



Village of Springville, New York

Financial Report

May 31, 2023

Village of Springville, New York

Financial Report

May 31, 2023

CONTENTS

	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis.....	4-9
Basic Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet - Governmental Funds.....	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	15
Statement of Net Position - Proprietary Fund	16
Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Fund	17
Statement of Cash Flows - Proprietary Fund	18
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
Notes to Financial Statements	21-47
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	48
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Water Fund	49
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Sewer Fund.....	50
Schedule of Proportionate Share of the Net Pension Liability.....	51
Schedule of Pension Contributions.....	52
Schedule of Changes in Total Pension Liability – LOSAP	53
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	54-55



Independent Auditor's Report

The Honorable Members of the Village Board
Village of Springville, New York
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, 2023, 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 activities, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2023, 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. 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.

Emphasis of Matters

Adoption of Accounting Standard

As discussed in Note 1q to the financial statements, the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Correction of a Misstatement

As discussed in Note 1r to the financial statements, the financial statements as of and for the year ended May 31, 2022 of the governmental activities have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 management's discussion and analysis and the required supplementary information listed in the accompanying table of contents on pages 4 to 11 and 48 to 53, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023 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
October 27, 2023



Village of Springville, New York

Management's Discussion and Analysis

As management of the Village of Springville, New York (Village), we offer the readers of the Village's financial statements this narrative overview and analysis as of May 31, 2023. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 10 through 47 and the required supplementary information which can be found on pages 48 through 53 of this report.

Organization and Operational Discussions

Governmental Funds

The Village was awarded the NY Main Grant in 2022 for \$500,000 and our grant administrator has been working diligently with the twelve downtown business owners that were awarded grants. Construction has begun on several of the projects with completion anticipated for fall of 2024.

The housing shortage, of both homes and apartments, has been an issue in the Village since COVID 19 as only a few homes were being built each year. Recently, several large housing projects were proposed and in construction in the Village. A 54-unit patio home apartment complex began construction in the summer of 2023 and will have the first phase of rentals available by March 2024. A proposed development including 80 plus single-family homes is moving through the Planning Board and will be built on the previous Dygert Farm property. These two developments will bring the rental and housing stock availability where it needs to be in the Village.

The Village is responsible for the municipal utilities including water, sanitary sewer, and electric. Public works personnel are members of the SEIU Local200 United and are covered by their collective bargaining agreement that was finalized in May 2023 with effective dates of June 1, 2023 through May 31, 2026. SEIU and the Village work together to look for cost-optimizing opportunities. The Village does not offer post-retirement benefits.

The Village water department runs and maintains the water treatment plant which serves approximately 1700 customers in the Village and under ten customers outside the Village. Waterline replacement projects have been performed annually by securing Community Development Block Grants and American Rescue Plan Act (ARPA) funding from the County of Erie. The Water Fund experienced a decrease in revenues and a decrease in expenses. The cash position of the Village's Water Fund increased.

The Village sanitary sewer department runs and maintains the wastewater treatment plant which serves approximately 1640 customers in the Village. Continued manhole rehab and sanitary sewer relining has reduced the infiltration of ground water to our plant. The Village has invested \$7 million in the plant infrastructure and that project was substantially completed in early October 2023. New secondary clarifiers and a grit chamber were installed along with the completion of several small infrastructure items. ARPA funds are being used to replace the secondary digester cover with that installation taking place in March 2024. There was a rate increase in May 2023 of \$16 per month to begin repayment for the \$7 million project. The Sewer Fund experienced an increase in revenues and an increase in expenses. The cash position of the Village's Sewer Fund increased due to the rate increase.

Proprietary Fund

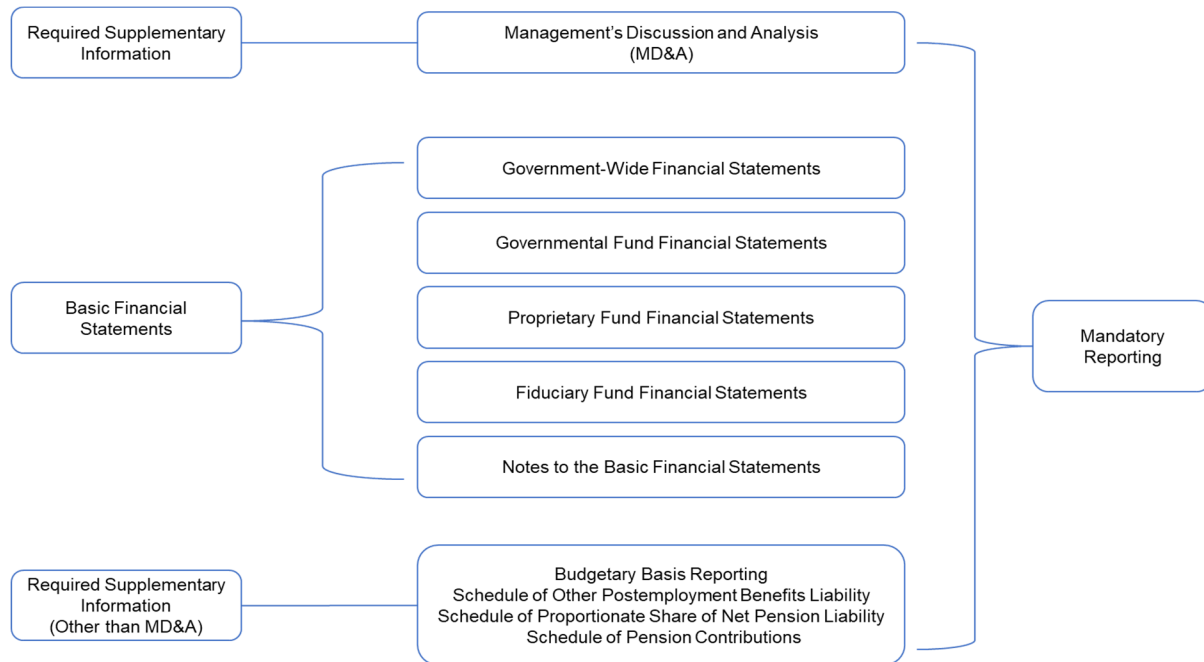
The Village Electric department serves approximately 2,700 customers in the Village and surrounding electric customers in the Town of Concord that are in our service area. The Electric Fund experienced a decrease in revenues and an increase in expenses in Fiscal Year 2022-2023. The cash position of the Village's Electric Fund has decreased as projects were completed in the fiscal year. Supervisory Control and Data Acquisition (SCADA) upgrades have been completed at the North Street Substation. Planned substation infrastructure upgrades have been delayed by supply chain issues but the projects that been bid out and awarded with installation of switches to occur in Fall 2024.

Village of Springville, New York

Management's Discussion and Analysis

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village's financial statements. The Village's financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The following diagram illustrates the minimum financial reporting requirements of the Village under accounting principles generally accepted in the United States of America (U.S. GAAP):



Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government support, public safety, highways and streets, economic development, culture and recreation, and home and community services. The business-type activities of the Village include electric.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Village of Springville, New York

Management's Discussion and Analysis

Overview of the Financial Statements - Continued

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Water Fund, and Sewer Fund, all of which are considered to be major funds. The Village adopts an annual appropriated budget for its General Fund, Water Fund, and Sewer Fund. A budgetary comparison statement has been provided for the General Fund, Water Fund, and Sewer Fund that demonstrates compliance with this budget.

The governmental fund financial statements can be found on pages 12 and 14 of this report.

Proprietary Fund. The Village maintains a proprietary fund to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric operations, which is considered a major fund of the Village.

The proprietary fund financial statements can be found on pages 16 through 18 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties other than the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Village-owned programs. The accounting used for fiduciary funds is much like that used for proprietary funds. This fund is used only for the Shop With A Cop program.

The fiduciary fund financial statements can be found on pages 19 through 20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 47 of this report.

