



## **Village of Springville, New York**

Financial Report

May 31, 2024

# Village of Springville, New York

## Financial Report

May 31, 2024

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## **Independent Auditor's Report**

The Honorable Members of the Village Board of Trustees  
Village of Springville, New York

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Village of Springville, New York (Village), as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the 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 Village'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 Village's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the accompanying table of contents on pages 40 to 45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.



***Required Supplementary Information - Continued***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2025 on our consideration of the Village'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 Village'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 Village's internal control over financial reporting and compliance.

BST+Co.CPAs, LLP

Latham, New York  
July 8, 2025



# Village of Springville, New York

## Statement of Net Position

	May 31, 2024		
	Governmental Activities	Business-Type Activity	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,351,763	\$ 585,675	\$ 4,937,438
Cash and cash equivalents, restricted	859,725	-	859,725
Service award program assets	1,307,521	-	1,307,521
Accounts receivable, net	398,508	477,677	876,185
Due from other governments	129,089	-	129,089
Prepaid expenses	23,609	79,055	102,664
Lease receivable	1,301,762	-	1,301,762
Inventory	-	285,837	285,837
Capital assets			
Non-depreciable	9,723,043	1,303,239	11,026,282
Depreciable, net	20,118,178	6,894,663	27,012,841
Total assets	38,213,198	9,626,146	47,839,344
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	480,007	163,228	643,235
LOSAP deferrals	35,669	-	35,669
Total assets and deferred outflows of resources	38,728,874	9,789,374	48,518,248
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	154,247	368,894	523,141
Accrued interest	72,775	23,526	96,301
Due to retirement system	38,096	13,502	51,598
Unearned revenue	46,214	-	46,214
Customer deposits	-	28,664	28,664
Non-current liabilities			
Due in one year	754,900	426,050	1,180,950
Due in more than one year			
Compensated absences	6,751	3,162	9,913
Bonds payable	12,940,847	2,259,365	15,200,212
Lease payable	16,262	-	16,262
Net pension liability	639,814	218,718	858,532
Length of service award program obligations	1,803,564	-	1,803,564
Total liabilities	16,473,470	3,341,881	19,815,351
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	360,714	120,668	481,382
LOSAP deferrals	126,720	-	126,720
Lease deferrals	1,292,564	-	1,292,564
Total liabilities and deferred inflows of resources	18,253,468	3,462,549	21,716,017
<b>NET POSITION</b>			
Net investment in capital assets	16,221,539	5,540,941	21,762,480
Restricted	2,167,246	-	2,167,246
Unrestricted	2,086,621	785,884	2,872,505
<b>Total net position</b>	<b>\$ 20,475,406</b>	<b>\$ 6,326,825</b>	<b>\$ 26,802,231</b>

See accompanying Notes to Financial Statements.

# Village of Springville, New York

## Statement of Activities

Year Ended May 31, 2024

Functions/Programs	Expenses	Program Revenue			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General government support	\$ 785,042	\$ 53,596	\$ -	\$ -	\$ (731,446)	\$ -	\$ (731,446)
Public safety	1,366,503	263,662	-	189,068	(913,773)	-	(913,773)
Transportation	914,002	2,246	-	-	(911,756)	-	(911,756)
Economic opportunity and development	10,098	-	-	148,000	137,902	-	137,902
Culture and recreation	305,541	-	-	-	(305,541)	-	(305,541)
Home and community services	2,477,895	2,904,363	6,000	447,837	880,305	-	880,305
Interest on long-term debt	476,639	-	-	-	(476,639)	-	(476,639)
Total governmental activities	6,335,720	3,223,867	6,000	784,905	(2,320,948)	-	(2,320,948)
<b>BUSINESS-TYPE ACTIVITY</b>							
Electric	3,448,868	3,458,026	-	300,212	-	309,370	309,370
<b>Total government</b>	<b>\$ 9,784,588</b>	<b>\$ 6,681,893</b>	<b>\$ 6,000</b>	<b>\$ 1,085,117</b>	<b>(2,320,948)</b>	<b>309,370</b>	<b>(2,011,578)</b>
<b>GENERAL REVENUES</b>							
Real property tax and related tax items					2,072,872	-	2,072,872
Non-property taxes					659,311	-	659,311
Use of money and property					480,932	18,668	499,600
Other general revenues					179,545	22,136	201,681
Unrestricted state aid					35,518	-	35,518
Total general revenues					3,428,178	40,804	3,468,982
<b>INTERFUND TRANSFERS</b>							
					32,402	(32,402)	-
<b>CHANGES IN NET POSITION</b>							
					1,139,632	317,772	1,457,404
<b>NET POSITION, <i>beginning of year</i></b>							
					19,335,774	6,009,053	25,344,827
<b>NET POSITION, <i>end of year</i></b>							
					\$ 20,475,406	\$ 6,326,825	\$ 26,802,231

See accompanying Notes to Financial Statements.

# Village of Springville, New York

## Balance Sheet - Governmental Funds

	May 31, 2024				
	Major Funds				
	General	Capital Projects	Water	Sewer	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,724,073	\$ -	\$ 1,417,449	\$ 210,241	\$ 4,351,763
Cash and cash equivalents, restricted	518,432	34,729	133,966	172,598	859,725
Service award program assets	1,307,521	-	-	-	1,307,521
Accounts receivable	587	-	162,435	235,486	398,508
Lease receivable	1,301,762	-	-	-	1,301,762
Due from other funds	415,184	-	-	-	415,184
Due from other governments	129,089	-	-	-	129,089
Prepaid expenditures	7,992	-	5,130	10,487	23,609
	<u><b>\$ 6,404,640</b></u>	<u><b>\$ 34,729</b></u>	<u><b>\$ 1,718,980</b></u>	<u><b>\$ 628,812</b></u>	<u><b>\$ 8,787,161</b></u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 111,263	\$ -	\$ 12,548	\$ 30,436	\$ 154,247
Due to retirement system	21,706	-	8,878	7,512	38,096
Due to other funds	-	415,184	-	-	415,184
Unearned revenue	46,214	-	-	-	46,214
	<u>179,183</u>	<u>415,184</u>	<u>21,426</u>	<u>37,948</u>	<u>653,741</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,292,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,292,564</u>
<b>FUND BALANCES</b>					
Nonspendable	7,992	-	5,130	10,487	23,609
Restricted	1,825,953	34,729	133,966	172,598	2,167,246
Assigned	313,862	-	1,558,458	407,779	2,280,099
Unassigned	2,785,086	(415,184)	-	-	2,369,902
Total fund balances	<u>4,932,893</u>	<u>(380,455)</u>	<u>1,697,554</u>	<u>590,864</u>	<u>6,840,856</u>
	<u><b>\$ 6,404,640</b></u>	<u><b>\$ 34,729</b></u>	<u><b>\$ 1,718,980</b></u>	<u><b>\$ 628,812</b></u>	<u><b>\$ 8,787,161</b></u>

See accompanying Notes to Financial Statements.



# Village of Springville, New York

## Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

**May 31, 2024**

Total fund balances in the fund financial statements for the governmental funds \$ 6,840,856

This amount differs from the amount of net position shown in the statement of net position due to the following:

Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation. 29,841,221

Deferred outflows and inflows for pensions and other postemployment benefits are included in the government-wide statements and are added:

Deferred outflows - pension resources	480,007
Deferred inflows - pension resources	(360,714)
Deferred outflows - LOSAP	35,669
Deferred inflows - LOSAP	(126,720)

Certain liabilities listed below are not due and payable in the current period and, therefore, are not reported in the fund financial statements:

Bonds payable	(13,543,000)
Lease payable	(31,568)
Bond premium	(76,682)
Net pension liability	(639,814)
Compensated absences	(67,510)
Accrued interest	(72,775)
LOSAP obligations	(1,803,564)

