339	402,009,247
Less: Accumulated Depreciation and Amortization	<u>131,099,856</u>	<u>7,773,171</u>	<u>1,085,340</u>	<u>137,787,687</u>
Net Plant and Water Rights	<u>\$ 261,259,193</u>	<u>\$ 14,783,366</u>	<u>\$ 11,820,999</u>	<u>\$ 264,221,560</u>

Depreciation and amortization charged to expense at December 31, 2022 and 2021 was \$7,830,061 and \$7,837,569, respectively, which includes amortization of leased water districts (see Note 5).

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 5 – LONG-TERM DEBT**

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**Water Revenue Bonds Payable**

In March 2013, April 2015, December 2016, November 2019, March 2021 and January 2022, the Authority issued \$8,390,000, \$5,200,000, \$12,320,000, \$41,235,000, \$16,700,000 and \$48,830,000, respectively, in General Water System Revenue Bonds, 2013, 2015, 2016, 2019, 2021 and 2022 Series A pursuant to a Trust Indenture which pledges all revenues collected by the Authority to the payment of the principal and interest on the bonds. All such revenues are deposited in the name of the trustee for allocation to funds in accordance with the provisions of the Trust Indenture.

Bonds outstanding at December 31, 2022 and 2021 amounted to \$116,115,000 and \$72,605,000, respectively. The bonds mature serially in varying annual amounts through 2051, with interest ranging from 1.00% and 5.00%, payable semi-annually. The 2013 bonds maturing on or after September 15, 2025, the 2015 bonds maturing on or after September 15, 2035, the 2016 bonds maturing on or after September 15, 2028, the 2019 bonds maturing on or after September 15, 2044, the 2021 bonds maturing on or after June 15, 2038 and the 2022 bonds maturing on or after September 2051 are redeemable, at the option of the Authority, prior to maturity in the inverse order of their maturity at par, plus accrued interest thereon to the redemption date.

On March 5, 2013, the Authority issued \$8,390,000 in General Water System Revenue Bonds, Series 2013A to partially advance refund outstanding General Water System Revenue Bonds, 2005A. The Series 2013A bonds bear interest rates ranging from 2.0% to 4.5% and have a final maturity date of September 15, 2025. The net proceeds (after payment of \$97,987 in underwriting fees and other issuance costs) and \$399,492 of existing reserve funds for the 2005A Series bonds were used to purchase State and Local Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, \$8,390,000 of the 2005A Series bonds are considered to be defeased and the liability has been removed from the accounts. The outstanding principal for the unrefunded portion of the 2005A Series bonds matured on September 15, 2015.

The advance partial refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$870,452. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged as a component of interest expense through the year 2025. The Authority completed the refunding to reduce its total debt service payments over the next thirteen years by \$962,963 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$621,709. At December 31, 2022 and 2021, \$190,231 and \$259,406, respectively, of the deferred amount on refunding was included in deferred outflows on the statements of net position.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 5 – LONG-TERM DEBT – Continued**

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**Water Revenue Bonds Payable – Continued**

On December 1, 2016, the Authority issued \$12,320,000 in General Water System Revenue Bonds, Series 2016A to partially advance refund outstanding General Water System Revenue Bonds, 2011A. The Series 2016A bonds bear interest rates ranging from 2.0% to 5.0% and have a final maturity date of September 15, 2028. The net proceeds (after payment of \$158,403 in underwriting fees and other issuance costs) and \$660,595 of existing reserve funds for the 2011A Series bonds were used to purchase State and Local Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, \$13,495,000 of the 2011A Series bonds are considered to be defeased and the liability has been removed from the accounts. The outstanding principal for the unrefunded portion of the 2011A Series bonds matured on September 15, 2018.

The advance partial refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$248,253. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged as a component of interest expense through the year 2028. The Authority completed the refunding to reduce its total debt service payments over the next twelve years by \$2,604,450 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,459,445. At December 31, 2022 and 2021, \$120,630 and \$141,609, respectively, of the deferred amount on refunding was included in deferred outflows on the statements of net position.

