

**CITY OF SALAMANCA,
NEW YORK**

*Basic Financial Statements and Required Supplementary
Information for the Year Ended
March 31, 2022 and Independent Auditors' Reports*

CITY OF SALAMANCA, NEW YORK
Table of Contents
Year Ended March 31, 2022

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet—Governmental Funds (Unaudited).....	15
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position (Unaudited).....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds (Unaudited).....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds to the Government-wide Statement of Activities (Unaudited).....	18
Statement of Net Position—Proprietary Funds (Unaudited)	19
Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Funds (Unaudited)	20
Statement of Cash Flows—Proprietary Funds (Unaudited).....	21
Statement of Fiduciary Net Position—Custodial Fund (Unaudited)	23
Statement of Changes in Fiduciary Net Position—Custodial Fund (Unaudited).....	24
Notes to the Financial Statements (Unaudited).....	25
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability— Police and Fire Retirement System (Unaudited)	61
Schedule of the City's Contributions—Police and Fire Retirement System (Unaudited)	62

(continued)

CITY OF SALAMANCA, NEW YORK
Table of Contents
Year Ended March 31, 2022

(concluded)

	<u>Page</u>
Schedule of the Local Governments' Proportionate Share of the Net Pension Liability— Employees' Retirement System (Unaudited)	63
Schedule of the Local Governments' Contributions— Employees' Retirement System (Unaudited)	65
Schedule of Changes in the City's Total OPEB Liability and Related Ratios (Unaudited)	67
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—General Fund (Unaudited)	68
Notes to the Required Supplementary Information (Unaudited)	69
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	70

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Common Council
City of Salamanca, New York:

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Salamanca, New York (the "City"), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of City. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

The scope of our audit was limited due to the inadequacy of accounting records and there were various account balances that were unsubstantiated and additional account balances that remained unchanged from the prior year. As of the date of our audit report, management is still in the process of correcting the accounting records. We were unable to confirm or verify, by performing other audit procedures, the balances of multiple accounts as of and for the year ended March 31, 2022. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary to the multiple elements making up the statement of net position, statement of activities, the balance sheet for governmental funds, the statement of revenues, expenditures, and changes in fund balance for governmental funds, statement of net position for proprietary funds, the statement of revenues, expenses, and changes in net position for the proprietary funds, the statement of cash flows for the proprietary funds, the statement of fiduciary net position for the Custodial Fund, the statement of changes of fiduciary net position for the Custodial Fund, the notes to the financial statements, nor the required supplementary information as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's 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 City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.


Auditors' Responsibility

Our responsibility is to conduct an audit of City's financial statements 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 and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. We did not audit the financial statements of the Salamanca Industrial Development Agency ("SIDA") or the Salamanca Housing Authority ("SHA"), which are shown as discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the SIDA and SHA, is based solely on the reports of the other auditors.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2023 on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.



June 9, 2023

CITY OF SALAMANCA, NEW YORK
Management's Discussion and Analysis
Year Ended March 31, 2022

As management of the City of Salamanca, New York (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended March 31, 2022. This document should be read in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the City's primary government exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended March 31, 2022 by \$45,007,451 (*net position*). This consists of \$28,549,890 net investment in capital assets, \$200,291 restricted for specific purposes, and unrestricted net position of \$16,257,270.
- The City's total primary government net position increased by \$907,185 during the year ended March 31, 2022. Net position increased by \$558 and \$906,627 for governmental activities and business-type activities, respectively, during the year ended March 31, 2021.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$18,533,139, an increase of \$461,366 in comparison with the prior year's fund balance, as restated, of \$18,071,773.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$6,988,827. This total amount is *available for spending* at the City's discretion and constitutes approximately 53.4 percent of the General Fund's total fund balance of \$13,096,533.
- The City's governmental activities' bonds payable decreased \$198,249 from scheduled principal payments. While, the City's business-type activities' bonds payable decreased \$772,628 from scheduled principal payments.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services, and interest and other fiscal charges. The business-type activities of the City include water, sewer and electric funds.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the Salamanca Industrial Development Agency and the Salamanca Housing Authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13-14 of this report.

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

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

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

The City maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Economic Development Fund, which are considered major funds.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary funds—The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and electric operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, Sewer Fund, and Electric Fund.

The proprietary fund financial statements can be found on pages 19-22 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City’s own programs. The City maintains one fiduciary fund, the Custodial Fund.

The fiduciary fund financial statements can be found on page 23-24 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-60 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s net pension liability, the changes in the City’s total other postemployment benefits (“OPEB”) liability, and the City’s budgetary comparison for the General Fund. Required Supplementary Information and related notes to the required supplementary information can be found on pages 61-69 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the City’s financial position. In the case of the City’s primary government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45,007,451 at the close of the most recent fiscal year, as compared to \$44,100,266, as restated, at the close of the fiscal year ended March 31, 2021.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities		Business-Type Activities		Total Primary Government	
	March 31,		March 31,		March 31,	
	2022	2021 (restated)	2022	2021	2022	2021 (restated)
Current and other assets	\$ 19,553,425	\$ 19,655,807	\$ 2,150,311	\$ 1,791,745	\$ 21,703,736	\$ 21,447,552
Noncurrent assets	16,776,542	17,604,310	13,110,553	13,714,552	29,887,095	31,318,862
Total assets	<u>36,329,967</u>	<u>37,260,117</u>	<u>15,260,864</u>	<u>15,506,297</u>	<u>51,590,831</u>	<u>52,766,414</u>
Deferred outflows of resources	4,877,282	3,604,909	1,199,387	1,001,216	6,076,669	4,606,125
Current and other liabilities	895,907	1,462,904	919,119	1,036,266	1,815,026	2,499,170
Noncurrent liabilities	2,979,288	6,712,793	1,324,617	3,549,323	4,303,905	10,262,116
Total liabilities	<u>3,875,195</u>	<u>8,175,697</u>	<u>2,243,736</u>	<u>4,585,589</u>	<u>6,118,931</u>	<u>12,761,286</u>
Deferred inflows of resources	5,118,604	476,437	1,422,514	34,550	6,541,118	510,987
Net position:						
Net investment in capital assets	16,439,926	17,069,445	12,109,964	11,821,141	28,549,890	28,890,586
Restricted	111,122	111,343	89,169	120,997	200,291	232,340
Unrestricted	<u>15,662,402</u>	<u>15,032,104</u>	<u>594,868</u>	<u>(54,764)</u>	<u>16,257,270</u>	<u>14,977,340</u>
Total net position	<u>\$ 32,213,450</u>	<u>\$ 32,212,892</u>	<u>\$ 12,794,001</u>	<u>\$ 11,887,374</u>	<u>\$ 45,007,451</u>	<u>\$ 44,100,266</u>

The largest portion of the City’s primary government net position, \$28,549,890, reflects its investment in capital assets (e.g. land, buildings and building improvements, infrastructure and machinery and equipment) net of accumulated depreciation, less any related debt used to acquire these assets. The City uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s primary government net position, \$200,291, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining component of primary government net position, \$16,257,270, is considered to be unrestricted.

Table 2, as presented below shows the changes in net position for the years ended March 31, 2022 and March 31, 2021.

Table 2—Condensed Statements of Changes in Net Position—Primary Government

	Governmental Activities		Business-Type Activities		Total Primary Government	
	Year Ended March 31,		Year Ended March 31,		Year Ended March 31,	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 701,148	\$ 598,403	\$ 8,884,154	\$ 8,597,999	\$ 9,585,302	\$ 9,196,402
Operating grants and contributions	569,082	149,963	-	-	569,082	149,963
Capital grants and contributions	-	841,305	-	-	-	841,305
General revenues	<u>8,475,163</u>	<u>7,983,594</u>	<u>83,102</u>	<u>114,980</u>	<u>8,558,265</u>	<u>8,098,574</u>
Total revenues	<u>9,745,393</u>	<u>9,573,265</u>	<u>8,967,256</u>	<u>8,712,979</u>	<u>18,712,649</u>	<u>18,286,244</u>
Program expenses	<u>9,708,433</u>	<u>9,414,446</u>	<u>8,097,031</u>	<u>8,555,397</u>	<u>17,805,464</u>	<u>17,969,843</u>
Excess (deficiency) of revenues over expenses	36,960	158,819	870,225	157,582	907,185	316,401
Transfers	<u>(36,402)</u>	<u>29,538</u>	<u>36,402</u>	<u>(29,538)</u>	<u>-</u>	<u>-</u>
Change in net position	558	188,357	906,627	128,044	907,185	316,401
Net position—beginning	32,212,892	32,521,964	11,887,374	11,759,330	44,100,266	44,281,294
Restatement	<u>-</u>	<u>(497,429)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(497,429)</u>
Net position—ending	<u>\$ 32,213,450</u>	<u>\$ 32,212,892</u>	<u>\$ 12,794,001</u>	<u>\$ 11,887,374</u>	<u>\$ 45,007,451</u>	<u>\$ 44,100,266</u>

Governmental activities—Governmental activities increased the City’s net position by \$558. Overall revenues increased 1.8 percent from the prior year. Total expenses increased 3.1 percent from the prior year largely due to an increase in health expenses.

A summary of sources of revenues for the years ended March 31, 2022 and March 31, 2021 is presented below in Table 3.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended March 31,		Increase/(decrease)	
	2022	2021	Dollars	Percent
Charges for services	\$ 701,148	\$ 598,403	\$ 102,745	17.2
Operating grants and contributions	569,082	149,963	419,119	279.5
Capital grants and contributions	-	841,305	(841,305)	(100.0)
Real property taxes and tax items	1,996,123	1,926,803	69,320	3.6
State aid—unrestricted	6,379,863	5,983,413	396,450	6.6
Other general revenues	<u>99,177</u>	<u>73,378</u>	<u>25,799</u>	<u>35.2</u>
Total revenues	<u>\$ 9,745,393</u>	<u>\$ 9,573,265</u>	<u>\$ 172,128</u>	<u>1.8</u>

The most significant sources of revenues for the year ended March 31, 2022 were state aid—unrestricted of \$6,379,863, or 65.5 percent of total governmental activities revenues, real property taxes and tax items of \$1,996,123, or 20.5 percent of total governmental activities revenues, and charges for services of \$701,148, or 7.2 percent of total governmental activities revenues. While, the most significant sources of revenues for the year ended March 31, 2021 were state aid—unrestricted of \$5,983,413, or 62.5 percent of total governmental activities revenues, real property taxes and tax items of \$1,926,803, or 20.1 percent of total governmental activities revenues, and capital grants and contributions of \$841,305, or 8.8 percent of total governmental activities revenues.

A summary of program expenses for the years ended March 31, 2022 and March 31, 2021 is presented below in Table 4.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended March 31,		Increase/(decrease)	
	2022	2021	Dollars	Percent
General government support	\$ 1,292,388	\$ 1,363,647	\$ (71,259)	(5.2)
Public safety	4,991,448	4,943,513	47,935	1.0
Health	349,641	100,953	248,688	246.3
Transportation	1,980,793	2,069,989	(89,196)	(4.3)
Economic assistance and opportunity	169,157	30,573	138,584	453.3
Culture and recreation	818,471	783,476	34,995	4.5
Home and community services	92,719	101,501	(8,782)	(8.7)
Interest and fiscal charges	13,816	20,794	(6,978)	(33.6)
Total program expenses	<u>\$ 9,708,433</u>	<u>\$ 9,414,446</u>	<u>\$ 293,987</u>	3.1

The most significant expense items for the year ended March 31, 2022 were public safety of \$4,991,448, or 51.4 percent of total governmental activities expenses, transportation of \$1,980,793, or 20.4 percent of total governmental activities expenses, and general government support of \$1,292,388, or 13.3 percent of total governmental activities expenses. Similarly, the most significant expense items for the year ended March 31, 2021 were public safety of \$4,943,513, or 52.5 percent of total governmental activities expenses, transportation of \$2,069,989, or 22.0 percent of total governmental activities expenses, and general government support of \$1,363,647, or 14.5 percent of total governmental activities expenses.

Business-type activities—Business-type activities increased the City’s net position by \$906,627 due to operating revenues exceeding operating expenses.

Operating revenues relating to the City’s business-type activities increased by 3.3 percent and operating expenses decreased by 5.1 percent for the year ended March 31, 2022 from the year ended March 31, 2021. The decrease in operating expense is primarily the result of a decrease in electric and power expenses combined with an increase in employee benefits.

A summary of sources of operating revenues and expenses for the City’s business-type activities for the years ended March 31, 2022 and March 31, 2021 is presented in Table 5 on the following page.

Table 5—Summary of Operating of Revenues and Expenses—Business-type Activities

	Year Ended March 31,		Increase/(Decrease)	
	2022	2021	Dollars	Percent (%)
Operating revenues:				
Charges for services	\$ 8,860,159	\$ 8,572,370	\$ 287,789	3.4
Rent	23,995	25,629	(1,634)	(6.4)
Total operating revenues	<u>8,884,154</u>	<u>8,597,999</u>	<u>286,155</u>	3.3
Operating expenses:				
Personnel services	\$ 1,434,930	\$ 1,438,325	\$ (3,395)	(0.2)
Taxes and assessments on municipal property	8,867	8,588	279	3.2
Depreciation	594,766	514,876	79,890	15.5
Sanitary sewers	54,277	24,504	29,773	121.5
Sewage	140,742	198,134	(57,392)	(29.0)
Administration	167,845	76,939	90,906	118.2
Source of supply, power and pumping	49,651	48,482	1,169	2.4
Purification	-	13,227	(13,227)	(100.0)
Transportation and distribution	11,822	26,161	(14,339)	(54.8)
Electric and power	4,887,385	5,133,602	(246,217)	(4.8)
Employee benefits	547,875	843,339	(295,464)	(35.0)
Total operating expenses	<u>7,898,160</u>	<u>8,326,177</u>	<u>(428,017)</u>	(5.1)
Nonoperating revenues (expenses)	(115,769)	(114,240)	(1,529)	1.3
Transfers in (out)	<u>36,402</u>	<u>(29,538)</u>	<u>65,940</u>	(223.2)
Change in net position	906,627	128,044	778,583	608.1
Net position—beginning	<u>11,887,374</u>	<u>11,759,330</u>		
Net position—ending	<u>\$ 12,794,001</u>	<u>\$ 11,887,374</u>		

The City’s business-type activities’ most significant expense items for the year ended March 31, 2022 were electric and power, which accounted for \$4,887,385, or 61.9 percent of total operating expenses and personnel services which account for \$1,434,930, or 18.2 percent of total operating expenses. Similarly, for the year ended March 31, 2021, the most significant expense items were electric and power, which accounted for \$5,133,602, or 61.7 percent of total operating expenses and personnel services which account for \$1,438,325, or 17.3 percent of total operating expenses.

