Village of Springville, New York

Financial Report

May 31, 2022

Village of Springville, New York

Financial Report

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C O N T E N T S

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, 2022, 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, 2022, 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 Matter

As discussed in Note 1q to the financial statements, the financial statements as of and for the year ended May 31, 2021 of the governmental activities, business-type activities and capital projects fund have been restated for a change in accounting policy and 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 the required supplementary information listed in the accompanying table of contents on pages 44 to 46, 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.

Required Supplementary Information - Continued

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2022 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

Albany, New York
October 3, 2022

Village of Springville, New York

Statement of Net Position

	May 31, 2022		
	Governmental Activities	**Business-Type Activity**	**Total**
ASSETS			
Cash and cash equivalents	$ 3,827,494	$ 2,068,936	$ 5,896,430
Cash and cash equivalents, restricted	5,313,121	-	5,313,121
Service award program assets	1,177,406	-	1,177,406
Accounts receivable, net	330,036	297,782	627,818
Due from other governments	277,733	-	277,733
Prepaid expenses	25,522	30,188	
Inventory	-	215,154	215,154
Net pension asset	361,958	131,240	
Capital assets			
Non-depreciable	2,860,649	969,790	3,830,439
Depreciable, net	20,802,032	6,235,128	27,037,160
Total assets	34,975,951	9,948,218	44,375,261
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	735,039	237,600	972,639
LOSAP deferrals	65,363	-	65,363
Total assets and deferred outflows of resources	35,776,353	10,185,818	45,413,263
LIABILITIES			
Accounts payable and accrued expenses	1,146,888	213,723	1,360,611
Accrued interest	50,631	26,108	76,739
Due to retirement system	28,642	9,018	37,660
Unearned revenue	219,897	-	219,897
Customer deposits	-	33,076	33,076
Bond anticipation notes payable	5,465,000	1,415,000	6,880,000
Non-current liabilities			
Due in one year	518,673	309,696	828,369
Due in more than one year			
Compensated absences	54,259	18,715	72,974
Bonds payable	6,888,892	1,722,557	8,611,449
Net pension liability	11,123	-	-
Length of service award program obligations	1,930,714	-	1,930,714
Total liabilities	16,314,719	3,747,893	20,051,489
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	1,356,546	456,097	1,812,643
LOSAP deferrals	15,038	-	15,038
Total liabilities and deferred inflows of resources	17,686,303	4,203,990	21,879,170
NET POSITION			
Net investment in capital assets	14,287,451	3,891,005	18,178,456
Restricted	646,109	-	646,109
Unrestricted	3,156,490	2,090,823	5,247,313
Total net position	**$ 18,090,050**	**$ 5,981,828**	**$ 24,071,878**

See accompanying Notes to Financial Statements.

Village of Springville, New York

Statement of Activities

Year Ended May 31, 2022

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activity	Net (Expenses) Revenues and Changes in Net Position: Total
GOVERNMENTAL ACTIVITIES							
General government support	$ 540,463	$ 51,031	$ 286	$ -	$ (489,146)	$ -	$ (489,146)
Public safety	1,241,522	215,366	-	-	(1,026,156)	-	(1,026,156)
Transportation	1,135,701	2,056	133,497	-	(1,000,148)	-	(1,000,148)
Economic opportunity and development	4,560	-	-		(4,560)	-	(4,560)
Culture and recreation	258,204	-	-	229,319	(28,885)	-	(28,885)
Home and community services	2,278,704	2,458,400	8,450	516,102	704,248	-	704,248
Interest on long-term debt	131,099	-	-	-	(131,099)	-	(131,099)
Total governmental activities	5,590,253	2,726,853	142,233	745,421	(1,975,746)	-	(1,975,746)
BUSINESS-TYPE ACTIVITY							
Electric	3,357,365	3,757,035	-	460,293	-	859,963	859,963
Total government	**$ 8,947,618**	**$ 6,483,888**	**$ 142,233**	**$ 1,205,714**	**(1,975,746)**	**859,963**	**(1,115,783)**
GENERAL REVENUES							
Real property tax and related tax items					1,985,524	-	1,985,524
Non-property taxes					663,619	-	663,619
Interest income					38,736	268	39,004
Other general revenues					272,366	19,398	291,764
Unrestricted state aid					91,640	-	91,640
Total general revenues					3,051,885	19,666	3,071,551
CHANGES IN NET POSITION					**1,076,139**	**879,629**	**1,955,768**
NET POSITION, *beginning of year*, as restated					17,013,911	5,102,199	22,116,110
NET POSITION, *end of year*					**$ 18,090,050**	**$ 5,981,828**	**$ 24,071,878**

See accompanying Notes to Financial Statements.

