

**CITY OF NORTH TONAWANDA,
NEW YORK**

*Basic Financial Statements, Required Supplementary
Information and Federal Awards Information for the
Year Ended December 31, 2023 and Independent
Auditors' Reports*

CITY OF NORTH TONAWANDA, NEW YORK
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the City of North Tonawanda, New York (the "City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS") issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2025 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 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.

Drescher & Malecki LLP

February 24, 2025

CITY OF NORTH TONAWANDA, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2023

As management of the City of North Tonawanda, 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 December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$29,053,547 (*net position*). This consists of \$60,691,450 net investment in capital assets, \$11,189,570 restricted for specific purposes, and an unrestricted net position of \$(100,934,567).
- The City's governmental activities net position increased \$5,409,665 during the year ended December 31, 2023.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,821,226, an increase of \$5,618,591 in comparison with the prior year. The City had unrestricted fund balances of \$4,170,741, which consists of assigned and unassigned fund balances; the remainder is subject to external restrictions (restricted) or is not available for spending (nonspendable).
- The General Fund reported an increase in fund balance of \$1,040,531 during the current year. At December 31, 2023, unassigned fund balance for the General Fund was \$2,320,581, or 5.6 percent of total General Fund expenditures and transfers out.
- During the year ended December 31, 2023, the City's total serial bonds outstanding increased by \$5,449,375 as a result of the issuance of serial bonds in the amount of \$6,819,375 offset by scheduled principal payments of \$1,370,000.

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 the reader 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 the statement for some items that will only result in cash flows in future fiscal periods (e.g., 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 fiscal charges. The City does not engage in any business-type activities.

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 the funds of the City are considered to be governmental 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 six 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, Water, Sewer, Special Grant, Special Purpose and Capital Projects funds, all of which are considered major funds.

The basic governmental fund financial statements can be found on pages 15-18 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 19-47 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's net pension liability, the City's other postemployment benefits ("OPEB") obligation, and the City's budgetary comparison schedules for each major fund with a legally adopted budget. Required Supplementary Information and related notes can be found on pages 48-57 of this report.

The Federal Awards Information section presents the City's Schedule of Expenditures of Federal Awards and can be found on pages 58-71 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$29,053,547 at the close of the most recent year, as compared to \$34,463,212 at the close of the year ended December 31, 2022.

Table 1, as presented below, shows condensed statements of net position as of December 31, 2023 and December 31, 2022.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities	
	December 31,	
	2023	2022
Current assets	\$ 31,663,621	\$ 34,717,607
Noncurrent assets	74,124,703	74,249,656
Total assets	105,788,324	108,967,263
Deferred outflows of resources	30,223,881	32,439,632
Current liabilities	8,153,194	16,231,747
Noncurrent liabilities	103,973,561	75,763,232
Total liabilities	112,126,755	91,994,979
Deferred inflows of resources	52,938,995	83,875,128
Net position:		
Net investment in capital assets	60,691,450	56,912,097
Restricted	11,189,570	6,362,499
Unrestricted	(100,934,567)	(97,737,808)
Total net position	\$ (29,053,547)	\$ (34,463,212)

The largest positive portion of the City's net position, \$60,691,450, reflects its investment in capital assets (such as land, buildings and building improvements, machinery, equipment, land improvements and infrastructure), net of accumulated depreciation and less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, 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 net position, \$11,189,570, represents resources that are subject to external restrictions on how they may be used, while the last portion of net position is considered to be an unrestricted net position of \$(100,934,567). This demonstrates that future funding will be necessary to liquidate long-term obligations.

Table 2, presented on the following page, shows the changes in net position for the years ended December 31, 2023 and December 31, 2022.

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

	Governmental Activities	
	Year Ended December 31,	
	2023	2022
Program revenues:		
Charges for services	\$ 9,628,046	\$ 9,478,768
Operating grants and contributions	4,369,680	4,630,479
Capital grants and contributions	5,125,914	5,288,952
General revenues	<u>38,655,375</u>	<u>37,460,336</u>
Total revenues	<u>57,779,015</u>	<u>56,858,535</u>
Program expenses	<u>52,369,350</u>	<u>41,224,893</u>
Change in net position	5,409,665	15,633,642
Net position—beginning	<u>(34,463,212)</u>	<u>(50,096,854)</u>
Net position—ending	<u>\$ (29,053,547)</u>	<u>\$ (34,463,212)</u>

A summary of sources of revenues of the primary government for the years ended December 31, 2023 and December 31, 2022 is presented below in Table 3.

Table 3—Summary of Sources of Revenues—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
Charges for services	\$ 9,628,046	\$ 9,478,768	\$ 149,278	1.6
Operating grants and contributions	4,369,680	4,630,479	(260,799)	(5.6)
Capital grants and contributions	5,125,914	5,288,952	(163,038)	(3.1)
Property taxes and tax items	20,473,567	20,053,346	420,221	2.1
Nonproperty tax items	12,059,334	11,418,269	641,065	5.6
Use of money and property	694,612	317,524	377,088	118.8
Sale of property and compensation for loss	356,171	373,014	(16,843)	(4.5)
Miscellaneous	173,500	299,048	(125,548)	(42.0)
Unrestricted state aid	<u>4,898,191</u>	<u>4,999,135</u>	<u>(100,944)</u>	<u>(2.0)</u>
Total revenues	<u>\$ 57,779,015</u>	<u>\$ 56,858,535</u>	<u>\$ 920,480</u>	1.6

Overall revenues increased \$920,480, or 1.6 percent from the prior year, primarily due to increased nonproperty tax items related to sales tax and an increase in property taxes and tax items.

The most significant source of revenues is property taxes and tax items, which accounts for \$20,473,567, or 35.6 percent of total revenues, for the year ended December 31, 2023, and for \$20,053,346, or 35.7 percent of total revenues, for the year ended December 31, 2022. The next largest source of revenue is nonproperty tax items of \$12,059,334, or 21.0 percent of total revenues for the year ended December 31, 2023 and \$11,418,269, or 20.1 percent of total revenues for the years ended December 31, 2022.

A summary of program expenses for the years ended December 31, 2023 and December 31, 2022 is presented below in Table 4.