Financial Analysis of the Government’s Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds—The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City Common Council.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$18,533,139, an increase of \$461,366 in comparison with the prior year’s fund balance of \$18,071,773, as restated. Approximately 37.7 percent of this amount, \$6,988,827, constitutes *unassigned fund balance*, which is available for spending at the City’s discretion. The remainder of fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form, \$409,805, 2) restricted for a specific purpose, \$111,122, or 3) assigned for a particular purpose, \$11,023,385.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,988,827, while total fund balance was \$13,096,533. The General Fund fund balance increased \$458,429 from the prior year due to increased sales tax revenue and less transportation costs than expected.. As a measure of the General Fund’s liquidity, it may be useful to compare both *unassigned fund balance* and total fund balance to total expenditures and transfers out. *Unassigned fund balance* represents 75.3 percent of General Fund expenditures and transfers out, while total fund balance represents 141.2 percent of that same amount.

During the year ended March 31, 2022, the City’s Economic Development Fund fund balance increased by \$2,937 from the prior year, resulting in an ending fund balance of \$5,436,606, all of which is reported as fund balance assigned for specific use.

Proprietary funds—The City’s proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The net position of the proprietary funds at the end of the current fiscal year totaled \$12,794,001. The Water Fund net position increased by \$139,169, the Sewer Fund net position increased by \$294,567 and the Electric Fund net position increased by \$472,891. The Water Fund, Sewer Fund and Electric Fund net position increased primarily as a result of operating revenues exceeding operating expenses.

General Fund Budgetary Highlights

The City’s General Fund budget generally contains budget transfers during the year. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues or appropriation of fund balance. A budgetary comparison schedule for the General Fund has been provided in the Required Supplementary Information section of this report to demonstrate compliance with the budget.

A summary of the General Fund results of operations for the year ended March 31, 2022 is presented in Table 6 below:

Table 6—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues and other financing sources	\$ 4,618,756	\$ 16,293,606	\$ 9,735,633	\$ (6,557,973)
Expenditures and other financing uses	10,154,978	10,381,226	9,277,204	1,104,022
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (5,536,222)	\$ 5,912,380	\$ 458,429	\$ (5,453,951)

Original budget compared to final budget—During the year, the budget is modified, primarily to reflect the acceptance of new state grants and unanticipated expenditures.

Final budget compared to actual results—The General Fund had a favorable variance from final budgetary appropriations of \$1,104,022, the most significant variances were realized in transportation and transfers out due to construction projects budgeted for but not started during the fiscal year. Revenues had a variance of \$(6,557,973) as during the year ended March 31, 2022 the City amended the budget for State Aid by about \$5 million. This amount included amounts for the Compact Aid revenue that was previously advanced by New York State in anticipation of the settlement, therefore the revenue reflected in the final budget was provided to replenish New York State.

Capital Assets and Debt Administration

Capital assets—The City’s investment in capital assets for its governmental and business-type activities as of March 31, 2022 amounted to \$29,887,095 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and building improvements, infrastructure and machinery and equipment. All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the City’s capital asset policy.

Capital assets net of depreciation for the governmental activities and business-type activities at March 31, 2022 and March 31, 2021 are presented in Table 7 below:

Table 7—Summary of Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	March 31,		March 31,		March 31,	
	2022	2021 (as restated)	2022	2021	2022	2021 (as restated)
Land	\$ 3,149,369	\$ 3,149,369	\$ 83,980	\$ 83,980	\$ 3,233,349	\$ 3,233,349
Construction in progress	-	-	-	126,554	-	126,554
Buildings and building improvements	2,171,119	2,150,804	10,595,603	11,088,483	12,766,722	13,239,287
Infrastructure	9,969,777	10,568,540	-	-	9,969,777	10,568,540
Machinery and equipment	1,486,277	1,735,597	2,430,970	2,415,537	3,917,247	4,151,134
Total	<u>\$ 16,776,542</u>	<u>\$ 17,604,310</u>	<u>\$ 13,110,553</u>	<u>\$ 13,714,554</u>	<u>\$ 29,887,095</u>	<u>\$ 31,318,864</u>

Additional information on the City’s capital assets can be found in Note 5 to the financial statements.

Long-term liabilities—At March 31, 2022, the City’s bonds payable totaled \$336,616 for governmental activities as compared to the prior year’s total of \$534,865. While, The bonds payable for business-type activities at March 31, 2022 totaled \$809,940 as compared to the prior year’s total of \$1,582,568.

A summary of the City’s long-term liabilities at March 31, 2022 and March 31, 2021 is presented in Table 8 below:

Table 8—Summary of Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	March 31,		March 31,		March 31,	
	2022	2021	2022	2021	2022	2021
Bonds payable	\$ 336,616	\$ 534,865	\$ 809,940	\$ 1,582,568	\$ 1,146,556	\$ 2,117,433
NYPA loan	-	-	149,212	248,687	149,212	248,687
Capital lease	-	-	41,437	62,156	41,437	62,156
OPEB liability	622,010	615,992	-	-	622,010	615,992
Compensated absences	876,843	801,350	319,160	347,294	1,196,003	1,148,644
Net pension liability	1,143,819	4,760,586	4,868	1,308,618	1,148,687	6,069,204
Total	<u>\$ 2,979,288</u>	<u>\$ 6,712,793</u>	<u>\$ 1,324,617</u>	<u>\$ 3,549,323</u>	<u>\$ 4,303,905</u>	<u>\$ 10,262,116</u>

Additional information on the City’s long-term debt can be found in Note 11 to the financial statements.

Economic Factors and Next Year’s Budget

The unemployment rate, not seasonally adjusted, for the County of Cattaraugus, which encompasses the City, was 4.4 percent at March 31, 2022, which compares to New York State’s average unemployment rate of 4.4 percent. These factors are considered in preparing the City’s budget. In addition, the City appropriated General Fund fund balance for the 2022-2023 budget totaling \$5,586,779. There are many other important factors outside the City’s control that exert significant influence on the budget including the uncertainty regarding the availability of Casino revenues.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Comptroller’s Office, City of Salamanca, 225 Wildwood Avenue, Salamanca, New York 14779.

BASIC FINANCIAL STATEMENTS

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CITY OF SALAMANCA, NEW YORK
Statement of Net Position
(Unaudited)
March 31, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Salamanca Industrial Development Agency	Salamanca Housing Authority
ASSETS					
Cash and cash equivalents	\$ 18,336,006	\$ 949,233	\$ 19,285,239	\$ 216,118	\$ 101,973
Restricted cash and cash equivalents	111,122	270,988	382,110	708,922	41,002
Restricted investments	-	-	-	-	286,709
Receivables (net of allowance):					
Taxes	608,324	-	608,324	-	-
Other	77,930	1,135,468	1,213,398	200	12,023
Internal balances	420,043	(420,043)	-	-	-
Prepaid items	-	-	-	20,899	10,057
Inventories	-	214,665	214,665	-	6,698
Notes receivable	-	-	-	79,192	-
Noncurrent assets	-	-	-	3,059	-
Capital assets not being depreciated	3,149,369	83,980	3,233,349	24,500	494,190
Capital assets, net of accumulated depreciation	13,627,173	13,026,573	26,653,746	745,755	4,377,673
Total assets	<u>36,329,967</u>	<u>15,260,864</u>	<u>51,590,831</u>	<u>1,798,645</u>	<u>5,330,325</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows—relating to pensions	4,877,282	1,199,387	6,076,669	43,516	192,450
Total deferred outflows of resources	<u>4,877,282</u>	<u>1,199,387</u>	<u>6,076,669</u>	<u>43,516</u>	<u>192,450</u>
LIABILITIES					
Accounts payable	479,130	587,555	1,066,685	812	25,274
Accrued liabilities	15,587	60,576	76,163	11,149	44,041
Intergovernmental payables	401,190	-	401,190	6,593	-
Customer deposits	-	270,988	270,988	1,188	-
Unearned revenue	-	-	-	29,312	8,713
Noncurrent liabilities:					
Due within one year	239,338	582,590	821,928	3,686	33,515
Due in more than one year	2,739,950	742,027	3,481,977	92	782,985
Total liabilities	<u>3,875,195</u>	<u>2,243,736</u>	<u>6,118,931</u>	<u>52,832</u>	<u>894,528</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows—relating to pensions	5,118,604	1,422,514	6,541,118	30,884	245,512
Total deferred inflows of resources	<u>5,118,604</u>	<u>1,422,514</u>	<u>6,541,118</u>	<u>30,884</u>	<u>245,512</u>
NET POSITION					
Net investment in capital assets	16,439,926	12,109,964	28,549,890	770,255	4,791,343
Restricted for:					
Donations	111,122	-	111,122	-	-
Other purposes	-	89,169	89,169	767,995	434,947
Unrestricted	15,662,402	594,868	16,257,270	220,195	(843,555)
Total net position	<u>\$ 32,213,450</u>	<u>\$ 12,794,001</u>	<u>\$ 45,007,451</u>	<u>\$ 1,758,445</u>	<u>\$ 4,382,735</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
Statement of Activities
(Unaudited)
Year Ended March 31, 2022

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position							
		Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Salamanca Industrial Development Agency	Salamanca Housing Authority
Primary government:									
Governmental activities:									
General government support	\$ 1,292,388	\$ 30,898	\$ 458,552	\$ -	\$ (802,938)	\$ -	\$ (802,938)	\$ -	\$ -
Public safety	4,991,448	32,074	46,995	-	(4,912,379)	-	(4,912,379)	-	-
Health	349,641	418,171	-	-	68,530	-	68,530	-	-
Transportation	1,980,793	109,899	-	-	(1,870,894)	-	(1,870,894)	-	-
Economic assistance and opportunity	169,157	-	-	-	(169,157)	-	(169,157)	-	-
Culture and recreation	818,471	53,150	63,535	-	(701,786)	-	(701,786)	-	-
Home and community services	92,719	56,956	-	-	(35,763)	-	(35,763)	-	-
Interest and fiscal charges	13,816	-	-	-	(13,816)	-	(13,816)	-	-
Total governmental activities	<u>9,708,433</u>	<u>701,148</u>	<u>569,082</u>	<u>-</u>	<u>(8,438,203)</u>	<u>-</u>	<u>(8,438,203)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water	861,071	951,752	-	-	-	90,681	90,681	-	-
Sewer	1,235,808	1,585,892	-	-	-	350,084	350,084	-	-
Electric	<u>6,000,152</u>	<u>6,346,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>346,358</u>	<u>346,358</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>8,097,031</u>	<u>8,884,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>787,123</u>	<u>787,123</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 17,805,464</u>	<u>\$ 9,585,302</u>	<u>\$ 569,082</u>	<u>\$ -</u>	<u>(8,438,203)</u>	<u>787,123</u>	<u>(7,651,080)</u>	<u>-</u>	<u>-</u>
Component units:									
Salamanca Industrial Development Agency	\$ 884,891	\$ 224,508	\$ 638,607	\$ -				(21,776)	-
Salamanca Housing Authority	<u>1,148,774</u>	<u>763,821</u>	<u>2,817</u>	<u>144,218</u>				<u>-</u>	<u>(237,918)</u>
Total component units	<u>\$ 2,033,665</u>	<u>\$ 988,329</u>	<u>\$ 641,424</u>	<u>\$ 144,218</u>				<u>(21,776)</u>	<u>(237,918)</u>
General revenues:									
Real property taxes and tax items					1,996,123	-	1,996,123	-	-
Use of money and property					40,955	739	41,694	180	606
Sale of property and compensation for loss					12,602	-	12,602	-	-
State aid—unrestricted					6,379,863	-	6,379,863	-	-
Miscellaneous					45,620	82,363	127,983	-	26,413
Transfers					<u>(36,402)</u>	<u>36,402</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>8,438,761</u>	<u>119,504</u>	<u>8,558,265</u>	<u>180</u>	<u>27,019</u>
Change in net position					558	906,627	907,185	(21,596)	(210,899)
Net position—beginning, as restated					<u>32,212,892</u>	<u>11,887,374</u>	<u>44,100,266</u>	<u>1,780,041</u>	<u>4,593,634</u>
Net position—ending					<u>\$ 32,213,450</u>	<u>\$ 12,794,001</u>	<u>\$ 45,007,451</u>	<u>\$ 1,758,445</u>	<u>\$ 4,382,735</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
Balance Sheet—Governmental Funds
(Unaudited)
March 31, 2022

	<u>General</u>	<u>Special Revenue Economic Development</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 12,895,141	\$ 5,440,865	\$ 18,336,006
Restricted cash and cash equivalents	111,122	-	111,122
Receivables (net of allowance):			
Taxes	608,324	-	608,324
Other	77,930	-	77,930
Due from other funds	420,043	-	420,043
Total assets	<u>\$ 14,112,560</u>	<u>\$ 5,440,865</u>	<u>\$ 19,553,425</u>
LIABILITIES			
Accounts payable	474,871	4,259	\$ 479,130
Accrued liabilities	7,255	-	7,255
Intergovernmental payables	401,190	-	401,190
Total liabilities	<u>883,316</u>	<u>4,259</u>	<u>887,575</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues—property taxes	132,711	-	132,711
Total deferred inflows of resources	<u>132,711</u>	<u>-</u>	<u>132,711</u>
FUND BALANCES			
Nonspendable	409,805	-	409,805
Restricted	111,122	-	111,122
Assigned	5,586,779	5,436,606	11,023,385
Unassigned	6,988,827	-	6,988,827
Total fund balances	<u>13,096,533</u>	<u>5,436,606</u>	<u>18,533,139</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,112,560</u>	<u>\$ 5,440,865</u>	<u>\$ 19,553,425</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
(Unaudited)
March 31, 2022

Amounts reported for governmental activities in the statement of net position (page 13) are different because:

Total fund balances—governmental funds (page 15)		\$ 18,533,139
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of these assets is \$51,745,471 and the accumulated depreciation is \$34,968,929.		16,776,542
Uncollected property taxes are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the fund statements.		132,711
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows related to employer contributions	\$ 842,539	
Deferred outflows related to experience, changes of assumptions, and investment earnings and changes in proportion	4,034,743	
Deferred inflows of resources related to pensions	<u>(5,118,604)</u>	(241,322)
Net accrued interest expense for statutory bonds is not reported in the fund statements.		(8,332)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effect of these items are:		
Bonds payable	\$ (336,616)	
Other postemployment benefits liability	(622,010)	
Compensated absences	(876,843)	
Net pension liability	<u>(1,143,819)</u>	<u>(2,979,288)</u>
Net position of governmental activities		<u>\$ 32,213,450</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
(Unaudited)
Year Ended March 31, 2022