**Total net position, end of year** **\$ 20,475,406**

# Village of Springville, New York

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year Ended May 31, 2024				
	Major Funds				
	General	Capital Projects	Water	Sewer	Total
<b>REVENUES</b>					
Real property tax and related tax items	\$ 2,072,872	\$ -	\$ -	\$ -	\$ 2,072,872
Non-property taxes	646,581	-	-	-	646,581
Departmental revenues	101,153	-	1,164,085	1,613,070	2,878,308
Intergovernmental charges	263,448	-	-	-	263,448
Use of money and property	416,458	-	50,300	18,574	485,332
Licenses and permits	37,326	-	-	-	37,326
Fines and forfeitures	151,020	-	-	-	151,020
Sale of property and compensation for loss	37,359	-	-	-	37,359
Miscellaneous local sources	401	-	673	-	1,074
Interfund revenues	44,785	-	-	-	44,785
Federal aid	439,779	148,000	-	-	587,779
State aid	245,374	6,000	-	-	251,374
Total revenues	<u>4,456,556</u>	<u>154,000</u>	<u>1,215,058</u>	<u>1,631,644</u>	<u>7,457,258</u>
<b>EXPENDITURES</b>					
General government support	626,660	-	26,418	23,313	676,391
Public safety	1,110,343	-	-	-	1,110,343
Transportation	699,185	-	-	-	699,185
Economic opportunity and development	-	26,263	-	-	26,263
Culture and recreation	174,401	-	-	-	174,401
Home and community services	457,834	1,937,636	496,307	625,008	3,516,785
Employee benefits	393,850	-	140,944	107,838	642,632
Debt service					
Principal	164,395	-	221,000	297,000	682,395
Interest	46,973	-	51,632	384,869	483,474
Total expenditures	<u>3,673,641</u>	<u>1,963,899</u>	<u>936,301</u>	<u>1,438,028</u>	<u>8,011,869</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>782,915</b>	<b>(1,809,899)</b>	<b>278,757</b>	<b>193,616</b>	<b>(554,611)</b>
<b>OTHER FINANCING SOURCES</b>					
Operating transfers in	32,402	-	-	-	32,402
<b>Net change in fund balances</b>	<b>815,317</b>	<b>(1,809,899)</b>	<b>278,757</b>	<b>193,616</b>	<b>(522,209)</b>
<b>FUND BALANCES, beginning of year</b>	<u>4,117,576</u>	<u>1,429,444</u>	<u>1,418,797</u>	<u>397,248</u>	<u>7,363,065</u>
<b>FUND BALANCES, end of year</b>	<u><b>\$ 4,932,893</b></u>	<u><b>\$ (380,455)</b></u>	<u><b>\$ 1,697,554</b></u>	<u><b>\$ 590,864</b></u>	<u><b>\$ 6,840,856</b></u>

See accompanying Notes to Financial Statements.

# Village of Springville, New York

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

	<u>Year Ended</u> <u>May 31, 2024</u>
Net change in fund balances shown for total governmental funds	\$ (522,209)
This amount differs from the change in net position shown in the statement of activities because of the following:	
Increases in revenues in the statement of activities that do not reduce current financial resources are not reported in the funds.	(14,308)
Capital outlays for the acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for the acquisition of capital assets exceeded depreciation expense for the period. Dispositions of these assets are not recorded in the governmental funds.	
Loss on disposition	(34,466)
Capital expenditures	2,527,284
Depreciation expense	<u>(1,403,214)</u>
	1,089,604
Debt principal payments are shown as expenditures in the governmental funds. These payments are shown in the statement of net position as a reduction of the related liabilities. Debt obligation proceeds are shown as other financing sources in the funds. These proceeds are reported as liabilities in the statement of net position.	
Lease principal payments	14,395
Bond principal payments	<u>668,000</u>
	682,395
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds; this is the amount by which the current-period expenditures exceed the costs allocated over the applicable periods.	
Accrued interest	-
Bond premiums	6,835
Net pension liability, net of related deferrals	(87,661)
LOSAP obligation, net of related deferrals	(1,935)
Compensated absences	<u>(13,089)</u>
	(95,850)
<b>Change in net position of governmental activities shown in the statement of activities</b>	<b><u>\$ 1,139,632</u></b>

# Village of Springville, New York

## Statement of Net Position - Proprietary Fund

	<u>May 31, 2024</u>
	<u>Electric Fund</u>
<b>CURRENT ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 585,675
Accounts receivable, net	477,677
Prepaid expenses	79,055
Inventory	285,837
Total current assets	<u>1,428,244</u>
<b>NONCURRENT ASSETS</b>	
Capital assets	
Non-depreciable	1,303,239
Depreciable, net	6,894,663
Total non-current assets	<u>8,197,902</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>163,228</u>
Total assets and deferred outflows of resources	<u>9,789,374</u>
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	368,894
Accrued interest	23,526
Due to retirement system	13,502
Customer deposits	28,664
Compensated absences, due in one year	28,454
Bonds payable, due in one year	397,596
Total current liabilities	<u>860,636</u>
<b>NONCURRENT LIABILITIES</b>	
Compensated absences	3,162
Net pension liability	218,718
Bonds payable	2,259,365
Total noncurrent liabilities	<u>2,481,245</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>120,668</u>
Total liabilities and deferred inflows of resources	<u>3,462,549</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,540,941
Unrestricted	785,884
Total net position	<u><u>\$ 6,326,825</u></u>

See accompanying Notes to Financial Statements.

# Village of Springville, New York

## Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund

	<b>Year Ended May 31, 2024</b>
	<b>Electric Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	<u>\$ 3,458,026</u>
<b>OPERATING EXPENSES</b>	
Electricity purchased	2,032,878
Maintenance poles, towers and fixtures	16,109
Distribution and transmission	480,969
Administrative and employee benefits	760,233
Contractual appropriations of income	54,595
Bad debt expense	12,961
Total operating expenses	<u>3,357,745</u>
<b>Operating income</b>	<u><b>100,281</b></u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	18,668
Other revenue	22,136
Interest expense	(91,123)
Total nonoperating revenues (expenses)	<u>(50,319)</u>
<b>Income before other financing uses and capital contributions</b>	<u><b>49,962</b></u>
<b>OTHER FINANCING USES</b>	
Interfund transfers - General Fund PILOT	(32,402)
<b>CAPITAL CONTRIBUTIONS</b>	<u>300,212</u>
<b>CHANGE IN NET POSITION</b>	<u><b>317,772</b></u>
<b>NET POSITION, <i>beginning of year</i></b>	<u>6,009,053</u>
<b>NET POSITION, <i>end of year</i></b>	<u><u><b>\$ 6,326,825</b></u></u>

# Village of Springville, New York

## Statement of Cash Flows - Proprietary Fund

	<b>Year Ended May 31, 2024</b>
	<b>Electric Fund</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Cash received from providing services	\$ 3,284,226
Cash payments for contractual expenses	(2,058,095)
Cash payments for personal services and benefits	(967,928)
	<b>258,203</b>
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	
Transfer/contributions to General Fund	(32,402)
Non-operating revenue	22,136
	<b>(10,266)</b>
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments on bonds	(384,000)
Interest payments	(99,735)
Acquisition of capital assets and cost of removal	(673,394)
	<b>(1,157,129)</b>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	
Interest income	<b>18,668</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(890,524)</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<b>1,476,199</b>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<b>\$ 585,675</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income	\$ 100,281
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	308,946
Gain on disposition	(259)
Bad debt expense	12,961
Change in assets and liabilities	
Accounts receivable	(286,175)
Inventory	(38,650)
Prepaid expenses	(16,056)
Deferred outflows of resources	38,872
Accounts payable and accrued expenses	131,268
Due to retirement system	3,795
Customer deposits	131
Accrued compensated absences	11,478
Net pension liability	(106,361)
Deferred inflows of resources	97,972
	<b>\$ 258,203</b>

See accompanying Notes to Financial Statements.

# Village of Springville, New York

## Statement of Fiduciary Net Position

	<u>May 31, 2024</u>
	<u>Custodial</u>
	<u>Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 946
<b>LIABILITIES</b>	
Unclaimed resources	<u>485</u>
<b>FUND BALANCE</b>	
Restricted	<u><u>\$ 461</u></u>

# Village of Springville, New York

## Statement of Changes in Fiduciary Net Position

	<u>Year Ended May 31, 2024</u> <u>Custodial Fund</u>
<b>ADDITIONS</b>	
Donations	\$ 525
<b>DEDUCTIONS</b>	
Program activities	<u>3,659</u>
<b>DECREASE IN FIDUCIARY NET POSITION</b>	<b>(3,134)</b>
<b>NET POSITION, <i>beginning of year</i></b>	<u>3,595</u>
<b>NET POSITION, <i>end of year</i></b>	<u><u>\$ 461</u></u>



# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### **Note 1 - Organization and Summary of Significant Accounting Policies**

The accompanying basic financial statements of the Village of Springville, New York (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing government accounting and financial reporting principles in the United States of America.