Table 4—Summary of Program Expenses—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2023	2022	Dollars	Percent (%)
General government support	\$ 5,180,431	\$ 4,343,151	\$ 837,280	19.3
Public safety	17,249,450	13,492,743	3,756,707	27.8
Transportation	6,729,940	7,087,708	(357,768)	(5.0)
Economic assistance and opportunity	5,023,740	3,875,802	1,147,938	29.6
Culture and recreation	3,645,218	2,521,364	1,123,854	44.6
Home and community services	13,913,749	9,603,273	4,310,476	44.9
Interest and other fiscal charges	626,822	300,852	325,970	108.3
Total expenses	<u>\$52,369,350</u>	<u>\$41,224,893</u>	<u>\$11,144,457</u>	27.0

Overall expenses increased \$11,144,457, or 27.0 percent from the prior year, primarily due to increases in the City's actuarially determined OPEB obligation and net pension obligation allocable benefits and increases in public safety personal costs.

The City's most significant program expense items for the year ended December 31, 2023 were public safety of \$17,249,450 (primarily police services), or 32.9 percent of total expenses, home and community services of \$13,913,749 (primarily water and sewer services), or 26.6 percent of total expenses, and transportation of \$6,729,940, or 12.8 percent of total expenses. Similarly, for the year ended December 31, 2022, significant program expense items were public safety of \$13,492,743 (primarily police services), or 32.7 percent of total expenses, home and community services of \$9,603,273 (primarily water and sewer services), or 23.3 percent of total expenses and transportation of \$7,087,708, or 17.2 percent of total expenses.

Financial Analysis of the City'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 been limited to use for a particular use by an external party, the City itself, or a group of individuals that has been delegated to assign resources for use for particular purposes by the City Council.

At December 31, 2023, the City's governmental funds reported combined ending fund balances of \$16,821,226, an increase of \$5,618,591 in comparison with the prior year. Excluding the Sewer Fund fund balance deficit of \$431,878, the City reported total fund balances of \$16,823,926. Approximately 28.4 percent of this amount, \$4,170,741, constitutes *unassigned fund balance* for the General Fund and fund balance *assigned to specific use* for the special revenue funds, which is available for spending at the government's discretion. The remainder of fund balance is either *nonspendable* or *restricted* for other purposes to indicate that it is: (1) not in spendable form, \$1,460,915, or (2) restricted for particular purposes, \$11,189,570.

The General Fund is the chief operating fund of the City. The City's General Fund ending fund balance was \$6,126,099. Approximately 37.9 percent, \$2,320,581, of this amount is *unassigned fund balance*. Total fund balance increased by \$1,040,531 during 2023, primarily the result of receiving greater than anticipated sales tax from Niagara County.

The City's Water Fund ending fund balance was \$3,851,438. Approximately 47.1 percent, \$1,812,777 of this amount is *fund balance assigned to specific use*. Total fund balance increased by \$115,331 during 2023, primarily the result of transfers in from the General Fund.

The City's Sewer Fund ending fund balance was \$287,432. Due to existing restrictions on fund balance of \$662,752 and nonspendable fund balance of \$56,558, the Sewer Fund reported an ending unassigned fund balance deficit of \$(431,878). Total fund balance decreased by \$260,422 during 2023, primarily the result of receiving less than anticipated departmental income related to usage, as well as unanticipated expenses related to the function of home and community services and debt service.

The City's Special Grant Fund ending fund balance was \$32,596. The fund balance decreased by \$1,698,025 during 2023 mainly due to a transfer out to the Capital Projects Fund for the reimbursement of a project completed. The appropriations of this fund are approved based on grants received and vary from year to year. The fund balance of this fund is restricted as it can only be used for specific purposes as specified by the various grants received.

The City's Special Purpose Fund ending fund balance was \$68,701. The fund balance decreased by \$51,914 during 2023. The fund balance of this fund is restricted as it can only be used for specific purposes including tax agreements, asset forfeitures, and various donor specific donations.

The City's Capital Projects Fund reported an ending fund balance of \$6,454,960. Fund balance increased by \$6,473,090 during 2023 as a result of the issuance of serial bonds.

General Fund Budgetary Highlights

The City's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward, increased, for prior year's encumbrances since the funds were allocated under the previous year's budget, and the City has appropriately assigned an equal amount of fund balance at year-end for this purpose. Furthermore, the budget is allowed to be amended upward, increased, for additional current year appropriations supported by an increase in budgeted revenues. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget. A summary of the General Fund results of operations for the year ended December 31, 2023 is presented on the following page in Table 6.

Table 6—Summary of General Fund Results of Operations

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues and other financing sources	\$ 41,521,628	\$ 41,521,628	\$ 42,756,820	\$ 1,235,192
Expenditure and other financing uses	41,198,534	41,198,534	41,716,289	(517,755)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 323,094</u>	<u>\$ 323,094</u>	<u>\$ 1,040,531</u>	<u>\$ 717,437</u>

Final budget compared to actual results—A review of actual expenditures and transfers out and revenues and transfers in compared to appropriations and estimated revenues in the final budget yields certain variances within the General Fund expenditures and transfers out were \$517,755 more than corresponding final budgeted appropriations. The main variances are as follows:

- Transfers out exceeded the final budget by \$821,222 as transfers out were not included in the budget.
- The City spent \$536,196 more than budgeted for employee benefits due to costs exceeding expectations related to retirement costs.
- Public safety expenditures were \$313,204 higher than budgeted due to personal costs exceeding budgeted amounts.

Capital Assets and Debt Administration

Capital assets—The City’s investment in capital assets for its governmental activities as of December 31, 2023, amounted to \$74,124,703 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings and improvements, 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 at December 31, 2023 and 2022 are presented below in Table 7.

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

	Governmental Activities	
	December 31,	
	2023	2022
Land	\$ 4,965,144	\$ 4,965,144
Construction in progress	14,022,615	13,621,335
Building and building improvements	21,589,328	22,127,931
Machinery and equipment	7,004,649	7,162,883
Land improvements and infrastructure	26,542,967	23,343,817
Total	<u>\$ 74,124,703</u>	<u>\$ 71,221,110</u>

Additional information on the City's capital assets can be found in Note 4 of this report.