On March 17, 2021, the Authority issued \$16,700,000 in General Water System Revenue Bonds, Series 2021A to partially advance refund outstanding General Water System Revenue Bonds, 2010A and Environmental Facilities Corporation Revenue Bonds, Series 2009. The Series 2021A bonds bear interest rates ranging from 3.0% to 4.0% and have a final maturity date of June 15, 2038. The net proceeds (after payment of \$180,000 in underwriting fees and other issuance costs) and \$24,323 of existing reserve funds for the 2010A Series bonds and \$524,595 of existing reserve fund for the 2009 EFC bonds were used to purchase State and Local Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, \$820,000 of the 2010A Series bonds and \$18,920,000 of the 2009 EFC bonds are considered to be defeased and the liability has been removed from the accounts. The outstanding principal for the unrefunded portion of the 2009 EFC bonds matured on June 15, 2021.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 5 – LONG-TERM DEBT – Continued**

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**Water Revenue Bonds Payable – Continued**

The advance partial refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$140,859. This difference, reported in the accompanying financial statements as a deferred inflow of resources, is being charged as a component of interest expense through the year 2025. The Authority completed the refunding to reduce its total debt service payments over the next sixteen years by \$6,923,282 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$5,607,837. At December 31, 2022 and 2021, \$83,107 and \$116,914, respectively, of the deferred amount on refunding was included in deferred inflows on the statements of net position.

**Environmental Facilities Corporation Revenue Bonds (“E.F.C. Drinking Water Installment Bonds”)**

The State of New York has established a State Drinking Water Program, which includes a state drinking water revolving fund (the “Revolving Fund”) to be used for purposes of the Safe Drinking Water Act. The New York State Environmental Facilities Corporation (the “Corporation”) is responsible for administering the Revolving Fund and providing financial assistance from the Revolving Fund. The Corporation issues bonds to provide loans from the Revolving Fund to private water companies, political subdivisions and public benefit corporations of the State of New York. The Authority has been issued a portion of the total bond proceeds in the amounts stated in the table below to finance safe drinking water projects.

In 2008, the Authority received bond proceeds in the amount of \$14,226,510 from the Environmental Facilities Corporation’s 2008 Series A Drinking Water Installment Bond Offering. The bonds have a final maturity date of October 1, 2029 and bear interest at a rate of 4.27%. The interest cost of these bonds is subsidized by the State of New York drinking water revolving fund. In 2022, the interest was refinanced to 2.2%.

The E.F.C. Drinking Water Bonds, 2009 Series A were issued in the maximum principal amount of \$33,000,000. During 2012, the Authority received \$5,696,270 in ARRA principal forgiveness and the bond purchase agreement was amended to reflect the new principal amount of \$23,952,835. The 2009 Series A EFC bonds were partially refunded in the 2021A Series bond refunding. The remaining balance of \$620,000 was paid in June 2021.

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**ONONDAGA COUNTY WATER AUTHORITY**

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 5 – LONG-TERM DEBT – Continued**

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**Environmental Facilities Corporation Revenue Bonds (“E.F.C. Drinking Water Installment Bonds”) – Continued**

Debt service over the remaining term of the bonds is summarized as follows:

	<b>Principal on Bonds</b>	<b>Interest Payable</b>	<b>Total Debt Service</b>
2023	\$ 5,680,000	\$ 4,310,296	\$ 9,990,296
2024	5,935,000	4,076,600	10,011,600
2025	6,210,000	3,827,307	10,037,307
2026	5,445,000	3,598,987	9,043,987
2027	5,655,000	3,403,452	9,058,452
2028-2032	23,385,000	13,860,930	37,245,930
2033-2037	22,795,000	9,296,756	32,091,756
2038-2042	23,350,000	5,049,450	28,399,450
2043-2047	15,245,000	2,128,790	17,373,790
2048-2051	9,140,000	578,375	9,718,375
	<hr/>	<hr/>	<hr/>
	122,840,000	\$ 50,130,943	\$ 172,970,943
Less: Current Portion	5,680,000		
Add: Premium on Long-Term Debt	12,663,961		
	<hr/>		
Bonds Payable - Long-Term	<u>\$ 129,823,961</u>		

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**ONONDAGA COUNTY WATER AUTHORITY**

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 5 – LONG-TERM DEBT – Continued**

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**Environmental Facilities Corporation Revenue Bonds (“E.F.C. Drinking Water Installment Bonds”) – Continued**

Changes in long-term liabilities in 2022 are as follows:

	<b>December 31, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>December 31, 2022</b>
Bonds Payable:				
Water Revenue Bonds	\$ 72,605,000	\$ 48,830,000	\$ 5,320,000	\$ 116,115,000
E.F.C. Drinking Water Installment Bonds	<u>7,410,000</u>	<u>0</u>	<u>685,000</u>	<u>6,725,000</u>
Total Bonds Payable	<u>\$ 80,015,000</u>	<u>\$ 48,830,000</u>	<u>\$ 6,005,000</u>	<u>\$ 122,840,000</u>

Changes in long-term liabilities in 2021 are as follows:

	<b>December 31, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>December 31, 2021</b>
Bonds Payable:				
Water Revenue Bonds	\$ 59,975,000	\$ 16,700,000	\$ 4,070,000	\$ 72,605,000
E.F.C. Drinking Water Installment Bonds	<u>27,615,000</u>	<u>0</u>	<u>20,205,000</u>	<u>7,410,000</u>
Total Bonds Payable	<u>\$ 87,590,000</u>	<u>\$ 16,700,000</u>	<u>\$ 24,275,000</u>	<u>\$ 80,015,000</u>

**Leases**

The Authority leases certain water facilities under lease obligations. Water districts included in capital assets amounted to \$23,169,890 for both years ending December 31, 2022 and 2021. Accumulated amortization related to these water districts was \$16,438,721 and \$16,001,542 for the years ending December 31, 2022 and 2021, respectively.

Amortization expense related to water districts under leases was \$437,179 and \$442,045 for the years ended December 31, 2022 and 2021, respectively.

At December 31, 2022, all outstanding obligations related to leases had been satisfied in full.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 6 – EMPLOYEE RETIREMENT SYSTEM**

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**Plan Description**

The Authority 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, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (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 trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority 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 may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or by writing to the New York State and Local Employees' Retirement System, Alfred E. Smith State Office Building, State Street, Albany, New York 12244.

**Contributions**

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% of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	<b>Annual Contributions</b>
2022	<u>\$ 1,542,493</u>
2021	<u>\$ 2,133,438</u>
2020	<u>\$ 1,867,831</u>

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 6 – EMPLOYEE RETIREMENT SYSTEM – Continued**

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**Pension (Asset) Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**

At December 31, 2022 and 2021, the Authority reported an (asset) liability of \$(3,495,044) and \$42,398, respectively, for its proportionate share of the net (asset) pension liability. The net pension (asset) liability was measured as of March 31, 2022 and March 31, 2021 and the total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of those dates. The Authority’s proportionate share of the net pension (asset) liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2022 and 2021, the Authority’s proportion was .0428% and .0426%, respectively.

At December 31, 2022, the Authority reported deferred outflows/inflows of resources related to pensions from the following sources:

	<b>2022</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 264,685	\$ 343,311
Changes of Assumptions	5,832,837	98,423
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	11,444,805
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	383,598	90,524
Authority Contributions Subsequent to the Measurement Date	1,542,493	0
<b>Total</b>	<b>\$ 8,023,613</b>	<b>\$ 11,977,063</b>



**ONONDAGA COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 6 – EMPLOYEE RETIREMENT SYSTEM – Continued**

**Pension (Asset) Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions – Continued**

At December 31, 2021, the Authority reported deferred outflows/inflows of resources related to pensions from the following sources:

	<b>2021</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 517,797	\$ 0
Changes of Assumptions	7,795,662	147,029
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	12,179,260
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	372,103	120,696
Authority Contributions Subsequent to the Measurement Date	2,133,438	0
Total	\$ 10,819,000	\$ 12,446,985

Authority contributions subsequent to the measurement date of \$1,542,493, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ (745,736)
2024	(1,227,984)
2025	(2,942,482)
2026	(579,741)
Total	\$ (5,495,943)

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 6 – EMPLOYEE RETIREMENT SYSTEM – Continued**

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**Pension (Asset) Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions – Continued**

Deferred outflows of resources of \$2,133,438 at December 31, 2021 resulting from the Authority’s contributions subsequent to the measurement date, were recognized as a reduction of the net pension liability in the year ended December 31, 2022.

The Authority recorded pension expense for the years ending December 31, 2022 and 2021 in the amounts of \$330,516 and \$1,125,735, respectively.