Village of Springville, New York

Management's Discussion and Analysis

Government-Wide Financial Analysis

Table 1 - Net position as of May 31, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
ASSETS						
Cash and equivalents	\$ 4,210,155	\$ 3,827,494	\$ 1,476,199	\$ 2,068,936	\$ 5,686,354	\$ 5,896,430
Cash and cash equivalents, restricted	2,617,557	5,313,121	-	-	2,617,557	5,313,121
Service award program assets	1,220,497	1,177,406	-	-	1,220,497	1,177,406
Accounts receivables, net	400,654	330,036	204,463	297,782	605,117	627,818
Due from other governments	212,139	277,733	-	-	212,139	277,733
Prepaid expenses	41,402	25,522	62,999	30,188	104,401	55,710
Lease receivable	827,269	-	-	-	827,269	-
Inventory	-	-	247,187	215,154	247,187	215,154
Net pension asset - ERS	-	361,958	-	131,240	-	493,198
Total non-capital assets	9,529,673	11,313,270	1,990,848	2,743,300	11,520,521	14,056,570
Capital assets, net	28,751,617	24,996,856	7,532,983	7,204,918	36,284,600	32,201,774
Total assets	38,281,290	36,310,126	9,523,831	9,948,218	47,805,121	46,258,344
DEFERRED OUTFLOWS OF RESOURCES						
Pension and LOSAP deferrals	620,054	800,402	202,100	237,600	822,154	1,038,002
Total assets and deferred outflows of resources	38,901,344	37,110,528	9,725,931	10,185,818	48,627,275	47,296,346
LIABILITIES						
Accounts payable and accrued expenses	880,663	1,146,888	237,626	213,723	1,118,289	1,360,611
Accrued interest	72,775	50,631	25,542	26,108	98,317	76,739
Due to retirement system	28,847	28,642	9,707	9,018	38,554	37,660
Unearned revenue	439,794	219,897	-	-	439,794	219,897
Customer deposits	-	-	28,533	33,076	28,533	33,076
Bond anticipation notes payable	-	5,465,000	-	1,415,000	-	6,880,000
Non-current liabilities						
Due in one year	683,730	518,673	403,696	309,696	1,087,426	828,369
Due in more than one year						
Compensated absences	48,921	54,259	18,038	18,715	66,959	72,974
Bonds payable	13,630,682	6,888,892	2,645,961	1,722,557	16,276,643	8,611,449
Lease payable	31,568	-	-	-	31,568	-
Net pension liability	944,998	11,123	325,079	-	1,270,077	11,123
Length of service award program obligations	1,863,640	1,930,714	-	-	1,863,640	1,930,714
Total liabilities	18,625,618	16,314,719	3,694,182	3,747,893	22,319,800	20,062,612
DEFERRED INFLOWS OF RESOURCES						
Pension and LOSAP deferrals	136,956	1,371,584	22,696	456,097	159,652	1,827,681
Lease deferrals	802,996	-	-	-	802,996	-
Total liabilities and deferred inflows of resources	19,565,570	17,686,303	3,716,878	4,203,990	23,282,448	21,890,293
NET POSITION						
Net investment in capital assets	13,999,808	15,621,626	4,485,426	3,891,005	18,485,234	19,512,631
Restricted	3,380,762	646,109	-	-	3,380,762	646,109
Unrestricted (deficit)	1,955,204	3,156,490	1,523,627	2,090,823	3,478,831	5,247,313
Total net position	\$ 19,335,774	\$ 19,424,225	\$ 6,009,053	\$ 5,981,828	\$ 25,344,827	\$ 25,406,053

Village of Springville, New York

Management's Discussion and Analysis

Government-Wide Financial Analysis - Continued

Table 2 - Changes in Net Position for the Fiscal Years Ended May 31, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues						
Charges for services	\$ 3,019,799	\$ 2,726,853	\$ 3,526,085	\$ 3,757,035	\$ 6,545,884	\$ 6,483,888
Operating grants and contributions	6,054	142,233	-	-	6,054	142,233
Capital grants and contributions	444,667	745,421	43,780	460,293	488,447	1,205,714
General revenues						
Real property tax and related tax items	2,014,776	1,985,524	-	-	2,014,776	1,985,524
Non-property taxes	667,422	663,619	-	-	667,422	663,619
Use of money and property	255,495	38,736	17,715	268	273,210	39,004
Other general revenues	239,755	272,366	6,594	19,398	246,349	291,764
Unrestricted state aid	60,271	91,640	-	-	60,271	91,640
Total revenues	<u>6,708,239</u>	<u>6,666,392</u>	<u>3,594,174</u>	<u>4,236,994</u>	<u>10,302,413</u>	<u>10,903,386</u>
EXPENSES						
General government support	768,127	540,463	-	-	768,127	540,463
Public Safety	1,516,365	1,241,522	-	-	1,516,365	1,241,522
Transportation	1,424,622	1,135,701	-	-	1,424,622	1,135,701
Economic opportunity and development	6,892	4,560	-	-	6,892	4,560
Culture and recreation	266,420	258,204	-	-	266,420	258,204
Home and community services	2,520,680	2,278,704	-	-	2,520,680	2,278,704
Interest on long-term debt	327,140	131,099	72,305	49,018	399,445	180,117
Electric	-	-	3,461,088	3,308,347	3,461,088	3,308,347
Total expenses	<u>6,830,246</u>	<u>5,590,253</u>	<u>3,533,393</u>	<u>3,357,365</u>	<u>10,363,639</u>	<u>8,947,618</u>
Increase in net position before capital contributions	(122,007)	1,076,139	60,781	879,629	(61,226)	1,955,768
Interfund transfers	33,556	-	(33,556)	-	-	-
CHANGES IN NET POSITION	(88,451)	1,076,139	27,225	879,629	(61,226)	1,955,768
NET POSITION, beginning of year	<u>19,424,225</u>	<u>18,348,086</u>	<u>5,981,828</u>	<u>5,102,199</u>	<u>25,406,053</u>	<u>23,450,285</u>
NET POSITION, end of year	<u>\$ 19,335,774</u>	<u>\$ 19,424,225</u>	<u>\$ 6,009,053</u>	<u>\$ 5,981,828</u>	<u>\$ 25,344,827</u>	<u>\$ 25,406,053</u>

Village of Springville, New York

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of May 31, 2023 amounts to approximately \$36 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, vehicles, and infrastructure assets.

Table 3 - Capital Assets as of May 31, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 519,796	\$ 519,796	\$ 67,322	\$ 67,322	\$ 587,118	\$ 587,118
Buildings	8,990,784	8,931,296	460,393	460,243	9,451,177	9,391,539
Improvements other than buildings	3,307,247	2,491,074	-	-	3,307,247	2,491,074
Vehicles and equipment	4,716,159	4,517,324	1,848,077	1,790,836	6,564,236	6,308,160
Infrastructure	43,518,061	43,084,904	14,034,578	13,040,025	57,552,639	56,124,929
Construction in progress	7,282,214	3,675,028	447,596	902,468	7,729,810	4,577,496
Total capital	68,334,261	63,219,422	16,857,966	16,260,894	85,192,227	79,480,316
Accumulated depreciation	(39,582,644)	(38,222,566)	(9,324,983)	(9,055,976)	(48,907,627)	(47,278,542)
Total capital assets, net	\$ 28,751,617	\$ 24,996,856	\$ 7,532,983	\$ 7,204,918	\$ 36,284,600	\$ 32,201,774

Additional information on the Village's capital assets can be found in Note 2 to the Village's financial statements.