	<u>General</u>	<u>Special Revenue Economic Development</u>	<u>Total Governmental Funds</u>
REVENUES			
Real property taxes	\$ 963,178	\$ -	\$ 963,178
Real property tax items	193,920	-	193,920
Nonproperty tax items	839,025	-	839,025
Departmental income	538,727	-	538,727
Intergovernmental charges	132,758	-	132,758
Use of money and property	31,195	9,760	40,955
Licenses and permits	10,104	-	10,104
Fines and forfeitures	19,559	-	19,559
Sale of property and compensation for loss	12,602	-	12,602
Miscellaneous	45,620	-	45,620
State aid	6,639,950	-	6,639,950
Federal aid	308,995	-	308,995
Total revenues	<u>9,735,633</u>	<u>9,760</u>	<u>9,745,393</u>
EXPENDITURES			
Current:			
General government support	1,249,606	-	1,249,606
Public safety	4,338,890	-	4,338,890
Health	305,381	-	305,381
Transportation	1,716,004	-	1,716,004
Economic assistance and opportunity	153,711	6,823	160,534
Culture and recreation	724,189	-	724,189
Home and community services	78,672	-	78,672
Employee benefits	459,035	-	459,035
Debt service:			
Principal	198,249	-	198,249
Interest and fiscal charges	17,065	-	17,065
Total expenditures	<u>9,240,802</u>	<u>6,823</u>	<u>9,247,625</u>
Excess (deficiency) of revenues over expenditures	<u>494,831</u>	<u>2,937</u>	<u>497,768</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(36,402)</u>	-	<u>(36,402)</u>
Total other financing sources (uses)	<u>(36,402)</u>	-	<u>(36,402)</u>
Net change in fund balances	458,429	2,937	461,366
Fund balances—beginning, as restated	<u>12,638,104</u>	<u>5,433,669</u>	<u>18,071,773</u>
Fund balances—ending	<u>\$ 13,096,533</u>	<u>\$ 5,436,606</u>	<u>\$ 18,533,139</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances—Governmental Funds to the Government-wide Statement of Activities
(Unaudited)
Year Ended March 31, 2022

Amounts reported for governmental activities in the statement of activities (page 14) are different because:

Net change in fund balances—total governmental funds (page 17) \$ 461,366

City governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital asset additions	\$ 341,338	
Depreciation expense	<u>(1,169,106)</u>	(827,768)

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

Direct pension contributions	\$ 668,011	
Cost of benefits earned net of employee contributions	<u>(421,038)</u>	246,973

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 3,249

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Repayment of bonds payable	\$ 198,249	
Change in other postemployment benefits liability	(6,018)	
Change in compensated absences	<u>(75,493)</u>	<u>116,738</u>

Change in net position of governmental activities \$ 558

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
Statement of Net Position—Proprietary Funds
(Unaudited)
March 31, 2022

	Business-type Activities—Enterprise Funds			
	Water	Sewer	Electric	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,975	\$ 545,613	\$ 398,645	\$ 949,233
Restricted cash and cash equivalents	28,675	48,600	193,713	270,988
Receivables (net of allowance)	109,619	193,232	832,617	1,135,468
Inventories	44,237	6,838	163,590	214,665
Total current assets	<u>187,506</u>	<u>794,283</u>	<u>1,588,565</u>	<u>2,570,354</u>
Noncurrent assets:				
Capital assets, not being depreciated:				
Land	-	12,700	71,280	83,980
Total capital assets, not being depreciated	<u>-</u>	<u>12,700</u>	<u>71,280</u>	<u>83,980</u>
Capital assets, being depreciated:				
Buildings and building improvements	5,182,230	7,138,880	9,788,051	22,109,161
Machinery and equipment	353,710	3,012,324	1,923,719	5,289,753
Accumulated depreciation	<u>(2,888,222)</u>	<u>(6,311,136)</u>	<u>(5,172,983)</u>	<u>(14,372,341)</u>
Total capital assets, being depreciated	<u>2,647,718</u>	<u>3,840,068</u>	<u>6,538,787</u>	<u>13,026,573</u>
Total noncurrent assets	<u>2,647,718</u>	<u>3,852,768</u>	<u>6,610,067</u>	<u>13,110,553</u>
Total assets	<u>2,835,224</u>	<u>4,647,051</u>	<u>8,198,632</u>	<u>15,680,907</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows—relating to pensions	239,780	471,589	488,018	1,199,387
Total deferred outflows of resources	<u>239,780</u>	<u>471,589</u>	<u>488,018</u>	<u>1,199,387</u>
LIABILITIES				
Current liabilities:				
Accounts payable	18,708	31,135	537,712	587,555
Accrued liabilities	2,290	8,401	49,885	60,576
Customer deposits	28,675	48,600	193,713	270,988
Due to other funds	-	70,087	349,956	420,043
Total current liabilities	<u>49,673</u>	<u>158,223</u>	<u>1,131,266</u>	<u>1,339,162</u>
Noncurrent liabilities:				
Due within one year:				
Bonds payable	322,500	90,000	17,980	430,480
Loan payable	-	-	99,475	99,475
Capital lease	-	20,719	-	20,719
Compensated absences	5,845	15,078	10,993	31,916
Due in more than one year:				
Bonds payable	73,500	270,000	35,960	379,460
Loan payable	-	-	49,737	49,737
Capital lease	-	20,718	-	20,718
Compensated absences	52,608	135,703	98,933	287,244
Net pension liability	973	1,914	1,981	4,868
Total noncurrent liabilities	<u>455,426</u>	<u>554,132</u>	<u>315,059</u>	<u>1,324,617</u>
Total liabilities	<u>505,099</u>	<u>712,355</u>	<u>1,446,325</u>	<u>2,663,779</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows—relating to pensions	284,388	559,321	578,805	1,422,514
Total deferred inflows of resources	<u>284,388</u>	<u>559,321</u>	<u>578,805</u>	<u>1,422,514</u>
NET POSITION				
Net investment in capital assets	2,251,718	3,451,331	6,406,915	12,109,964
Restricted	-	-	89,169	89,169
Unrestricted	33,799	395,633	165,436	594,868
Total net position	<u>\$ 2,285,517</u>	<u>\$ 3,846,964</u>	<u>\$ 6,661,520</u>	<u>\$ 12,794,001</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
Statement of Revenues, Expenses, and Changes in Net Position—
Proprietary Funds
(Unaudited)
Year Ended March 31, 2022

	Business-type Activities—Enterprise Funds			
	Water	Sewer	Electric	Total
Operating revenues:				
Charges for services	\$ 951,752	\$ 1,585,892	\$ 6,322,515	\$ 8,860,159
Rent	-	-	23,995	23,995
Total operating revenues	<u>951,752</u>	<u>1,585,892</u>	<u>6,346,510</u>	<u>8,884,154</u>
Operating expenses:				
Personnel services	326,256	531,152	577,522	1,434,930
Taxes and assessments on municipal property	928	5,333	2,606	8,867
Depreciation	122,575	208,066	264,125	594,766
Sanitary sewers	-	54,277	-	54,277
Sewage	-	140,742	-	140,742
Administration	167,845	-	-	167,845
Source of supply, power and pumping	49,651	-	-	49,651
Transportation and distribution	9,890	-	1,932	11,822
Electric and power	9,380	1,021	4,876,984	4,887,385
Employee benefits	138,246	191,619	218,010	547,875
Total operating expenses	<u>824,771</u>	<u>1,132,210</u>	<u>5,941,179</u>	<u>7,898,160</u>
Operating income	<u>126,981</u>	<u>453,682</u>	<u>405,331</u>	<u>985,994</u>
Nonoperating revenues (expenses):				
Use of money and property	159	580	-	739
Payment-in-lieu of taxes	(10,249)	(78,622)	(56,763)	(145,634)
Interest expense	(26,051)	(24,976)	(2,210)	(53,237)
Miscellaneous	14,299	7,990	60,074	82,363
Total nonoperating revenues (expenses)	<u>(21,842)</u>	<u>(95,028)</u>	<u>1,101</u>	<u>(115,769)</u>
Income (loss) before transfers	105,139	358,654	406,432	870,225
Transfer in	34,030	6,000	66,459	106,489
Transfers out	-	(70,087)	-	(70,087)
Net transfers in (out)	<u>34,030</u>	<u>(64,087)</u>	<u>66,459</u>	<u>36,402</u>
Change in net position	139,169	294,567	472,891	906,627
Total net position—beginning	<u>2,146,348</u>	<u>3,552,397</u>	<u>6,188,629</u>	<u>11,887,374</u>
Total net position—ending	<u>\$ 2,285,517</u>	<u>\$ 3,846,964</u>	<u>\$ 6,661,520</u>	<u>\$ 12,794,001</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
Statement of Cash Flows—Proprietary Funds
(Unaudited)
Year Ended March 31, 2022

	Business-type Activities—Enterprise Funds			
	Water	Sewer	Electric	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 946,006	\$ 1,590,929	\$ 6,427,593	\$ 8,964,528
Rental income	-	-	23,995	23,995
Payments to suppliers for goods and services	(71,450)	(209,791)	(5,046,381)	(5,327,622)
Payments to employees for services	(656,777)	(774,483)	(834,379)	(2,265,639)
Net cash provided by (used for) operating activities	<u>217,779</u>	<u>606,655</u>	<u>570,828</u>	<u>1,395,262</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
(Payments to) receipts from primary government	-	40,549	(35,114)	5,435
Transfers to primary government	-	(70,087)	-	(70,087)
Advances (to)/from other funds	-	-	-	-
Nonoperating revenues	34,030	6,000	66,459	106,489
Miscellaneous income	14,299	7,990	60,074	82,363
Payments-in-lieu of taxes	(10,249)	(78,622)	(56,763)	(145,634)
Net cash provided by (used for) noncapital financing activities	<u>38,080</u>	<u>(94,170)</u>	<u>34,656</u>	<u>(21,434)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Sale of property	-	580	-	580
Principal payments on bonds	(339,040)	(381,905)	(51,683)	(772,628)
Principal payments on capital lease	-	(20,719)	-	(20,719)
Principal payments on loans payable	-	-	(99,475)	(99,475)
Acquisition of capital assets	-	-	(117,322)	(117,322)
Gain/(loss) from disposal of capital assets	88,728	15,000	22,827	126,555
Interest payments	(26,051)	(24,976)	(2,210)	(53,237)
Net cash used for capital and related financing activities	<u>(276,363)</u>	<u>(412,020)</u>	<u>(247,863)</u>	<u>(936,246)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income received	159	-	-	159
Net cash provided by investing activities	<u>159</u>	<u>-</u>	<u>-</u>	<u>159</u>
Net increase (decrease) in cash and cash equivalents	(20,345)	100,465	357,621	437,741
Cash and cash equivalents—beginning*	53,995	493,748	234,737	782,480
Cash and cash equivalents—ending*	<u>\$ 33,650</u>	<u>\$ 594,213</u>	<u>\$ 592,358</u>	<u>\$ 1,220,221</u>

*Cash and cash equivalents includes restricted cash and cash equivalents.

(continued)

CITY OF SALAMANCA, NEW YORK
Statement of Cash Flows—Proprietary Funds
(Unaudited)
Year Ended March 31, 2022

(concluded)

	<u>Business-type Activities—Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 126,981	\$ 453,682	\$ 405,331	\$ 985,994
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	122,575	208,066	264,125	594,766
(Increase) decrease in receivables	(6,626)	2,337	98,678	94,389
Decrease (increase) in inventories	1,630	970	(23,249)	(20,649)
(Increase) in deferred outflows—relating to pensions	(51,868)	(70,397)	(75,906)	(198,171)
(Decrease) increase in payables	(3,231)	(9,388)	(141,610)	(154,229)
(Decrease) increase in accrued liabilities	(978)	(3,153)	31,233	27,102
Increase in customer deposits	880	2,700	6,400	9,980
(Decrease) in accrued compensated absences	(4,854)	(1,182)	(22,098)	(28,134)
(Decrease) in net pension liability	(244,634)	(522,456)	(536,660)	(1,303,750)
Increase in deferred inflows—relating to pensions	<u>277,904</u>	<u>545,476</u>	<u>564,584</u>	<u>1,387,964</u>
Total adjustments	<u>90,798</u>	<u>152,973</u>	<u>165,497</u>	<u>409,268</u>
Net cash provided by (used for) operating activities	<u>\$ 217,779</u>	<u>\$ 606,655</u>	<u>\$ 570,828</u>	<u>\$ 1,395,262</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
Statement of Fiduciary Net Position—Custodial Fund
(Unaudited)
March 31, 2022

	Custodial Fund
ASSETS	
Restricted cash and cash equivalents	\$ 16,987
Total assets	<u>16,987</u>
NET POSITION	
Restricted for others	<u>\$ 16,987</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SALAMANCA, NEW YORK
Statement of Changes in Fiduciary Net Position—Custodial Fund
(Unaudited)
Year Ended March 31, 2022

	<u>Custodial Fund</u>
ADDITIONS	
Contributions	\$ 25,875
Total additions	<u>25,875</u>
DEDUCTIONS	
Culture and recreation	<u>27,645</u>
Total deductions	<u>27,645</u>
Change in fiduciary net position	(1,770)
Net position—beginning	<u>18,757</u>
Net position—ending	<u>\$ 16,987</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF SALAMANCA, NEW YORK
Notes to the Financial Statements
(Unaudited)
Year Ended March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Salamanca, New York (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (the "GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Description of Government-wide 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 nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Reporting Entity

The City was incorporated in 1913. It is governed by the Charter of the City, other general laws of New York, and various local laws and ordinances. The Common Council is the legislative body responsible for the overall operations, and consists of five members elected by Ward to two-year terms. The Mayor serves a two-year term and is the Chief Executive Officer of the City.

The City provides police and fire protection, street maintenance, and snow removal services. It also maintains parks for use by its residents.

The accompanying financial statements present the City (the "primary government") and its component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units—Financial data of the City's component units that are not part of the primary government are reported in the component unit columns within the government-wide financial statements. These component units are reported in a separate column to emphasize that they are legally separate from the City and that they are not simply an extension of the primary government.

- **Salamanca Industrial Development Agency ("SIDA")**—The Salamanca Industrial Development Agency was established by Chapter 25 of the Laws of 1971 to promote the economic welfare and prosperity of the City's inhabitants and to develop economically sound commerce and industry. The SIDA Board can be made up of three to seven members approved by the governing body of the City. Board members may be removed at will by the City's governing body.

The SIDA has the power to acquire, hold, and dispose of property as it sees fit, and property under its control is exempt from real property taxes. The SIDA may also issue bonds for legitimate corporate purposes on virtually any terms without limitations as to amount. Unless expressly provided otherwise, such bonds constitute special obligation bonds of the SIDA payable from project revenues.

The entity's principal source of revenues at present are rental income, grant proceeds, and revenues derived from SIDA's lending related activities.

- **Salamanca Housing Authority (“SHA”)**—The Salamanca Housing Authority was established by Public Housing Law Article 13 in 1957. Its purpose is to provide housing to low-to-moderate income persons and elderly people. It shall constitute a corporate body and consist of seven members. Five members are appointed by the Mayor and two members are elected by the housing tenants.

The housing operations are financed primarily by rental income and New York state subsidy. The City is required to pay an annual subsidy to the Authority in an amount at least equal to the subsidy paid by the State; however, the City's subsidy can be offset in full or in part in the form of exemption of the project from taxes.

Complete financial statements of the individual component units can be obtained from their respective administrative offices as listed below.