Actuarial Assumptions

The total pension asset at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021 with update procedures used to roll forward the total pension liability to March 31, 2022. The total pension liability for the March 31, 2021 measurement date was determined using an actuarial valuation as of April 1, 2020, with update procedures to roll forward the total pension liability to March 31, 2021. The actuarial valuation used the following actuarial assumptions.

	<b>2022</b>	<b>2021</b>
Inflation Rate	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 to March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2020.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 6 – EMPLOYEE RETIREMENT SYSTEM – Continued**

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**Pension (Asset) Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions – Continued**

Expected Rate of Return on Investments

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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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:

<b>Asset Class</b>	<b>Expected Real Rate of Return</b>	
	<b>2022</b>	<b>2021</b>
Domestic Equities	3.3%	4.1%
International Equities	5.9%	6.3%
Real Estate	5.0%	5.0%
Private Equity/Alternative Investments	6.5%	6.8%
Opportunistic Portfolio	4.1%	4.5%
Real Assets	5.6%	6.0%
Cash	-1.0%	0.5%
Credit	3.8%	3.6%

**ONONDAGA COUNTY WATER AUTHORITY**

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 6 – EMPLOYEE RETIREMENT SYSTEM – Continued**

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**Pension (Asset) Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions – Continued**

Discount Rate

The discount rate used to calculate the total pension (asset) liability was 5.9% at both December 31, 2022 and 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. Based upon these 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.

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

The following presents the Authority’s December 31, 2022 proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.9%) or 1 percentage point higher (6.9%) than the current rate:

	<b>1% Decrease 4.90%</b>	<b>Current Discount 5.90%</b>	<b>1% Increase 6.90%</b>
Authority's Proportionate Share of the Net Pension (Asset) Liability	<u>\$ 8,996,205</u>	<u>\$ (3,495,044)</u>	<u>\$ (13,943,372)</u>

The following presents the Authority’s December 31, 2021 proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.9%) or 1 percentage point higher (6.9%) than the current rate:

	<b>1% Decrease 4.90%</b>	<b>Current Discount 5.90%</b>	<b>1% Increase 6.90%</b>
Authority's Proportionate Share of the Net Pension (Asset) Liability	<u>\$ 11,768,101</u>	<u>\$ 42,398</u>	<u>\$ (10,771,444)</u>

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 6 – EMPLOYEE RETIREMENT SYSTEM – Continued**

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**Pension (Asset) Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions – Continued**

Pension Plan Fiduciary Net Position

The components of the current year net pension (asset) liability of the employers as of March 31, 2022 and 2021 were as follows:

	<b>(Dollars in Thousands)</b>	
	<b>2022</b>	<b>2021</b>
Employer Total Pension Liability	\$ 223,874,888	\$ 220,680,157
Plan Net Position	<u>(232,049,473)</u>	<u>(220,580,583)</u>
Employer Net Pension (Asset) Liability	<u>\$ (8,174,585)</u>	<u>\$ 99,574</u>
Ratio of Plan Net Position to the Employers' Total Pension (Asset) Liability	<u>103.7%</u>	<u>99.9%</u>

**Deferred Compensation Plan**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. As required by Federal regulations, these plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. The Authority does not make contributions to this plan.

The Authority has no fiduciary relationship with the trust. In accordance with the provisions of the Statement of Governmental Accounting Standards No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the plan assets are not reported in the Authority's financial statements.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

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**General Information about the OPEB Plan**

Plan Description – The Authority provides continuation of health insurance coverage under a single-employer defined benefit healthcare plan to its employees that retire under the New York State Employee Retirement Systems at the same time they end their service to the Authority. Based on the provisions of the employment contract negotiated between the Authority and its employee groups, the retiree and his or her beneficiaries, receive this coverage for the life of the retiree. Healthcare benefits for non-bargaining employees are similar to those of union employees. For family coverage the retirees share amounts to 50% of the difference between the family and individual coverage. Spousal benefits continue until the death of the retiree. Surviving spouses are permitted to continue coverage after the death of the retiree, but are responsible for 100% of the premium. The Authority does not issue a publicly available financial report for the plan.