Village of Springville, New York

Balance Sheet - Governmental Funds

	May 31, 2022				
	Major Funds				
	General	Capital Projects	Water	Sewer	Total
ASSETS					
Cash and cash equivalents	$ 2,748,970	$ -	$ 1,050,089	$ 28,435	$ 3,827,494
Cash and cash equivalents, restricted	416,380	4,667,012	123,129	106,600	5,313,121
Service award program assets	1,177,406	-	-	-	1,177,406
Accounts receivable	6,135	-	165,089	158,812	330,036
Due from other funds	114,718	-	-	-	114,718
Due from other governments	163,015	114,718	-	-	277,733
Prepaid expenditures	14,616	-	6,211	4,695	25,522
	$ 4,641,240	**$ 4,781,730**	**$ 1,344,518**	**$ 298,542**	**$ 11,066,030**
LIABILITIES					
Accounts payable and accrued expenses	$ 113,597	$ 1,003,208	$ 14,320	$ 15,763	$ 1,146,888
Due to retirement system	17,695	-	5,930	5,017	28,642
Due to other funds	-	114,718	-	-	114,718
Bond anticipation notes payable	-	5,465,000	-	-	5,465,000
Unearned revenue	219,897	-	-	-	219,897
	351,189	6,582,926	20,250	20,780	6,975,145
FUND BALANCES					
Nonspendable	14,616	-	6,211	4,695	25,522
Restricted	1,593,786	3,874,078	123,129	106,600	5,697,593
Assigned	313,862	-	1,194,928	166,467	1,675,257
Unassigned	2,367,787	(5,675,274)	-	-	(3,307,487)
Total fund balances	4,290,051	(1,801,196)	1,324,268	277,762	4,090,885
	$ 4,641,240	**$ 4,781,730**	**$ 1,344,518**	**$ 298,542**	**$ 11,066,030**

See accompanying Notes to Financial Statements.

Village of Springville, New York

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

	May 31, 2022
Total fund balances in the fund financial statements for the governmental funds	$ 4,090,885
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.	23,662,681
Deferred outflows and inflows for pensions and other postemployment benefits are included in the government-wide statements and are added:	
Deferred outflows - pension resources	735,039
Deferred inflows - pension resources	(1,356,546)
Deferred outflows - LOSAP	65,363
Deferred inflows - LOSAP	(15,038)
Net pension assets are not available to liquidtate current financial obligations and are not reported in the fund financial statements.	361,958
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	(7,275,000)
Bond premium	(126,536)
Net pension liability	(11,123)
Compensated absences	(60,288)
Accrued interest	(50,631)
Length of service award program obligations	(1,930,714)
Total net position, *end of year*	**$ 18,090,050**

See accompanying Notes to Financial Statements.

Village of Springville, New York

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

	Year Ended May 31, 2022				
	Major Funds				
	General	Capital Projects	Water	Sewer	Total
REVENUES					
Real property tax and related tax items	$ 1,985,524	$ -	$ -	$ -	$ 1,985,524
Non-property taxes	663,619	-	-	-	663,619
Departmental revenues	175,453	-	1,221,044	1,055,752	2,452,249
Intergovernmental charges	211,592	-	-	-	211,592
Use of money and property	37,887	-	737	112	38,736
Licenses and permits	18,301	-	-	-	18,301
Fines and forfeitures	140,168	-	-	-	140,168
Sale of property and compensation for loss	4,938	-	-	-	4,938
Miscellaneous local sources	162,778	344,037	-	-	506,815
Interfund revenues	44,711	-	-	-	44,711
Federal aid	286	396,384	-	-	396,670
State aid	198,069	5,000	-	-	203,069
Total revenues	3,643,326	745,421	1,221,781	1,055,864	6,666,392
EXPENDITURES					
General government support	376,897	-	22,564	20,762	420,223
Public safety	937,040	31,660	-	-	968,700
Transportation	688,769	2,755	-	-	691,524
Economic opportunity and development	4,000	-	-	-	4,000
Culture and recreation	156,300	530,506	-	-	686,806
Home and community services	357,037	1,818,005	558,160	613,568	3,346,770
Employee benefits	460,559	-	126,933	111,907	699,399
Debt service					
Principal	150,000	-	207,000	164,000	521,000
Interest	38,333	-	61,460	73,638	173,431
Total expenditures	3,168,935	2,382,926	976,117	983,875	7,511,853
Excess (deficiency) of revenues over expenditures	**474,391**	**(1,637,505)**	**245,664**	**71,989**	**(845,461)**
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	44,361	-	-	44,361
Operating transfers out	(44,361)	-	-	-	(44,361)
BANs redeemed from appropriations	-	30,000	-	-	30,000
Total other financing sources (uses)	(44,361)	74,361	-	-	30,000
Net change in fund balances	**430,030**	**(1,563,144)**	**245,664**	**71,989**	**(815,461)**
FUND BALANCES, *beginning of year*, as restated	3,860,021	(238,052)	1,078,604	205,773	4,906,346
FUND BALANCES, *end of year*	**$ 4,290,051**	**$ (1,801,196)**	**$ 1,324,268**	**$ 277,762**	**$ 4,090,885**