The basic services that the Village provides are general support, electricity, water, sewer, public safety, transportation, economic opportunity and development, culture and recreation, and home and community services.

#### *a. Financial Reporting Entity*

The reporting entity consists of: (a) the primary government, the Village, and (b) other organizational entities determined to be includable in the Village's financial reporting entity, based on the nature and significance of their relationship with the Village. The financial reporting entity is based on criteria set forth by the GASB. These criteria include legal standing, fiscal dependency, and financial accountability.

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in U.S. GAAP.

Based upon the application of these criteria, the Village has no component units that should be included in the reporting entity.

#### *b. Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. The effect of interfund activity within the governmental activities and business-type activity has been eliminated from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from the business-type activity, which relies to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the Village at the end of its fiscal year. The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses of individual functions and programs. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not included as program revenues are reported as general revenues, as required.

Separate statements are provided for governmental funds, the proprietary fund, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements.

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

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

#### *c. Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The government-wide and proprietary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenue in the year they are earned. Grants, entitlements, and donations are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits, net pension obligations, capital lease obligations and installment purchase debt are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes and certain intergovernmental charges are considered to be susceptible to accrual and so have been recognized in the fund financial statements as revenues of the current year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenues items are considered to be measurable and available generally when the Village receives cash for these revenues, such as departmental income and the use of money and property.

The Village reports the following governmental funds:

- General Fund - The General Fund is the principal operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.
- Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction, and renovation of major capital facilities or equipment other than those financed by the proprietary fund.
- Water Fund - The Water Fund is used to account for the provision of water services to the Village's citizenry, funded by user fees.
- Sewer Fund - The Sewer Fund is used to account for the provision of sewer services to the Village's citizenry, funded by user fees.

The Village's proprietary fund represents the Village's business-type activity. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and the depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

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

#### *c. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued*

The following is the Village's proprietary fund:

- Electric Fund - The Electric Fund is self-supporting through charges to customers in the Village's franchise area based on electric usage. The Electric Fund is subject to regulation by the New York State Public Service Commission (PSC) with respect to wholesale power purchased, rate structure, accounting, and other matters.

In addition, PSC regulations require that the records of the Electric Fund be maintained in accordance with the *Uniform System of Accounts*. The financial statements of the Electric Fund are presented in a form prescribed by the Federal Energy Regulatory Commission (FERC) and the PSC. Operating revenues of the Electric Fund are determined based on customer usage and demand charges at base rates for each consumer class approved by the PSC. Purchased power costs incurred in excess of those costs included in the base rate calculation are passed on to the consumer at no profit or loss to the Electric Fund by means of the Purchased Power Adjustment factor.

The Village's fiduciary fund consists of a custodial fund that holds resources in trust for a community-related program. The custodial fund is accounted for using the accrual basis of accounting and the economic resources measurement focus.

During the course of operations, the Village has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due to/from other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity may occur during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported at gross amounts in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

#### *d. Estimates*

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses/expenditures, and other financing sources (uses) during the reporting period. Actual results could differ from those estimates.

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

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

#### *e. Budgets*

Village administration prepares a proposed budget for approval by the members of the Village's Board of Trustees (Village Board) for its governmental funds and proprietary fund. The budget is adopted annually on a basis consistent with the modified accrual basis of accounting (governmental funds) and U.S. GAAP (proprietary fund). Appropriations are adopted at the program line-item level. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year and any appropriated reserve funds. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the fiscal year-end. Supplemental appropriations may occur subject to legal restrictions if the members of the Village Board approve them because of an existing need that was not determined at the time the budget was adopted.

The Village employs the following budgetary procedures:

- (1) No later than March 31, the Village Administrator submits a tentative budget to the Village Board for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the Village, except for the Capital Projects Fund.
- (2) After public hearings are conducted to obtain taxpayer comments, no later than May 1, the Village Board adopts the budget. Appropriations established by the budget constitute a limitation on expenditures that may be incurred.
- (3) All modifications of the budget must be approved by the Village Board, and appropriations lapse at fiscal year-end.

#### *f. Cash and Cash Equivalents*

Cash and cash equivalents consist of demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Village's investment policies are governed by New York State statutes and various resolutions of the Village Board. Village monies must be maintained in demand accounts or certificates of deposit in the Federal Deposit Insurance Corporation (FDIC) insured commercial bank or trust company authorized to do business in New York State. Other permissible investments include obligations of the U.S. Treasury, U.S. agencies, and New York State or its localities.

The Village is required to collateralize its cash deposits in excess of the FDIC limit. This collateral is in the form of government and government agencies' securities pledged by the bank, under a third-party trust agreement. As of May 31, 2024, the collateral was sufficient to secure the Village's deposits.

Restricted cash and cash equivalents are reserved for purposes stipulated by external parties and purposes established by the Village Board in accordance with General Municipal Law. Restricted cash and cash equivalents are held by the Village's funds for capital-related activities.

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

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

#### *g. Service Award Program Assets*

Investments in the Length of Service Award Program (LOSAP) are recommended from the Service Award Program Committee. The Village has entered into group annuity investment contracts with First Security Benefit Life Insurance and Annuity Company of New York (First Security) and American Equity. The contracts meet the fully benefit-responsive investment contract criteria and, therefore, are reported at contract value. Contract value, as reported to the Village by First Security and American Equity, represents contributions made under the contract plus earnings, less participant withdrawals and administrative expenses.

First Security and American Equity are contractually obligated to repay the principal and a specified rate of interest that is guaranteed to the Village. The guaranteed investment contract value does not permit the insurance company to terminate the agreement prior to the scheduled maturity date. There are no reserves against contract value for credit risk of the contract issuer or otherwise.

The Village's ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the third-party insurer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

#### *h. Accounts Receivable, Net and Due From Other Governments*

Accounts receivable are carried at their original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and using historical experience applied to an aging of accounts. The Village's Electric Fund recorded an allowance for doubtful accounts of \$52,464 as of May 31, 2024.

Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Amounts due from other governments in the General Fund consist of sales tax allocations for the months of March through May 2024 that were collected in June 2024.

#### *i. Leases*

The Village is the lessor and lessee for various noncancelable leases. For leases with a maximum possible term of 12 months or less at commencement, the Village recognizes revenue or expenditures/expenses based on the provisions of the lease contract. For all other leases, the Village initially recognizes a lease receivable or payable at the present value of lease payments expected to be received/made during the lease term. The Village also recognizes a deferred inflow of resources or right-of-use asset at the amount of the initial measurement of the lease receivable or payable, respectively, as adjusted for any lease payment received/made prior to the commencement of the lease term.

The deferred inflow of resources and lease assets are amortized on a straight-line basis. Estimated lease payments are discounted using the Village's estimated incremental borrowing rate. Lease receivables and payable are reduced by the principal portion of the lease payments received/made.

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

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

#### *j. Inventory*

Inventory of the Electric Fund consists of components, parts and tools held for consumption and is valued at the lower of cost or market, with cost determined using a rolling average unit cost method, as required by the *Uniform System of Accounts for Municipal Electric Utilities*. Inventory materials recovered and returned to stock in construction, maintenance, or the retirement of operating property are valued at current replacement prices.

Each year, the inventory is reviewed for obsolescence, and an adjustment is made to record the affected inventory item at its fair value. There were no obsolete inventory items identified in these funds as of May 31, 2024.

#### *k. Capital Assets*

Capital assets, which include land, construction work in progress, buildings, improvements other than buildings, vehicles and equipment, and infrastructure, are defined by the Village as assets with an initial cost of \$5,000 or more and are reported in the government-wide financial statements. Such assets are valued at historical cost or at an estimated historical cost when no historical records exist. Donated capital assets are valued at the estimated fair value as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the operating property.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. There was no impairment of long-lived assets as of May 31, 2024.