Long-term debt—At December 31, 2023, the City's governmental activities had serial bonds outstanding of \$13,679,375, as compared to \$8,230,000 in the prior year. New York State statutes limit the amount of general obligation debt a governmental entity may issue up to 7% of its five year valuation and the City's outstanding general obligation debt as of December 31, 2023 continues to be below the current debt limitations for the City.

A summary of the City's long-term liabilities at December 31, 2023 and 2022 is presented below within Table 8.

Table 8—Summary of Long-Term Liabilities

	December 31,	
	2023	2022
Serial bonds	\$ 13,679,375	\$ 8,230,000
Premium on serial bonds	326,559	79,492
EFC notes payable	4,356,637	4,436,385
Installment purchase contract	37,575	66,201
Compensated absences	3,648,000	3,516,437
Long-term retirement liability	-	139,135
Workers' compensation	2,033,697	2,409,012
OPEB obligation	56,684,704	55,307,874
Net pension liability	23,207,014	1,578,696
Total	<u>\$ 103,973,561</u>	<u>\$ 75,763,232</u>

Additional information on the City's long-term liabilities can be found in Note 10 to the financial statements.

Economic Factors and Next Year's Budget

The unemployment rate, not seasonally adjusted, for the Buffalo-Niagara region during December 2023 was 4.5 percent, as compared to New York State's unemployment rate of 4.5 percent and to the national unemployment rate of 3.7 percent.

The City considered current year operational expenses and estimated increases based on economic factors when establishing the 2024 budget. The City's 2024 budget includes a budgeted fund balance surplus of \$834,866 in the General Fund and \$346,805 in the Sewer Fund and an appropriated fund balance of \$469,261 in the Water Fund.

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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Accountant, 216 Payne Avenue, North Tonawanda, New York, 14120.

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BASIC FINANCIAL STATEMENTS

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CITY OF NORTH TONAWANDA, NEW YORK
Statement of Net Position
December 31, 2023

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,407,627
Restricted cash and cash equivalents	16,536,651
Receivables (net of allowance):	
Taxes	4,795,498
Leases	3,841,082
Other	1,587,650
Intergovernmental receivables	1,149,156
Prepaid items	345,957
Capital assets not being depreciated	18,987,759
Capital assets, net of accumulated depreciation	<u>55,136,944</u>
Total assets	<u>105,788,324</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pensions	17,382,661
Deferred outflows—relating to OPEB	<u>12,841,220</u>
Total deferred outflows of resources	<u>30,223,881</u>
LIABILITIES	
Accounts payable	616,534
Accrued liabilities	936,108
Intergovernmental payables	1,290,256
Unearned revenue	841,022
Bond anticipation notes payable	4,469,276
Noncurrent liabilities:	
Due within one year	1,756,736
Due in more than one year	<u>102,216,823</u>
Total liabilities	<u>112,126,755</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to leases	3,417,483
Deferred inflows—relating to pensions	1,374,147
Deferred inflows—relating to OPEB	<u>48,147,365</u>
Total deferred inflows of resources	<u>52,938,995</u>
NET POSITION	
Net investment in capital assets	60,691,450
Restricted for:	
Workers' compensation	1,684,429
Employee benefits	414,193
Insurance	407,469
Tax stabilizaiton	157,676
Debt	31,807
Repairs	472,173
Special grant	32,596
Special purpose	68,701
Capital projects	7,857,838
Miscellaneous	62,688
Unrestricted	<u>(100,934,567)</u>
Total net position	<u>\$ (29,053,547)</u>

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

CITY OF NORTH TONAWANDA, NEW YORK
Statement of Activities
Year Ended December 31, 2023

					Net (Expense) Revenue and Changes in Net Position
Function/Program	Expenses	Program Revenues			Primary Government Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government support	\$ 5,180,431	\$ 872,119	\$ -	\$ 100,000	\$ (4,208,312)
Public safety	17,249,450	761,584	79,337	53,526	(16,355,003)
Transportation	6,729,940	-	246,342	3,395,486	(3,088,112)
Economic assistance and opportunity	5,023,740	-	3,821,514	-	(1,202,226)
Culture and recreation	3,645,218	1,468,234	30,693	-	(2,146,291)
Home and community services	13,913,749	6,526,109	191,794	1,576,902	(5,618,944)
Interest and fiscal charges	626,822	-	-	-	(626,822)
Total governmental activities	<u>\$ 52,369,350</u>	<u>\$ 9,628,046</u>	<u>\$ 4,369,680</u>	<u>\$ 5,125,914</u>	<u>(33,245,710)</u>
General revenues:					
					20,473,567
					12,059,334
					694,612
					356,171
					4,898,191
					<u>173,500</u>
					<u>38,655,375</u>
					5,409,665
					<u>(34,463,212)</u>
					<u>\$ (29,053,547)</u>

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

CITY OF NORTH TONAWANDA, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2023

	Special Revenue					Total
	General	Water	Sewer	Special Grant	Special Purpose	Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,446,441	\$ 961,186	\$ -	\$ -	\$ -	\$ 3,407,627
Restricted cash and cash equivalents	3,284,134	1,527,449	445,635	58,649	68,701	16,536,651
Receivables (net of allowance):						
Taxes	4,795,498	-	-	-	-	4,795,498
Leases	-	-	3,841,082	-	-	3,841,082
Other	356,061	477,660	753,929	-	-	1,587,650
Intergovernmental receivables	1,114,894	-	-	-	-	1,149,156
Prepaid items	247,448	41,951	56,558	-	-	345,957
Due from other funds	1,114,958	896,168	362,945	-	-	3,827,876
Total assets	<u>\$ 13,359,434</u>	<u>\$ 3,904,414</u>	<u>\$ 5,460,149</u>	<u>\$ 58,649</u>	<u>\$ 68,701</u>	<u>\$ 35,491,497</u>
LIABILITIES						
Accounts payable	\$ 278,514	\$ 4,722	\$ 22,543	\$ 46	\$ -	\$ 616,534
Accrued liabilities	739,455	48,254	50,670	-	-	838,379
Due to other funds	714,726	-	1,682,021	25,924	-	3,827,876
Intergovernmental payables	1,290,173	-	-	83	-	1,290,256
Unearned revenue	841,022	-	-	-	-	841,022
Bond anticipation notes payable	-	-	-	-	-	4,469,276
Total liabilities	<u>3,863,890</u>	<u>52,976</u>	<u>1,755,234</u>	<u>26,053</u>	<u>-</u>	<u>11,883,343</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	3,369,445	-	-	-	-	3,369,445
Deferred inflows - relating to leases	-	-	3,417,483	-	-	3,417,483
Total deferred inflows of resources	<u>3,369,445</u>	<u>-</u>	<u>3,417,483</u>	<u>-</u>	<u>-</u>	<u>6,786,928</u>
FUND BALANCES (DEFICITS)						
Nonspendable	1,362,406	41,951	56,558	-	-	1,460,915
Restricted	2,443,112	1,527,449	662,752	32,596	68,701	11,189,570
Assigned	-	2,282,038	-	-	-	2,282,038
Unassigned	2,320,581	-	(431,878)	-	-	1,888,703
Total fund balances (deficits)	<u>6,126,099</u>	<u>3,851,438</u>	<u>287,432</u>	<u>32,596</u>	<u>68,701</u>	<u>16,821,226</u>
Total liabilities and fund balances (deficits)	<u>\$ 13,359,434</u>	<u>\$ 3,904,414</u>	<u>\$ 5,460,149</u>	<u>\$ 58,649</u>	<u>\$ 68,701</u>	<u>\$ 35,491,497</u>