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, 2022
Net change in fund balances shown for total governmental funds		$ (815,461)
This amount differs from the change in net position shown in the statement of activities because of the following:		
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	2,541,575	
Disposals of fixed assets	(24,446)	
Depreciation expense	(1,278,474)	1,238,655
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, This is the payment amount for the current year.		
Bonds payable		491,000
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	33,687	
Bond premiums	8,645	
Net pension liability (asset), net of related deferrals	195,214	
LOSAP obligation, net of related deferrals	(79,292)	
Compensated absences	3,691	161,945
Change in net position of governmental activities shown in the statement of activities		**$ 1,076,139**

See accompanying Notes to Financial Statements.

Village of Springville, New York

Statement of Net Position - Proprietary Fund

	2022 Electric Fund
CURRENT ASSETS	
Current assets	
Cash and cash equivalents	$ 2,068,936
Accounts receivable, net	297,782
Prepaid expenses	30,188
Inventory	215,154
Total current assets	2,612,060
NONCURRENT ASSETS	
Net pension asset	131,240
Capital assets	
Non-depreciable	969,790
Depreciable, net	6,235,128
Total non-current assets	7,336,158
DEFERRED OUTFLOWS OF RESOURCES	237,600
Total assets and deferred outflows of resources	10,185,818
CURRENT LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	213,723
Accrued interest	26,108
Due to retirement system	9,018
Customer deposits	33,076
Bond anticipation note payable	1,415,000
Compensated absences, due in one year	2,100
Bonds payable, due in one year	307,596
Total current liabilities	2,006,621
NONCURRENT LIABILITIES	
Compensated absences	18,715
Bonds payable	1,722,557
Total current liabilities	1,741,272
DEFERRED INFLOWS OF RESOURCES	456,097
Total liabilities and deferred inflows of resources	4,203,990
NET POSITION	
Net investment in capital assets	3,891,005
Unrestricted	2,090,823
Total net position	**$ 5,981,828**

See accompanying Notes to Financial Statements.

Village of Springville, New York

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

	May 31, 2022 Electric Fund
OPERATING REVENUES	
Charges for services	$ 3,757,035
OPERATING EXPENSES	
Electricity purchased	2,163,216
Maintenance poles, towers and fixtures	32,308
Distribution and transmission	445,884
Administrative and employee benefits	570,930
Bad debt expense	13,514
PILOT - General fund	82,495
Total operating expenses	3,308,347
Operating income	**448,688**
NONOPERATING REVENUES (EXPENSES)	
Interest income	268
Other revenue	19,398
Interest expense	(49,018)
Total nonoperating revenues (expenses)	(29,352)
Income before capital contributions	**419,336**
CAPITAL CONTRIBUTIONS	
Contributions for extensions	460,293
CHANGE IN NET POSITION	**879,629**
NET POSITION, ***beginning of year***	5,102,199
NET POSITION, ***end of year***	**$ 5,981,828**

See accompanying Notes to Financial Statements.

Village of Springville, New York

Statement of Cash Flows - Proprietary Fund

	May 31, 2022 Electric Fund
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Cash received from providing services	$ 3,814,364
Cash payments for contractual expenses	(2,138,785)
Cash payments for personal services and benefits	(882,355)
	793,224
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	
Non-operating revenue	19,398
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	(353,000)
Interest payments	(76,397)
BAN payments	(85,000)
Acquisition of capital assets and cost of removal	(221,806)
	(736,203)
NET CASH PROVIDED BY INVESTING ACTIVITIES	
Interest income	**268**
Net increase in cash and cash equivalents	**76,687**
CASH AND CASH EQUIVALENTS, ***beginning of year***	1,992,249
CASH AND CASH EQUIVALENTS, ***end of year***	**$ 2,068,936**
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	$ 448,688
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	282,317
Bad debt expense	13,514
Change in assets and liabilities	
Accounts receivable	46,421
Inventory	31,982
Prepaid expenses	(3,042)
Deferred outflows of resources	(64,512)
Accounts payable and accrued expenses	(36,802)
Due to retirement system	9,018
Customer deposits	(2,606)
Accrued compensated absences	(8,587)
Net pension asset	(132,065)
Deferred inflows of resources	208,898
	$ 793,224

See accompanying Notes to Financial Statements.

Village of Springville, New York

Statement of Fiduciary Net Position

	May 31, 2022 Custodial Fund
ASSETS	
Cash and cash equivalents	$ 3,570
FUND BALANCE	
Restricted	**$ 3,570**

See accompanying Notes to Financial Statements.

Village of Springville, New York

Statement of Changed in Fiduciary Net Position

	Year Ended May 31, 2022 Custodial Fund
ADDITIONS	
Gifts and Donations	$ 6,520
DEDUCTIONS	
Program activities	3,222
Increase in fiduciary net position	3,298
Net position - beginning of year	272
Net position - end of year	$ 3,570

See accompanying Notes to Financial Statements.