Long-Term Debt

Table 4 - Long-Term Debt as of May 31, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Bonds payable	\$ 14,294,517	\$ 7,401,536	\$ 3,047,557	\$ 2,030,153	\$ 17,342,074	\$ 9,431,689
Lease payable	45,963	-	-	-	45,963	-
Compensated absences	54,421	60,288	20,138	20,815	74,559	81,103
Net pension liability	944,998	11,123	325,079	-	1,270,077	11,123
LOSAP Obligations	1,863,640	1,930,714	-	-	1,863,640	1,930,714
Totals	\$ 17,203,539	\$ 9,403,661	\$ 3,392,774	\$ 2,050,968	\$ 20,596,313	\$ 11,454,629

Additional information on the Village's long-term debt can be found in Note 4 to the Village's financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Village Administrator
5 W. Main St./P.O. Box 17
Springville, NY 14141

Village of Springville, New York

Statement of Net Position

	May 31, 2023		
	Governmental Activities	Business-Type Activity	Total
ASSETS			
Cash and cash equivalents	\$ 4,210,155	\$ 1,476,199	\$ 5,686,354
Cash and cash equivalents, restricted	2,617,557	-	2,617,557
Service award program assets	1,220,497	-	1,220,497
Accounts receivable, net	400,654	204,463	605,117
Due from other governments	212,139	-	212,139
Prepaid expenses	41,402	62,999	104,401
Lease receivable	827,269	-	827,269
Inventory	-	247,187	247,187
Capital assets			
Non-depreciable	7,802,010	514,918	8,316,928
Depreciable, net	20,949,607	7,018,065	27,967,672
Total assets	<u>38,281,290</u>	<u>9,523,831</u>	<u>47,805,121</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	593,122	202,100	795,222
LOSAP deferrals	26,932	-	26,932
Total assets and deferred outflows of resources	<u>38,901,344</u>	<u>9,725,931</u>	<u>48,627,275</u>
LIABILITIES			
Accounts payable and accrued expenses	880,663	237,626	1,118,289
Accrued interest	72,775	25,542	98,317
Due to retirement system	28,847	9,707	38,554
Unearned revenue	439,794	-	439,794
Customer deposits	-	28,533	28,533
Non-current liabilities			
Due in one year	683,730	403,696	1,087,426
Due in more than one year			
Compensated absences	48,921	18,038	66,959
Bonds payable	13,630,682	2,645,961	16,276,643
Lease payable	31,568	-	31,568
Net pension liability	944,998	325,079	1,270,077
Length of service award program obligations	1,863,640	-	1,863,640
Total liabilities	<u>18,625,618</u>	<u>3,694,182</u>	<u>22,319,800</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	80,984	22,696	103,680
LOSAP deferrals	55,972	-	55,972
Lease deferrals	802,996	-	802,996
Total liabilities and deferred inflows of resources	<u>19,565,570</u>	<u>3,716,878</u>	<u>23,282,448</u>
NET POSITION			
Net investment in capital assets	13,999,808	4,485,426	18,485,234
Restricted	3,380,762	-	3,380,762
Unrestricted	1,955,204	1,523,627	3,478,831
Total net position	<u>\$ 19,335,774</u>	<u>\$ 6,009,053</u>	<u>\$ 25,344,827</u>

Village of Springville, New York

Statement of Activities

Year Ended May 31, 2023

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
GOVERNMENTAL ACTIVITIES							
General government support	\$ 768,127	\$ 218,129	\$ -	\$ -	\$ (549,998)	\$ -	\$ (549,998)
Public safety	1,516,365	214,653	-	-	(1,301,712)	-	(1,301,712)
Transportation	1,424,622	2,159	-	158,406	(1,264,057)	-	(1,264,057)
Economic opportunity and development	6,892	-	-	-	(6,892)	-	(6,892)
Culture and recreation	266,420	-	6,054	-	(260,366)	-	(260,366)
Home and community services	2,520,680	2,584,858	-	286,261	350,439	-	350,439
Interest on long-term debt	327,140	-	-	-	(327,140)	-	(327,140)
Total governmental activities	<u>6,830,246</u>	<u>3,019,799</u>	<u>6,054</u>	<u>444,667</u>	<u>(3,359,726)</u>	<u>-</u>	<u>(3,359,726)</u>
BUSINESS-TYPE ACTIVITY							
Electric	<u>3,533,393</u>	<u>3,526,085</u>	<u>-</u>	<u>43,780</u>	<u>-</u>	<u>36,472</u>	<u>36,472</u>
Total government	<u>\$ 10,363,639</u>	<u>\$ 6,545,884</u>	<u>\$ 6,054</u>	<u>\$ 488,447</u>	<u>(3,359,726)</u>	<u>36,472</u>	<u>(3,323,254)</u>
GENERAL REVENUES							
Real property tax and related tax items					2,014,776	-	2,014,776
Non-property taxes					667,422	-	667,422
Use of money and property					255,495	17,715	273,210
Other general revenues					239,755	6,594	246,349
Unrestricted state aid					60,271	-	60,271
Total general revenues					<u>3,237,719</u>	<u>24,309</u>	<u>3,262,028</u>
INTERFUND TRANSFERS					<u>33,556</u>	<u>(33,556)</u>	<u>-</u>
CHANGES IN NET POSITION					(88,451)	27,225	(61,226)
NET POSITION, beginning of year, as restated					<u>19,424,225</u>	<u>5,981,828</u>	<u>25,406,053</u>
NET POSITION, end of year					<u>\$ 19,335,774</u>	<u>\$ 6,009,053</u>	<u>\$ 25,344,827</u>

See accompanying Notes to Financial Statements.

Village of Springville, New York

Balance Sheet - Governmental Funds

	May 31, 2023				
	Major Funds				
	General	Capital Projects	Water	Sewer	Total
ASSETS					
Cash and cash equivalents	\$ 2,979,736	\$ -	\$ 1,148,853	\$ 81,566	\$ 4,210,155
Cash and cash equivalents, restricted	466,211	1,886,736	127,178	137,432	2,617,557
Service award program assets	1,220,497	-	-	-	1,220,497
Accounts receivable	31,680	-	156,952	212,022	400,654
Lease receivable	827,269	-	-	-	827,269
Due from other governments	212,139	-	-	-	212,139
Prepaid expenditures	20,573	-	11,012	9,817	41,402
	<u>\$ 5,758,105</u>	<u>\$ 1,886,736</u>	<u>\$ 1,443,995</u>	<u>\$ 440,837</u>	<u>\$ 9,529,673</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 381,128	\$ 457,292	\$ 18,570	\$ 23,673	\$ 880,663
Due to retirement system	16,611	-	6,628	5,608	28,847
Unearned revenue	439,794	-	-	-	439,794
	<u>837,533</u>	<u>457,292</u>	<u>25,198</u>	<u>29,281</u>	<u>1,349,304</u>
DEFERRED INFLOWS OF RESOURCES	<u>802,996</u>	<u>-</u>	<u>-</u>	<u>14,308</u>	<u>817,304</u>
FUND BALANCES					
Nonspendable	20,573	-	11,012	9,817	41,402
Restricted	1,686,708	1,429,444	127,178	137,432	3,380,762
Assigned	313,862	-	1,280,607	249,999	1,844,468
Unassigned	2,096,433	-	-	-	2,096,433
Total fund balances	<u>4,117,576</u>	<u>1,429,444</u>	<u>1,418,797</u>	<u>397,248</u>	<u>7,363,065</u>
	<u>\$ 5,758,105</u>	<u>\$ 1,886,736</u>	<u>\$ 1,443,995</u>	<u>\$ 440,837</u>	<u>\$ 9,529,673</u>

Village of Springville, New York

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

May 31, 2023

Total fund balances in the fund financial statements for the governmental funds \$ 7,363,065

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. 28,751,617

Deferred inflows of resources related to revenue that will be collected after year-end, but are not available soon enough to pay for current period's expenditures are deferred in the funds: 14,308

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

Deferred outflows - pension resources	593,122
Deferred inflows - pension resources	(80,984)
Deferred outflows - LOSAP	26,932
Deferred inflows - LOSAP	(55,972)

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	(14,211,000)
Lease payable	(45,963)
Bond premium	(83,517)
Net pension liability	(944,998)
Compensated absences	(54,421)
Accrued interest	(72,775)
Length of service award program obligations	(1,863,640)