Funding Policy – The obligations of the plan are established by action of the Authority pursuant to applicable collective bargaining and employment agreements which will be renegotiated at various times in the future. The Authority, per its contracts with employee units, will pay the full premium costs for the individual health insurance coverage provided by NYSHIP – Empire Plan for an employee of the Authority at retirement and until the employee attains age 65, provided the employee is eligible for retirement and has been employed with the Authority for at least ten consecutive years prior to the date of retirement. After the employee attains the age of 65, the Authority will pay the full premium costs for individual health insurance coverage provided by Medicare Supplemental Plan F and prescription coverage provided by Simply Prescriptions. Teamster employees retiring on or after July 1, 2010 and CSEA employees retiring on or after January 1, 2012 shall be required to pay 10% of the premium cost.

For family coverage the retirees share amounts to 50% of the difference between the family and individual coverage until the age of 65. After the age of 65, the Authority will no longer pay any premium costs of the spouse. Surviving spouses are permitted to continue coverage after the death of the retiree, but are responsible for 100% of the premium. The Authority currently pays for post-employment health care benefits on a pay-as-you-go basis.

**ONONDAGA COUNTY WATER AUTHORITY**

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) –**

Continued

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**General Information about the OPEB Plan – Continued**

Employees Covered by Benefit Terms – At December 31, 2022 and 2021, the following employees were covered by the benefit terms:

	<b>2022</b>	<b>2021</b>
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	75	75
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	0	0
Active Employees	<u>166</u>	<u>166</u>
Total	<u><u>241</u></u>	<u><u>241</u></u>

**Total OPEB Liability**

The Authority's total OPEB liability of \$34,854,800 as of December 31, 2022 was measured as of June 30, 2022 and determined by an actuarial valuation as of June 30, 2022.

The Authority's total OPEB liability of \$41,856,650 as of December 31, 2021 was measured as of June 30, 2021 and determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2022 and 2021 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<b>2022</b>	<b>2021</b>
Inflation Rate	2.50%	2.50%
Salary Increases	3.00%	3.00%
Discount Rate	3.54%	2.14%
Healthcare Cost Trends Rates	6.00%	6.00%

The discount rate was based on Bond Buyer Weekly 20-Bond Go Index as of June 30, 2022 and 2021.

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**ONONDAGA COUNTY WATER AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) –**

Continued

**Total OPEB Liability – Continued**

Mortality – Actives for December 31, 2022: The RPH-2014 mortality tables for employees, sex distinct, with generational mortality adjusted to 2006 with using scale MP-2014, and projected forward with scale MP-2020.

Mortality – Retirees for December 31, 2022: The RPH-2014 mortality tables for healthy annuitants, sex distinct, with generational mortality adjusted to 2006 with using scale MP-2014, and projected forward with scale MP-2020.

Mortality – Actives for December 31, 2021: The RPH-2014 mortality tables for employees, sex distinct, with generational mortality adjusted to 2006 with using scale MP-2014, and projected forward with scale MP-2020.

Mortality – Retirees for December 31, 2021: The RPH-2014 mortality tables for healthy annuitants, sex distinct, with generational mortality adjusted to 2006 with using scale MP-2014, and projected forward with scale MP-2020.

**Changes in Total OPEB Liability**

	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 41,856,650	\$ 42,227,839
Changes for the Year:		
Service Cost	1,800,525	1,802,456
Interest	926,549	965,345
Differences Between Expected and Actual Experience	0	(1,983,150)
Changes on Assumptions and Other Inputs	(9,008,004)	(456,816)
Benefit Payments	<u>(720,920)</u>	<u>(699,024)</u>
Net Changes	<u>(7,001,850)</u>	<u>(371,189)</u>
Balance at December 31	<u>\$ 34,854,800</u>	<u>\$ 41,856,650</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.14% in 2021 to 3.54% in 2022.