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, electric, 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.

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.

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.

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, 2022, 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.

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, less participant withdrawals and administrative expenses.

First Security and American Equity are contractually obligated to repay the principal and a specified rate of interest that is guaranteed to the Village. The guaranteed investment contract value does not permit the insurance company to terminate the agreement prior to the scheduled maturity date. There are no reserves against contract value for credit risk of the contact 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 $32,692 as of May 31, 2022.

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 2022 that were collected in June of 2022. Amounts due from other governments in the capital projects fund consist of cost reimbursements associated with the N. Central Waterline Project.

i. 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, 2022.

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

j. 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, 2022.

Governmental Funds

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

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

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.

k. 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.

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

k. Deferred Outflows/Inflows of Resources - Continued

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.

l. Employee Benefits

<u>Compensated Absences</u>

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.

<u>Net Pension Liability</u>

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.

<u>Length of Service Award Program (LOSAP)</u>

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

m. 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:

- <u>Net Investment in Capital Assets</u> 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.

- <u>Restricted</u> 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.

- <u>Unrestricted</u> 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.

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

n. 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.

Deficit Fund Balances

The Village's Capital Projects Fund shows a deficit fund balance of $5,675,274, of which $5,465,000 is related to bond anticipation notes (BANs). The outstanding BAN of $4,995,000 relates to sewer system improvements and will be refinanced on a long-term basis in November 2022. The outstanding BAN of $470,000 relates to Fire department apparatus equipment and will either be repaid by the General Fund or refinanced on a long-term basis.

Note 7 provides further details regarding the Village's fund balance classifications.

o. 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.

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

p. Restatements

Change in Accounting Policy/Correction of a Misstatement

Effective June 1, 2021, the Village changed its accounting principle related to reporting the activities of the Water and Sewer Funds.

The Water and Sewer Funds are supported by user charges to sustain operations. In addition, the Village is reliant on Federal and State grants to assist in financing critical Water and Sewer Infrastructure requirements. Management and those charged with governance determined accounting for Water and Sewer related activities within the Village's governmental activities provides for a more accurate representation of the structure and intent, given these activities are partially funded by general government resources. Accordingly, effective June 1, 2021, all assets, deferred outflows of resources, liabilities, deferred inflows of resources, net positions and results of operations of the Water and Sewer Funds are reported within the Village's governmental activities.

As part of the Village's conversion of the Water and Sewer Funds from proprietary funds to governmental funds, opening net position in the governmental activities has been restated to correct a prior period error related to long-term assets and liabilities in the amount of $54,685. Additionally, the General Fund has been restated to correct an understatement of revenues and receivables due from other governments in the amount of $125,164.

The following table presents fund balances and net position as originally stated and the effects of the changes in accounting policy and corrections of a misstatement.

		Conversion to Modified Accrual				
	As Originally Stated	Water Fund	Sewer Fund	Capital Projects	Prior Year Adjustments	As Restated
Total Governmental Funds Fund Balance	$ 3,304,642	$ 1,078,604	$ 205,773	$ 192,163	$ 125,164	$ 4,906,346
Governmental Activities Net Position	$ 10,371,988	$ 4,141,473	$ 2,429,971	$ -	$ 70,479	$ 17,013,911
Business-Type Actities Net Position	$ 12,958,020	$ (5,220,077)	$ (2,635,744)	$ -	$ -	$ 5,102,199

q. Subsequent Events

The Village has evaluated subsequent events for potential recognition or disclosure through October 3, 2022, 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 as restated at June 1, 2021	Additions	Disposals / Placed into Service	Balance at May 31, 2022
Capital assets not being depreciated				
Land	$ 519,796	$ -	$ -	$ 519,796
Construction work in progress	-	2,340,853	-	2,340,853
Total capital assets not being depreciated	519,796	2,340,853	-	2,860,649
Depreciable capital assets				
Buildings	8,931,296	-	-	8,931,296
Improvements other than buildings	2,491,074	-	-	2,491,074
Vehicles and equipment	4,496,750	200,722	(180,148)	4,517,324
Infrastructure	43,086,359	-	(1,455)	43,084,904
Total depreciable capital assets	59,005,479	200,722	(181,603)	59,024,598
Less accumulated depreciation				-
Buildings	5,377,685	203,176	-	5,580,861
Improvements other than buildings	805,524	159,351	-	964,875
Vehicles and equipment	2,735,447	257,132	(157,157)	2,835,422
Infrastructure	28,182,593	658,815	-	28,841,408
Total accumulated depreciation	37,101,249	1,278,474	(157,157)	38,222,566
Net depreciable capital assets	21,904,230	(1,077,752)	(24,446)	20,802,032
Total capital assets, net	$ 22,424,026	$ 1,263,101	$ (24,446)	$ 23,662,681