Total net position, end of year **\$ 19,335,774**

Village of Springville, New York

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

	Year Ended May 31, 2023				
	Major Funds				
	General	Capital Projects	Water	Sewer	Total
REVENUES					
Real property tax and related tax items	\$ 2,014,776	\$ -	\$ -	\$ -	\$ 2,014,776
Non-property taxes	667,422	-	-	-	667,422
Departmental revenues	148,315	-	1,164,695	1,248,398	2,561,408
Intergovernmental charges	212,142	-	-	-	212,142
Use of money and property	255,495	-	20,657	6,362	282,514
Licenses and permits	15,472	-	-	-	15,472
Fines and forfeitures	171,751	-	-	-	171,751
Sale of property and compensation for loss	211,979	-	-	-	211,979
Miscellaneous local sources	212	-	547	-	759
Interfund revenues	44,718	-	-	-	44,718
Federal aid	-	271,261	-	-	271,261
State aid	224,731	15,000	-	-	239,731
Total revenues	<u>3,967,013</u>	<u>286,261</u>	<u>1,185,899</u>	<u>1,254,760</u>	<u>6,693,933</u>
EXPENDITURES					
General government support	547,736	-	23,612	20,823	592,171
Public safety	1,261,357	-	-	-	1,261,357
Transportation	944,903	-	-	-	944,903
Economic opportunity and development	2,000	3,775	-	-	5,775
Culture and recreation	142,910	272,033	-	-	414,943
Home and community services	476,243	4,596,314	535,081	587,323	6,194,961
Employee benefits	441,154	-	126,866	107,127	675,147
Debt service					
Principal	163,525	-	214,000	170,000	547,525
Interest	42,055	-	55,959	250,001	348,015
Total expenditures	<u>4,021,883</u>	<u>4,872,122</u>	<u>955,518</u>	<u>1,135,274</u>	<u>10,984,797</u>
Excess (deficiency) of revenues over expenditures	<u>(54,870)</u>	<u>(4,585,861)</u>	<u>230,381</u>	<u>119,486</u>	<u>(4,290,864)</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	36,867	349,812	-	-	386,679
Operating transfers out	(213,960)	(3,311)	(135,852)	-	(353,123)
Proceeds from lease	59,488	-	-	-	59,488
Proceeds from bond issuance	-	7,440,000	-	-	7,440,000
BANs redeemed from appropriations	-	30,000	-	-	30,000
Total other financing sources (uses)	<u>(117,605)</u>	<u>7,816,501</u>	<u>(135,852)</u>	<u>-</u>	<u>7,563,044</u>
Net change in fund balances	<u>(172,475)</u>	<u>3,230,640</u>	<u>94,529</u>	<u>119,486</u>	<u>3,272,180</u>
FUND BALANCES, beginning of year	<u>4,290,051</u>	<u>(1,801,196)</u>	<u>1,324,268</u>	<u>277,762</u>	<u>4,090,885</u>
FUND BALANCES, end of year	<u>\$ 4,117,576</u>	<u>\$ 1,429,444</u>	<u>\$ 1,418,797</u>	<u>\$ 397,248</u>	<u>\$ 7,363,065</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

	Year Ended May 31, 2023
Net change in fund balances shown for total governmental funds	\$ 3,272,180
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 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 acquisition of capital assets exceeded depreciation expense for the period. Dispositions of these assets are not recorded in the governmental funds.	
Capital expenditures	5,114,839
Depreciation expense	<u>(1,360,078)</u>
	3,754,761
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.	
Proceeds from lease	(59,488)
Lease principal payments	13,525
Bond principal payments	504,000
Proceeds from bond issuances	<u>(7,440,000)</u>
	(6,981,963)
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	(22,144)
Bond premiums	43,019
Net pension liability, net of related deferrals	(162,188)
LOSAP obligation, net of related deferrals	(12,291)
Compensated absences	<u>5,867</u>
	(147,737)
Change in net position of governmental activities shown in the statement of activities	<u>\$ (88,451)</u>

Village of Springville, New York

Statement of Net Position - Proprietary Fund

	<u>May 31, 2023</u>
	<u>Electric</u>
	<u>Fund</u>
CURRENT ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,476,199
Accounts receivable, net	204,463
Prepaid expenses	62,999
Inventory	247,187
Total current assets	<u>1,990,848</u>
NONCURRENT ASSETS	
Capital assets	
Non-depreciable	514,918
Depreciable, net	7,018,065
Total non-current assets	<u>7,532,983</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>202,100</u>
Total assets and deferred outflows of resources	<u>9,725,931</u>
CURRENT LIABILITIES	
Accounts payable and accrued expenses	237,626
Accrued interest	25,542
Due to retirement system	9,707
Customer deposits	28,533
Compensated absences, due in one year	2,100
Bonds payable, due in one year	401,596
Total current liabilities	<u>705,104</u>
NONCURRENT LIABILITIES	
Compensated absences	18,038
Net pension liability	325,079
Bonds payable	2,645,961
Total noncurrent liabilities	<u>2,989,078</u>
DEFERRED INFLOWS OF RESOURCES	<u>22,696</u>
Total liabilities and deferred inflows of resources	<u>3,716,878</u>
NET POSITION	
Net investment in capital assets	4,485,426
Unrestricted	1,523,627
Total net position	<u>\$ 6,009,053</u>

Village of Springville, New York

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

	Year Ended May 31, 2023 Electric Fund
OPERATING REVENUES	
Charges for services	\$ 3,526,085
OPERATING EXPENSES	
Electricity purchased	2,086,103
Maintenance poles, towers and fixtures	21,829
Distribution and transmission	491,037
Administrative and employee benefits	736,335
Contractual appropriations of income	67,643
Bad debt expense	13,423
Total operating expenses	3,416,370
Operating income	109,715
NONOPERATING REVENUES (EXPENSES)	
Interest income	17,715
Other revenue	6,594
Interest expense	(72,305)
Contribution to operating municipality	(44,718)
Total nonoperating revenues (expenses)	(92,714)
Income before other financing uses and capital contributions	17,001
OTHER FINANCING USES	
Interfund Transfers - General Fund PILOT	(33,556)
CAPITAL CONTRIBUTIONS	43,780
CHANGE IN NET POSITION	27,225
NET POSITION, <i>beginning of year</i>	5,981,828
NET POSITION, <i>end of year</i>	\$ 6,009,053

Village of Springville, New York

Statement of Cash Flows - Proprietary Fund

	Year Ended May 31, 2023 Electric Fund
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Cash received from providing services	\$ 3,618,874
Cash payments for contractual expenses	(2,223,639)
Cash payments for personal services and benefits	(814,686)
	<u>580,549</u>
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	
Transfer/contributions to General fund	(78,274)
Non-operating revenue	6,594
	<u>(71,680)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	(301,000)
Interest payments	(83,480)
Proceeds from bond issuance	1,325,000
BAN payments	(1,415,000)
Acquisition of capital assets and cost of removal	(644,841)
	<u>(1,119,321)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	
Interest income	<u>17,715</u>
Net decrease in cash and cash equivalents	(592,737)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>2,068,936</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 1,476,199</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 109,715
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	342,374
Loss on disposition	18,182
Bad debt expense	13,423
Change in assets and liabilities	
Accounts receivable	79,896
Inventory	(32,033)
Prepaid expenses	(32,811)
Deferred outflows of resources	35,500
Accounts payable and accrued expenses	23,530
Due to retirement system	1,062
Customer deposits	(530)
Accrued compensated absences	(677)
Net pension liability	456,319
Deferred inflows of resources	(433,401)
	<u>\$ 580,549</u>

See accompanying Notes to Financial Statements.

Village of Springville, New York

Statement of Fiduciary Net Position

	<u>May 31, 2023</u>
	<u>Custodial</u>
	<u>Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 3,595</u>
FUND BALANCE	
Restricted	<u>\$ 3,595</u>

Village of Springville, New York

Statement of Changed in Fiduciary Net Position

	Year Ended May 31, 2023
	Custodial Fund
ADDITIONS	
Interest income	\$ 25
Net position - beginning of year	<u>3,570</u>
Net position - end of year	<u><u>\$ 3,595</u></u>

Village of Springville, New York

Notes to Financial Statements May 31, 2023

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 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 normally are 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, 2023

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 in which 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 sixty days of the end of the current fiscal period. Expenditures generally are 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 - 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 Funds - 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 - is used to account for the provision of water services to the Village's citizenry, funded by user fees.
- 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 non-operating 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 depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Village of Springville, New York

Notes to Financial Statements May 31, 2023

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 - 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, New York State Public Service Commission (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" (PPA) factor.