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

CITY OF NORTH TONAWANDA, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December, 31, 2023

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

Total fund balances (deficits)—governmental funds (page 15)		\$ 16,821,226
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 \$149,609,132 and the accumulated depreciation is \$75,390,109.		74,124,703
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.		3,369,445
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	\$ 3,228,469	
Deferred outflows related to experience, assumptions and investment earnings	14,154,192	
Deferred inflows of resources related to pensions	<u>(1,374,147)</u>	16,008,514
Deferred outflows and inflows of resources related to other postemployment benefits ("OPEB") are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to experience and changes of assumptions	\$ 12,841,220	
Deferred inflows related to experience and changes of assumptions	<u>(48,147,365)</u>	(35,306,145)
Net accrued interest expense for serial bonds is not reported in the funds.		(97,729)
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:		
Serial bonds payable	\$ (13,679,375)	
Unamortized premium on serial bonds	(326,559)	
EFC notes payable	(4,356,637)	
Installment purchase contract	(37,575)	
Compensated absences	(3,648,000)	
Workers' compensation	(2,033,697)	
Net pension liability	(23,207,014)	
OPEB obligation	<u>(56,684,704)</u>	<u>(103,973,561)</u>
Net position of governmental activities		<u>\$ (29,053,547)</u>

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

CITY OF NORTH TONAWANDA, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)—Governmental Funds
Year Ended December 31, 2023

	Special Revenue						Total
	General	Water	Sewer	Special Grant	Special Purpose	Capital Projects	Governmental Funds
REVENUES							
Real property taxes	\$ 19,392,558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,392,558
Real property tax items	1,519,464	-	-	-	-	-	1,519,464
Nonproperty tax items	12,059,334	-	-	-	-	-	12,059,334
Departmental income	1,649,254	2,706,116	3,807,743	-	-	-	8,163,113
Intergovernmental charges	30,516	-	-	-	-	-	30,516
Use of money and property	318,007	7,548	215,926	-	-	153,131	694,612
Licenses and permits	706,624	-	-	-	-	-	706,624
Fines and forfeitures	727,793	-	-	-	-	-	727,793
Sale of property and compensation for loss	343,654	12,517	-	-	-	-	356,171
Miscellaneous	48,053	-	-	-	95,447	30,000	173,500
State aid	5,252,311	-	-	-	-	4,418,914	9,671,225
Federal aid	709,252	191,794	-	3,821,514	-	-	4,722,560
Total revenues	42,756,820	2,917,975	4,023,669	3,821,514	95,447	4,602,045	58,217,470
EXPENDITURES							
Current:							
General government support	3,851,615	-	962	-	-	-	3,852,577
Public safety	12,666,383	-	-	-	16,008	-	12,682,391
Transportation	5,399,363	-	-	-	-	-	5,399,363
Economic assistance and opportunity	97,508	-	-	3,675,385	-	-	3,772,893
Culture and recreation	2,333,889	-	-	-	38,857	-	2,372,746
Home and community services	1,948,290	2,411,290	3,473,921	540,032	92,496	-	8,466,029
Employee benefits	13,558,514	652,250	669,020	-	-	-	14,879,784
Debt service:							
Principal	864,600	78,626	544,400	-	-	-	1,487,626
Interest and fiscal charges	174,905	4,426	73,062	-	-	326,159	578,552
Capital outlay	-	-	-	-	-	6,194,983	6,194,983
Total expenditures	40,895,067	3,146,592	4,761,365	4,215,417	147,361	6,521,142	59,686,944
Excess (deficiency) of revenues over expenditures	1,861,753	(228,617)	(737,696)	(393,903)	(51,914)	(1,919,097)	(1,469,474)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	343,948	477,274	-	-	1,304,122	2,125,344
Transfers out	(821,222)	-	-	(1,304,122)	-	-	(2,125,344)
EFC notes payable issued	-	-	-	-	-	9,252	9,252
Proceeds from serial bonds	-	-	-	-	-	6,819,375	6,819,375
Premium on serial bonds	-	-	-	-	-	259,438	259,438
Total other financing sources (uses)	(821,222)	343,948	477,274	(1,304,122)	-	8,392,187	7,088,065
Net change in fund balances	1,040,531	115,331	(260,422)	(1,698,025)	(51,914)	6,473,090	5,618,591
Fund balances—beginning	5,085,568	3,736,107	547,854	1,730,621	120,615	(18,130)	11,202,635
Fund balances (deficit)—ending	\$ 6,126,099	\$ 3,851,438	\$ 287,432	\$ 32,596	\$ 68,701	\$ 6,454,960	\$ 16,821,226

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

CITY OF NORTH TONAWANDA, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances (Deficit)—Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2023

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

Net change in fund balances (deficit)—total governmental funds (page 17)	\$	5,618,591
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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 capital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$	7,009,923	
Depreciation expense		(4,106,330)	2,903,593