#### Governmental Funds

Capital assets in governmental activities are depreciated using the straight-line method over the following estimated useful lives:

<u>Class</u>	<u>Life in Years</u>
Buildings	15-50
Improvements other than buildings	10-20
Vehicles and equipment	5-40
Infrastructure	15-50

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

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

#### *k. Capital Assets - Continued*

##### Electric Fund

Under the provisions of the *Uniform System of Accounts for Municipal Electric Utilities*, operating property is recorded at cost, including capitalized labor, material and overhead. Overhead costs include fringe benefits, warehouse, and truck costs. Operating property constructed with capital fees received or contributed from customers or other parties is included in utility plant. Contributed operating property is recorded as capital assets through net position and is not depreciated. When operating property is retired, the book cost, together with the cost of removal, is charged to accumulated depreciation. When contributed operating property is removed and retired, the original contributed amount is charged against net position. The provision for depreciation has been computed, based on asset groups, under the straight-line method utilizing rates that vary from 2% to 10% per annum, which are within the ranges recommended by the PSC.

#### *l. Deferred Outflows/Inflows of Resources*

Deferred outflows of resources represent a consumption of resources that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

A deferred inflow of resources represents an acquisition of resources that applies to a future reporting period and will not be recognized as revenue until that time. When potential revenues do not meet the availability criterion for recognition in the current period, these amounts are recorded as deferred inflows of resources in the governmental funds. In subsequent periods, when the availability criterion is met, deferred inflows of resources are recognized as revenues.

Pension- and LOSAP-related deferred outflows of resources and deferred inflows of resources are disclosed in Notes 5 and 6, respectively.

#### *m. Employee Benefits*

##### Compensated Absences

The Village's labor agreements provide for sick and vacation leave for Village employees. All sick and vacation leave is accrued when incurred in the proprietary fund and the governmental activities of the government-wide financial statements. Expenditures for governmental activities are reported in the governmental funds when paid to employees.

##### Net Pension Liability

The net pension liability represents the Village's proportionate share of the net pension liability of the New York State and Local Retirement System (System). Additional information related to this net pension liability is in Note 5.

##### Length of Service Award Program

The Village sponsors a separate defined contribution LOSAP plan for volunteer firefighters, as further discussed in Note 6.

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

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

#### *n. Net Position*

Net position is reported as restricted when constraints placed on net position use are either:

- (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments, or
- (2) Imposed by law through constitutional provisions or enabling legislation.

The following terms are used in reporting net position:

- Net Investment in Capital Assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted consists of net position with constraints placed on their use either by (1) external groups, such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted is the net amount of assets and liabilities that is not included in the determination of net investment in capital assets or restricted components of net position described above.

#### *o. Fund Balance*

Fund balance for governmental funds is reported in the following classifications, which describe the relative strength of the constraints that control how specific amounts in the funds can be spent:

- Nonspendable - Amounts that cannot be spent because they are either: (a) not in spendable form; or (b) legally or contractually required to be maintained intact.
- Restricted - Amounts that have restraints that are either: (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.
- Assigned - Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.
- Unassigned - The residual amount in the General Fund after all of the other classifications have been established. In a special revenue fund or a capital projects fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The Village's fund balance policy is set by the Village Board, the highest level of decision-making authority. The Village Board considers "formal action" for a committed fund balance to be the passing of a Board resolution. The Village considers fund balance spent in the order of restricted, committed, assigned, and unassigned.



# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

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

#### p. Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of May 15 and become a lien on June 1. Taxes are collected during the period of June 1 through November 1. The unpaid taxes are placed as liens against the property, and the tax sale certificates are filed.

#### q. Subsequent Events

The Village has evaluated subsequent events for potential recognition or disclosure through July 8, 2025, the date the financial statements were available to be issued.

### Note 2 - Capital Assets

The following is a summary of changes in the governmental activities' capital assets during the year:

	Balance at June 1, 2023	Additions	Disposals / Placed Into Service	Balance at May 31, 2024
<i>Capital assets not being depreciated</i>				
Land	\$ 519,796	\$ -	\$ -	\$ 519,796
Construction work in progress	7,282,214	1,955,499	(34,466)	9,203,247
Total capital assets not being depreciated	7,802,010	1,955,499	(34,466)	9,723,043
<i>Depreciable capital assets</i>				
Buildings	8,932,285	-	-	8,932,285
Improvements other than buildings	3,021,564	-	-	3,021,564
Vehicles and equipment	4,917,684	405,445	-	5,323,129
Infrastructure	43,660,717	166,340	-	43,827,057
Total depreciable capital assets	60,532,250	571,785	-	61,104,035
<i>Less accumulated depreciation</i>				
Buildings	5,774,972	194,157	-	5,969,129
Improvements other than buildings	915,062	176,629	-	1,091,691
Vehicles and equipment	3,169,610	351,803	-	3,521,413
Infrastructure	29,722,999	680,625	-	30,403,624
Total accumulated depreciation	39,582,643	1,403,214	-	40,985,857
Net depreciable capital assets	20,949,607	(831,429)	-	20,118,178
Total capital assets, net	\$ 28,751,617	\$ 1,124,070	\$ (34,466)	\$ 29,841,221

For the year ended May 31, 2024, depreciation expense was charged to the following governmental functions as follows:

General government support	\$ 61,433
Public safety	157,625
Transportation	440,888
Culture and recreation	95,872
Home and community services	647,396
	<u>\$ 1,403,214</u>

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 2 - Capital Assets - Continued

The following is a summary of changes in the business-type activity's capital assets during the year:

	Balance as June 1, 2023	Additions	Disposals	Balance at May 31, 2024
<i>Depreciable capital assets</i>				
Buildings	\$ 460,393	\$ -	\$ -	\$ 460,393
Vehicles and equipment	1,848,077	33,134	(3,538)	1,877,673
Infrastructure	14,034,578	152,151	(58,214)	14,128,515
Total depreciable capital assets	16,343,048	185,285	(61,752)	16,466,581
Accumulated depreciation	9,324,983	308,946	(62,011)	9,571,918
Net depreciable capital assets	7,018,065	(123,661)	259	6,894,663
<i>Capital assets not being depreciated</i>				
Construction in progress	447,596	815,699	(27,378)	1,235,917
Land	67,322	-	-	67,322
Total depreciable capital assets	514,918	815,699	(27,378)	1,303,239
Total capital assets, net	\$ 7,532,983	\$ 692,038	\$ (27,119)	\$ 8,197,902

### Note 3 - Leases Receivable

The Village recognized lease revenue and related interest revenue on noncancelable leases of \$117,772 and \$53,012, respectively, for the year ended May 31, 2024. These amounts are included in use of money and property in the financial statements. Future lease payments under these leases are as follows:

Year ending May 31,	Lease Principal	Lease Interest	Total
2025	\$ 65,618	\$ 50,501	\$ 116,119
2026	71,638	47,757	119,395
2027	71,079	44,766	115,845
2028	30,938	42,934	73,872
2029	33,681	41,643	75,324
Thereafter	1,028,808	778,116	1,806,924
	<u>\$ 1,301,762</u>	<u>\$ 1,005,717</u>	<u>\$ 2,307,479</u>

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 4 - Long-Term Liabilities

A summary of changes in the Village's governmental activities' long-term liabilities is as follows:

	June 1, 2023	Additions	Deletions	May 31, 2024	Due Within One Year
Bonds payable	\$ 14,211,000	\$ -	\$ (668,000)	\$ 13,543,000	\$ 672,000
Unamortized bond premium	83,517	-	(6,835)	76,682	6,835
Total	14,294,517	-	(674,835)	13,619,682	678,835
Lease payable	45,963	-	(14,395)	31,568	15,306
Compensated absences	54,421	128,202	(115,113)	67,510	60,759
Net pension liability					
Employees' Retirement System (ERS)	896,565	258,134	(551,477)	603,222	-
Police and Fire Retirement System (PFRS)	48,433	10,205	(22,046)	36,592	-
LOSAP obligations	1,863,640	39,204	(99,280)	1,803,564	-
	<u>\$ 17,203,539</u>	<u>\$ 435,745</u>	<u>\$ (1,477,146)</u>	<u>\$ 16,162,138</u>	<u>\$ 754,900</u>

A summary of changes in the Village's business-type activity's long-term liabilities is as follows:

Description	June 1, 2023	Additions	Deletions	May 31, 2024	Due Within One Year
Bonds payable	\$ 2,975,000	\$ -	\$ (384,000)	\$ 2,591,000	\$ 391,000
Unamortized premium	72,557	-	(6,596)	65,961	6,596
Total	3,047,557	-	(390,596)	2,656,961	397,596
Compensated absences	20,138	54,261	(42,783)	31,616	28,454
Net pension liability	325,079	93,595	(199,956)	218,718	-
Total	<u>\$ 3,392,774</u>	<u>\$ 147,856</u>	<u>\$ (633,335)</u>	<u>\$ 2,907,295</u>	<u>\$ 426,050</u>

### Bonds Payable

A summary of the governmental activities' bonds payable at May 31, 2024 is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance
WWTP Upgrades (EFC)	3/16/2013	3/16/2050	1.88%	\$ 2,254,000
Water System Improvements (EFC)	8/20/2015	8/20/2026	2.00%	355,000
2016 Water System Refunding Bond	5/4/2016	5/16/2044	2.00%	1,219,000
2020 Refunding Bond				
65 Franklin Street	7/1/2020	7/1/2036	2.00%	1,265,000
Heritage Park	7/1/2020	7/1/2024	2.00%	35,000
Sewer System Improvements	7/1/2020	7/1/2034	2.00%	1,125,000
2022 Serial Bonds				
Fire Truck	11/8/2022	11/1/2051	4.00%-4.84%	415,000
WWTP Improvements	11/8/2022	11/1/2051	4.00%-4.84%	6,875,000
Total bonds payable				<u>\$ 13,543,000</u>

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 4 - Long-Term Liabilities - Continued

#### Bonds Payable - Continued

A summary of the business-type activity's bonds payable at May 31, 2024 is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance
2016 Refunding Bond - Electric	5/4/2016	5/4/2034	2.00%	\$ 1,136,000
2020 Refunding Bond - Electric	7/1/2020	7/1/2024	2.00%	210,000
2022 Serial Bond	11/8/2022	11/1/2051	4.00%-4.84%	1,245,000
Total bonds payable				<u>\$ 2,591,000</u>

The following is a summary of the future debt service requirements related to bonds payable:

#### *Governmental Activities*

	Bond Principal	Bond Interest	Total
Year ending May 31,			
2025	\$ 672,000	\$ 462,598	\$ 1,134,598
2026	670,000	448,847	1,118,847
2027	499,000	430,131	929,131
2028	503,000	415,937	918,937
2029	519,000	400,869	919,869
2030 through 2034	2,850,000	1,756,556	4,606,556
2035 through 2039	2,278,000	1,333,426	3,611,426
2040 through 2044	2,071,000	951,944	3,022,944
2045 through 2049	2,181,000	547,738	2,728,738
2050 through 2052	1,300,000	93,876	1,393,876
	<u>\$ 13,543,000</u>	<u>\$ 6,841,922</u>	<u>\$ 20,384,922</u>

#### *Business-Type Activity*

	Bond Principal	Bond Interest	Total
Year ending May 31,			
2025	\$ 391,000	\$ 92,435	\$ 483,435
2026	184,000	82,832	266,832
2027	191,000	77,223	268,223
2028	199,000	70,317	269,317
2029	214,000	61,935	275,935
2030 through 2034	1,167,000	172,845	1,339,845
2035 through 2036	245,000	11,138	256,138
	<u>\$ 2,591,000</u>	<u>\$ 568,725</u>	<u>\$ 3,159,725</u>

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 4 - Long-Term Liabilities - Continued

#### Leases Payable

The following is a summary of the governmental activities' debt service requirements related to lease payables:

	Lease Principal	Lease Interest	Total
Year ending May 31,			
2025	\$ 15,306	\$ 930	\$ 16,236
2026	16,262	299	16,561
	<u>\$ 31,568</u>	<u>\$ 1,229</u>	<u>\$ 32,797</u>

### Note 5 - New York State and Local Retirement System

#### *a. Plan Description*

The Village participates in ERS, PFRS, and the Public Employees' Group Life Insurance Plan (collectively, the System). The System is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System.

The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of the System for the custody and control of its funds. The System issues publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

#### *b. Plan Benefits*

The System provides retirement benefits as well as death and disability benefits. Retirement benefits are established by the NYSRSSL and are dependent upon the point in time at which the employees last joined the System. The NYSRSSL has established distinct classes of membership. The System uses a tier concept to distinguish these groups, as follows:

#### ERS

- Tier 1 - Those individuals who last became members before July 1, 1973.
- Tier 2 - Those individuals who last became members on or after July 1, 1973 but before July 27, 1976.
- Tier 3 - Generally, those individuals who are New York State corrections officers who last became members on or after July 27, 1976 but before January 1, 2010, and all others who last became members on or after July 27, 1976 but before September 1, 1983.
- Tier 4 - Generally, except for corrections officers, those individuals who last became members on or after September 1, 1983 but before January 1, 2010.
- Tier 5 - Those individuals who last became members on or after January 1, 2010 but before April 1, 2012.

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 5 - New York State and Local Retirement System - Continued

#### *b. Plan Benefits - Continued*

- Tier 6 - Those individuals who first became members on or after April 1, 2012.

#### PFRS

- Tier 1 - Those individuals who last became members before July 1, 1973.
- Tier 2 - Those individuals who last became members on or after July 1, 1973 but before July 27, 1976.
- Tier 3 - Those individuals who last became members on or after July 1, 2009 but before January 9, 2010.
- Tier 4 - Not applicable.
- Tier 5 - Those individuals who last became members on or after January 9, 2010 but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.
- Tier 6 - Those individuals who first became members on or after April 1, 2012.

Generally, members of the System may retire at age 55; however, members of Tiers 2, 3, and 4 will receive a reduced benefit if they retire before age 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits. The full benefit age for Tier 6 is 63. Tier 6 members with 10 years of service or more can retire as early as age 55 with reduced benefits. A member with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. Members who joined the System prior to January 1, 2010 generally need five years of service to be 100% vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) need five years of service credit to be 100% vested.

Typically, the benefit for members in all tiers is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a Tier 1 or Tier 2 member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. If a Tier 3, Tier 4, or Tier 5 member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a Tier 3, Tier 4, or Tier 5 member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Final average salary for Tiers 1 through 5 is the average of the wages earned in the three highest consecutive years of employment. Each year used in the final average salary calculation is limited to no more than 20% of the previous year (Tier 1) or no more than 20% of the average of the previous two years (Tier 2). For Tier 3, Tier 4, and Tier 5 members, each year used in the final average salary calculation is limited to no more than 10% of the average of the previous two years. The benefit for Tier 6 members who retire with 20 years of service is 1.75% of final average salary for each year of service. If a Tier 6 member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied to each year of service over 20 years. The final average salary for a Tier 6 member is computed as the average of the wages earned in the five highest consecutive years. Each year of final average salary is limited to no more than 10% of the average of the previous four years.

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 5 - New York State and Local Retirement System - Continued

#### *b. Plan Benefits - Continued*

An automatic postemployment benefit is provided annually to pensioners who have reached age 62 and been retired for five years; pensioners who have reached age 55 and been retired for 10 years; all disability pensioners, regardless of age, who have been retired for five years; accidental death benefit recipients, regardless of age, who have been receiving such benefit for five years; and spouses of deceased retirees receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half of the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor Statistics but cannot be less than 1% or greater than 3%.

#### *c. Funding Policy*

The System is noncontributory, except for: (1) employees who joined ERS after July 26, 1976 and contribute 3% of their salary for the first 10 years of membership, and (2) employees who join after January 1, 2010, and police and fire personnel who join after January 9, 2010, and contribute 3% of their salary for their entire career. Under the authority of the NYSRSSL, the Comptroller certifies annually the rates expressed as proportions of payroll of members, which are used in computing the contributions.

The contributions required for the current year and the two preceding years were as follows:

	ERS	PFRS
Year ended May 31,		
2024	\$ 227,318	\$ 6,289
2023	206,263	13,194
2022	275,021	23,872

Contributions made to the System were equal to 100% of the contributions required for each year.

#### *d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

At May 31, 2024, the Village reported a liability of \$603,222 and \$36,592 for its proportionate share of the ERS and PFRS net pension liability, respectively, in its governmental activities. The Village reported a liability of \$218,718 for its proportionate share of the ERS net pension liability in its business-type activity. The net pension liability was measured as of March 31, 2024, and the total pension liability was determined by an actuarial valuation as of April 1, 2023. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At the March 31, 2024 measurement date, the Village's proportionate share was 0.0055823% and 0.0007715% for ERS and PFRS, respectively.