Salamanca Industrial Development Agency
225 Wildwood Avenue
Salamanca, New York 14779

Salamanca Housing Authority
69 Iroquois Drive
Salamanca, New York 14779

Related Organizations—These are activities undertaken jointly with other governmental units and are excluded from the financial statements.

- **The Salamanca Public Library**—The Salamanca Public Library (the “Library”) is a separate education corporation chartered under the New York Education Law, Section 259, in 1918 and is governed by the New York State Not-for-Profit Corporation Law. The Library is over seen by the Library's Board of Trustees. The Library is excluded from the reporting entity because the City is unable to appoint a voting majority of the Board of Trustees of the Library and the Library is not fiscally dependent on the City.
- **The Joint Leasing Commission and Joint Development Corporation**—The City entered into a contract with the Seneca Nation of Indians. The contract contained a technical document, the Joint Leasing Commission Agreement, which required the City to appoint two commissioners to the Joint Leasing Commission. The Commission was formed to verify the City's computation of annual rental payments due for the Indian leases, and to conduct dispute resolution arising under the agreement and under the leases issued by the Seneca Nation of Indians to City residents. An annual budget is subject to approval by the City and Seneca Nation of Indians. The City paid \$5,000 to Joint Leasing Commission as their share of the October 1, 2020 - September 30, 2021 budget.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

As discussed earlier, the City has two discretely presented component units. While neither the Salamanca Industrial Development Agency nor the Salamanca Housing Authority are considered to be a major component unit, they are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. It is the City's policy to record transactions between funds as operating transfers. Interfund services provided and used are not eliminated in the process of consolidation.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The City reports the following major governmental funds:

- *General Fund*—The General Fund is the primary operating fund of the City and accounts for all financial resources of the general government, except those required to be accounted for in another fund. The majority of current operations are financed by this fund. Transfers to other funds and agencies are made from this fund. Monies from other funds may be received, unless prohibited by the purpose and object of such funds.
- *Economic Development Fund*—The Economic Development Fund is used to account for funds received that are designed for economic development are approved by New York State Empire State Development.

Enterprise Funds—These funds are used to account for operations which provide goods and services to the general public. These ongoing activities are similar to those found in the private sector; therefore, the determination of operating income is necessary to sound financial administration. The City maintains the following enterprise funds:

- *Water Fund*—The Water Fund accounts for the City's water treatment and distribution system and is responsible for water delivery to the residents of the City.

- *Sewer Fund*—The Sewer Fund is used to record all activity related to the operation and maintenance of the sewer districts.
- *Electric Fund*—The Electric Fund is used to record the revenues and expenditures relating to electric services of the City.

Additionally, the City reports the following fund type:

Fiduciary Funds—These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. The City reports one fiduciary fund, the *Custodial Fund*.

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

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

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported 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. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported 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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pensions, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period of availability (within 60 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and the amount is received during the period of availability (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The proprietary funds and Custodial Fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The SIDA's and the SHA's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities and are maintained on the accrual basis of accounting.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The City's cash and cash equivalents include cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. Permissible investments include obligations of the United States Treasury, United State Agencies, repurchase agreements, obligations of New York State or its localities, certificates of deposit and revenue anticipation notes. The City reports no investments at March 31, 2022; however, when the City does have investments they are recorded at fair value in accordance with GASB.

Restricted Cash and Cash Equivalents—Funds to support restricted fund balances are reported as restricted cash and cash equivalents within the City's General Fund. The City also reports restricted cash within its proprietary funds which represents customer deposits and restricted net position. The Custodial Fund restricted cash represents cash held on behalf of others.

Receivables—Receivables are recorded and revenues are recognized as earned. Allowances are recorded when appropriate.

Inventories—Inventories of proprietary funds are valued at the lower of cost or market based upon the moving weighted-average method and are comprised of general supplies.

Capital Assets—Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as within each individual proprietary fund. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,000 for general governmental activities and \$1,000 for business-type activities, and an estimated useful life in excess of five years with the exception of the Electric Fund. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at estimated fair value at the date of donation. Electric Fund assets are stated at cost, which includes transportation costs and overhead. When Electric Fund assets are retired, the cost and all costs of removal, less salvage if any, is charged to accumulated depreciation.

Land and construction in progress are not depreciated. The other capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Life (Years)</u>
Buildings and building improvements	20-50
Infrastructure	10-50
Machinery and equipment	5-20

Capital assets of the Water Fund and the Sewer Fund are depreciated over the following estimated useful lives:

	<u>Estimated Useful Life (Years)</u>
Buildings and building improvements	50
Machinery and equipment	20

Depreciation of the Electric Fund assets is computed using group composite straight-line rates in accordance with the New York State Public Service Commission. Straight-line composite rates used to compute depreciation for the year ended March 31, 2022 were as follows:

	<u>Percentage</u>
Structures	1.7-10.0
Poles, towers and fixtures	3.0
Distribution substation	3.0
Transformers	3.0-3.33
Office equipment	4.55-12.5
Equipment	16.0-25.0
Transportation equipment	12.5-17.0

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new police vehicle included as part of *expenditures—public safety*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At March 31, 2022, the City has one item that qualifies for reporting in this category. This item represents the effect of the net change in the City’s proportion of the collective net position asset or liability, the difference during the measurement period between the City’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date.

In addition to liabilities, the statement of financial position and the balance sheet of governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At March 31, 2022, the City has two items that qualify for reporting in this category. The first item arises only under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds’ balance sheet. The governmental funds report unavailable revenue from property taxes that remain uncollected 60 days after year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item represents the effect of the net change in the City’s proportion of the collective net pension liability and the difference during the measurement periods between the City’s contribution and its proportionate share of total contributions to the pension systems not included in pension expense and is reported on the government-wide statements.

Net Position Flow Assumption—Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted–net position and unrestricted–net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted–net position to have been depleted before unrestricted–net position is applied.

Fund Balance Flow Assumptions—Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The Common Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. The Common Council has by resolution authorized the Comptroller to assign fund balance. The Common Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of the assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary Funds Operating and Nonoperating Revenues and Expenses—Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a propriety fund's principal ongoing operations. The principal operating revenues for the proprietary funds include charges for services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property Taxes—Real property taxes are levied as of April 9 of each year. Taxes must be paid by May 31 to avoid penalties. As of June 1, penalties are assessed at 10% of the total tax bill and increase a half of a percent on the first of each month thereafter.

The City is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five-year average full assessed valuation for general governmental services other than the payment of debt service and capital expenditures. The City utilizes a percent of value system, assessing all properties at 17% of full market value. For the year ended March 31, 2022, the City had a tax levy of \$975,305.

Compensated Absences—The City's policy is to pay employees for unused vacation, compensatory time, and sick time based on union agreements when there is separation from service. For governmental activities, the amount is accrued in the government-wide statement of net position as a long-term liability. For business-type activities, the full liability is recognized in both the government-wide statement of net position and the proprietary fund financial statements.

Pension Plans—The City is mandated by New York State law to participate in the New York State Local Employees’ Retirement System (“ERS”) and the New York State Police and Fire Retirement System (“PFRS”). For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

Other Postemployment Benefits—In addition to providing pension benefits, the City provides health insurance benefits for retired police and fire employees as required by the union contracts. The police and fire employees become eligible for these benefits if they reach normal retirement age while working for the City. The department heads hired prior to April 1, 2009 are eligible for these benefits. More information regarding other postemployment benefits (“OPEB”) is included in Note 8.

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses/expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended March 31, 2022, the City implemented GASB Statements No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; No. 91, *Conduit Debt Obligations*; No. 93, *Replacement of Interbank Offered Rates*; and No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. GASB Statement No. 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 93 addresses those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (“IBOR”). GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR, which replaces the acronym for comprehensive annual financial report. The implementation of GASB Statements No. 89, 91, 93, and 98 did not have a material impact on the City’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The City has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 87, *Leases*, effective for the year ending March 31, 2023, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and No. 99, *Omnibus 2022*, effective for the year ending March 31, 2024, and No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending March 31, 2025. The City is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 94, 96, 99, 100, and 101 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—Through the budget, the Council sets the direction of the City, allocates its resources and established its priorities. The annual budget assures the efficient and effective uses of the City’s economic resources, as well as establishing that the highest priority objectives are accomplished.

The annual budget serves from April 1 to March 31, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it established the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City’s performance.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

- No later than January 15, the department heads submit budget estimates to the Common Council. By February 15, the Common Council must adopt a tentative budget for the fiscal year commencing the following April 1. The tentative budget includes proposed expenditures and means of financing for the General Fund.
- After public hearings are conducted to obtain taxpayer comments, but no later than March 15, the Council adopts the final budget. Toward the end of the fiscal year, the Council customarily makes budgetary transfers.
- Budgets are prepared for the Special Revenue – Economic Development Fund and the proprietary funds (Water, Sewer and Electric Funds) for general management purposes as the budgets are not legally required.

2. RESTATEMENT OF FUND BALANCE AND NET POSITION

During the year ended March 31, 2022, the City determined that the Library no longer met the GASB requirements to be reported as a blended component unit of the City. As a result, the City has restated its Governmental Funds’ Fund Balance to be reduced by \$178,479 to remove the Library Fund as of March 31, 2021. Additionally, the Net Position of Governmental Activities was restated to be reduced by \$497,429.

Additionally, during the year ended March 31, 2022, the Salamanca Housing Authority (the “SHA”) adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The effect of this restatement to the SHA is summarized as follows:

	<u>Component Unit</u>
	Salamanca Housing Authority
Net position—March 31, 2021, as previously stated	\$ 5,228,040
GASB 75 implementation	<u>(634,406)</u>
Net position—March 31, 2021, as restated	<u>\$ 4,593,634</u>

3. CASH AND CASH EQUIVALENTS

The City's investment policies are governed by New York State statutes. In addition, the City has its own written investment policy. The City monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The City Comptroller is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Investments with maturities of less than three months are considered to be cash equivalents. Collateral is required for demand deposit accounts, time deposit accounts and certificates at 100% of all deposits not covered by federal deposit insurance. The City has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash and cash equivalents at March 31, 2022 are as follows:

	Governmental Funds	Proprietary Funds	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 220	\$ 350	\$ -	\$ 570
Deposits	18,446,908	1,219,871	16,987	19,683,766
Total	<u>\$ 18,447,128</u>	<u>\$ 1,220,221</u>	<u>\$ 16,987</u>	<u>\$ 19,684,336</u>

Deposits—All deposits are carried at fair value, and are classified by custodial risk at March 31, 2022 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 1,028,650	\$ 1,028,650
Uninsured:		
Collateral held by pledging bank's agent in the City's name	<u>18,934,253</u>	<u>18,655,116</u>
Total	<u>\$ 19,962,903</u>	<u>\$ 19,683,766</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At March 31, 2022, the City's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the City's name.

Restricted Cash and Cash Equivalents—The City reports monies to support restricted fund balances as restricted cash and cash equivalents within the City's General Fund of \$111,122. Additionally, the City reports restricted cash within its proprietary funds of \$270,988 which represents customer deposits and restricted net position. The Custodial Fund restricted cash and cash equivalents of \$16,987 represents funds held on behalf of others.

Investments—The City had no investments at March 31, 2022.

Interest Rate Risk—In accordance with its investment policy, the City manages exposure by limiting the investments to low risk type investments governed by New York State statute.

City of Salamanca Industrial Development Agency

The SIDA has its own written investment policy. The SIDA is authorized to use demand accounts and certificates of deposit, as well as other permissible investments, which include obligations of the federal government, the State of New York, and revenue and tax anticipation notes authorized by the State Comptroller. Certificates of deposit with maturities of less than 90 days are considered cash equivalents.

Cash, cash equivalents and investments at March 31, 2022 are shown below.

Petty cash (uncollateralized)	\$	50
Deposits		<u>924,990</u>
Total	\$	<u>925,040</u>

At March 31, 2022, all of the SIDA deposits were either insured by FIDC or collateralized with securities held by the SIDA or by its agent in the SIDA's name or were uninsured but collateralized with securities held by the pledging financial institutions trust department or agent in the SIDA's name.

Restricted cash and cash equivalents comprise funds that are subject to limitations imposed by grantors. As of March 31, 2022, the SIDA reported \$708,922 of restricted cash and cash equivalents.

Salamanca Housing Authority

The SHA considers all highly liquid cash accounts and other temporary investments with an original maturity date of three months or less to be cash equivalents. The SHA is authorized to invest in bank certificates of deposit. Deposits held at financial institutions that are in excess of FDIC limits are required to be collateralized with securities held by the pledging financial institution's trust department or agent. Investments are carried at fair value.

Cash, cash equivalents and investments at March 31, 2022 are as follows:

Petty cash (uncollateralized)	\$	550
Deposits		142,425
Certificates of deposit		<u>286,709</u>
Total	\$	<u>429,684</u>

At March 31, 2022, all of the SHA deposits were either insured by FIDC or collateralized with securities held by the SHA or by its agent in the SHA's name or were uninsured but collateralized with securities held by the pledging financial institutions trust department or agent in the SHA's name.

Restricted cash and cash equivalents are comprised of security deposits and funds that are subject to limitations imposed by grantors. As of March 31, 2022, the SHA reported \$41,002 of restricted cash and cash equivalents.

At March 31, 2022, restricted investments totaled \$286,709 and were held as bank certificates of deposit with an original maturity of more than three months. The fair market values of the bank certificates of deposit are not materially different from their reported amounts.

4. RECEIVABLES

Revenues accrued by the City at March 31, 2022 consisted of the following:

Taxes Receivable—Taxes receivable of the City at March 31, 2022 reported in the General Fund consisted of \$608,234 due from property owners.