The Village's fiduciary fund consists of a custodial fund which holds resources in trust for a community related program. The custodial fund is accounted for on the accrual basis of accounting and 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, 2023

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 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 adoption of the budget constitute a limitation on expenditures (and encumbrances) which 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 a need that exists which was not determined at the time the budget was adopted.

The Village employs the following budgetary procedures:

- (1) No later than March 31st, the Village Administrator submits a tentative budget to the Village Board for the fiscal year commencing the following June 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the Village except for Capital Projects Funds.
- (2) After public hearings are conducted to obtain taxpayer comments, no later than May 1st, the Village Board adopts the budget. Appropriations established by the budget constitute a limitation on expenditures which 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 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, 2023, 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 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, 2023

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 Fire 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, fewer 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 amount 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 by using historical experience applied to an aging of accounts. The Village's electric fund recorded an allowance for doubtful accounts of \$47,590 as of May 31, 2023.

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

Amounts due from other governments in the general fund consists of sales tax allocations for the months of March through May 2023 that were collected in June of 2023.

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 to 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, 2023

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, 2023.

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 were no impairments of long-lived assets as of May 31, 2023.

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, 2023

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 are 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 Length of Service Award Program 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 Employees' Retirement System. Additional information related to this net pension liability is in Note 5 to these financial statements.

Length of Service Award Program (LOSAP)

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, 2023

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, laws, or 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 or 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) are 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 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, 2023

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 15th and become a lien on June 1st. Taxes are collected during the period of June 1st through November 1st. The unpaid taxes are placed as liens against the property and the tax sale certificates are filed.

q. Adoption of New Accounting Pronouncement

Effective June 1, 2022, the Village implemented the provisions of GASB Statement No. 87, *Leases* (GASB 87). The primary objective of this statement is to enhance the relevance of and consistency of information about government leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are a financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use-asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The adoption of GASB 87 resulted in the recording of a lease receivable and deferred inflow of resources of \$861,805 and a lease asset and payable of \$59,488 as of June 1, 2022.

r. Correction of a Misstatement

During the year ended May 31, 2022, while converting the Water and Sewer funds from enterprise funds to governmental funds, opening construction in progress assets in the Sewer fund were inadvertently excluded from the governmental activities. As a result, capital assets and net position of the governmental activities as of May 31, 2022 have been increased by \$1,334,175.

s. Subsequent Events

The Village has evaluated subsequent events for potential recognition or disclosure through October 27, 2023, 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, 2022 (Restated)	Additions	Disposals / Placed into Service	Balance at May 31, 2023
<i>Capital assets not being depreciated</i>				
Land	\$ 519,796	\$ -	\$ -	\$ 519,796
Construction work in progress	3,675,028	4,842,934	(1,235,748)	7,282,214
Total capital assets not being depreciated	4,194,824	4,842,934	(1,235,748)	7,802,010
<i>Depreciable capital assets</i>				
Buildings	8,931,296	59,488	-	8,990,784
Improvements other than buildings	2,491,074	816,173	-	3,307,247
Vehicles and equipment	4,517,324	198,835	-	4,716,159
Infrastructure	43,084,904	433,157	-	43,518,061
Total depreciable capital assets	59,024,598	1,507,653	-	60,532,251
<i>Less accumulated depreciation</i>				
Buildings	5,580,861	208,983	-	5,789,844
Improvements other than buildings	964,875	190,566	-	1,155,441
Vehicles and equipment	2,835,422	293,064	-	3,128,486
Infrastructure	28,841,408	667,465	-	29,508,873
Total accumulated depreciation	38,222,566	1,360,078	-	39,582,644
Net depreciable capital assets	20,802,032	147,575	-	20,949,607
Total capital assets, net	\$ 24,996,856	\$ 4,990,509	\$ (1,235,748)	\$ 28,751,617

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 2 - Capital Assets - Continued

For the year ended May 31, 2023, depreciation expense was charged to the following governmental functions as follows:

General government support	\$ 61,433
Public safety	143,455
Transportation	415,868
Culture and recreation	95,872
Home and community services	643,450
	<u>\$ 1,360,078</u>

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

	Balance as June 1, 2022	Additions	Disposals	Balance at May 31, 2023
<i>Depreciable capital assets</i>				
Buildings	\$ 460,243	\$ 150	\$ -	\$ 460,393
Vehicles and equipment	1,790,836	62,459	(5,218)	1,848,077
Infrastructure	13,040,025	1,081,256	(86,703)	14,034,578
Total depreciable capital assets	15,291,104	1,143,865	(91,921)	16,343,048
Accumulated depreciation	9,055,976	353,120	(84,113)	9,324,983
Net depreciable capital assets	6,235,128	790,745	(7,808)	7,018,065
<i>Capital assets not being depreciated</i>				
Construction in progress	902,468	440,766	(895,638)	447,596
Land	67,322	-	-	67,322
Total depreciable capital assets	969,790	440,766	(895,638)	514,918
Total capital assets, net	<u>\$ 7,204,918</u>	<u>\$ 1,231,511</u>	<u>\$ (903,446)</u>	<u>\$ 7,532,983</u>

Note 3 - Leases Receivable

The Village recognized lease revenue and related interest revenue on noncancelable leases of \$68,157 and \$33,621 respectively, for the year ended May 31, 2023. These amounts are included in use of money and property in the financial statements. Future lease payments under these leases are as follows:

	Lease Principal	Lease Interest	Total
For the year ending May 31,			
2024	\$ 37,782	\$ 32,175	\$ 69,957
2025	41,234	30,595	71,829
2026	44,903	28,873	73,776
2027	41,857	27,001	68,858
2028	(915)	27,036	26,121
Thereafter	662,408	745,466	1,407,874
	<u>\$ 827,269</u>	<u>\$ 891,146</u>	<u>\$ 1,718,415</u>

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 4 - Long-Term Liabilities

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

	June 1, 2022	Additions	Deletions	May 31, 2023	Due Within One Year
Bonds payable	\$ 7,275,000	\$ 7,440,000	\$ (504,000)	\$ 14,211,000	\$ 657,000
Unamortized bond premium	126,536	-	(43,019)	83,517	6,835
Total	7,401,536	7,440,000	(547,019)	14,294,517	663,835
Lease payable	-	59,488	(13,525)	45,963	14,395
Compensated absences	60,288	-	(5,867)	54,421	5,500
Net pension liability	-	-	-	-	-
Employee retirement system (ERS)	-	1,102,828	(206,263)	896,565	-
Police and fire retirement system (PFRS)	11,123	50,504	(13,194)	48,433	-
LOSAP obligations	1,930,714	29,511	(96,585)	1,863,640	-
	<u>\$ 9,403,661</u>	<u>\$ 8,682,331</u>	<u>\$ (882,453)</u>	<u>\$ 17,203,539</u>	<u>\$ 683,730</u>

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

Description	June 1, 2022	Additions	Deletions	May 31, 2023	Due Within One Year
Bonds payable	\$ 1,951,000	\$ 1,325,000	\$ (301,000)	\$ 2,975,000	\$ 395,000
Unamortized premium	79,153	-	(6,596)	72,557	6,596
Total	2,030,153	1,325,000	(307,596)	3,047,557	401,596
Compensated absences	20,815	-	(677)	20,138	2,100
Net pension liability	-	379,956	(54,877)	325,079	-
Total	<u>\$ 2,050,968</u>	<u>\$ 1,704,956</u>	<u>\$ (363,150)</u>	<u>\$ 3,392,774</u>	<u>\$ 403,696</u>

Bonds Payable

A summary of the governmental activities bonds payable on May 31, 2023, is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance
WWTP Upgrades (EFC)	3/16/2013	3/16/2050	1.88%	\$ 2,321,000
Water System Improvements (EFC)	8/20/2015	8/20/2026	2.00%	525,000
2016 Water System Refunding Bond	5/4/2016	5/16/2044	2.00%	1,270,000
2020 Refunding Bond				-
65 Franklin Street	7/1/2020	7/1/2036	2.00%	1,350,000
Heritage Park	7/1/2020	7/1/2024	2.00%	75,000
Sewer System Improvements	7/1/2020	7/1/2034	2.00%	1,230,000
2022 Serial Bonds				
Fire Truck	11/8/2022	11/1/2051	4.00% to 4.84%	440,000
WWTP Improvements	11/8/2022	11/1/2051	4.00% to 4.84%	7,000,000
Total bonds payable				<u>\$ 14,211,000</u>