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 5 - New York State and Local Retirement System - Continued

*d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued*

For the year ended May 31, 2024, the Village recognized pension expense of \$351,729 and \$10,205 for ERS and PFRS, respectively. At May 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources as follows:

	Governmental Activities			
	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 194,297	\$ 16,448	\$ 11,274	\$ -
Changes in assumptions	228,065	-	13,803	-
Net differences between projected and actual investment earnings on pension plan investments	-	294,670	-	9,933
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,821	21,679	4,747	17,984
Total	<u>\$ 450,183</u>	<u>\$ 332,797</u>	<u>\$ 29,824</u>	<u>\$ 27,917</u>

	Business-Type Activity	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 70,449	\$ 5,964
Changes in assumptions	82,692	
Net differences between projected and actual investment earnings on pension plan investments	-	106,843
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,087	7,861
Total	<u>\$ 163,228</u>	<u>\$ 120,668</u>



# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 5 - New York State and Local Retirement System - Continued

*d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued*

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

	Governmental Activities		Business- Type Activity
	ERS	PFRS	ERS
Year ending May 31,			
2025	\$ (112,322)	\$ (5,984)	\$ (40,726)
2026	118,382	7,688	42,923
2027	175,187	3,400	63,520
2028	(63,861)	(4,040)	(23,157)
2029	-	843	-
Total	<u>\$ 117,386</u>	<u>\$ 1,907</u>	<u>\$ 42,560</u>

#### Actuarial Assumptions

The total pension liability at March 31, 2024 was determined using an actuarial valuation as of April 1, 2023, with updated procedures used to roll forward the total pension liability to March 31, 2024. Significant actuarial assumptions used in the valuation were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.9%
Salary Scale	
ERS	4.4%, indexed by service
PFRS	6.2%, indexed by service
Investment Rate of Return, Including Inflation	5.9% compounded annually, net of expenses
Cost-of-Living Adjustments	1.5% annually
Decrement	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality Improvement	Society of Actuaries' Scale MP-2021

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

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 5 - New York State and Local Retirement System - Continued

#### *d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued*

##### Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the applicable valuation dates are summarized as follows:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Domestic equity	32.00%	4.00%
International equity	15.00%	6.65%
Private equity	10.00%	7.25%
Real estate	9.00%	4.60%
Opportunistic/ARS portfolio	3.00%	5.25%
Credit	4.00%	5.40%
Real assets	3.00%	5.79%
Fixed income	23.00%	1.50%
Cash	1.00%	0.25%
	<u>100.00%</u>	

##### Discount Rate

The discount rate used to calculate the total pension liability was 5.90%. 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 contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 5 - New York State and Local Retirement System - Continued

#### *d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued*

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

The following presents the Village's proportionate share of the net pension liability, calculated using the discount rate of 5.90%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (4.90%) or one percentage point higher (6.90%) than the current rate:

	ERS		
	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
Village's proportionate share of the net pension liability (asset)	<u>\$ 2,584,264</u>	<u>\$ 821,940</u>	<u>\$ (649,966)</u>
	PFRS		
	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
Village's proportionate share of the net pension liability (asset)	<u>\$ 85,524</u>	<u>\$ 36,592</u>	<u>\$ (3,833)</u>

#### Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2024 were as follows (dollars in thousands):

	ERS	PFRS	Total
Employers' total pension liability	\$ 240,696,851	\$ 46,137,717	\$ 286,834,568
Plan fiduciary net position	<u>(225,972,801)</u>	<u>(41,394,895)</u>	<u>(267,367,696)</u>
Employers' net pension liability	<u>\$ 14,724,050</u>	<u>\$ 4,742,822</u>	<u>\$ 19,466,872</u>
Ratio of plan net position to the employers' total pension liability	<u>93.88%</u>	<u>89.72%</u>	<u>93.21%</u>

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 6 - LOSAP Obligations

#### *Fire Service Award Program*

The Village established a defined benefit LOSAP for active volunteer firefighters of the Springville Engine Company No.1. The program took effect on January 1, 1997 and was established pursuant to Article 11-A of the General Municipal Law. The program includes municipally funded, pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Village is the sponsor of the program. The program is funded under a grantor/rabbi trust, and as such, the assets are subject to the claims of the Village's general creditors.

#### *a. Participation, Vesting, and Service Credit*

Active volunteer firefighters who have reached the age of 18 and completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon reaching the program's entitlement age. The program's entitlement age is 62. In general, an active volunteer firefighter is credited with one year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates 50 points.

Points are granted for the performance of certain activities in accordance with a system established by the sponsor based on a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program.

The number of employees covered under the fire service award program is as follows:

Active participants	26
Inactive participants with deferred vested benefits	16
Entitled participants (or beneficiaries)	31
Total	<u>73</u>

#### *b. Defined Benefit*

A participant's benefit under the program is the life annuity, with 10 years certain, equal to \$20 multiplied by the person's total number of years firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed 20. Except in the case of disability or death, benefits are payable when a participant reaches the entitlement age. The program provides statutorily mandated death and disability benefits.

#### *c. Plan Contributions and Assets Accumulated for Benefits*

Program assets are required to be held in trust (grantor/rabbi trust) by Article 11-A of the General Municipal Law of the State of New York, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. Authority to invest the program's assets is vested in the Village. Program assets are invested in accordance with a statutory prudent person rule and with an investment policy adopted by the Village.

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 6 - LOSAP Obligations - Continued

#### *Fire Service Award Program - Continued*

##### *c. Plan Contributions and Assets Accumulated for Benefits - Continued*

The Village is required to transfer to the grantor/rabbi trust amounts necessary to finance the program as actuarially determined using the attained age normal frozen initial liability cost method. The pension obligation is not amortized on a separate basis. The assumed investment rate of return is 4.16%, and there are no cost-of-living adjustments. In addition, projected salary increases are not applicable since members are volunteers and there are no assumptions regarding post-retirement benefit increases since post-retirement aged members are not projected to earn service credits.

The trust established by the Village does not meet the criteria for an irrevocable trust. Therefore, the Village accounts for program assets as restricted investments in the General Fund. Benefit payments are recognized as an expenditure within the General Fund at the time they are due and payable. LOSAP contributions represent the reclassification of unrestricted General Fund assets to the grantor/rabbi trust (restricted investments).

##### *d. Significant Assumptions and Other Inputs*

Significant actuarial assumptions used to estimate the program's LOSAP pension liability are as follows:

Discount Rate	4.16%
Inflation Rate	3.25%
Mortality Table	RP 2014 Combined Projected to 2024

##### *e. Measurement of Total Pension Liability*

The total pension liability at May 31, 2024 was determined using an actuarial valuation as of December 31, 2023. The following table presents the changes in total pension liability for the fire service award program:

Beginning balance, May 31, 2023	\$ 1,863,640
Service cost	30,496
Interest	70,719
Changes due to differences in experience	8,737
Changes in assumptions and other inputs	(70,748)
Benefit payments	(99,280)
Ending balance, May 31, 2024	<u>\$ 1,803,564</u>

The discount rate used to measure the total pension liability was 4.16%. This was the yield to maturity of the Fidelity 20-Year GO AA Bond Index as of December 31, 2023.