For the year ended May 31, 2022, depreciation expense was charged to the following governmental functions as follows:

General government support	$ 61,433
Public safety	118,987
Transportation	410,363
Culture and recreation	64,896
Home and community services	622,795
	$ 1,278,474

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

	Balance as restated at June 1, 2021	Additions	Disposals	Balance at May 31, 2022
Depreciable capital assets				
Buildings	$ 448,092	$ 12,151	$ -	$ 460,243
Vehicles and equipment	1,738,796	86,327	(34,287)	1,790,836
Infrastructure	12,921,916	132,716	(14,607)	13,040,025
Total depreciable capital assets	15,108,804	231,194	(48,894)	15,291,104
Accumulated depreciation	8,792,471	336,028	(72,523)	9,055,976
Net depreciable capital assets	6,316,333	(104,834)	23,629	6,235,128
Capital assets not being depreciated				
Construction in progress	421,631	480,837	-	902,468
Land	67,322	-	-	67,322
Total depreciable capital assets	488,953	480,837	-	969,790
Total capital assets, net	$ 6,805,286	$ 376,003	$ 23,629	$ 7,204,918

Note 3 - Short-Term Debt

The Village has issued bond anticipation notes (BANs) to finance the purchase of various capital projects. A summary of the Village's short-term debt activity for the fiscal year ended May 31, 2022 is as follows:

	Interest Rate	June 1, 2021	Issued	Repayment	May 31, 2022
Governmental Activities					
Fire Truck	2.00%	$ 500,000	$ -	$ 30,000	$ 470,000
WWTP Improvements	1.18%	-	4,995,000	-	4,995,000
		$ 500,000	$ 4,995,000	$ 30,000	$ 5,465,000
Business Type Activities					
Electric Projects	0.00%	$ 1,500,000	$ -	$ 85,000	$ 1,415,000

Note 4 - Long-Term Liabilities

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

	(As Restated) June 1, 2021	Additions	Deletions	May 31, 2022	Due Within One Year
Bonds payable	$ 7,766,000	$ -	$ (491,000)	$ 7,275,000	$ 504,000
Unamortized bond premium	135,181	-	(8,645)	126,536	8,644
Total	7,901,181	-	(499,645)	7,401,536	512,644
Compensated absences	63,979	85,882	(89,573)	60,288	6,029
Net pension liability (asset)					-
Employee retirement system (ERS)	4,997	18,115	(385,070)	(361,958)	-
Police and fire retirement system (PFRS)	33,824	13,382	(36,083)	11,123	-
LOSAP obligations	2,209,220	92,365	(370,871)	1,930,714	-
	$ 10,213,201	$ 209,744	$ (1,381,242)	$ 9,041,703	$ 518,673

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

Description	(As Restated) June 1, 2021	Additions	Deletions	May 31, 2022	Due Within One Year
Bonds payable	$ 2,304,000	$ -	$ (353,000)	$ 1,951,000	$ 301,000
Unamortized premium	85,749	-	(6,596)	79,153	6,596
Total	2,389,749	-	(359,596)	2,030,153	307,596
Compensated absences	22,563	25,685	(27,433)	20,815	2,100
Net pension liability (asset)	825	7,554	(139,619)	(131,240)	-
Total	$ 2,413,137	$ 33,239	$ (526,648)	$ 1,919,728	$ 309,696

Bonds Payable

A summary of the governmental activities bond and loan payables on May 31, 2022, is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance
WWTP Ugrades (EFC)	3/16/2013	3/16/2050	1.88%	$ 2,386,000
Water System Improvements (EFC)	8/20/2015	8/20/2026	2.00%	690,000
2016 Water System Refunding Bond	5/4/2016	5/16/2044	2.00%	1,319,000
2020 Refunding Bond				-
65 Franklin Street	7/1/2020	7/1/2036	2.00%	1,430,000
Heritage Park	7/1/2020	7/1/2024	2.00%	115,000
Sewer System Improvements	7/1/2020	7/1/2034	2.00%	1,335,000
Total bonds payable				$ 7,275,000

Note 4 - Long-Term Liabilities - Continued

Bonds Payable - Continued

A summary of the business-type activity bonds payable on May 31, 2022, is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance
2016 Refunding Bond - Electric	5/4/2016	5/4/2034	2.00%	$ 1,321,000
2020 Refunding Bond - Electric	7/1/2020	7/1/2024	2.00%	630,000
Total bonds payable				$ 1,951,000

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,			
2023	$ 504,000	$ 150,684	$ 654,684
2024	518,000	141,438	659,438
2025	517,000	132,121	649,121
2026	500,000	122,993	622,993
2027	324,000	113,952	437,952
2028 through 2032	1,708,000	457,564	2,165,564
2033 through 2037	1,516,000	265,294	1,781,294
2038 through 2042	858,000	137,441	995,441
2043 through 2047	518,000	582,531	1,100,531
2048 through 2050	312,000	11,606	323,606
	$ 7,275,000	$ 2,115,624	$ 9,390,624

Business-Type Activity

	Bond Principal	Bond Interest	Total
For the year ending May 31,			
2023	$ 301,000	$ 51,160	$ 352,160
2024	304,000	45,110	349,110
2025	306,000	39,010	345,010
2026	99,000	34,960	133,960
2027	101,000	32,960	133,960
2028 through 2032	579,000	103,930	682,930
2033 through 2034	261,000	8,025	269,025
	$ 1,951,000	$ 315,155	$ 2,266,155

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 NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System.