A summary of the business-type activity bonds payable on May 31, 2023, is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance
2016 Refunding Bond - Electric	5/4/2016	5/4/2034	2.00%	\$ 1,230,000
2020 Refunding Bond - Electric	7/1/2020	7/1/2024	2.00%	420,000
2022 Serial Bond	11/8/2022	11/1/2051	4.00% to 4.84%	1,325,000
Total bonds payable				<u>\$ 2,975,000</u>

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 4 - Long-Term Liabilities - Continued

Bonds Payable - Continued

Governmental Activities

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

	Bond Principal	Bond Interest	Total
For the year ending May 31,			
2024	\$ 657,000	\$ 475,451	\$ 1,132,451
2025	663,000	456,927	1,119,927
2026	659,000	444,013	1,103,013
2027	490,000	426,144	916,144
2028	497,000	411,716	908,716
2029 through 2033	2,799,000	1,795,333	4,594,333
2034 through 2038	2,490,000	1,346,527	3,836,527
2039 through 2043	2,077,000	982,101	3,059,101
2044 through 2048	2,107,000	610,303	2,717,303
2049 through 2052	1,772,000	164,004	1,936,004
	<u>\$ 14,211,000</u>	<u>\$ 7,112,519</u>	<u>\$ 21,323,519</u>

Business-Type Activity

	Bond Principal	Bond Interest	Total
For the year ending May 31,			
2024	\$ 395,000	\$ 86,575	\$ 481,575
2025	400,000	76,975	476,975
2026	195,000	67,172	262,172
2027	200,000	61,363	261,363
2028	205,000	55,347	260,347
2029 through 2033	1,100,000	179,782	1,279,782
2034	480,000	25,951	505,951
	<u>\$ 2,975,000</u>	<u>\$ 553,165</u>	<u>\$ 3,528,165</u>

Leases Payable

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

	Lease Principal	Lease Interest	Total
For the year ending May 31,			
2024	\$ 14,395	\$ 1,523	\$ 15,918
2025	15,306	930	16,236
2026	16,262	299	16,561
	<u>\$ 45,963</u>	<u>\$ 2,752</u>	<u>\$ 48,715</u>

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 5 - New York State Retirement System

a. Plan Description

The Village participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (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 NYSSRSSL, 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 Systems, 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 NYSSRSSL and are dependent upon the point in time at which the employees last joined the System. The NYSSRSSL has established distinct classes of membership. The System uses a tier concept to distinguish these groups, as follows:

ERS

- Tier 1 - Those persons who last became members before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally, those persons who are State correction 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 correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 - Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

PFRS

- Tier 1 - Those persons who last became members before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
- Tier 4 - Not applicable.
- Tier 5 - Those persons 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 persons who first became members on or after April 1, 2012.

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 5 - New York State Retirement System - Continued

b. Plan Benefits - Continued

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 percent vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) need 5 years of service credit to be 100 percent vested.

Typically, the benefit for members in all Tiers is 1.67 percent 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 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with more than 30 years of service, an additional benefit of 1.5 percent 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 percent of the previous year (Tier 1) or no more than 20 percent of the average of the previous two years (Tier 2). For Tier 3, 4, and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent of the average of the previous two years. The benefit for Tier 6 members who retire with 20 years of service is 1.75 percent 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 percent 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 percent of the average of the previous four years.

An automatic postemployment benefit is provided annually to pensioners who have attained age 62 and have been retired for five years; to pensioners who have attained age 55 and have been retired for ten years; to all disability pensioners, regardless of age, who have been retired for five years; an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half 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 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or greater than 3 percent.

c. Funding Policy

The System is noncontributory except for: (1) employees who joined the New York State and Local Employees' Retirement System after July 26, 1976, who contribute 3% of their salary for the first ten years of membership, and (2) employees who join after January 1, 2010, and police and fire personnel who join after January 9, 2010, who 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.

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 5 - New York State Retirement System - Continued

c. Funding Policy - Continued

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

	ERS	PFRS
2023	\$ 206,263	\$ 13,194
2022	275,021	23,872
2021	266,642	19,802

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, 2023, the Village reported a liability of \$896,565 and \$48,433 for its proportionate share of the ERS and PFRS net pension liability, respectively, in its governmental activities. The Village reported a liability of \$325,079 for its proportionate share of the ERS net pension liability in its business-type activities. The net pension liability was measured as of March 31, 2023, and the total pension liability was determined by an actuarial valuation as of April 1, 2022. 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, 2023 measurement date, the Village's proportionate share was .0056969% and .0008799% for ERS and PFRS, respectively.

For the year ended May 31, 2023, the Village recognized pension expense of \$425,802 and \$14,321 for ERS and PFRS, respectively. At May 31, 2023, 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	\$ 95,491	\$ 25,179	\$ 4,734	\$ -
Changes of assumptions	435,429	4,812	23,601	-
Net differences between projected and actual investment earnings on pension plan investments	-	5,267	86	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,467	27,338	7,314	18,388
Total	\$ 557,387	\$ 62,596	\$ 35,735	\$ 18,388

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 5 - New York State Retirement System - Continued

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

	Business-Type Activity	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,624	\$ 9,129
Changes of assumptions	157,880	1,745
Net differences between projected and actual investment earnings on pension plan investments	-	1,910
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,596	9,912
Total	<u>\$ 202,100</u>	<u>\$ 22,696</u>

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,			
2024	\$ 114,245	\$ 3,505	\$ 41,424
2025	(49,386)	(3,623)	(17,907)
2026	185,959	11,935	67,426
2027	243,973	6,973	88,461
2028	-	(1,443)	-
Total	<u>\$ 494,791</u>	<u>\$ 17,347</u>	<u>\$ 179,404</u>

Actuarial Assumptions

The total pension liability at March 31, 2023, was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023. Significant actuarial assumptions used in the valuation were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.9 percent
Salary Scale	
ERS	4.4 percent, indexed by service
PFRS	6.2 percent, indexed by service
Investment rate of return,	5.9 percent compounded annually, net of expenses
	including inflation
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

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 5 - New York State Retirement System - Continued

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

Actuarial Assumptions - Continued

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 by adding expected inflation.

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%	4.30%
International equity	15.00%	6.85%
Private equity	10.00%	7.50%
Real estate	9.00%	4.60%
Opportunistic/ARS portfolio	3.00%	5.38%
Credit	4.00%	5.43%
Real assets	3.00%	5.84%
Fixed Income	23.00%	1.50%
Cash	1.00%	0.00%
	<u>100.00%</u>	

Discount Rate

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

Note 5 - New York State 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 5.9%, 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 1 percentage point lower (4.9%) or 1 percentage point higher (6.9%) 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>\$ 2,952,190</u>	<u>\$ 1,221,644</u>	<u>\$ (224,428)</u>
	PFRS		
	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
Village's proportionate share of the net pension liability	<u>\$ 100,962</u>	<u>\$ 48,433</u>	<u>\$ 4,937</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2023 were as follows (amounts in thousands):

	(Dollars in Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 232,627,259	\$ 43,835,333	\$ 276,462,592
Plan fiduciary net position	<u>(211,183,223)</u>	<u>(38,324,863)</u>	<u>(249,508,086)</u>
Employers' net pension liability	<u>\$ 21,444,036</u>	<u>\$ 5,510,470</u>	<u>\$ 26,954,506</u>
Ratio of plan net position to the employers' total pension liability	<u>90.78%</u>	<u>87.43%</u>	<u>90.25%</u>

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 6 - Length of Service Award Program Obligations (LOSAP)

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 granter/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 who have 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 attaining the program's entitlement age. The program's entitlement age is 62. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty (50) points.