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 6 - LOSAP Obligations - Continued

#### *Fire Service Award Program - Continued*

#### *f. Sensitivity of the Total Pension Liability*

The following presents the total pension liability of the Village as of May 31, 2024, calculated using the discount rate of 4.16%, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.16%) or one percentage point higher (5.16%) than the current rate:

	1% Decrease (3.16%)	Current Discount (4.16%)	1% Increase (5.16%)
Total LOSAP liability	<u>\$ 2,024,000</u>	<u>\$ 1,803,564</u>	<u>\$ 1,619,000</u>

#### *g. Pension Expense, Deferred Outflows, and Deferred Inflows*

For the year ended May 31, 2024, the Village recognized pension expense of \$125,127. The following table presents the components of pension expense:

Components of pension expense	
Service cost	\$ 30,496
Interest	70,719
Changes in assumptions and other inputs	10,120
Differences between expected and actual experience	<u>13,792</u>
	<u>\$ 125,127</u>

At May 31, 2024, the Village reported deferred outflows and inflows of resources related to the fire service award program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,669	\$ -
Changes in assumptions or other inputs	<u>-</u>	<u>126,720</u>
Total	<u>\$ 35,669</u>	<u>\$ 126,720</u>

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 6 - LOSAP Obligations - Continued

#### *Fire Service Award Program - Continued*

#### *g. Pension Expense, Deferred Outflows, and Deferred Inflows - Continued*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the fire service award program will be recognized in pension expense as follows:

Year ending May 31,	
2025	\$ 16,011
2026	16,011
2027	272
2028	(34,000)
2029	(34,000)
2030 and thereafter	<u>(55,345)</u>
Total	<u>\$ (91,051)</u>

### Note 7 - Fund Balances

Fund balances of the governmental fund types are as follows at May 31, 2024:

	Major Funds				Total
	General	Capital Projects	Water	Sewer	
Nonspendable					
Prepaid expenditures	\$ 7,992	\$ -	\$ 5,130	\$ 10,487	\$ 23,609
Restricted for					
LOSAP awards	1,307,521	-	-	-	1,307,521
Water equipment/reconstruction	-	-	133,966	-	133,966
Sewer equipment/reconstruction	-	-	-	172,598	172,598
65 Franklin renovations	-	20,513	-	-	20,513
Heritage Park	-	3,888	-	-	3,888
WWTP Improvements project	-	10,328	-	-	10,328
Street equipment/reconstruction	57,712	-	-	-	57,712
Fire equipment	454,798	-	-	-	454,798
Clock repair	5,922	-	-	-	5,922
	<u>1,825,953</u>	<u>34,729</u>	<u>133,966</u>	<u>172,598</u>	<u>2,167,246</u>
Assigned for					
Water operations	-	-	1,558,458	-	1,558,458
Sewer operations	-	-	-	407,779	407,779
Appropriated	230,000	-	-	-	230,000
Encumbrances	83,862	-	-	-	83,862
	<u>313,862</u>	<u>-</u>	<u>1,558,458</u>	<u>407,779</u>	<u>2,280,099</u>
Unassigned	<u>2,785,086</u>	<u>(415,184)</u>	<u>-</u>	<u>-</u>	<u>2,369,902</u>
Total fund balance	<u>\$ 4,932,893</u>	<u>\$ (380,455)</u>	<u>\$ 1,697,554</u>	<u>\$ 590,864</u>	<u>\$ 6,840,856</u>

# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 8 - Commitments, Risks and Uncertainties

#### a. Commitments

##### Power Supply and Transmission Contracts

Electric power distributed by the Electric Fund is obtained from the New York Power Authority (NYPA) under a supply contract that expires during 2040. The Electric Fund is entitled to a specific amount of kilowatts of firm hydroelectric power and associated energy. Demand, energy, and transmission charges under this contract are subject to change and the approval of regulatory authorities. There are no minimum capacity or other fixed-charge components to this contract. Electric purchases under this contract totaled \$697,700 for the year ended May 31, 2024.

The Village's Electric Fund also purchases power in excess of that supplied by NYPA from the New York Municipal Power Agency (NYMPA), a not-for-profit joint action organization of which the Village is a member, and National Grid. Electric purchases and transmission charges, and other related charges under these agreements totaled \$1,023,252 and \$311,926, respectively, for the year ended May 31, 2024.

##### New York Independent System Operators (NYISO)

NYISO is a not-for-profit corporation under the aegis of the FERC, with the responsibility to provide free access to the electric transmission facilities within New York State. All NYISO costs are billed to users of the electric transmission grid. Pricing is market-based rather than cost-based. These costs are included in electricity purchased.

##### Clean Energy Standards

Effective February 22, 2017, the PSC approved the Phase 1 Implementation Plan associated with PSC Case 15-E-0302, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard (CES)*. Case 15-E-0302 requires the procurement of Renewable Energy Credits (REC) and Zero-Emissions Credits (ZEC) by all load-serving entities in New York State. To comply with the CES, NYMPA purchased the required RECs and ZECs for the Electric Fund, as well as other NYMPA members. The cost of these RECs and ZECs were billed by NYMPA to the Electric Fund on a monthly basis. The billings for the RECs and ZECs commenced in January and February 2017, respectively. The costs associated with the RECs and ZECs have been passed onto the Electric Fund's customers, in their entirety, through the CES surcharge applied to each customer's monthly bill. As such, the impact of the RECs and ZECs on the Electric Fund's statement of revenues, expenses, and changes in net position is revenue-neutral.

#### b. Electric Fund

The Electric Fund is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include prices on the wholesale markets for short-term power transactions; water conditions, weather, and natural disaster disruptions; collective bargaining labor disputes; and governmental regulation.



# Village of Springville, New York

## Notes to Financial Statements May 31, 2024

### Note 8 - Commitments, Risks and Uncertainties - Continued

#### c. *Environmental Risks*

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Village expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Village. The Village believes that its current practices and procedures for the control and disposition of regulated waste comply with applicable federal, state, and local requirements.

### Note 9 - Accounting Pronouncements Issued But Not Yet Implemented

GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this statement are effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. If a government determines that criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024 and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model, including a reiteration of the Management's Discussion and Analysis requirements, description and presentation requirements for unusual or infrequent items, definitions of nonoperating revenues and expenses, major component unit presentation requirements, and the requirement that budgetary comparison information be presented as required supplementary information versus a statement. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. It also establishes disclosure requirements for capital assets held for sale, including disclosures relating to debt for which the capital assets held for sale are pledged as collateral. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

Management has not estimated the extent of potential impact of these statements on the Village's financial statements.

# Village of Springville, New York

## Required Supplementary Information Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund

	Year Ended May 31, 2024			Variance
	Original Budget	Modified Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Real property tax and related tax items	\$ 2,071,230	\$ 2,071,230	\$ 2,072,872	\$ 1,642
Non-property taxes	619,000	664,000	646,581	(17,419)
Departmental revenues	199,900	303,177	101,153	(202,024)
Intergovernmental charges	2,446	2,446	263,448	261,002
Use of money and property	138,504	138,504	416,458	277,954
Licenses and permits	19,300	19,300	37,326	18,026
Fines and forfeitures	172,000	172,000	151,020	(20,980)
Sale of property and compensation for loss	1,000	1,926	37,359	35,433
Miscellaneous local sources	2,000	30,032	401	(29,631)
Interfund revenues	45,000	45,000	44,785	(215)
Federal aid	-	-	439,779	439,779
State aid	172,518	278,956	245,374	(33,582)
Total revenues	<u>3,442,898</u>	<u>3,726,571</u>	<u>4,456,556</u>	<u>729,985</u>
<b>EXPENDITURES</b>				
General government support	661,033	815,822	626,660	189,162
Public safety	1,087,073	942,019	1,110,343	(168,324)
Transportation	887,972	997,615	699,185	298,430
Culture and recreation	160,300	153,356	174,401	(21,045)
Home and community services	539,822	663,391	457,834	205,557
Employee benefits	486,248	486,669	393,850	92,819
Debt service				
Principal	150,000	150,000	164,395	(14,395)
Interest	45,450	45,450	46,973	(1,523)
Total expenditures	<u>4,017,898</u>	<u>4,254,322</u>	<u>3,673,641</u>	<u>580,681</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b><u>(575,000)</u></b>	<b><u>(527,751)</u></b>	<b><u>782,915</u></b>	<b><u>1,310,666</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	<u>45,000</u>	<u>35,000</u>	<u>32,402</u>	<u>(2,598)</u>
<b>APPROPRIATED FUND BALANCE/CHANGE IN FUND BALANCE</b>	<b><u>\$ (530,000)</u></b>	<b><u>\$ (492,751)</u></b>	<b><u>815,317</u></b>	<b><u>\$ 1,308,068</u></b>
<b>FUND BALANCE, beginning of year</b>			<u>4,117,576</u>	
<b>FUND BALANCE, end of year</b>			<b><u>\$ 4,932,893</u></b>	