The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of the System for the custody and control of its funds. The System issues publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the New York State and Local Retirement 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 NYSRSSL and are dependent upon the point in time at which the employees last joined the System. The NYSRSSL has established distinct classes of membership. The System uses a tier concept to distinguish these groups, as follows:

<u>ERS</u>

- 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.

<u>PFRS</u>

- 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.

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 10 years of service credit to be 100 percent vested.

Subsequent to March 31, 2022, legislation was passed that reduced the number of years of service credit from 10 years to five years. Therefore, all members are vested when they reach five years of service credit.

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 retirees 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.

Note 5 - New York State Retirement System - Continued

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.

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

	ERS	PFRS
2022	$ 275,021	$ 23,872
2021	266,642	19,802
2020	252,961	21,456

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, 2022, the Village reported an asset and liability of $361,958 and $11,123 for its proportionate share of the ERS and PFRS net pension asset and liability, respectively, in its governmental activities. The Village reported an asset of $131,240 for its proportionate share of the ERS net pension asset in its business-type activities. The net pension asset/liability was measured as of March 31, 2022, and the total pension asset/liability was determined by an actuarial valuation as of April 1, 2021. The Village's proportion of the net pension asset/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, 2022 measurement date, the Village's proportionate share was .0060333% and .0019582% for ERS and PFRS, respectively.

For the year ended May 31, 2022, the Village recognized pension expense of $25,669 and $12,382 for ERS and PFRS, respectively. At May 31, 2022, 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	$ 27,412	$ 35,555	$ 5,997	$ -
Changes of assumptions	604,067	10,193	66,575	-
Net differences between projected and actual investment earnings on pension plan investments	-	1,185,261	-	93,464
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,818	26,900	7,170	5,173
Total	$ 655,297	$ 1,257,909	$ 79,742	$ 98,637

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	$ 9,939	$ 12,891
Changes of assumptions	219,025	3,696
Net differences between projected and actual investment earnings on pension plan investments	-	429,756
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,636	9,754
Total	$ 237,600	$ 456,097

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,			
2023	$ (93,216)	$ (2,973)	$ (33,799)
2024	(137,204)	(7,025)	(49,748)
2025	(310,584)	(22,062)	(112,612)
2026	(61,608)	12,456	(22,338)
2027	-	709	-
Total	$ (602,612)	$ (18,895)	$ (218,497)

Actuarial Assumptions

The total pension asset/liability at March 31, 2022, was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension asset/liability to March 31, 2022. Significant actuarial assumptions used in the valuation were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.70%
Salary Scale	4.40% (ERS), 6.20% (PFRS), indexed by service
Cost-of-living adjustments	1.40%
Investment rate of return	5.9% compounded annually, net of investment expenses
Decrement	Developed from the Plan's experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020

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

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:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	32.00%	3.30%
International equity	15.00%	5.85%
Private equity	10.00%	6.50%
Real estate	9.00%	5.00%
Opportunistic/ARS portfolio	3.00%	4.10%
Credit	4.00%	3.78%
Real assets	3.00%	5.58%
Fixed income	23.00%	0.00%
Cash	1.00%	-1.00%
	100.00%	

The real rate of return is net of the long-term inflation assumption of 2.5%.

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.

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 (asset) 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 (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Village's proportionate share of the net pension liability (asset)			
Governmental Activities	$ 931,676	$ (361,958)	$ (1,444,020)
Business-Type Activity	337,810	(131,240)	(523,578)
	$ 1,269,486	$ (493,198)	$ (1,967,598)

	PFRS		
	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Village's proportionate share of the net pension liability (asset)			
Governmental Activities	$ 123,728	$ 11,123	$ (82,084)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2021 were as follows (amounts in thousands):

	(Dollars in Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	$ 223,874,888	$ 42,237,292	$ 266,112,180
Plan fiduciary net position	(232,049,473)	(41,669,250)	(273,718,723)
Employers' net pension liability (asset)	$ (8,174,585)	$ 568,042	$ (7,606,543)
Ratio of plan net position to the employers' total pension liability	103.65%	98.66%	102.86%

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	27
Inactive participants with deferred vested benefits	16
Entitled participants (or beneficiaries)	30
Total	73

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.