Certain revenues are not recognized in the governmental funds because they are not available soon enough after year end to pay for current period expenditures. On the accrual basis, however, they are recognized regardless of when it is collected.			(438,455)
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Net differences between pension contributions and benefit payments recognized on the fund financial statements and the government-wide financial statements are as follows:

Direct pension contributions	\$	4,299,635	
Cost of benefits earned net of employee contributions		(7,906,033)	(3,606,398)

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization.			4,821,326
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In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.			(60,641)
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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 current 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:

Issuance of serial bonds	\$	(6,819,375)	
Repayment of serial bonds		1,370,000	
Premium on serial bonds issued		(259,438)	
Amortization of premium on serial bonds		12,371	
EFC notes payable issued		(9,252)	
Repayment of EFC notes payable		89,000	
Repayment of installment purchase contract		28,626	
Change in compensated absences		(131,563)	
Payments on long-term retirement liability		139,135	
Change in workers' compensation		375,315	
Change in OPEB obligation		1,376,830	(3,828,351)

Change in net position of governmental activities	\$	5,409,665
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The notes to the financial statements are an integral part of this statement.

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CITY OF NORTH TONAWANDA, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of North Tonawanda, New York (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“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. 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. *Governmental activities*, which normally are 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. The City reports no business-type activities. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The City reports no component units.

Reporting Entity

The City, incorporated in 1897, is governed by City Law and other general laws of the State of New York and various local laws and ordinances. The City of North Tonawanda Common Council is the legislative body responsible for overall operations, the Mayor serves as chief executive officer, and the City Treasurer serves as chief fiscal officer.

The City provides the following basic services: general government support, police and fire protection, safety inspection, maintenance of streets, culture and recreation programs, street lighting, refuse collection, water, and wastewater.

All governmental activities and functions performed for the City are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these changes would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation—Fund Financial Statements

The fund financial statements provide information about the City’s funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental

funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- *General Fund*—This fund is the principal operating fund of the City and is used to account for all financial resources except those required to be accounted for in other funds. The principal source of revenue for this fund is real property taxes.
- *Water Fund*—This fund is used to account for the revenues (primarily user charges) and expenditures related to the operation and maintenance of water filtration plant and water lines for residential and commercial users. The major source of revenue for this fund is user fees through departmental income.
- *Sewer Fund*—The Sewer Fund is used to record all revenues and expenditures related to operation and maintenance of the sewer district. The major source of revenue for this fund is user fees through departmental income.
- *Special Grant Fund*—The Special Grants Fund is used to record all activity related to the Federal Housing and Urban Development Community Development program. The major source of revenue for this fund is federal aid.
- *Special Purpose Fund*—The Special Purpose Fund is used to account for funds which can only be used for specific purposes including tax agreements, asset forfeitures, and various donor specific donations.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

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 are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are recorded at gross amounts as transfers in/out. While reported in 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.

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 revenues 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, pensions, and claims and judgments, 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, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, 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.

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. The City reported no investments at December 31, 2023. However, when the City does have investments it is City policy to record them at fair value in accordance with GASB.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent amounts to support fund balance restrictions, resources received in advance relating to unearned revenue and unspent proceeds of debt.

Receivables—Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the City to reimburse it for expenditures incurred pursuant to state and federally funded programs. All major revenues of the City are considered “susceptible to accrual” under the modified accrual basis. These include property tax, sales tax, State and Federal aid, and various grant program revenues.

Prepaid Items—Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

Leases—The City recognizes lease receivables and liabilities with an initial, individual value of \$75,000 or more. At the commencement of a lease, the City initially measures the lease liability at the

present value of any remaining payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made, as applicable.

The City is a lessor for a noncancellable leases of land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a measurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets—The City’s buildings, building improvements, land improvements, infrastructure, and machinery and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at acquisition cost. The City generally capitalizes assets with costs of \$35,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Major outlays for capital assets and improvements are capitalized as projects are incurred. Property, plant, and equipment of the City are being depreciated using the straight-line method over the estimated useful lives shown on the following page.

Assets	Years
Land improvements	10-50
Infrastructure	10-50
Buildings and improvements	5-100
Wastewater treatment distribution network	25-100
Machinery and equipment	5-25
Transportation network	10-75
Sanitary sewer network	25-100

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 highway vehicle

included as part of *expenditures—transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Unearned Revenue—Certain cash received have not been spent or otherwise used to meet the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2023, the City reported unearned revenues of \$841,022 within the General Fund, which represents American Rescue Plan Act (“ARPA”) grant funding for which eligible expenditures have not yet been incurred.

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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2023, the City has two items that qualify for reporting in this category. The first item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the City’s proportion of the collective OPEB liability and difference 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 OPEB liability. The second item represents the effect of the net change in the City’s proportion of the collective net pension 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 December 31, 2023, the City has four 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 is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the City’s proportion of the collective total OPEB liability and the difference 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. The third 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. The last item, reported on the government-wide statements and on the balance sheet of governmental funds, is recognized at the commencement of the Town’s lease receivable and amortized over the life of the lease.

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 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 position 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 balances 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 government's highest level of decision-making authority. The Common Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The Common Council may 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 an 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 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.

Real Property Taxes—The City-wide property tax is levied by the Common Council effective April 1st of the year the taxes are recognizable as revenue. Taxes become a lien on the related property on December 31st of the year for which they are levied. Unpaid water and sewer charges as of December 31st are relieved as real property taxes in the subsequent year. In the government-wide statements, property tax receivables and related revenue include all amounts due to the City regardless of when cash is received. The City also collects school taxes for the local school district for remittance to them.

Compensated Absences—City employees are granted vacation, personal and sick leave and compensatory time in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, sick leave and unused compensatory absences at various rates subject to certain conditions, maximum limitations and union affiliations. Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds reports only matured compensated absences payable to terminating employees and are included in wages and benefits.

Payment of compensated absences recorded in the general government long-term debt in the government-wide financial statements is dependent upon many factors; therefore, timing of future payment is not readily determinable. However management believes that sufficient resources will be made available for the future payment of compensated absences when such payments become due. More information regarding compensated absences is included in Note 10.

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 and 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 6.

Other Postemployment Benefits—In addition to providing pension benefits, the City provides health insurance coverage for certain retired employees as discussed in Note 7.