# Village of Springville, New York

## Required Supplementary Information Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Water Fund

	Year Ended May 31, 2024			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Departmental revenues	\$ 1,097,375	\$ 1,097,375	\$ 1,164,085	\$ 66,710
Use of money and property	840	840	50,300	49,460
Miscellaneous local sources	-	-	673	673
Total revenues	1,098,215	1,098,215	1,215,058	116,843
<b>EXPENDITURES</b>				
General government support	38,260	26,360	26,418	(58)
Home and community services	647,386	659,286	496,307	162,979
Employee benefits	140,514	140,514	140,944	(430)
Debt service				
Principal	221,000	221,000	221,000	-
Interest	51,055	51,055	51,632	(577)
Total expenditures	1,098,215	1,098,215	936,301	161,914
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>278,757</b>	<b>\$ 278,757</b>
<b>FUND BALANCE, <i>beginning of year</i></b>			1,418,797	
<b>FUND BALANCE, <i>end of year</i></b>			<b>\$ 1,697,554</b>	

# Village of Springville, New York

## Required Supplementary Information Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Sewer Fund

	Year Ended May 31, 2024			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Departmental revenues	\$ 1,430,655	\$ 1,430,655	\$ 1,613,070	\$ 182,415
Miscellaneous local sources	-	4,400	4,400	-
Use of money and property	883	883	14,174	13,291
Total revenues	<u>1,431,538</u>	<u>1,435,938</u>	<u>1,631,644</u>	<u>195,706</u>
<b>EXPENDITURES</b>				
General government support	36,920	23,311	23,313	(2)
Home and community services	642,015	658,696	625,008	33,688
Employee benefits	111,335	112,663	107,838	4,825
Debt service				
Principal	297,000	297,000	297,000	-
Interest	317,800	317,800	384,869	(67,069)
Total expenditures	<u>1,405,070</u>	<u>1,409,470</u>	<u>1,438,028</u>	<u>(28,558)</u>
<b>APPROPRIATE TO RESERVE/NET CHANGE IN FUND BALANCE</b>	<u><b>\$ 26,468</b></u>	<u><b>\$ 26,468</b></u>	<b>193,616</b>	<u><b>\$ 167,148</b></u>
<b>FUND BALANCE, beginning of year</b>			<u>397,248</u>	
<b>FUND BALANCE, end of year</b>			<u><b>\$ 590,864</b></u>	

# Village of Springville, New York

## Required Supplementary Information Schedule of Proportionate Share of the Net Pension Liability

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>ERS</b>										
Village's proportion of the net pension liability (asset)	0.0055823%	0.0056969%	0.0060333%	0.0058474%	0.0062873%	0.0065269%	0.0061970%	0.0055866%	0.0052294%	0.0055538%
Village's proportionate share of the net pension liability (asset)	\$ 821,940	\$ 1,221,644	\$ (493,198)	\$ 5,822	\$ 1,664,909	\$ 462,447	\$ 200,005	\$ 524,932	\$ 839,239	\$ 187,621
Village's covered-employee payroll	\$ 1,899,642	\$ 1,848,534	\$ 1,784,413	\$ 1,804,618	\$ 1,814,478	\$ 1,834,960	\$ 1,817,008	\$ 1,694,725	\$ 1,616,736	\$ 1,446,385
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.27%	66.09%	-27.64%	0.32%	91.76%	25.20%	11.01%	30.97%	51.91%	12.97%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.40%	96.27%	98.20%	94.70%	90.70%	97.90%
<b>PFRS</b>										
Village's proportion of the net pension liability	0.0007715%	0.0008789%	0.0019582%	0.0019481%	0.0021771%	0.0024339%	0.0018979%	0.0011731%	0.0015846%	0.0016344%
Village's proportionate share of the net pension liability	\$ 36,592	\$ 48,433	\$ 11,123	\$ 33,824	\$ 116,362	\$ 40,818	\$ 19,183	\$ 24,315	\$ 46,917	\$ 4,499
Village's covered-employee payroll	\$ 28,792	\$ 50,927	\$ 81,610	\$ 134,266	\$ 120,766	\$ 91,831	\$ 88,145	\$ 74,276	\$ 69,947	\$ 79,569
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	127.09%	95.10%	13.63%	25.19%	96.35%	44.45%	21.76%	32.74%	67.08%	5.65%
Plan fiduciary net position as a percentage of the total pension liability	89.72%	87.43%	98.66%	95.79%	84.90%	95.09%	96.90%	93.50%	90.20%	111.50%

# Village of Springville, New York

## Required Supplementary Information Schedule of Pension Contributions

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>ERS</b>										
Contractually required contribution	\$ 227,218	\$ 206,263	\$ 275,021	\$ 266,642	\$ 252,961	\$ 251,059	\$ 237,069	\$ 233,744	\$ 223,678	\$ 292,968
Contributions in relation to the contractually required contribution	\$ 227,218	\$ 206,263	\$ 275,021	\$ 266,642	\$ 252,961	\$ 251,059	\$ 237,069	\$ 233,744	\$ 223,678	\$ 292,968
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered-employee payroll	\$ 1,899,642	\$ 1,848,534	\$ 1,784,413	\$ 1,804,618	\$ 1,814,478	\$ 1,834,960	\$ 1,817,008	\$ 1,694,725	\$ 1,616,736	\$ 1,446,385
Contributions as a percentage of covered-employee payroll	11.96%	11.16%	15.41%	14.78%	13.94%	13.68%	13.05%	13.79%	13.84%	20.26%
<b>PFRS</b>										
Contractually required contribution	\$ 6,289	\$ 13,194	\$ 23,872	\$ 19,802	\$ 21,456	\$ 21,089	\$ 13,360	\$ 12,900	\$ 14,923	\$ 14,017
Contributions in relation to the contractually required contribution	\$ 6,289	\$ 13,194	\$ 23,872	\$ 19,802	\$ 21,456	\$ 21,089	\$ 13,360	\$ 12,900	\$ 14,923	\$ 14,017
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered-employee payroll	\$ 28,792	\$ 50,927	\$ 81,610	\$ 134,266	\$ 120,766	\$ 91,831	\$ 88,145	\$ 74,276	\$ 69,947	\$ 79,569
Contributions as a percentage of covered-employee payroll	21.84%	25.91%	29.25%	14.75%	17.77%	22.97%	15.16%	17.37%	21.33%	17.62%

# Village of Springville Glen, New York

## Required Supplementary Information Schedule of Changes in Total Pension Liability - LOSAP

<u>Measurement Date</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total LOSAP pension liability							
Service cost	\$ 30,496	\$ 21,792	\$ 49,209	\$ 41,764	\$ 38,921	\$ 40,326	\$ 46,416
Interest	70,719	63,172	43,156	50,454	57,020	58,683	58,007
Changes due to differences in experience	8,737	(24,639)	(7,909)	103,150	155,721	118,122	(35,152)
Changes in assumptions or other inputs	(70,748)	(30,814)	(254,602)	20,646	49,290	51,931	11,950
Benefit payments	<u>(99,280)</u>	<u>(96,585)</u>	<u>(108,360)</u>	<u>(90,030)</u>	<u>(88,745)</u>	<u>(81,270)</u>	<u>(73,186)</u>
Net change in total LOSAP pension liability	(60,076)	(67,074)	(278,506)	125,984	212,207	187,792	8,035
<b>TOTAL LOSAP PENSION LIABILITY, <i>beginning of year</i></b>	<u>1,863,640</u>	<u>1,930,714</u>	<u>2,209,220</u>	<u>2,083,236</u>	<u>1,871,029</u>	<u>1,683,237</u>	<u>1,675,202</u>
<b>TOTAL LOSAP PENSION LIABILITY, <i>end of year</i></b>	<u><u>\$ 1,803,564</u></u>	<u><u>\$ 1,863,640</u></u>	<u><u>\$ 1,930,714</u></u>	<u><u>\$ 2,209,220</u></u>	<u><u>\$ 2,083,236</u></u>	<u><u>\$ 1,871,029</u></u>	<u><u>\$ 1,683,237</u></u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



**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**

**Independent Auditor's Report**

The Honorable Members of the Village Board of Trustees  
Village of Springville, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Village of Springville, New York (Village), as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated July 8, 2025.

**Report on Internal Control Over Financial Reporting**

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village'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.

BST+Co.CPAs, LLP

Latham, New York  
July 8, 2025