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**ONONDAGA COUNTY WATER AUTHORITY**

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) –**

Continued

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**Changes in Total OPEB Liability – Continued**

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

The following presents the total OPEB liability of the Authority as of December 31, 2022, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	<b>1% Decrease 2.54%</b>	<b>Current Discount Rate 3.54%</b>	<b>1% Increase 4.54%</b>
Total OPEB Liability	<u>\$ 40,983,119</u>	<u>\$ 34,854,800</u>	<u>\$ 29,962,002</u>

The following presents the total OPEB liability of the Authority as of December 31, 2021, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.14%) or 1 percentage point higher (3.14%) than the current discount rate:

	<b>1% Decrease 1.14%</b>	<b>Current Discount Rate 2.14%</b>	<b>1% Increase 3.14%</b>
Total OPEB Liability	<u>\$ 50,113,729</u>	<u>\$ 41,856,650</u>	<u>\$ 35,360,378</u>

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**ONONDAGA COUNTY WATER AUTHORITY**

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) –**

Continued

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**Changes in Total OPEB Liability – Continued**

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

The following presents the total OPEB liability of the Authority as of December 31, 2022, as well as what the Authority'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 healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability	<u>\$ 29,177,258</u>	<u>\$ 34,854,800</u>	<u>\$ 42,183,228</u>

The following presents the total OPEB liability of the Authority as of December 31, 2021, as well as what the Authority'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 healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability	<u>\$ 34,640,116</u>	<u>\$ 41,856,650</u>	<u>\$ 51,307,477</u>

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**ONONDAGA COUNTY WATER AUTHORITY**

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) –**

Continued

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**OPEB Expense and Deferred Outflows of Resources**

For the year ended December 31, 2022, the Authority recognized OPEB expense of \$1,991,981. At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>2022</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 488,030	\$ 1,313,575
Changes of Assumptions or Other Inputs	3,486,517	8,824,879
Employer Contributions Subsequent to Measurement Date	<u>431,915</u>	<u>0</u>
Total	<u>\$ 4,406,462</u>	<u>\$ 10,138,454</u>

For the year ended December 31, 2021, the Authority recognized OPEB expense of \$3,854,723. At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>2021</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 976,062	\$ 1,649,818
Changes of Assumptions or Other Inputs	5,016,582	2,233,822
Employer Contributions Subsequent to Measurement Date	<u>360,460</u>	<u>0</u>
Total	<u>\$ 6,353,104</u>	<u>\$ 3,883,640</u>

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) –**

Continued

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**OPEB Expense and Deferred Outflows of Resources – Continued**

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

2023	\$ (1,181,831)
2024	(1,077,793)
2025	(879,620)
2026	(1,637,644)
2027	(1,387,019)

**NOTE 8 – SERVICE CONCESSION ARRANGEMENT FOR  
WATER TREATMENT PLANT – MWB**

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Beginning January 1, 2017, the operations of Onondaga County Metropolitan Water Board were consolidated into the OCWA system. The MWB's main function is to treat and wholesale water from Lake Ontario to three customers, one being OCWA.

The terms of the consolidation agreement require OCWA to assume operation of and maintain the MWB system for a 30-year operations period which includes running a water treatment plant, five pump stations, one chlorine booster facility and five water storage tanks. In addition, OCWA is expected to design, build and finance a major upgrade of the 50-year-old Lake Ontario water treatment plant over the next three to four years, which is estimated to be a \$70 million project.

OCWA will be entitled to all water revenues during the 30-year operations period. At the end of the arrangement, operation of the Lake Ontario water treatment plant will be transferred to Onondaga County. OCWA entered into this agreement to reduce its costs historically paid for purchased water from MWB.

As of December 31, 2022 and 2021, OCWA incurred costs of \$10,955,841 and \$13,711,804 in connection with various upgrades which are reported as intangible assets and construction in progress. As with other upgrades to the MWB system, when the upgrade to the Lake Ontario water treatment plant has been constructed and placed in service, OCWA will recognize an intangible asset for its right to access and operate the plant for the remainder of the 30-year service concession arrangement. As of December 31, 2022 and 2021, \$17,713,609 and \$17,692,976 was recognized as intangible assets, respectively. Amortization on the intangible asset was \$1,673,831 and \$1,005,252 for 2022 and 2021, respectively.

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**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 9 – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS**

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For the year ended December 31, 2022, the Authority adopted GASB Statement No. 87, “*Leases*”. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

**NOTE 10 – RECENT AND UPCOMING PRONOUNCEMENTS**

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GASB Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*”, was issued in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Authority is required to adopt the provisions of this Statement for the year ending December 31, 2023.

GASB Statement No. 96, “*Subscription-Based Information Technology Arrangements*”, was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Authority is required to adopt the provisions of this Statement for the year ending December 31, 2023.