Other Receivables—Receivables at March 31, 2022, net of related allowances for estimated uncollectible amounts, are as follows:

	General Fund	Enterprise Funds		
		Water Fund	Sewer Fund	Electric Fund
Ambulance receivable	\$ 143,996	\$ -	\$ -	\$ -
Customer accounts receivable	-	112,175	195,830	842,319
Other	22,641	175	4,516	12,843
Allowance for doubtful accounts	(88,707)	(2,731)	(7,114)	(22,545)
Total	<u>\$ 77,930</u>	<u>\$ 109,619</u>	<u>\$ 193,232</u>	<u>\$ 832,617</u>

City of Salamanca Industrial Development Agency

SIDA receivables at March 31, 2022, included the following:

	General Fund	Housing	Total
		Choice Vouchers	
Tenants	\$ -	\$ 51,940	\$ 51,940
Allowance	-	(51,940)	(51,940)
Other	200	-	200
Total	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 200</u>

As of March 31, 2022, the SIDA had notes receivable with varying interest rates and terms. Notes receivable at March 31, 2022 are shown below:

	Program Income	Salamanca Area	Total
		Development Corporation	
Notes receivable	\$ 55,149	\$ 45,694	\$ 100,843
Less: allowance for doubtful accounts	(21,651)	-	(21,651)
Total notes receivable, net	<u>\$ 33,498</u>	<u>\$ 45,694</u>	<u>\$ 79,192</u>

Salamanca Housing Authority

Revenues accrued by the SHA at March 31, 2022 consisted of the following:

	State Public Housing
Tenants	\$ 226,005
Allowance for bad debts	(214,166)
Interest receivable	184
Total	<u>\$ 12,023</u>

5. CAPITAL ASSETS

Governmental Activities—Capital asset activity for the primary government’s governmental activities for the fiscal year ended March 31, 2022 was as follows:

	Balance 4/1/2021 (as restated)	Increases	Decreases	Balance 3/31/2022
Capital assets, not being depreciated:				
Land	\$ 3,149,369	\$ -	\$ -	\$ 3,149,369
Total capital assets, not being depreciated	<u>3,149,369</u>	<u>-</u>	<u>-</u>	<u>3,149,369</u>
Capital assets, being depreciated:				
Buildings and building improvements	4,592,848	119,170	-	4,712,018
Infrastructure	37,687,278	100,770	-	37,788,048
Machinery and equipment	5,974,638	121,398	-	6,096,036
Total capital assets, being depreciated	<u>48,254,764</u>	<u>341,338</u>	<u>-</u>	<u>48,596,102</u>
Less accumulated depreciation for:				
Buildings and building improvements	(2,442,044)	(98,855)	-	(2,540,899)
Infrastructure	(27,118,738)	(699,533)	-	(27,818,271)
Machinery and equipment	(4,239,041)	(370,718)	-	(4,609,759)
Total accumulated depreciation	<u>(33,799,823)</u>	<u>(1,169,106)</u>	<u>-</u>	<u>(34,968,929)</u>
Total capital assets, being depreciated, net	<u>14,454,941</u>	<u>(827,768)</u>	<u>-</u>	<u>13,627,173</u>
Governmental activities capital assets, net	<u>\$ 17,604,310</u>	<u>\$ (827,768)</u>	<u>\$ -</u>	<u>\$ 16,776,542</u>

Business-type Activities—Capital asset activity for the primary government’s business-type activities for the fiscal year ended March 31, 2022 was as follows:

	Balance 4/1/2021	Increases	Decreases	Balance 3/31/2022
Capital assets, not being depreciated:				
Land	\$ 83,980	\$ -	\$ -	\$ 83,980
Construction in progress	126,554	-	(126,554)	-
Total capital assets, not being depreciated	<u>210,534</u>	<u>-</u>	<u>(126,554)</u>	<u>83,980</u>
Capital assets, being depreciated:				
Buildings and building improvements	22,109,161	-	-	22,109,161
Machinery and equipment	5,172,434	117,319	-	5,289,753
Total capital assets, being depreciated	<u>27,281,595</u>	<u>117,319</u>	<u>-</u>	<u>27,398,914</u>
Less accumulated depreciation for:				
Buildings and building improvements	(11,020,678)	(492,880)	-	(11,513,558)
Machinery and equipment	(2,756,897)	(101,886)	-	(2,858,783)
Total accumulated depreciation	<u>(13,777,575)</u>	<u>(594,766)</u>	<u>-</u>	<u>(14,372,341)</u>
Total capital assets, being depreciated, net	<u>13,504,020</u>	<u>(477,447)</u>	<u>-</u>	<u>13,026,573</u>
Business-type activities capital assets, net	<u>\$ 13,714,554</u>	<u>\$ (477,447)</u>	<u>\$ (126,554)</u>	<u>\$ 13,110,553</u>

Depreciation expense was charged to the functions and programs of the primary government as follows:

Governmental activities:	
General government support	\$ 173,657
Public safety	602,969
Transportation	238,470
Health	42,438
Culture and recreation	100,639
Home and community services	10,933
Total governmental activities depreciation expense	<u>\$ 1,169,106</u>
Business-type activities:	
Water	\$ 122,575
Sewer	208,066
Electric	264,125
Total business-type activities depreciation expense	<u>\$ 594,766</u>

Salamanca Industrial Development Agency

Capital asset activity for the SIDA for the year ended March 31, 2022 was as follows:

	Balance 4/1/2021	Increases	Decreases	Balance 3/31/2022
Capital assets, not being depreciated:				
Land	\$ 10,500	\$ 14,000	\$ -	\$ 24,500
Total capital assets, not being depreciated	<u>10,500</u>	<u>14,000</u>	<u>-</u>	<u>24,500</u>
Capital assets, being depreciated:				
Buildings and leasehold improvements	2,537,865	167,970	-	2,705,835
Machinery and equipment	29,644	-	779	28,865
Total capital assets, being depreciated	<u>2,567,509</u>	<u>167,970</u>	<u>779</u>	<u>2,734,700</u>
Less accumulated depreciation	<u>(1,946,174)</u>	<u>(43,550)</u>	<u>779</u>	<u>(1,988,945)</u>
Total capital assets, being depreciated, net	<u>621,335</u>	<u>124,420</u>	<u>1,558</u>	<u>745,755</u>
Capital assets, net	<u>\$ 631,835</u>	<u>\$ 138,420</u>	<u>\$ 1,558</u>	<u>\$ 770,255</u>

Salamanca Housing Authority

Capital asset activity for the SHA for the year ended March 31, 2022 was as follows:

	Balance 4/1/2021	Increases	Decreases	Balance 3/31/2022
Capital assets, not being depreciated:				
Land	\$ 28,000	\$ -	\$ -	\$ 28,000
Construction in progress	321,972	144,218	-	466,190
Total capital assets, not being depreciated	<u>349,972</u>	<u>144,218</u>	<u>-</u>	<u>494,190</u>
Capital assets, being depreciated:				
Buildings and improvements	10,225,509	-	-	10,225,509
Equipment and furniture	270,649	19,641	-	290,290
Total capital assets, being depreciated	<u>10,496,158</u>	<u>19,641</u>	<u>-</u>	<u>10,515,799</u>
Less accumulated depreciation	<u>(5,795,901)</u>	<u>(342,225)</u>	<u>-</u>	<u>(6,138,126)</u>
Total capital assets, being depreciated, net	<u>4,700,257</u>	<u>(322,584)</u>	<u>-</u>	<u>4,377,673</u>
Capital assets, net	<u>\$ 5,050,229</u>	<u>\$ (178,366)</u>	<u>\$ -</u>	<u>\$ 4,871,863</u>

6. ACCRUED LIABILITIES

Accrued liabilities reported within the governmental and proprietary funds at March 31, 2022 were as follows:

	Total Governmental Funds		Total Proprietary Funds
	General		
Employee benefits	<u>\$ 7,255</u>	<u>\$ 7,255</u>	
	Water	Sewer	Electric
Accrued interest	\$ 2,290	\$ 8,401	\$ 11,908
Other accrued liabilities	<u>-</u>	<u>-</u>	<u>37,977</u>
Total accrued liabilities	<u>\$ 2,290</u>	<u>\$ 8,401</u>	<u>\$ 49,885</u>
			<u>\$ 60,576</u>

7. PENSION OBLIGATIONS

Plan Descriptions and Benefits Provided

Police and Fire Retirement System (“PFRS”) and Employees’ Retirement System (“ERS”)—The City participates in the PFRS and ERS (the “Systems”). The Systems provide retirement benefits as well as, death and disability benefits. The net position of the Systems are held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all assets and record changes in fiduciary net position allocated to the Systems. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the Systems. System benefits are established under the provisions of the New York State Retirement and Social Security Law (“NYSRSSL”). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public Employees’ Group Life Insurance Plan (“GLIP”), which provides death benefits in the form of life insurance. The Systems are included in the State’s financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3.0%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS), who generally contribute three percent (3.0%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the System’s fiscal year ending March 31.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At March 31, 2022, the City reported the following liabilities for its proportionate share of the net pension liabilities for PFRS and ERS. The net pension liabilities were measured as of March 31, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2020, with update procedures used to

roll forward the total net pension liabilities to the measurement date. The City's proportion of the net pension liabilities were based on projections of the City's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the City.

	Governmental Activities		Business-type
	PFRS	ERS	Activities
	March 31, 2021		
Measurement date			
Net pension liability	\$ 1,139,136	\$ 4,683	\$ 4,868
City's portion of the Plan's total net pension liability	0.0656080%	0.0047030%	0.0048888%

For the year ended March 31, 2022, the City recognized pension expenses of \$150,145, \$92,851, and \$113,957, respectively, for PFRS, ERS – Governmental activities, and ERS – Business-type activities. At March 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources shown below:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Governmental Activities		Business-type	Governmental Activities		Business-type
	PFRS	ERS	ERS	PFRS	ERS	ERS
Differences between expected and actual experiences	\$ 252,768	\$ 57,192	\$ 59,451	\$ -	\$ -	\$ -
Changes of assumptions	2,798,735	861,044	895,065	-	16,240	16,882
Net difference between projected and actual earnings on pension plan investments	-	-	-	3,349,564	1,345,221	1,398,371
Changes in proportion and differences between the City's contributions and proportionate share of contributions	46,396	18,607	19,344	400,594	6,985	7,261
City contributions subsequent to the measurement date	625,585	216,954	225,526	-	-	-
Total	<u>\$ 3,723,484</u>	<u>\$ 1,153,797</u>	<u>\$ 1,199,386</u>	<u>\$ 3,750,158</u>	<u>\$ 1,368,446</u>	<u>\$ 1,422,514</u>

The City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending March 31,</u>	<u>Governmental Activities</u>		<u>Business-type</u>
	<u>PFRS</u>	<u>ERS</u>	<u>Activities</u>
			<u>ERS</u>
2023	\$ (255,847)	\$ (75,504)	\$ (78,487)
2024	(109,792)	(27,186)	(28,260)
2025	(188,391)	(71,168)	(73,979)
2026	(636,652)	(257,745)	(267,928)
2027	538,423	-	-

Actuarial Assumptions—The total pension liabilities as of the measurement date were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liabilities to the measurement date. The actuarial valuations used the actuarial assumptions below:

	<u>PFRS</u>	<u>ERS</u>
Measurement date	March 31, 2021	March 31, 2021
Actuarial valuation date	April 1, 2020	April 1, 2020
Interest rate	5.9%	5.9%
Salary scale	4.4%	6.2%
Decrement tables	April 1, 2015- March 31, 2020	April 1, 2015- March 31, 2020
Inflation rate	2.7%	2.7%
Cost-of-living adjustments	1.4%	1.4%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. The actuarial assumptions used in the April 1, 2020 valuations are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term 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 each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are on the following page.

Measurement date	PFRS and ERS	
	Target Allocation	Long-Term Expected
		Real Rate of Return
March 31, 2021		
Asset class:		
Domestic equities	32.0 %	4.1 %
International equity	15.0	6.3
Private equity	10.0	6.8
Real estate	9.0	5.0
Opportunistic/absolute return strategy	3.0	4.5
Credit	4.0	3.6
Real assets	3.0	6.0
Fixed income	23.0	0.0
Cash	1.0	0.5
Total	<u>100 %</u>	

Discount Rate—The discount rate used to calculate the total pension liabilities 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 Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart below presents the City's proportionate share of the net pension liabilities/(assets) calculated using the discount rate of 5.9%, as well as what the City's proportionate share of the net pension liabilities would be if they were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Governmental activities:			
Employer's proportionate share of the net pension liability/(asset)—PFRS	\$ 4,844,250	\$ 1,139,136	\$ (1,927,740)
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 1,299,807	\$ 4,683	\$ (1,189,729)
Business-type activities:			
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 1,351,164	\$ 4,868	\$ (1,236,736)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liabilities of the employers as of the valuation dates, were as follows:

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	March 31, 2021	March 31, 2021	
Employers' total pension liability	\$ 41,236,775	\$ 220,680,157	\$ 261,916,932
Plan fiduciary net position	39,500,500	220,580,583	260,081,083
Employers' net pension liability	<u>\$ 1,736,275</u>	<u>\$ 99,574</u>	<u>\$ 1,835,849</u>
System fiduciary net position as a percentage of total pension liability	95.8%	100.0%	99.3%

Salamanca Industrial Development Agency

The SIDA participates in the ERS.

Plan Description and Benefits Provided

Employees' Retirement System—The plan description is the same as disclosed previously within this footnote.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At March 31, 2022 the SIDA reported the liability presented below for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020. The SIDA's proportion of the net pension liability was based on a projection of the SIDA's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the SIDA.

	ERS
Measurement date	March 31, 2021
Net pension liability	\$ 92
SIDA's portion of the Plan's total net pension liability	0.0000915%

For the year ended March 31, 2022, the SIDA recognized pension expense of \$5,698 for ERS. At March 31, 2022, the SIDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources on the following page.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 1,113	\$ -
Changes of assumptions	16,752	316
Net difference between projected and actual earnings on pension investments	-	26,172
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,981	4,396
SIDA contributions subsequent to the measurement date	<u>13,670</u>	<u>-</u>
Total	<u>\$ 43,516</u>	<u>\$ 30,884</u>

SIDA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown below:

<u>Year Ending March 31,</u>	<u>ERS</u>
2023	\$ 1,425
2024	1,923
2025	76
2026	(4,462)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the SIDA’s proportionate share of the net pension liability calculated using the discount rate of 5.9 percent, as well as what the SIDA’s proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (4.9 percent) or one percentage-point higher (6.9 percent) than the current assumption.

<u>ERS</u>	<u>1% Decrease (4.9%)</u>	<u>Current Assumption (5.9%)</u>	<u>1% Increase (6.9%)</u>
Employer's proportionate share of the net pension liability	\$ 25,289	\$ 92	\$ (23,147)

Salamanca Housing Authority

The SHA participates in the ERS.

Plan Description and Benefits Provided

Employees’ Retirement System—The plan description is the same as disclosed previously within this footnote.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pensions—At March 31, 2022 the SHA reported the liability presented below for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020. The SHA’s proportion of the net pension liability was based on a projection of the SHA’s long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the SHA.

	<u>ERS</u>
Measurement date	March 31, 2021
Net pension liability	\$ 804
SHA's portion of the Plan's total net pension liability	0.0008070%

For the year ended March 31, 2022, the SHA recognized pension expense of \$13,934 for ERS. At March 31, 2022, the SHA reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources presented on the following page.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 9,814	\$ -
Changes of assumptions	147,755	2,787
Net difference between projected and actual earnings on pension investments	-	230,830
Changes in proportion and differences between employer contributions and proportionate share of contributions	719	11,895
SHA's contributions made subsequent to the measurement date	<u>34,162</u>	<u>-</u>
Total	<u>\$ 192,450</u>	<u>\$ 245,512</u>

SHA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2023. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as shown on the following page.

<u>Year Ending March 31,</u>	<u>ERS</u>
2023	\$ (17,757)
2024	(8,018)
2025	(14,960)
2026	(46,489)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the SHA’s proportionate share of the net pension liability calculated using the discount rate of 5.9 percent, as well as what the SHA’s proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (4.9 percent) or one percentage-point higher (6.9 percent).