Points are granted for the performance of certain activities in accordance with a system established by the sponsor on a basis of 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 are as follows:

Active participants	25
Inactive participants with deferred vested benefits	16
Entitled participants (or beneficiaries)	30
Total	<u>71</u>

b. Defined Benefit

A participant's benefit under the program is the life annuity, with ten 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 twenty. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

c. Plan Contributions and Assets Accumulated for Benefits

Fire Program assets are required to be held in trust (granter/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 Fire Program. Authority to invest the Program's assets is vested in the Village. Fire Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Village.

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 6 - Length of Service Award Program Obligations (LOSAP) - Continued

Fire Service Award Program - Continued

c. Plan Contributions and Assets Accumulated for Benefits - Continued

The Village is required to transfer to the granter/rabbi trust amounts necessary to finance the Fire 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 3.90, 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 postretirement 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 Fire 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 rabbi/granter trust (restricted investments).

d. Significant Assumptions and Other Inputs

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

Discount Rate	3.90%
Inflation Rate	3.75%
Mortality Table	RP 2014 Combined Projected to 2023

e. Measurement of Total Pension Liability

The total pension liability at May 31, 2023 was determined using an actuarial valuation as of December 31, 2022. The following table presents the changes in total pension liability for the fire service award program:

Beginning balance, May 31, 2022	\$ 1,930,714
Service cost	21,792
Interest	63,172
Changes due to differences in experience	(24,639)
Changes of assumptions and other inputs	(30,814)
Benefit payments	(96,585)
Ending balance, May 31, 2023	<u>\$ 1,863,640</u>

The discount rate used to measure the total pension liability was 3.90%. This was the yield to maturity of the Fidelity 20-Year GO AA Bond Index as of December 31, 2022.

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 6 - Length of Service Award Program Obligations (LOSAP) - 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, 2023, calculated using the discount rate of 3.90 percent, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.90 percent) or 1-percentage point higher (4.90 percent) than the current rate:

	1% Decrease 2.90%	Current Discount 3.90%	1% Increase 4.90%
Total LOSAP liability	<u>\$ 2,097,000</u>	<u>\$ 1,863,640</u>	<u>\$ 1,669,000</u>

g. Pension Expense, Deferred Outflows, and Deferred Inflows

For the year ended May 31, 2023, the Village recognized pension expense of \$116,087. The following table presents the components of pension expense:

Components of Pension Expense	
Service cost	\$ 21,792
Interest	63,172
Changes of assumptions and other inputs	16,996
Differences between expected and actual experience	<u>14,127</u>
	<u>\$ 116,087</u>

At May 31, 2023, 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	\$ 26,932	\$ -
Changes of assumptions or other inputs	<u>-</u>	<u>55,972</u>
Total	<u>\$ 26,932</u>	<u>\$ 55,972</u>

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 6 - Length of Service Award Program Obligations (LOSAP) - 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,	
2024	\$ 23,912
2025	23,912
2026	8,173
2027	(26,099)
2028	(26,099)
2029 and thereafter	<u>(32,839)</u>
Total	<u>\$ (29,040)</u>

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 7 - Fund Balances

Fund balances of the governmental fund types are as follows at May 31, 2023:

	Major Funds				
	General	Capital Projects	Water	Sewer	Total
Nonspendable					
Prepaid expenditures	\$ 20,573	\$ -	\$ 11,012	\$ 9,817	\$ 41,402
Restricted for					
Length of service program awards	1,220,497	-	-	-	1,220,497
Water equipment / reconstruction	-	-	127,178	-	127,178
Sewer equipment / reconstruction	-	-	-	137,432	137,432
65 Franklin renovations	-	7,763	-	-	7,763
Main Street	-	11,225	-	-	11,225
Heritage Park	-	3,888	-	-	3,888
Sanitary sewer	-	22,233	-	-	22,233
WWTP improvements project	-	1,384,335	-	-	1,384,335
Street equipment/reconstruction	54,788	-	-	-	54,788
Fire equipment	405,801	-	-	-	405,801
Clock Repair	5,622	-	-	-	5,622
	<u>1,686,708</u>	<u>1,429,444</u>	<u>127,178</u>	<u>137,432</u>	<u>3,380,762</u>
Assigned for					
Water operations	-	-	1,280,607	-	1,280,607
Sewer operations	-	-	-	249,999	249,999
Appropriated	230,000	-	-	-	230,000
Encumbrances	83,862	-	-	-	83,862
	<u>313,862</u>	<u>-</u>	<u>1,280,607</u>	<u>249,999</u>	<u>1,844,468</u>
Unassigned	<u>2,096,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,096,433</u>
Total fund balance	<u>\$ 4,117,576</u>	<u>\$ 1,429,444</u>	<u>\$ 1,418,797</u>	<u>\$ 397,248</u>	<u>\$ 7,363,065</u>

Village of Springville, New York

Notes to Financial Statements May 31, 2023

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 which 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 \$692,599 for the year ended May 31, 2023.

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 \$1,239,503 and \$154,001, respectively, for the year ended May 31, 2023.

New York Independent System Operators (NYISO)

NYISO is a not-for-profit corporation under the aegis of the Federal Electric Regulatory Commission, 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. NYISO charges totaled \$121,219 for the year ended May 31, 2023. 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 (RECs) and Zero-Emissions Credits (ZECs) by all load serving entities (LSE) 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 cost of the RECs and ZECs to the Electric Fund were \$313,723 for the year ended May 31, 2023. 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.

Village of Springville, New York

Notes to Financial Statements May 31, 2023

Note 8 - Commitments, Risks and Uncertainties

b. Commitments

Construction Commitments

The following table summarizes the Village's purchase commitments associated with ongoing construction projects.

<u>Construction Project</u>	<u>Amount of Agreement</u>	<u>Disbursed</u>	<u>Contract Adjustment</u>	<u>Remaining Commitment</u>
Eaton Park (Eng Services)	\$ 36,500	\$ 30,035	\$ (6,465)	\$ -
N Central Waterline (Eng Services)	35,600	8,968	(26,632)	-
Fairway (N Central Waterline)	387,549	349,678	(37,871)	-
GPI (WWTP Upgrades - construction)	410,000	321,629	-	88,371
H&K (WWTP Upgrades)	5,462,000	4,484,012	-	977,988
Goodwin Electric (WWTP Upgrades)	352,000	189,090	-	162,910
KTG (Eaton Park Construction)	392,104	349,104	(43,000)	-
	<u>\$ 7,075,753</u>	<u>\$ 5,732,516</u>	<u>\$ (113,968)</u>	<u>\$ 1,229,269</u>

c. 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.

d. 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 its current practices and procedures for 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. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as an infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

Village of Springville, New York

Notes to Financial Statements May 31, 2023

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

This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this statement, a government generally should recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics. The requirements of this statement related to the extension of the use of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GASB Statement No. 34, *Basis Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs, and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for (1) each type of accounting changes and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in