GASB Statement No. 99, “*Omnibus 2022*” was issued in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Authority is required to adopt the provisions of this Statement over a period of issuance of the statement to the year ended December 31, 2024.

GASB Statement No. 100, “*Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*”, was issued in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Authority is required to adopt the provisions of this Statement for the year ending December 31, 2024.

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 10 – RECENT AND UPCOMING PRONOUNCEMENTS –**

Continued

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GASB Statement No. 101, “*Compensated Absences*”, was issued in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Authority is required to adopt the provisions of this Statement for the year ending December 31, 2024.

The Authority’s management is in the process of evaluating the impact of these statements on its future financial statements.

**NOTE 11 – FIRE DAMAGE**

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In October 2021, a fire occurred in a utility crew truck in the garage portion of the Authority’s Northern Concourse facility. The fire spread to the building and resulted in significant damage to the facility, inventory, vehicles and other equipment. The Authority’s ability to produce water was not compromised and operations were nearly back to normal within weeks.

As of December 31, 2022, the Authority recognized net insurance proceeds from fire of \$2,162,925. As of December 31, 2022, the Authority also has \$400,000 of insurance proceeds in materials, supplies and prepaid expenses to cover the final repairs in 2023.

**NOTE 12 – LEGAL SETTLEMENT**

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In May 2022, the Authority reached a settlement with the parties involved in a lawsuit filed by the Authority on March 29, 2020 regarding the improper installation of piping at the Terminal Reservoir in Clay, NY. The parties, all of whom deny any liability, agreed to pay the Authority \$1,300,000 in consideration of the Authority releasing them from the lawsuit in question.

**ONONDAGA COUNTY WATER AUTHORITY**

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**SCHEDULE OF CHANGES IN AUTHORITY'S OTHER POST-EMPLOYMENT  
BENEFITS LIABILITY AND RELATED RATIOS**

Year Ended December 31, 2022

Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
<b>Total OPEB Liability</b>							
Service Cost	\$ 1,800,525	\$ 1,802,456	\$ 1,412,489	\$ 1,119,777	\$ 1,250,056	\$ 1,236,431	\$ 956,419
Interest	926,549	965,345	1,217,472	1,259,686	1,161,107	899,723	938,497
Difference Between Expected and Actual Experience	0	(1,983,150)	0	(4,281)	0	3,416,222	0
Changes in Assumptions and Other Inputs	(9,008,004)	(456,816)	6,556,410	214,405	(1,563,729)	(4,144,457)	4,914,046
Benefit Payments	<u>(720,920)</u>	<u>(699,024)</u>	<u>(661,934)</u>	<u>(632,867)</u>	<u>(567,678)</u>	<u>(547,541)</u>	<u>(545,162)</u>
Net Change in Total OPEB Liability	(7,001,850)	(371,189)	8,524,437	1,956,720	279,756	860,378	6,263,800
Total OPEB Liability - Beginning	<u>41,856,650</u>	<u>42,227,839</u>	<u>33,703,402</u>	<u>31,746,682</u>	<u>31,466,926</u>	<u>30,606,548</u>	<u>24,342,748</u>
Total OPEB Liability - Ending	<u>\$ 34,854,800</u>	<u>\$ 41,856,650</u>	<u>\$ 42,227,839</u>	<u>\$ 33,703,402</u>	<u>\$ 31,746,682</u>	<u>\$ 31,466,926</u>	<u>\$ 30,606,548</u>
Covered Payroll	<u>\$ 13,399,564</u>	<u>\$ 12,932,267</u>	<u>\$ 12,932,267</u>	<u>\$ 12,756,440</u>	<u>\$ 11,959,693</u>	<u>N/A</u>	<u>N/A</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>260%</u>	<u>324%</u>	<u>327%</u>	<u>264%</u>	<u>265%</u>	<u>N/A</u>	<u>N/A</u>
Discount Rate	<u>3.54%</u>	<u>2.14%</u>	<u>2.21%</u>	<u>3.50%</u>	<u>3.87%</u>	<u>3.58%</u>	<u>3.50%</u>

See notes to financial statements.