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

Fire Service Award Program - Continued

d. Plan Contributions and Assets Accumulated for Benefits

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 3.36, 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).

e. Significant Assumptions and Other Inputs

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

Discount Rate	3.36%
Inflation Rate	8.00%
Mortality Table	RP 2014 Combined Projected to 2022

f. Measurement of Total Pension Liability

The total pension liability at May 31, 2022 was determined using an actuarial valuation as of December 31, 2021. The following table presents the changes in total pension liability for the fire service award program:

Beginning balance, May 31, 2021	$ 2,209,220
Service cost	49,209
Interest	43,156
Changes due to differences in experience	(7,909)
Changes of assumptions and other inputs	(254,602)
Benefit payments	(108,360)
Ending balance, May 31, 2022	$ 1,930,714

The discount rate used to measure the total pension liability was 3.36%. This was the yield to maturity of the Fidelity 20-Year GO AA Bond Index as of December 31, 2021.

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

Fire Service Award Program - Continued

g. Sensitivity of the Total Pension Liability

The following presents the total pension liability of the Village as of May 31, 2022, calculated using the discount rate of 3.36 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 (2.36 percent) or 1-percentage point higher (4.36 percent) than the current rate:

	1% Decrease 2.36%	Current Discount 3.36%	1% Increase 4.36%
Total LOSAP liability	$ 2,173,000	$ 1,930,714	$ 1,729,000

h. Pension Expense and Deferred Outflows

For the year ended May 31, 2022, the Village recognized pension expense of $156,529. The following table presents the components of pension expense:

Components of Pension Expense	
Service cost	$ 49,209
Interest	43,156
Changes of assumptions and other inputs	46,173
Differences between expected and actual experience	17,991
	$ 156,529

At May 31, 2022, the Village reported deferred outflows 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	$ 65,363	$ -
Changes of assumptions or other inputs	-	15,038
Total	$ 65,363	$ 15,038

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

Fire Service Award Program - 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,		
2023	$	31,123
2024		31,123
2025		31,123
2026		15,384
2027		(18,888)
2028 and thereafter		(39,540)
Total	$	50,325

Note 7 - Fund Balances

Fund balances of the governmental fund types are as follows at May 31, 2022:

	Major Funds				
	General	Capital Projects	Water	Sewer	Total
Nonspendable					
Prepaid expenditures	$ 14,616	$ -	$ 6,211	$ 4,695	$ 25,522
Restricted for					
Length of service program awards	1,177,406	-	-	-	1,177,406
Water equipment / reconstruction	-	-	123,129	-	123,129
Sewer equipment / reconstruction	-	-	-	106,600	106,600
65 Franklin renovations	-	20,513	-	-	20,513
Heritage Park	-	3,888	-	-	3,888
Sanitary sewer	-	119,942	-	-	119,942
WWTP improvements project	-	3,726,424	-	-	3,726,424
Street equipment/reconstruction	53,043	-	-	-	53,043
Fire equipment	357,894	3,311	-	-	361,205
Clock Repair	5,443	-	-	-	5,443
	1,593,786	3,874,078	123,129	106,600	5,697,593
Assigned for					
Water operations	-	-	1,194,928	-	1,194,928
Sewer operations	-	-	-	166,467	166,467
Appropriated	230,000				230,000
Encumbrances	83,862	-	-	-	83,862
	313,862	-	1,194,928	166,467	1,675,257
Unassigned	2,367,787	(5,675,274)	-	-	(3,307,487)
Total fund balance	$ 4,290,051	$ (1,801,196)	$ 1,324,268	$ 277,762	$ 4,090,885

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 approval of regulatory authorities. There are no minimum capacity or other fixed charge components to this contract. Electric purchases under this contract totaled $709,520 for the year ended May 31, 2022.

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 $1,089,903 and $435,815, respectively, for the year ended May 31, 2022.

New York Independent System Operators (NYISO)

NYISO is a not-for-profit corporation under the aegis of the Federal Electric Regulatory Commission, with 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 $251,905 for the year ended May 31, 2022. 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 $324,3925 for the year ended May 31, 2022. 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.

Note 8 - Commitments, Risks and Uncertainties

b. Commitments

Construction Commitments

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

Construction Project	Amount of Agreement	Disbursed	Contract Adjustment	Remaining Commitment
GPI (WWTP Upgrades)	$ 185,000	$ 185,000		$ -
QEI(SCADA)	188,902	190,627	1,500	(225)
QEI(Relays)	79,792	79,064		728
SkatePark (Grindline D & B)	310,000	360,255	50,255	-
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	43,500		366,500
H&K (WWTP Upgrades)	5,462,000	224,224		5,237,776
Goodwin Electric (WWTP Upgrades)	352,000	-		352,000
KTG (Eaton Park Construction)	392,104	14,952	8,739	385,891
Main St Sidewalks (Eng Services)	25,200	-		25,200
	$ 7,864,647	$ 1,486,302	$ 60,494	$ 6,438,839