Other

Estimates—The preparation of the financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows of resources, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2023, the City implemented GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnerships arrangements (“PPPs”). GASB Statement No. 96 improves financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements (“SBITAs”) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. A portion of GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and improves the consistency of authoritative literature related to GASB Statements No. 94 and 96. The implementation of GASB Statements No. 94, 96, and a portion of 99 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 the remainder of GASB Statement No. 99, *Omnibus 2022*; No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024; No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025; and No. 103, *Financial Reporting Model Improvements*; and GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending December 31, 2026. The City is, therefore, unable to disclose the impact that adopting GASB Statements No. 99, 100, 101, 102, 103, and 104 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets

The City’s annual procedures in establishing the budgetary data reflected in the basic financial statements are described as follows:

- On or before the first day of October each year, the Mayor shall submit to the Common Council a proposed budget and capital budget together with a message concerning same for the ensuing year.
- The budget message shall describe the important features, outline the proposed capital programs, indicate major changes from the current fiscal year in financial policies, expenditures, and revenues together with the reasons for such changes, summarize the City’s debt condition, and include such other material items as the Mayor may deem advisable.
- The proposed budget shall provide a complete financial plan of all City functions and activities for the ensuing year. The budget shall be in such form as the Mayor may deem advisable and shall include: actual revenues and expenditures of the preceding fiscal year, actual and estimated revenues and estimates revenues and expenditures of the current fiscal year, all estimated revenues and proposed expenditures for the ensuing fiscal year (including detailed estimates of revenue from all sources and the amount proposed to be raised by the tax levy upon real estate). The proposed expenditures shall be itemized as follows: each office, department, board and commission shall be listed separately showing the proposed amount for salaries and wages, supplies and other expenditures and the total thereof; reserve for uncollected taxes; debt service; judgments and settlements outstanding not covered by insurance; capital program stating the amount to be financed, if any, and the method thereof, special funds and purposes not otherwise contained in the budget; anticipated deficit, if any, of the current year and contingency fund.

- Immediately after the presentation of the proposed budget to the Common Council, the Mayor shall file the proposed budget in the City Clerk's Office and be made available for distribution to the public. The proposed budget shall be a public record and shall be open to inspection by the public during regular business hours in the City Clerk's office. Not less than five days prior to the date of the public hearing, the City Clerk shall publish in the official newspaper of the City a notice of public hearing which shall specify the date, time and place of the public hearing; the total amount of the proposed budget, the amount thereof to be raised by taxes, the anticipated tax rate per thousand of assessed valuation and that copies of the proposed budget are available to the public in the City Clerk's office.
- The Common Council shall meet and conduct a public hearing at which the Mayor shall be present. Such public hearing shall be held no later than November 15th.
- After conclusion of the public hearing, the Common Council shall consider the adoption of the proposed budget and may adjourn from time to time until it has fully considered and reviewed the proposed budget. The Common Council may add new programs or amounts, and may increase, decrease or delete programs and amounts. Expenditures required by law, for debt service, estimated deficits or estimated revenues may not be changed except to correct omissions or mathematical errors. The Common Council may, however, decrease the amount of tax levy of the ensuing fiscal year as proposed by the Mayor in proportion to such decreases in total expenditures as it may have determined. If the Common Council shall increase the total expenditures, such increase shall be included in the amount to be raised by taxes.
- Upon completion of the consideration and review of the proposed budget, the Common Council, shall on or before the 15th day of December of each year, adopt a resolution approving the budget in the final form approved by it and shall forthwith adopt an appropriation resolution and a resolution making a levy upon all the real property situated in the City liable to taxation in the ensuing year. The appropriation resolution shall be passed on the budget as adopted but need not be itemized further than by each office, board, department, commission, fund and program. Upon adoption of the budget, the appropriation and tax levy resolutions, the City Clerk shall file a certified copy of each with the City Treasurer and Fiscal Affairs Officer. The adoption of the budget shall constitute an appropriation of the amounts, a levy of the amount to be raised by taxation therein stated, and a warrant to the City Treasurer to spread and extend such levy upon current assessment tax rolls and to collect the same.
- If a budget has not been adopted, as provided by the Charter, on or before the 15th day of December, the tentative City budget, with amendments, if any, shall become the budget for the ensuing year.
- If the amount of all taxes levied upon any parcel of real property shall, except as otherwise expressly provided by law, be and become a lien thereon as of the first day of January of the fiscal year for which levied and shall remain a lien until paid.
- Formal annual budgetary accounts are adopted and employed for control of all governmental funds except the special grant fund, special purpose fund and the capital projects fund. These budgets are adopted on a basis consistent with accounting principles generally accepted in the United States except that encumbrances are treated as budgetary expenditures in the year of occurrence of the commitment to purchase. All unencumbered appropriations lapse and the end of the fiscal year. Budgetary comparisons presented in this report are on the budgetary basis and represent the budget as modified.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The City's investment policies are governed by New York State statutes. The City also has its own written investment guidelines which have been established by the Common Council. City monies must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the State. The City Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, contractual 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 of deposit 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 obligation 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.

Total cash and cash equivalents and restricted cash and cash equivalents at December 31, 2023 are as follows:

	Governmental Funds
Petty cash (uncollateralized)	\$ 25,900
Deposits	19,918,378
Total	<u>\$ 19,944,278</u>

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2023 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 250,000	\$ 250,000
Uninsured:		
Collateral held by pledging bank's agent in the City's name	19,796,197	19,668,378
Total deposits	<u>\$20,046,197</u>	<u>\$19,918,378</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 New York State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2023, 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 fund balance restrictions, unearned revenue related to cash received in advance, and unspent debt proceeds as restricted cash and cash equivalents. At December 31, 2023, the City reports restricted cash totaling \$3,284,134 within the General Fund, \$1,527,449 within the Water Fund, \$445,635 within the Sewer Fund, \$58,649 within the Special Grant Fund, \$68,701 within the Special Purpose Fund, and \$11,152,083 within the Capital Projects Fund.

Investments—The City's governmental activities reported no investments at December 31, 2023.

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of deposits. In accordance with its investment policy, the City manages this exposure by limiting investments to low risk type investments governed by New York State statute.