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset)	\$ 223,038	\$ 804	\$ (204,148)

8. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description—The City administers the City of Salamanca Retiree Medical Plan (the “Plan”) as a single-employer defined benefit other postemployment benefit plan. The plan provides for continuation of medical insurance benefits for certain retirees at the cost of the retirees. The plan can be amended by action of the City subject to an applicable collective bargaining and employment agreements. The plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying the benefits under the plan.

Employees Covered by Benefit Terms—As of March 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Active employees	<u>52</u>
Total	<u>59</u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“UAAL”) under GASB Statement No. 45.

Total OPEB Liability

The City’s total OPEB liability of \$622,010 was measured as of March 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the March 31, 2022 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a valuation date of March 31, 2022. The discount rate increased to 3.60% as of March 31, 2022 from 3.42% as of March 31, 2021. Mortality rates are based on the PUB-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. Turnover assumptions were derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal

Employees' Retirement System. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 4.70% for medical, while the ultimate healthcare cost trend rate is 4.20%.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance at March 31, 2021	<u>\$ 615,992</u>
Changes for the year:	
Service cost	10,367
Interest	21,020
Changes of assumptions	(14,749)
Effect of economic/demographic gains or losses	13,075
Benefit payments	<u>(23,695)</u>
Net changes	<u>6,018</u>
Balance at March 31, 2022	<u><u>\$ 622,010</u></u>

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (2.6%)	Current Discount Rate (3.6%)	1% Increase (4.42%)
Total OPEB liability	\$ 711,433	\$ 622,010	\$ 549,119

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (4.7%) and ultimate (4.2%) healthcare cost trend rates.

	1% Decrease (3.2% / 3.7%)	Healthcare Cost Trend Rates (4.2% / 4.7%)	1% Increase (5.2% / 5.7%)
Total OPEB liability	\$ 540,160	\$ 622,010	\$ 721,862

Funding Policy—Authorization for the City to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the City's Board. The City's contributions to the OPEB plan are based on the negotiated contracts with four bargaining units, as discussed in Note 14. Any amendments to the employer's contributions are subject to the collective bargaining agreements. The City recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The City contributed \$23,695 for the fiscal year ended March 31, 2022.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The City may report deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. As of March 31, 2022, the City reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The City purchases commercial insurance to cover such potential risks. The liability insurance limits are as follows: commercial property coverage with a blanket limit of \$32,720,654, general liability coverage with a per occurrence limit of \$1,000,000 and general aggregate limit of \$3,000,000, commercial automobile coverage with a liability limit of \$1,000,000 per occurrence, public officials and police professional liability limits of \$1,000,000 per occurrence and an annual aggregate limit of \$2,000,000, commercial excess liability with an occurrence limit of \$6,000,000 and general annual aggregate limit of \$12,000,000 (aggregate annual limit for personal and advertising liability, products and completed operations liability, law enforcement liability and public officials liability of \$6,000,000). There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past five fiscal years.

10. LEASE OBLIGATIONS

Capital Leases—The City has entered into a lease agreement as a lessee for financing the acquisition of a truck within its business-type activities. Lease principal payments are recorded as a reduction in capital lease liability within business-type activities.

The City’s future minimum lease payments under capital leases as of March 31, 2022, are as follows:

<u>Fiscal Year Ending March 31,</u>	<u>Business-type Activities</u>
2023	21,292
2024	21,292
Total minimum lease payments	42,584
Less: amount representing imputed interest costs	(1,147)
Present value of minimum lease payment	<u>\$ 41,437</u>

The asset acquired through the capital lease is as follows:

	<u>Business-type Activities</u>
Assets:	
Truck	\$ 70,659
Less: accumulated depreciation	(10,109)
Total assets, net	<u>\$ 60,550</u>

11. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The City's outstanding long-term liabilities include bonds payable, loan payable, capital leases, other postemployment benefits ("OPEB") liability, compensated absences and net pension liability.

A summary of changes in the City's long-term liabilities at March 31, 2022 follows:

	Balance 4/1/2021	Additions	Reductions	Balance 3/31/2022	Due Within One Year
Governmental activities:					
Bonds payable	\$ 534,865	\$ -	\$ 198,249	\$ 336,616	\$ 151,654
OPEB liability	615,992	44,462	38,444	622,010	-
Compensated absences*	801,350	75,493	-	876,843	87,684
Net pension liability*	4,760,586	-	3,616,767	1,143,819	-
Total governmental activities	<u>\$ 6,712,793</u>	<u>\$ 119,955</u>	<u>\$ 3,853,460</u>	<u>\$ 2,979,288</u>	<u>\$ 239,338</u>
Business-type activities:					
Bonds payable	\$ 1,582,568	\$ -	\$ 772,628	\$ 809,940	\$ 430,480
Loan payable	248,687	-	99,475	149,212	99,475
Capital lease	62,156	-	20,719	41,437	20,719
Compensated absences*	347,294	-	28,134	319,160	31,916
Net pension liability*	1,308,618	-	1,303,750	4,868	-
Total business-type activities	<u>\$ 3,549,323</u>	<u>\$ -</u>	<u>\$ 2,224,706</u>	<u>\$ 1,324,617</u>	<u>\$ 582,590</u>

(*Reductions/additions to the net pension liability/compensated absences are shown net of additions/reductions.)

Bond Payable—The City issues general obligation bonds and statutory installment bonds to provide funds for the acquisition, construction and renovation of major capital facilities. General obligation bonds have been issued for governmental activities and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

A default will have occurred if the payment of principal or interest are not paid when due and payable. The City does not have any lines of credit.

A summary of additions and payments of serial bonds and statutory installment bonds for the year ended March 31, 2022 is shown below:

Year of Issuance	Original Issue	Interest Rate (%)	Year of Maturity	Balance 4/1/2021	Additions	Payments	Balance 3/31/2022	Due Within One Year
Governmental activities:								
Serial bonds:								
2010	\$ 897,700	2.0-3.5	2022	\$ 180,000	\$ -	\$ 90,000	\$ 90,000	\$ 90,000
Statutory installment bonds:								
2017	75,744	3.5	2021	15,148	-	15,148	-	-
2017	157,231	3.3	2021	31,446	-	31,446	-	-
2021	182,279	3.5	2026	182,279	-	36,456	145,823	36,456
2021	125,992	3.5	2026	125,992	-	25,199	100,793	25,198
Total governmental activities				<u>\$ 534,865</u>	<u>\$ -</u>	<u>\$ 198,249</u>	<u>\$ 336,616</u>	<u>\$ 151,654</u>
Business-type activities:								
Serial bonds:								
2007	\$ 2,900,000	4.3	2022	\$ 225,000	\$ -	\$ 225,000	\$ -	\$ -
2013	3,461,500	3.8-4.1	2023	550,000	-	275,000	275,000	275,000
Statutory installment bonds:								
2014	468,335	3.2	2021	66,903	-	66,903	-	-
2014	288,900	3.3	2021	41,274	-	41,274	-	-
2019	26,914	2.8	2022	8,971	-	8,971	-	-
2020	130,000	2.5	2024	104,000	-	26,000	78,000	26,000
2020	86,000	2.5	2024	64,500	-	21,500	43,000	21,500
2020	89,900	2.5	2025	71,920	-	17,980	53,940	17,980
2021	450,000	3.5	2026	450,000	-	90,000	360,000	90,000
Total business-type activities				<u>\$ 1,582,568</u>	<u>\$ -</u>	<u>\$ 772,628</u>	<u>\$ 809,940</u>	<u>\$ 430,480</u>

Loan Payable—The City entered into an agreement with the New York State Power Authority (“NYPA”) to participate in the Municipal Alternate Fuel Vehicle Program. As a result, NYPA provided financing assistance for the City to purchase a hybrid truck in the amount of \$290,134. The City will repay the financing over a three-year period by paying a surcharge on its monthly electric bills. The City paid \$99,475 during the year ended May 31, 2022 and estimates that \$99,475 is due within one year.

Capital Leases—As described in Note 10, the outstanding balance of capital leases at March 31, 2022 was \$41,437 for business-type activities.

OPEB Liability—As explained in Note 8, the City provides health insurance coverage for certain retirees. The City’s annual other postemployment benefit (“OPEB”) cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The long-term OPEB liability is \$622,010 at March 31, 2022.

Compensated Absences—As described in Note 1, the liability for compensated absences, which totals \$876,843 for governmental activities and \$319,160 for business-type activities, represents amounts relating to sick and personal leave for employees. Payments of these liabilities are dependent upon many factors (including retirement, termination, or employees leaving service) and, therefore, timing of future payments of such are not readily determinable. The City has estimated that \$87,684 and \$31,916 for governmental activities and business-type activities, respectively, will be paid in the next fiscal year.

Net Pension Liability—The City reports a liability for its proportionate share of the net pension liability for the Employees’ Retirement System and Police and Fire Retirement System. The net pension liability is \$1,143,819 and \$4,868 for governmental activities and business-type activities, respectively. Refer to Note 7 for additional information related to the City’s net pension liability.

The City’s debt service requirements for its long-term liabilities are as follows:

Governmental Activities

Fiscal Year Ending March 31,	Bonds Payable	OPEB Obligation	Compensated Absences	Net Pension Liability	Total
2023	\$ 151,654	\$ -	\$ 87,684	\$ -	\$ 239,338
2024	61,654	-	-	-	61,654
2025	61,654	-	-	-	61,654
2026	61,654	-	-	-	61,654
Thereafter	-	622,010	789,159	1,143,819	2,554,988
Total	<u>\$ 336,616</u>	<u>\$ 622,010</u>	<u>\$ 876,843</u>	<u>\$ 1,143,819</u>	<u>\$ 2,979,288</u>

Business-type Activities

Fiscal Year Ending March 31,	Bonds Payable	Loan Payable	Capital Lease	Compensated Absences	Net Pension Liability	Total
2023	\$ 430,480	\$ 99,475	\$ 20,719	\$ 31,916	\$ -	\$ 582,590
2024	155,480	49,737	20,718	-	-	225,935
2025	133,980	-	-	-	-	133,980
2026	90,000	-	-	-	-	90,000
Thereafter	-	-	-	287,244	4,868	292,112
Total	<u>\$ 809,940</u>	<u>\$ 149,212</u>	<u>\$ 41,437</u>	<u>\$ 319,160</u>	<u>\$ 4,868</u>	<u>\$ 1,324,617</u>

Interest requirements relating to bonds payable are as follows:

Fiscal Year Ending March 31,	Governmental Activities	Business-type Activities	Total
2023	\$ 10,207	\$ 29,575	\$ 39,782
2024	6,474	14,115	20,589
2025	4,316	10,000	14,316
2026	2,158	3,150	5,308
Total	<u>\$ 23,155</u>	<u>\$ 56,840</u>	<u>\$ 79,995</u>

Salamanca Industrial Development Agency

The changes in the SIDA's long-term indebtedness during the year ended March 31, 2022, are summarized below:

	Balance 4/1/2021	Additions	Reductions	Balance 3/31/2022	Due Within One Year
Compensated absences*	\$ 1,545	\$ 2,141	\$ -	\$ 3,686	\$ 3,686
Net pension liability*	34,026	-	33,934	92	-
Total	<u>\$ 35,571</u>	<u>\$ 2,141</u>	<u>\$ 33,934</u>	<u>\$ 3,778</u>	<u>\$ 3,686</u>

(*Additions/reductions to compensated absences and the net pension liability are shown net of additions/reductions.)

Compensated Absences—The SIDA's eligible employees are granted vacation, sick leave, and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and compensatory time subject to certain maximum limitations. The compensated absences liability is estimated to be \$3,686 at March 31, 2022.

Net Pension Liability—The SIDA reports a liability for its proportionate share of the net pension liability for the Employees' Retirement System. The net pension liability is estimated to be \$92 at March 31, 2022. Refer to Note 7 for additional information related to the SIDA's net pension liability.

Salamanca Housing Authority

The changes in the SHA’s long-term indebtedness during the year ended March 31, 2022, are summarized below:

	Balance 4/1/2021 (restated)	Additions	Reductions	Balance 3/31/2022	Due Within One Year
Bonds payable	\$ 107,360	\$ -	\$ 26,840	\$ 80,520	\$ 26,840
Compensated absences*	64,849	-	5,381	59,468	6,675
Net pension liability*	238,096	-	237,292	804	-
OPEB liability	634,406	65,979	24,677	675,708	-
Total	<u>\$ 1,044,711</u>	<u>\$ 65,979</u>	<u>\$ 294,190</u>	<u>\$ 816,500</u>	<u>\$ 33,515</u>

(*Reductions to compensated absences and the net pension liability are shown net of additions.)

Serial Bonds—A summary of the estimated serial bonds payable requirements is presented below:

For the Year Ending March 31,	Principal	Interest
2023	\$ 26,840	\$ 1,707
2024	26,840	1,024
2025	26,840	341
Total	<u>\$ 80,520</u>	<u>\$ 3,072</u>

Compensated Absences—As of March 31, 2022, the Salamanca Housing Authority had a liability for employee compensated absences totaling \$59,468. Of this amount, \$6,675 is considered to be due and payable within one year.

Net Pension Liability—The SHA reports a liability for its proportionate share of the net pension liability for the Employee Retirement System. The net pension liability is estimated to be \$804 as of March 31, 2022. Refer to Note 7 for additional information related to the SHA’s net pension liability.

OPEB Liability—The SHA provides health insurance coverage for certain retirees. The City’s annual other postemployment benefit (“OPEB”) cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The long-term OPEB liability is \$675,708 at March 31, 2022.

12. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the City’s governmental and business-type activities net investment in capital assets are shown on the following page.

Governmental activities:		
Capital assets, net of accumulated depreciation		\$ 16,776,542
Related debt:		
Bonds issued for capital assets	<u>(336,616)</u>	
Debt issued for capital assets		<u>(336,616)</u>
Net investment in capital assets—governmental activities		<u>\$ 16,439,926</u>
Business-type activities:		
Capital assets, net of accumulated depreciation		\$ 13,110,553
Related debt:		
Bonds issued for capital assets	\$ (809,940)	
Loans payable	(149,212)	
Capital lease	<u>(41,437)</u>	
Debt issued for capital assets		<u>(1,000,589)</u>
Net investment in capital assets—business-type activities		<u>\$ 12,109,964</u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted net position of the City at March 31, 2022 includes \$111,122 of donations restricted for specific purposes, and \$89,169 of utility electric funds being held for high density load customers.
- **Unrestricted Net Position**—This category represents net position of the City not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balances maintained by the City at March 31, 2022 includes \$409,805 of delinquent taxes receivable and taxes receivable related to other property held by the City for resale in the General Fund.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grants, contributors, or laws and regulations of other governments) through constitutional provisions or by enabling legislature. Restricted fund balances of the City at March 31, 2022 include \$111,122 in donations restricted for specific purposes.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the City. For example, the amount appropriated to reduce the tax levy as determined through the budget process and finalized when the tax rates are established would be considered assigned fund balance. Also, the Common Council has authorized the Comptroller to make a determination of the assigned amounts of fund balance. As of March 31, 2022, the City reported the assignments described below.