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. 87, *Leases* (GASB 87). GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset. Under this statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government's leasing activities. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

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

GASB Statement No. 91, *Conduit Debt Obligations.* This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangement associated with conduit debt obligations, and improves note disclosures. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020.* This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public entity risk pools/reinsurance recoveries, fair value measurements, and derivative instrument terminology. Guidance related to leases, reinsurance recoveries and derivative instrument terminology was effective upon the issuance of the standard in January 2020. The remaining components of this standard, as delayed by GASB 95, are effective for periods beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates.* The objective of this statement is to address accounting and financial reporting implications that result from the replacement of interbank offered rates (IBOR), such as providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the refence rate of the hedging derivative instrument's variable payment. The removal of the London IBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The requirements relating to lease modifications, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement were effective for reporting periods beginning after June 15, 2020.

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). 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.

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

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Service Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and 84, and a Supersession of GASB Statement No. 32.* The primary objectives of this statement are to: (1) increase consistency and comparability relating to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associates with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, expect for a potential component unit that is a defined contribution pension plan, a defined contribution other postemployment benefit plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board would typically perform. The requirements of this statement that: (1) exempt primary governments that perform duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution other postemployment benefit plans, or other employee benefit plans; and (2) limit the applicability of the financial burden criteria, are effective immediately. The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics. The requirements of this statement related to the extension of the sue 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.

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

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 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

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

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 yet estimated the extent of the potential impact of these statements on the Department's financial statements.

Village of Springville, New York

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
ERS									
Village's proportion of the net pension liability (asset)	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)	$ (493,198)	$ 5,822	$ 1,664,909	$ 462,447	$ 200,005	$ 524,932	$ 839,239	$ 187,621	$ 250,969
Village's covered-employee payroll	$ 1,784,413	$ 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	-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 (asset)	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	0.0019582%	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	$ 11,123	$ 33,824	$ 116,362	$ 40,818	$ 19,183	$ 24,315	$ 46,917	$ 4,499	$ 6,804
Village's covered-employee payroll	$ 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	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	98.66%	95.79%	84.90%	95.09%	96.90%	93.50%	90.20%	111.50%	100.70%

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

See Independent Auditor's Report.

Village of Springville, New York

Required Supplementary Information
Schedule of Pension Contributions

ERS	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 275,021	$ 266,642	$ 252,961	$ 251,059	$ 237,069	$ 233,744	$ 223,678	$ 292,968	$ 293,499	$ 269,947
Contributions in relation to the contractually required contribution	$ 275,021	$ 266,642	$ 252,961	$ 251,059	$ 237,069	$ 233,744	$ 223,678	$ 292,968	$ 293,499	$ 269,947
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Village's covered-employee payroll	$ 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	$ 1,626,433
Contributions as a percentage of covered-employee payroll	15.41%	14.78%	13.94%	13.68%	13.05%	13.79%	13.84%	20.26%	17.64%	16.60%

PFRS	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 23,872	$ 19,802	$ 21,456	$ 21,089	$ 13,360	$ 12,900	$ 14,923	$ 14,017	$ 19,591	$ 13,657
Contributions in relation to the contractually required contribution	$ 23,872	$ 19,802	$ 21,456	$ 21,089	$ 13,360	$ 12,900	$ 14,923	$ 14,017	$ 19,591	$ 13,657
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Village's covered-employee payroll	$ 81,610	$ 134,266	$ 120,766	$ 91,831	$ 88,145	$ 74,276	$ 69,947	$ 79,569	$ 79,122	$ 104,467
Contributions as a percentage of covered-employee payroll	29.25%	14.75%	17.77%	22.97%	15.16%	17.37%	21.33%	17.62%	24.76%	13.07%

See Independent Auditor's Report.

Village of Springville Glen, New York

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

Measurement Date	**2022**	**2021**	**2020**	**2019**	**2018**
Total LOSAP Pension Liability					
Service cost	$ 49,209	$ 41,764	$ 38,921	$ 40,326	$ 46,416
Interest	43,156	50,454	57,020	58,683	58,007
Changes due to differences in experience	(7,909)	103,150	155,721	118,122	(35,152)
Changes of assumptions or other inputs	(254,602)	20,646	49,290	51,931	11,950
Benefit payments	(108,360)	(90,030)	(88,745)	(81,270)	(73,186)
Net change in total LOSAP pension liability	(278,506)	125,984	212,207	187,792	8,035
Total LOSAP pension liability - beginning of year	2,209,220	2,083,236	1,871,029	1,683,237	1,675,202
Total LOSAP pension liability - end of year	$ 1,930,714	$ 2,209,220	$ 2,083,236	$ 1,871,029	$ 1,683,237

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

See Independent Auditor's Report.

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, 2022, 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 3, 2022.

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

Albany, New York
October 3, 2022