**ONONDAGA COUNTY WATER AUTHORITY**

**SCHEDULE OF AUTHORITY'S CONTRIBUTIONS**

Year Ended December 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>NYSLRS Pension Plan</b>									
Contractually Required Contributions	\$ 1,542,493	\$ 2,133,438	\$ 1,867,831	\$ 1,800,994	\$ 1,750,314	\$ 1,543,843	\$ 1,467,536	\$ 1,751,828	\$ 1,824,822
Contributions in Relation to Contractually Required Contributions	<u>(1,542,493)</u>	<u>(2,133,438)</u>	<u>(1,867,831)</u>	<u>(1,800,994)</u>	<u>(1,750,314)</u>	<u>(1,543,843)</u>	<u>(1,467,536)</u>	<u>(1,751,828)</u>	<u>(1,824,822)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Employer's Covered - Employee Payroll	<u>\$ 13,365,622</u>	<u>\$ 12,982,984</u>	<u>\$ 13,292,651</u>	<u>\$ 12,845,796</u>	<u>\$ 12,422,877</u>	<u>\$ 11,882,056</u>	<u>\$ 9,495,344</u>	<u>\$ 9,239,591</u>	<u>\$ 8,823,689</u>
Contribution as a Percentage of Covered - Employee Payroll	<u>11.5%</u>	<u>16.4%</u>	<u>14.1%</u>	<u>14.0%</u>	<u>14.1%</u>	<u>13.0%</u>	<u>15.5%</u>	<u>19.0%</u>	<u>20.7%</u>

The Authority is required to present information in this schedule for a ten year period. Data for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.



**ONONDAGA COUNTY WATER AUTHORITY**

**SCHEDULE OF AUTHORITY'S PROPORTIONATE  
SHARE OF THE NET PENSION (ASSET) LIABILITY**

Year Ended December 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
<b>NYSLRS Pension Plan</b>								
Authority's Proportion of the Net Pension (Asset) Liability	0.0427550%	0.0425796%	0.0439178%	0.0430618%	0.0374481%	0.0359589%	0.0356959%	0.0345407%
Authority's Proportionate Share of the Net Pension (Asset) Liability	<u>\$ (3,495,044)</u>	<u>\$ 42,398</u>	<u>\$ 11,629,696</u>	<u>\$ 3,051,058</u>	<u>\$ 1,208,617</u>	<u>\$ 3,378,779</u>	<u>\$ 5,729,286</u>	<u>\$ 1,166,871</u>
Authority's Covered-Employee Payroll During Measurement Period	<u>\$ 13,365,622</u>	<u>\$ 12,982,984</u>	<u>\$ 13,292,651</u>	<u>\$ 12,845,796</u>	<u>\$ 12,422,877</u>	<u>\$ 11,882,056</u>	<u>\$ 9,495,344</u>	<u>\$ 9,239,591</u>
Authority's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered-Employee Payroll	<u>-26.1%</u>	<u>0.3%</u>	<u>87.5%</u>	<u>23.8%</u>	<u>9.7%</u>	<u>28.4%</u>	<u>60.3%</u>	<u>12.6%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability	<u>103.7%</u>	<u>99.9%</u>	<u>86.4%</u>	<u>96.3%</u>	<u>98.2%</u>	<u>94.7%</u>	<u>90.7%</u>	<u>97.9%</u>

The Authority is required to present information in this schedule for a ten year period. Data for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.

See notes to financial statements.



Dermody, Burke & Brown, CPAs, LLC

**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***

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**BOARD OF DIRECTORS  
ONONDAGA COUNTY WATER AUTHORITY**

We have audited, in accordance with the 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 Onondaga County Water Authority (the Authority), which comprise the statements of net position as of December 31, 2022, and the related statements of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 22, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.

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## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dermody, Burke & Brown*

**DERMODY, BURKE & BROWN, CPAs, LLC**

Syracuse, NY

March 22, 2023



Dermody, Burke & Brown, CPAs, LLC

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
WITH INVESTMENT GUIDELINES FOR PUBLIC AUTHORITIES**

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**BOARD OF DIRECTORS  
ONONDAGA COUNTY WATER AUTHORITY**

We have examined Onondaga County Water Authority's (the Authority) compliance with Section 2925(3) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations during the year ended December 31, 2022. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. These standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2022.

*Dermody, Burke & Brown*

**DERMODY, BURKE & BROWN, CPAs, LLC**

Syracuse, NY

March 22, 2023

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