- **Assigned to Subsequent Year's Expenditures**—Represents funds to be used to assist in supporting the subsequent year authorized appropriations. At March 31, 2022, the City reports \$5,586,779 of assigned to subsequent year's expenditures in the General Fund.

- **Assigned to Specific Use**—Represents remaining fund balance of \$5,436,606 in the Economic Development Fund that IS designated to be used for that fund’s specific purposes.

If the City must use funds for emergency expenditures, the Common Council shall authorize the Comptroller to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds, as classified by GASB, will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available the City will use unassigned fund balance.

13. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are generally short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of March 31, 2022 is as follows:

Fund	Interfund	
	Receivable	Payable
Governmental funds:		
General Fund	\$ 420,043	\$ -
Total governmental funds	420,043	-
Proprietary funds:		
Sewer Fund	-	70,087
Electric Fund	-	349,956
Total proprietary funds	-	420,043
Total	\$ 420,043	\$ 420,043

Interfund balances are the result of transfers made to the proprietary funds to cover operating costs. Other balances result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

The City made the following transfers during the year ended March 31, 2022:

Transfers out:	Transfers in:			
	Water Fund	Sewer Fund	Electric Fund	Total
General Fund	\$ 30,402	\$ 6,000	\$ -	\$ 36,402
Sewer Fund	3,628	-	66,459	70,087
Total	\$ 34,030	\$ 6,000	\$ 66,459	\$ 106,489

Transfers are used primary to support the functions of various funds and to allocate costs between funds.

14. LABOR CONTRACTS

City employees are represented by four bargaining units with the balance governed by City Council rules and regulations. The Professional Fire Fighters and Board of Public Utilities have contracts settled through March 31, 2022, the CSEA Local 1000 has a contract settled through March 31, 2022, and the the DPW Employees’ Union has a contract settled through March 31, 2023.

15. RELATED PARTY TRANSACTIONS

Salamanca Industrial Development Corporation

Expenses of \$8,638 were incurred by the SIDA during the year ended March 31, 2022 in connection with the City's services to the SIDA relating to comptroller services, use of a copy machine, and monthly rental of office space.

The SIDA made payments in the amount of \$111,359 to the SHA, a related organization. These payments were for rental housing assistance under the SIDA's Section 8 Housing Choice Voucher program.

Salamanca Housing Authority

The SHA has contracts whereby the City provides various support services. These transactions are consummated on terms equivalent to those that prevail in arm's-length transactions. During the year ended March 31, 2022, the SHA incurred the following:

Seneca Nation lease	\$ 6,759
Utilities and municipal service charge	<u>161,233</u>
Total	<u>\$ 167,992</u>

At March 31, 2022, accounts payable to the City totaled \$13,771.

During the year ended March 31, 2022, the SHA received a total of \$111,272 in rental receipts from the SIDA. These receipts were paid to the SHA by the Agency's Federal Housing Choice Voucher program, which provides eligible tenants with housing assistance payments.

16. NEW YORK STATE CASINO REVENUES

The City of Salamanca is located almost entirely upon the Seneca Nation of Indians Reservation in Cattaraugus County. In 2004, the Seneca Nation completed the construction of a casino which engages in Class III Gaming pursuant to authority contained in the Seneca Nation/ New York State Gaming Compact (the "Compact") which was made effective on April 12, 2002.

The Compact provides the Seneca Nation with the exclusive right to engage in Class III Gaming throughout all of Western New York in exchange for the Seneca Nation paying an exclusivity fee to New York State. Pursuant to the provisions of Section 99-h of the State Finance Law, a portion of that exclusivity fee is paid by New York State to those municipalities in which the Seneca gaming facilities are located in order to offset the impact of the casino on those hosting municipalities. This is referred to as the "local share".

In the case of the City of Salamanca, the local share is divided among the City, the County of Cattaraugus (the "County"), and the City of Salamanca School District (the "School").

The City and the County have entered into an agreement which sets forth how local share is to be apportioned which briefly provides as follows:

- The City, the County and the School are first reimbursed for tax loss as a result of Native American tax immunity (each time an enrolled member of the Seneca Nation of Indians or the Seneca Nation itself buys property located on the Reservation, that person and property are immune from taxation).
- The City and the County are reimbursed for direct impact costs (expenses incurred directly related to the casino being located within the municipality).
- Any remaining local share funds are divided 75 percent to the City and 25 percent to the County for economic development.

The agreement further provides that significant expenditures for equipment or capital improvements would be financed by bonding in order to increase the amount of local share funds available. The City and the County each develop a spending plan which must be submitted and approved by New York State Economic Development before Section 99-h local share funds are remitted to the municipalities.

Over the years the City has responded to the increase in services required and has expended the funds required to meet these demands, including bonding in order to finance required equipment and upgrades to the sewer and water facilities, with the understanding that the expenditures would be reimbursed via the local share of Section 99-h funds.

After the initial fourteen year period of the Compact passed without the State or Seneca Nation objecting, in 2016 the Compact was automatically extended for an additional seven years. However, there was no mention of the Seneca Nation continuing the State payment, which flows to the City. Further, during the year ended March 31, 2017, the Seneca Nation officials notified State officials that they would be making their final casino revenue sharing payment under the Compact.

During the year ended March 31, 2017, the City received Casino funds representing the last quarter of the 2016 fiscal year, which is regularly received on a lag of several months, and the first three quarters of the 2017 fiscal year. The City has not yet received the fourth quarter payment of the 2017 fiscal year, which was indicated by the Seneca Nation to be the final payment expected to be received. Further, the City received no payments during the years ended March 31, 2018 and 2019.

During the year ended March 31, 2020, an arbitrator determined that the Seneca Nation owed New York State for past payments. New York State had they advanced the City of Salamanca \$4,700,000 and \$5,000,000 during the years ended March 31, 2020 and 2021, respectively. As such any revenues received from the Compact related to those fiscal years has been provided to New York State. During the year ended March 31, 2022 the City recognized \$5,500,000 of Compact revenue.

As a result of the uncertainty surrounding these revenues, the City's adopted 2023 budget includes appropriated fund balance in the General Fund of \$5,586,779.

17. TAX ABATEMENTS

The City is subject to tax abatements granted by the Cattaraugus County Industrial Development Agency (“CCIDA”) and the City of Salamanca Industrial Development Agency (“SIDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the CCIDA and the SIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the City, the abatements have resulted in the reductions of property taxes, which the City administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the CCIDA and the SIDA, the City collected \$920 during the year ended March 31, 2022 in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$3,655 in property taxes.

18. CONTINGENCIES

Litigation—The City is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the City. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the City’s financial condition or results of operation.

Grants—In the normal course of operations, the City receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Other—The City is also involved in litigation arising in the ordinary course of its operations. The City believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the City’s financial condition or results of operations.

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 9, 2023, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SALAMANCA, NEW YORK
Schedule of the City's Proportionate Share of the
Net Pension Liability—Police and Fire Retirement System
(Unaudited)
Last Eight Fiscal Years*

	Year Ended March 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
City of Salamanca (the "City"):								
Measurement date	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
City's proportion of the net pension liability	0.0656080%	0.0644071%	0.0665571%	0.0735337%	0.0661397%	0.0610033%	0.0602906%	0.0602906%
City's proportionate share of the net pension liability	<u>\$ 1,139,136</u>	<u>\$ 3,442,520</u>	<u>\$ 1,116,205</u>	<u>\$ 743,247</u>	<u>\$ 1,370,845</u>	<u>\$ 1,806,179</u>	<u>\$ 165,956</u>	<u>\$ 250,996</u>
City's covered payroll	\$ 2,271,155	\$ 2,065,222	\$ 2,013,320	\$ 2,005,683	\$ 2,030,323	\$ 1,488,575	\$ 1,327,214	\$ 1,465,064
City's proportionate share of the net pension liability as a percentage of its covered payroll	50.2%	166.7%	55.4%	37.1%	67.5%	121.3%	12.5%	17.1%
Plan fiduciary net position as a percentage of the total pension liability	95.8%	84.9%	95.1%	96.9%	94.7%	90.2%	99.0%	98.5%

*Information prior to the year ended March 31, 2015 is not available.

CITY OF SALAMANCA, NEW YORK
Schedule of the City's Contributions—
Police and Fire Retirement System
(Unaudited)
Last Eight Fiscal Years*

	Year Ended March 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
City of Salamanca ("City"):								
Contractually required contribution	\$ 485,649	\$ 446,742	\$ 437,857	\$ 457,057	\$ 391,764	\$ 337,270	\$ 421,995	\$ 382,596
Contributions in relation to the contractually required contribution	<u>(485,649)</u>	<u>(446,742)</u>	<u>(437,857)</u>	<u>(457,057)</u>	<u>(391,764)</u>	<u>(337,270)</u>	<u>(421,995)</u>	<u>(382,596)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$2,583,293	\$2,271,155	\$2,065,222	\$2,013,320	\$2,005,683	\$2,030,323	\$1,488,575	\$1,327,214
Contributions as a percentage of covered payroll	18.8%	19.7%	21.2%	22.7%	19.5%	16.6%	28.3%	28.8%

*Information prior to the year ended March 31, 2015 is not available.

CITY OF SALAMANCA, NEW YORK
Schedule of the Local Governments' Proportionate Share of the
Net Pension Liability—Employees' Retirement System
(Unaudited)
Last Eight Fiscal Years*

	<u>Year Ended March 31,</u>							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Plan fiduciary net position as a percentage of the total pension liability	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%
Governmental Activities:								
City of Salamanca (the "City"):								
City's proportion of the net pension liability	0.0047030%	0.0045093%	0.0047110%	0.0043727%	0.004593%	0.0045819%	0.0050241%	0.0050241%
City's proportionate share of the net pension liability	<u>\$ 4,683</u>	<u>\$ 1,318,066</u>	<u>\$ 333,818</u>	<u>\$ 154,148</u>	<u>\$ 453,214</u>	<u>\$ 735,399</u>	<u>\$ 169,729</u>	<u>\$ 227,035</u>
City's covered payroll	\$ 1,533,311	\$ 1,507,308	\$ 1,445,168	\$ 1,415,270	\$ 1,514,345	\$ 1,277,925	\$ 1,560,117	\$ 1,186,808
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.3%	87.4%	23.1%	10.9%	29.9%	57.5%	10.9%	19.1%
Business-type Activities:								
City of Salamanca (the "City"):								
City's proportion of the net pension liability	0.0048888%	0.0049441%	0.0050060%	0.0054980%	0.0056296%	0.0051176%	0.0054115%	0.0054115%
City's proportionate share of the net pension liability	<u>\$ 4,868</u>	<u>\$ 1,308,618</u>	<u>\$ 354,742</u>	<u>\$ 177,453</u>	<u>\$ 529,045</u>	<u>\$ 821,396</u>	<u>\$ 182,824</u>	<u>\$ 244,549</u>
City's covered payroll	\$ 1,351,437	\$ 1,380,413	\$ 1,367,684	\$ 1,387,713	\$ 1,549,600	\$ 1,280,981	\$ 1,608,300	\$ 1,536,394
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.4%	94.8%	25.9%	12.8%	34.1%	64.1%	11.4%	15.9%

(continued)

CITY OF SALAMANCA, NEW YORK
Schedule of the Local Governments' Proportionate Share of the
Net Pension Liability—Employees' Retirement System
(Unaudited)
Last Eight Fiscal Years*

	(concluded)							
	<u>Year Ended March 31,</u>							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Discretely Presented Component Units:								
Salamanca Industrial Development Agency ("SIDA"):								
SIDA's proportion of the net pension liability	0.0000915%	0.0001285%	0.0001480%	0.0001456%	0.0001758%	0.0018190%	0.0001449%	0.0001449%
SIDA's proportionate share of the net pension liability	<u>\$ 91</u>	<u>\$ 34,026</u>	<u>\$ 10,484</u>	<u>\$ 4,698</u>	<u>\$ 16,519</u>	<u>\$ 29,203</u>	<u>\$ 4,896</u>	<u>\$ 6,549</u>
SIDA's covered payroll	\$ 93,985	\$ 68,525	\$ 80,918	\$ 77,524	\$ 70,397	\$ 70,374	\$ 92,831	N/A
SIDA's proportionate share of the net pension liability as a percentage of its covered payroll	0.1%	49.7%	13.0%	6.1%	23.5%	41.5%	5.3%	N/A
Salamanca Housing Authority ("SHA")								
SHA's proportion of the net pension liability	0.0008070%	0.0008991%	0.0008948%	0.0009151%	0.0009216%	0.0008752%	0.0008613%	0.0008613%
SHA's proportionate share of the net pension liability	<u>\$ 804</u>	<u>\$ 238,096</u>	<u>\$ 63,402</u>	<u>\$ 29,534</u>	<u>\$ 86,595</u>	<u>\$ 140,471</u>	<u>\$ 29,095</u>	<u>\$ 38,919</u>
SHA's covered payroll	\$ 200,925	\$ 225,669	\$ 225,513	\$ 218,093	\$ 210,960	\$ 204,940	\$ 187,349	N/A
SHA's proportionate share of the net pension liability as a percentage of its covered payroll	0.4%	105.5%	28.1%	13.5%	41.0%	68.5%	15.5%	N/A

*Information prior to the year ended March 31, 2015 is not available.