Village of Springville, New York

Notes to Financial Statements May 31, 2023

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

the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This statement requires disclosures in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about quantitative effects of beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented as required supplementary information and supplementary information should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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, 2023			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real property tax and related tax items	\$ 2,060,740	\$ 2,060,740	\$ 2,014,776	\$ (45,964)
Non-property taxes	605,000	655,000	667,422	12,422
Departmental revenues	332,609	356,983	148,315	(208,668)
Intergovernmental charges	1,928	1,928	212,142	210,214
Use of money and property	109,004	162,004	255,495	93,491
Licenses and permits	13,300	13,300	15,472	2,172
Fines and forfeitures	170,000	170,000	171,751	1,751
Sale of property and compensation for loss	1,000	208,137	211,979	3,842
Miscellaneous local sources	37,518	2,000	212	(1,788)
Interfund revenues	45,000	45,000	44,718	(282)
Federal aid	136,217	240,206	-	(240,206)
State aid	35,000	35,000	224,731	189,731
Total revenues	<u>3,547,316</u>	<u>3,950,298</u>	<u>3,967,013</u>	<u>16,715</u>
EXPENDITURES				
General government support	493,203	459,827	547,736	(87,909)
Public safety	976,590	1,212,436	1,261,357	(48,921)
Transportation	880,978	947,787	944,903	2,884
Economic opportunity and development	-	2,000	2,000	-
Culture and recreation	171,900	143,971	142,910	1,061
Home and community services	520,086	462,908	476,243	(13,335)
Employee benefits	532,419	520,521	441,154	79,367
Debt service				
Principal	150,000	150,000	163,525	(13,525)
Interest	37,140	39,976	42,055	(2,079)
Total expenditures	<u>3,762,316</u>	<u>3,939,426</u>	<u>4,021,883</u>	<u>(82,457)</u>
Excess (deficiency) of revenues over expenditures	<u>(215,000)</u>	<u>10,872</u>	<u>(54,870)</u>	<u>(65,742)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	35,000	35,000	36,867	1,867
Operating transfers out	(35,000)	(258,972)	(213,960)	45,012
Proceeds from lease	-	-	59,488	59,488
Total other financing sources (uses)	<u>-</u>	<u>(223,972)</u>	<u>(117,605)</u>	<u>106,367</u>
NET CHANGE IN FUND BALANCE	<u>(215,000)</u>	<u>(213,100)</u>	<u>(172,475)</u>	<u>40,625</u>
FUND BALANCE, beginning of year			<u>4,290,051</u>	
FUND BALANCE, end of year			<u>\$ 4,117,576</u>	

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, 2023			Variance
	Original Budget	Modified Budget	Actual	Favorable (Unfavorable)
REVENUES				
Departmental revenues	1,141,750	1,141,750	1,164,695	22,945
Use of money and property	350	350	20,657	20,307
Miscellaneous local sources	-	-	547	547
Total revenues	<u>1,142,100</u>	<u>1,142,100</u>	<u>1,185,899</u>	<u>43,799</u>
EXPENDITURES				
General government support	74,754	35,095	23,612	11,483
Home and community services	541,680	566,930	535,081	31,849
Employee benefits	145,801	135,458	126,866	8,592
Debt service				
Principal	214,000	214,000	214,000	-
Interest	56,665	56,664	55,959	705
Total expenditures	<u>1,032,900</u>	<u>1,008,147</u>	<u>955,518</u>	<u>52,629</u>
Excess of revenues over expenditures	109,200	133,953	230,381	96,428
OTHER FINANCING USES				
Operating transfers out	<u>(109,200)</u>	<u>(135,853)</u>	<u>(135,852)</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ (1,900)	94,529	\$ 96,427
FUND BALANCE, beginning of year			<u>1,324,268</u>	
FUND BALANCE, end of year			<u>\$ 1,418,797</u>	

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, 2023			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Departmental revenues	1,136,884	1,114,398	1,248,398	134,000
Use of money and property	550	550	6,362	5,812
Total revenues	<u>1,137,434</u>	<u>1,114,948</u>	<u>1,254,760</u>	<u>139,812</u>
EXPENDITURES				
General government support	29,886	20,893	20,823	70
Home and community services	599,152	578,643	587,323	(8,680)
Employee benefits	117,310	110,935	107,127	3,808
Debt service				
Principal	170,000	170,000	170,000	-
Interest	194,639	250,002	250,001	1
Total expenditures	<u>1,110,987</u>	<u>1,130,473</u>	<u>1,135,274</u>	<u>(4,801)</u>
Excess (deficiency) of revenues over expenditures	26,447	(15,525)	119,486	135,011
NET CHANGE IN FUND BALANCE	<u>26,447</u>	<u>(15,525)</u>	<u>119,486</u>	<u>135,011</u>
FUND BALANCE, beginning of year			<u>277,762</u>	
FUND BALANCE, end of year			<u>\$ 397,248</u>	

Village of Springville, New York

Required Supplementary Information Schedule of Pension Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ERS										
Village's proportion of the net pension liability (asset)	0.0056969%	0.0060333%	0.0058474%	0.0062873%	0.0065269%	0.0061970%	0.0055866%	0.0052294%	0.0055538%	0.0055538%
Village's proportionate share of the net pension liability (asset)	\$ 1,221,644	\$ (493,198)	\$ 5,822	\$ 1,664,909	\$ 462,447	\$ 200,005	\$ 524,932	\$ 839,239	\$ 187,621	\$ 250,969
Village's covered-employee payroll	\$ 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	\$ 1,663,698
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	66.09%	-27.64%	0.32%	91.76%	25.20%	11.01%	30.97%	51.91%	12.97%	15.09%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.40%	96.27%	98.20%	94.70%	90.70%	97.90%	97.20%
PFRS										
Village's proportion of the net pension liability	0.0008789%	0.0019582%	0.0019481%	0.0021771%	0.0024339%	0.0018979%	0.0011731%	0.0015846%	0.0016344%	0.0016344%
Village's proportionate share of the net pension liability	\$ 48,433	\$ 11,123	\$ 33,824	\$ 116,362	\$ 40,818	\$ 19,183	\$ 24,315	\$ 46,917	\$ 4,499	\$ 6,804
Village's covered-employee payroll	\$ 50,927	\$ 81,610	\$ 134,266	\$ 120,766	\$ 91,831	\$ 88,145	\$ 74,276	\$ 69,947	\$ 79,569	\$ 79,122
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	95.10%	13.63%	25.19%	96.35%	44.45%	21.76%	32.74%	67.08%	5.65%	8.60%
Plan fiduciary net position as a percentage of the total pension liability	87.43%	98.66%	95.79%	84.90%	95.09%	96.90%	93.50%	90.20%	111.50%	100.70%

Village of Springville, New York

Required Supplementary Information Schedule of Pension Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ERS										
Contractually required contribution	\$ 206,263	\$ 275,021	\$ 266,642	\$ 252,961	\$ 251,059	\$ 237,069	\$ 233,744	\$ 223,678	\$ 292,968	\$ 293,499
Contributions in relation to the contractually required contribution	\$ 206,263	\$ 275,021	\$ 266,642	\$ 252,961	\$ 251,059	\$ 237,069	\$ 233,744	\$ 223,678	\$ 292,968	\$ 293,499
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Village's covered-employee payroll	\$ 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	\$ 1,663,698
Contributions as a percentage of covered-employee payroll	11.16%	15.41%	14.78%	13.94%	13.68%	13.05%	13.79%	13.84%	20.26%	17.64%
PFRS										
Contractually required contribution	\$ 13,194	\$ 23,872	\$ 19,802	\$ 21,456	\$ 21,089	\$ 13,360	\$ 12,900	\$ 14,923	\$ 14,017	\$ 19,591
Contributions in relation to the contractually required contribution	\$ 13,194	\$ 23,872	\$ 19,802	\$ 21,456	\$ 21,089	\$ 13,360	\$ 12,900	\$ 14,923	\$ 14,017	\$ 19,591
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Village's covered-employee payroll	\$ 50,927	\$ 81,610	\$ 134,266	\$ 120,766	\$ 91,831	\$ 88,145	\$ 74,276	\$ 69,947	\$ 79,569	\$ 79,122
Contributions as a percentage of covered-employee payroll	25.91%	29.25%	14.75%	17.77%	22.97%	15.16%	17.37%	21.33%	17.62%	24.76%

Village of Springville Glen, New York

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

<u>Measurement Date</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	\$ 21,792	\$ 49,209	\$ 41,764	\$ 38,921	\$ 40,326	\$ 46,416
Interest	63,172	43,156	50,454	57,020	58,683	58,007
Changes due to differences in experience	(24,639)	(7,909)	103,150	155,721	118,122	(35,152)
Changes of assumptions or other inputs	(30,814)	(254,602)	20,646	49,290	51,931	11,950
Benefit payments	(96,585)	(108,360)	(90,030)	(88,745)	(81,270)	(73,186)
Net change in total LOSAP pension liability	<u>(67,074)</u>	<u>(278,506)</u>	<u>125,984</u>	<u>212,207</u>	<u>187,792</u>	<u>8,035</u>
Total LOSAP pension liability - beginning of year	<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>
Total LOSAP pension liability - end of year	<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 ten 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**

Board of Trustees
Village of Springville, New York
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, 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, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 27, 2023.

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 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
October 27, 2023