CITY OF SALAMANCA, NEW YORK
Schedule of the Local Governments' Contributions—
Employees' Retirement System
(Unaudited)
Last Eight Fiscal Years*

	Year Ended March 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Governmental Activities:								
City of Salamanca (the "City"):								
Contractually required contribution	\$ 182,362	\$ 192,964	\$ 195,699	\$ 209,581	\$ 198,851	\$ 194,715	\$ 219,214	\$ 244,627
Contributions in relation to the contractually required contribution	<u>(182,362)</u>	<u>(192,964)</u>	<u>(195,699)</u>	<u>(209,581)</u>	<u>(198,851)</u>	<u>(194,715)</u>	<u>(219,214)</u>	<u>(244,627)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,526,522	\$ 1,533,311	\$ 1,507,308	\$ 1,445,168	\$ 1,415,270	\$ 1,514,345	\$ 1,277,925	\$ 1,560,117
Contributions as a percentage of covered payroll	11.9%	12.6%	13.0%	14.5%	14.1%	12.9%	17.2%	15.7%
Business-type Activities:								
City of Salamanca (the "City"):								
Contractually required contribution	\$ 189,567	\$ 194,428	\$ 206,955	\$ 239,959	\$ 221,419	\$ 202,132	\$ 206,064	\$ 243,274
Contributions in relation to the contractually required contribution	<u>(189,567)</u>	<u>(194,428)</u>	<u>(206,955)</u>	<u>(239,959)</u>	<u>(221,419)</u>	<u>(202,132)</u>	<u>(206,064)</u>	<u>(243,274)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,231,284	\$ 1,351,437	\$ 1,380,413	\$ 1,367,684	\$ 1,387,713	\$ 1,549,600	\$ 1,280,981	\$ 1,608,300
Contributions as a percentage of covered payroll	15.4%	14.4%	15.0%	17.5%	16.0%	13.0%	16.1%	15.1%

(continued)

CITY OF SALAMANCA, NEW YORK
Schedule of the Local Governments' Contributions—
Employees' Retirement System
(Unaudited)
Last Eight Fiscal Years*

(concluded)

	Year Ended March 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Discretely Presented Component Units:								
Salamanca Industrial Development Agency ("SIDA"):								
Contractually required contribution	\$ 13,670	\$ 10,747	\$ 10,869	\$ 10,517	\$ 9,890	\$ 10,166	\$ 12,742	\$ -
Contributions in relation to the contractually required contribution	<u>(13,670)</u>	<u>(10,869)</u>	<u>(10,869)</u>	<u>(10,517)</u>	<u>(9,890)</u>	<u>(10,166)</u>	<u>(12,742)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SIDA's covered payroll	\$ 93,985	\$ 68,525	\$ 80,918	\$ 77,524	\$ 70,397	\$ 70,374	\$ 92,831	N/A
Contributions as a percentage of covered payroll	14.5%	15.7%	13.4%	13.6%	14.0%	14.4%	13.7%	N/A
Salamanca Housing Authority ("SHA"):								
Contractually required contribution	\$ 34,162	\$ 33,483	\$ 33,301	\$ 32,312	\$ 31,623	\$ 30,718	\$ 35,642	\$ 42,272
Contributions in relation to the contractually required contribution	<u>(34,162)</u>	<u>(33,483)</u>	<u>(33,301)</u>	<u>(32,312)</u>	<u>(31,623)</u>	<u>(30,718)</u>	<u>(35,642)</u>	<u>(42,272)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
SHA's covered payroll	\$ 200,925	\$ 225,669	\$ 225,513	\$ 218,093	\$ 210,960	\$ 204,940	\$ 187,349	N/A
Contributions as a percentage of covered payroll	17.0%	14.8%	14.8%	14.8%	15.0%	15.0%	19.0%	N/A

*Information prior to the year ended March 31, 2015 is not available.

CITY OF SALAMANCA, NEW YORK
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
(Unaudited)
Last Four Fiscal Years*

Total OPEB Liability	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Service cost	\$ 10,367	\$ 23,542	\$ 10,367	\$ 7,399
Interest	21,020	14,576	15,223	19,284
Changes in assumptions	(14,749)	(74,892)	-	124,338
Effect of economic/demographic gains or losses	13,075	125,146	(40,275)	19,378
Benefit payments	<u>(23,695)</u>	<u>(23,053)</u>	<u>(23,886)</u>	<u>(29,743)</u>
Net change in total OPEB liability	<u>6,018</u>	<u>65,319</u>	<u>(38,571)</u>	<u>140,656</u>
Total OPEB liability—beginning	<u>615,992</u>	<u>550,673</u>	<u>589,244</u>	<u>448,588</u>
Total OPEB liability—ending	<u>\$ 622,010</u>	<u>\$ 615,992</u>	<u>\$ 550,673</u>	<u>\$ 589,244</u>
 Plan Fiduciary Net Position				
Contributions—employer	\$ 23,695	\$ 23,053	\$ 23,886	\$ 29,743
Benefit payments	<u>(23,695)</u>	<u>(23,053)</u>	<u>(23,886)</u>	<u>(29,743)</u>
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 City's net OPEB liability—ending	 <u>\$ 622,010</u>	 <u>\$ 615,992</u>	 <u>\$ 550,673</u>	 <u>\$ 589,244</u>
 Plan's fiduciary net position as a percentage of the total OPEB liability	 0.0%	 0.0%	 0.0%	 0.0%
 Covered-employee payroll	 \$ 4,109,815	 \$ 3,804,466	 \$ 3,572,530	 \$ 3,458,488
 Total OPEB liability as a percentage of covered-employee payroll	 15.1%	 16.2%	 15.4%	 17.0%

*Information prior to the year ended March 31, 2019 is not available.

The notes to the Required Supplementary information are an integral part of this schedule.

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CITY OF SALAMANCA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund
Balances—Budget and Actual—General Fund
(Unaudited)
Year Ended March 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Real property taxes	\$ 1,091,137	\$ 1,091,137	\$ 963,178	\$ (127,959)
Real property tax items	189,795	189,795	193,920	4,125
Nonproperty tax items	655,500	655,500	839,025	183,525
Departmental income	532,245	532,245	538,727	6,482
Intergovernmental charges	98,281	98,281	132,758	34,477
Use of money and property	47,473	47,473	31,195	(16,278)
Licenses and permits	20,000	20,000	10,104	(9,896)
Fines and forfeitures	7,500	7,500	19,559	12,059
Sale of property and compensation for loss	6,500	6,500	12,602	6,102
Miscellaneous	1,000	1,000	45,620	44,620
State aid	1,649,989	12,770,789	6,639,950	(6,130,839)
Federal aid	150,000	704,050	308,995	(395,055)
Total revenues	<u>4,449,420</u>	<u>16,124,270</u>	<u>9,735,633</u>	<u>(6,388,637)</u>
EXPENDITURES				
Current:				
General government support	1,259,780	1,407,663	1,249,606	158,057
Public safety	4,238,799	4,308,563	4,338,890	(30,327)
Health	191,135	191,136	305,381	(114,245)
Transportation	2,275,960	2,198,684	1,716,004	482,680
Economic assistance and opportunity	303,789	303,789	153,711	150,078
Culture and recreation	784,155	815,963	724,189	91,774
Home and community services	203,100	3,100	78,672	(75,572)
Employee benefits	482,940	437,008	459,035	(22,027)
Debt service:				
Principal	198,250	198,250	198,249	1
Interest and fiscal charges	17,070	17,070	17,065	5
Total expenditures	<u>9,954,978</u>	<u>9,881,226</u>	<u>9,240,802</u>	<u>640,424</u>
Excess (deficiency) of revenues over expenditures	<u>(5,505,558)</u>	<u>6,243,044</u>	<u>494,831</u>	<u>(5,748,213)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	169,336	169,336	-	(169,336)
Transfers out	<u>(200,000)</u>	<u>(500,000)</u>	<u>(36,402)</u>	<u>463,598</u>
Total other financing sources (uses)	<u>(30,664)</u>	<u>(330,664)</u>	<u>(36,402)</u>	<u>294,262</u>
Net change in fund balances *	(5,536,222)	5,912,380	458,429	(5,453,951)
Fund balances—beginning	<u>12,638,104</u>	<u>12,638,104</u>	<u>12,638,104</u>	<u>-</u>
Fund balances—ending	<u>\$ 7,101,882</u>	<u>\$ 18,550,484</u>	<u>\$ 13,096,533</u>	<u>\$ (5,453,951)</u>

*The net change in fund balances was included in the budget as an appropriation (i.e. spenddown) of fund balance.

The notes to the required supplementary information are an integral part of this schedule.

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CITY OF SALAMANCA, NEW YORK
Notes to the Required Supplementary Information
(Unaudited)
Year Ended March 31, 2022

1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the long-term bond rate, the mortality rate, and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date, which increased to 3.60% as of March 31, 2022 from 3.42% as of March 31, 2021. Mortality rates are based on the PUB-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. Finally, the healthcare cost trend rate has an initial healthcare cost trend rate used is 4.70% for medical, while the ultimate healthcare cost trend rate is 4.20%.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The Economic Development Fund does not have an appropriated budget since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. Budget transfers and amendments must be approved by the Common Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriation and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. There were no outstanding encumbrances at March 31, 2022.

Excess of Expenditures Over Appropriations—For the year ended March 31, 2022, the City expenditures in excess of the final budget amount within Public Safety, Health, Home and Community Services and Employee Benefits of \$30,327, \$114,245, \$75,572 and \$22,027, respectively, due to higher costs than what was forecasted with the budget.

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**INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the Common Council
City of Salamanca, New York:

We were engaged to audit, 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 activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Salamanca, New York (the “City”) as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 9, 2023. Our report disclaims an opinion on such financial statements because of the scope of our audit was limited due to the inadequacy of accounting records and there were multiple account balances that were unsubstantiated and other account balances that remained unchanged from the prior year. We were unable to confirm or verify, by performing other audit procedures, the balances of these accounts as of and for the year ended March 31, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (“internal control”) to determine 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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as 2022-001, 2022-002, 2022-003, 2022-004, 2022-005, 2022-006 and 2022-007 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our engagement and described in the accompanying schedule of findings. The City's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

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.



June 9, 2023

CITY OF SALAMANCA, NEW YORK
Schedule of Findings
Year Ended March 31, 2022

We consider the deficiencies identified below to be material weaknesses in internal control.

Finding 2022-001—Knowledge of Governmental Generally Accepted Accounting Principles

Criteria: Adequate knowledge of generally accepted accounting principles in the United States (“GAAP”) for governmental entities should be in place to ensure that accurate financial records are maintained to produce financial reports with complete and accurate disclosures, exclusive of the efforts of the independent auditor.

Condition and Context: The expertise in selecting and applying governmental GAAP was not present throughout the year. This condition is considered to be a weakness in internal controls as this ultimately resulted in insufficient appropriate audit evidence on which to base our audit opinion.

Cause: Insufficient knowledge in governmental GAAP throughout the year.

Effect or Potential Effect: A disclaimer of opinion on the financial statements as of and for the year ended March 31, 2022.

Recommendation: We recommend that the City prioritize hiring or outsourcing an experienced accountant in order to prepare and maintain financial records and produce a reliable and timely financial statement in accordance with governmental GAAP.

Management’s Response: The City intends to improve its procedures to address this comment.

Finding 2022-002—Financial Records

Criteria: Adequate supporting documentation should be maintained by the City for all transactions that occur during the year, including, but not limited to, cash receipts, cash disbursements, purchasing, interfund transactions, journal entries, and bank reconciliations.

Condition and Context: Throughout our audit the City was unable to provide supporting documentation or adequate documentation of approvals to substantiate many of the transactions occurring during the year ended March 31, 2022 and account balances at year-end.

Cause: Lack of appropriate internal control procedures regarding financial records throughout the year.

Effect or Potential Effect: A disclaimer of opinion on the financial statements as of and for the year ended March 31, 2022.

Recommendation: We recommend that the City reevaluate their current procedures for financial transactions and develop standard written procedures for maintaining adequate supporting financial records documentation.

Management’s Response: The City intends to improve its processes to ensure that adequate supporting documentation is maintained.

Finding 2022-003—Policies and Procedures

Criteria: Internal controls over financial reporting should be designed and executed to detect and prevent potential misstatements. While the City has certain formalized accounting policies and procedures, they are not routinely enforced.

Condition and Context: The City adopted a set of accounting policies and procedures that cover the proper treatment of and internal controls surrounding the City's accounting cycles. These policies and procedures describe who is responsible for the various processes, what the proper accounting treatment is of the transactions within the general ledger, and the amount of supporting documentation to be maintained for each financial transaction. During our audit procedures, we noted that these policies and procedures were not consistently applied or enforced throughout the year.

Cause: The prescribed accounting policies and procedures are not routinely applied or enforced.

Effect or Potential Effect: Lack of proper internal controls surrounding accounting transactions.

Recommendation: We recommend that the City review the current policies to determine if they are adequate to reduce the risk of asset misappropriation and fraudulent financial reporting. We recommend that the proper prescribed procedures are routinely enforced.

Management's Response: The City will review its policies and procedures to determine if they are adequate to reduce the risk of asset misappropriation and fraudulent financial reporting.

Finding 2022-004—Journal Entries

Criteria: All manual journal entries should clearly identify the purpose of each manual journal entry, provide supporting documentation and include evidence of an independent review of each journal entry.

Condition and Context: Clearly identifying the purpose, including adequate supporting documentation and providing the evidence of an independent review of each journal entry will allow for consistent accounting treatment and ensures appropriate controls support the posting of entries to the general ledger.

Effect or Potential Effect: There is the potential the City's financial statements will not present the financial position and the changes in financial position in conformity with accounting principles generally accepted in the United States of America. In addition, there is the potential risk of material misstatement of the City's financial statements due to fraud or error.

Cause: During the year ended March 31, 2022, we found that journal entries lacked supporting documentation and there was no evidence of an independent review of each journal entry.

Recommendation: We recommend that the City clearly identify the purpose, provide supporting documentation and include evidence of an independent review each journal entry.

Management's Response: The City intends to improve its process surrounding journal entries to abide to the formal policy.

Finding 2022-005—Bank Reconciliations

Criteria: Bank accounts should be reconciled to the general ledger for all cash accounts within a reasonable time of receiving the bank statements. This reconciliation should be signed off and dated by the preparer and then be appropriately reviewed by another party.

Condition and Context: During the year ended March 31, 2022, several bank accounts were not performed in a timely manner and others were not performed at all. Further, there was no evidence of a review on those bank reconciliations that were performed.

Effect or Potential Effect: The City is at risk of misstated general ledger account balances and exposed to increased risk of errors in reporting and the opportunity for fraud.

Cause: Bank reconciliations were not performed or reviewed consistently during the year ended March 31, 2022.

Recommendation: We recommend that the City performs timely bank reconciliations on all cash accounts. Further, these reconciliations should be reviewed by a third party.

Management's Response: The City intends to improve its bank reconciliation procedures to address the items above.

Finding 2022-006—Cash Collection Procedures

Criteria: Key cash functions including receiving deposits, recording cash receipts and preparing and making deposits should be appropriately segregated.

Condition and Context: Consistent cash receipt procedures are not being following to ensure that all cash received by the City is appropriately recorded and supported by appropriate documentation.

Effect or Potential Effect: The absence of a segregated control system presents the opportunity for the misappropriation of assets and the potential misstatement of the financial statements.

Cause: There are not consistent procedures being followed to ensure that all cash received by the City is appropriately recorded and supported by appropriate documentation.

Recommendation: We recommend that the key cash functions including receiving deposits, recording cash receipts and preparing and making deposits should be appropriately segregated including alternative procedures in place to follow in the case of the absence of a key employee.

Management's Response: The City intends to evaluate the key cash functions and update procedures to encourage proper segregation of duties.

Finding 2022-007—Budget Monitoring

Criteria: A formal policy should be established and followed regarding the budget process and budget monitoring.

Condition and Context: The City does not routinely monitor the budget throughout the year or have policies in place establishing procedures to perform budget amendments and transfers.

Effect or Potential Effect: The absence of budget monitoring policies and procedures can result in overspending when there are budget shortfalls. Additionally, budget amendments and transfers can be utilized to aid in the potential of budget shortfalls to ensure the budget is appropriate given current City spending.

Cause: There are currently no procedures in place to ensure that the City budget levels are appropriate given current needs of the City.

Recommendation: We recommend that the City formalize its policy to ensure budget monitoring is being performed continuously throughout the fiscal year. Additionally, budget amendments and transfers should be reviewed and approved on a more frequent basis to ensure that transfers are appropriate and no budget issues arise.

Management's Response: The City plans to formalize a policy regarding budget monitoring to include items as described above.