3. RECEIVABLES

Taxes Receivable—Represents City and school taxes that remain unpaid. At December 31, 2023, the City recorded \$4,795,498 related to taxes receivable. These amounts are offset by a deferred inflow of resources related to property taxes in the amount of \$3,369,445.

Accounts Receivable—Represents amounts due from various sources. Receivables at December 31, 2023 are:

General Fund:			
Franchise fees	\$	213,225	
Fines and forfeited bail		58,463	
Various fees and charges		<u>84,373</u>	\$ 356,061
Water Fund:			
Water rents receivable			477,660
Sewer Fund:			
Sewer rents receivable			<u>753,929</u>
Total			<u><u>\$ 1,587,650</u></u>

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State, County of Niagara or other local governments. Intergovernmental receivables at December 31, 2023 are:

General Fund:			
Niagara County - sales tax distribution	\$	1,074,217	
Other		<u>40,677</u>	\$ 1,114,894
Capital Projects Fund:			
Other		<u>34,262</u>	<u>34,262</u>
Total			<u><u>\$ 1,149,156</u></u>

Lease Receivables—The City leases land to a third party. The City will receive monthly payments which coincide with the contracted agreement between the lessor and lessee. The City recognized \$22,538 in rental income in the City's Sewer Fund during the fiscal year related to this lease. As of December 31, 2023, the City's outstanding receivable for lease payments was \$3,841,082. Also, the City reports a deferred inflow of resources associated with these lease that will be recognized as revenue over the lease term. As of December 31, 2023, the balance of the deferred inflow of resources was \$3,417,483.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 is shown below:

	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
Capital assets, not being depreciated:				
Land	\$ 4,965,144	\$ -	\$ -	\$ 4,965,144
Construction in progress	<u>13,621,335</u>	<u>6,194,983</u>	<u>5,793,703</u>	<u>14,022,615</u>
Total capital assets not being depreciated	<u>18,586,479</u>	<u>6,194,983</u>	<u>5,793,703</u>	<u>18,987,759</u>
Capital assets, being depreciated:				
Buildings and building improvements	37,330,959	11,100	-	37,342,059
Machinery and equipment	37,918,043	854,729	-	38,772,772
Land improvements and infrastructure	<u>48,669,408</u>	<u>5,742,814</u>	<u>-</u>	<u>54,412,222</u>
Total capital assets, being depreciated	<u>123,918,410</u>	<u>6,608,643</u>	<u>-</u>	<u>130,527,053</u>
Less accumulated depreciation for:				
Buildings and building improvements	15,203,028	549,703	-	15,752,731
Machinery and equipment	30,755,160	1,012,963	-	31,768,123
Land improvements and infrastructure	<u>25,325,591</u>	<u>2,543,664</u>	<u>-</u>	<u>27,869,255</u>
Total accumulated depreciation	<u>71,283,779</u>	<u>4,106,330</u>	<u>-</u>	<u>75,390,109</u>
Total capital assets, being depreciated, net	<u>52,634,631</u>	<u>2,502,313</u>	<u>-</u>	<u>55,136,944</u>
Governmental activities capital assets, net	<u>\$ 71,221,110</u>	<u>\$ 8,697,296</u>	<u>\$ 5,793,703</u>	<u>\$ 74,124,703</u>

Depreciation expense for governmental activities was charged to functions and programs of the primary government as shown on below:

Governmental activities:	
General government support	\$ 50,996
Public safety	273,623
Transportation	2,466,320
Economic assistance and opportunity	21,798
Culture and recreation	465,032
Home and community services	<u>828,561</u>
Total governmental activities	<u>\$ 4,106,330</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2023, were as follows:

	General Fund	Water Fund	Sewer Fund	Total Governmental Funds
Salary and employee benefits	<u>\$ 739,455</u>	<u>\$ 48,254</u>	<u>\$ 50,670</u>	<u>\$ 838,379</u>

6. PENSION PLANS

Plan Descriptions and Benefits Provided

New York State and Local Police and Fire Retirement System (“PFRS”) and Employees’ Retirement System (“ERS”)—The City participates in the PFRS and ERS (the “Systems”), which are cost-sharing multiple employer retirement 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%) 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%) 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 Liability/(Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2023, the City reported the liabilities shown on the following page for its proportionate share of the net pension liability for PFRS and ERS. The net pension liability was measured as of March 31, 2023. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of April 1, 2022, 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.

	PFRS	ERS
Measurement date	March 31, 2023	March 31, 2023
Net pension liability	\$ 15,390,930	\$ 7,816,084
City's portion of the Plan's total net pension liability	0.2793033%	0.0364488%

For the year ended December 31, 2023, the City recognized pension expenses of \$4,599,760 and \$2,757,055 for PFRS and ERS, respectively. At December 31, 2023, 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	
	PFRS	ERS	PFRS	ERS
Differences between expected and actual experiences	\$ 1,504,308	\$ 832,474	\$ -	\$ 219,505
Changes of assumptions	7,499,960	3,795,994	-	41,953
Net difference between projected and actual earnings on pension plan investments	27,209	-	-	45,919
Changes in proportion and differences between the City's contributions and proportionate share of contributions	280,443	213,804	787,032	279,738
City contributions subsequent to the measurement date	2,190,596	1,037,873	-	-
Total	<u>\$ 11,502,516</u>	<u>\$ 5,880,145</u>	<u>\$ 787,032</u>	<u>\$ 587,115</u>

The City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	PFRS	ERS
2024	\$ 1,546,867	\$ 1,020,335
2025	(463,965)	(424,398)
2026	4,468,197	1,564,333
2027	2,748,652	2,094,887
2028	225,137	-

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 shown below:

	PFRS	ERS
Measurement date	March 31, 2023	March 31, 2023
Actuarial valuation date	April 1, 2022	April 1, 2022
Interest rate	5.9%	5.9%
Salary scale	6.2%	4.4%
Decrement tables	April 1, 2015- March 31, 2020	April 1, 2015- March 31, 2020
Inflation rate	2.9%	2.9%
Cost-of-living adjustments	1.5%	1.5%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 Systems’ experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021. The actuarial assumptions used in the April 1, 2022 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 summarized below:

	PFRS and ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Measurement date	March 31, 2023	
Asset class:		
Domestic equities	32.0 %	4.3 %
International equities	15.0	6.9
Private equity	10.0	7.5
Real estate	9.0	4.6
Opportunistics/Absolute return strategies	3.0	5.4
Credit	4.0	5.4
Real assets	3.0	5.8
Fixed income	23.0	1.5
Cash	1.0	0.0
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 liability/(asset) calculated using the discount rate of 5.9%, as well as what the City’s proportionate share of the net pension liability would be if it 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%)
Employer's proportionate share of the net pension liability/(asset)—PFRS	\$ 32,083,113	\$ 15,390,930	\$ (1,568,799)
Employer's proportionate share of the net pension liability/(asset)—ERS	\$ 18,888,122	\$ 7,816,084	\$ (1,435,892)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability/(asset) of the employers as of the valuation date were as follows:

	(Dollars in Thousands)		
	PFRS	ERS	Total
Valuation date	April 1, 2022	April 1, 2022	
Employers' total pension liability	\$ 43,835,333	\$ 232,627,259	\$ 276,462,592
Plan fiduciary net position	<u>38,324,863</u>	<u>211,183,223</u>	<u>249,508,086</u>
Employers' net pension liability	<u>\$ 5,510,470</u>	<u>\$ 21,444,036</u>	<u>\$ 26,954,506</u>
System fiduciary net position as a percentage of total pension liability	87.4%	90.8%	90.3%

7. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

Plan Description and Benefits Provided—In addition to pension benefits, the City administers a single-employer defined benefit medical plan (the “Plan”). The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the City subject to applicable collective bargaining and employment agreements. The Plan does not issue standalone publicly available financial reports since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Employees Covered by Benefit Terms—At January 1, 2023, the actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	185
Active employees	<u>250</u>
Total	<u>435</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 (“AAL”) under GASB Statement No. 45.

Total OPEB Liability

The City’s total OPEB liability of \$56,684,704 was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions and Other Inputs—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 January 1, 2023 actuarial valuation, the Entry Age Normal actuarial cost method, over a level percent of pay was used. The single discount rate changed from 4.31% effective December 31, 2022 to 4.00% effective December 31, 2023. The salary scale assumed to increase at 3.00% per year. As of the December 31, 2023 measurement date the mortality improvement table used was MP-2021 on a generational basis. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 8.00% while the ultimate healthcare cost trend rate is 5.00%. An inflation rate of 3.00% was assumed for developing the rate of increase in healthcare costs.

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 December 31, 2022	\$ 55,307,874
Changes for the year:	
Service cost	1,527,487
Interest	2,310,580
Differences between expected and actual experience	(1,962,691)
Changes of assumptions	2,897,731
Benefit payments	(3,396,277)
Net changes	1,376,830
Balance at December 31, 2023	\$ 56,684,704

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

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	\$ 66,581,648	\$ 56,684,704	\$ 48,887,187

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the OPEB liability of a 1% change in the initial (8.00%)/ultimate (5.00%) healthcare cost trend rates.

	1% Decrease (7.00%/4.00%)	Health Healthcare Cost Trend Rates (8.00%/5.00%)	1% Increase (9.00%/6.00%)
Total OPEB liability	\$ 48,232,595	\$ 56,684,704	\$ 67,655,898

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 Board. The City recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The City's contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 10. Any amendments to the employer's contributions are subject to the collective bargaining agreements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The City reports deferred outflows and 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 OPEB liability. The following table presents the City's deferred outflows and inflows of resources at December 31, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 207,086	\$ 28,217,506
Changes in assumptions	12,634,134	19,929,859
Total	<u>\$ 12,841,220</u>	<u>\$ 48,147,365</u>

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

Year Ending December 31,	
2024	\$ (6,639,946)
2025	(6,639,946)
2026	(6,639,950)
2027	(6,708,976)
Thereafter	(8,677,327)

8. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; vehicle liability; injuries to employees; and natural disasters. The City maintains general liability insurance coverage which includes a self-insurance retention of \$100,000 for each claim with a \$200,000 self-insurance retention annual aggregate (stop loss aggregate) which gives the City coverage in the case of a claim over the self-insured limit. The City also obtained commercial auto bodily injury liability insurance in the amount of \$100,000.

The City self-insures for risk relating to workers' compensation insurance. The City currently reports all of its risk management activities in its General Fund, Water Fund and Sewer Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The City's workers' compensation liability at December 31, 2023 is \$2,033,696, which reflects the actuarial analysis of the projected liability and is recorded in the City's government-wide financial statements.

The City is also self-insured for health insurance claims. The cost of these claims are reported in the fund in which the expenditure occurred.

9. SHORT-TERM DEBT

Short-term debt of the City represents bond anticipation notes ("BANs") and tax anticipation notes ("TANs"). Principal payments on short-term debt must be made annually. State law requires that BANs and TANs issued be converted to long-term obligations within five years after the original issue date. However, BANs used for assessable improvement projects may be renewed for periods equivalent to the life of the permanent financing provided that annual reductions of principal are made. The City's short-term debt for the year ended December 31, 2023 is summarized below:

Description	Issue/ Maturity	Interest Rate	Balance 1/1/2023	Issues	Redemptions	Balance 12/31/2023
BAN 2022	2022/2023	4.00%	\$ 7,894,375	\$ -	\$ 7,894,375	\$ -
TAN 2023	2023/2023	3.15%	-	1,595,000	1,595,000	-
BAN 2023	2023/2024	3.50%	-	1,075,000	-	1,075,000
BAN 2023	2023/2024	4.00%	-	3,394,276	-	3,394,276
Total			<u>\$ 7,894,375</u>	<u>\$ 6,064,276</u>	<u>\$ 9,489,375</u>	<u>\$ 4,469,276</u>

10. 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. Further, the unmatured principal of general long-term debt does not require current appropriations and expenditure of governmental fund financial resources.

The City's outstanding long-term liabilities include bonds payable, Environmental Facilities Corporation ("EFC") notes payable, installment purchase contract, compensated absences, long-term retirement liability, workers' compensation, the OPEB obligation and the net pension liability. The bonds payable of the City are secured by its general credit and revenue raising powers, as per New York State statute.

A summary of the City's long-term liabilities at December 31, 2023 is presented below:

	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023	Due Within One Year
Serial bonds payable	\$ 8,230,000	\$ 6,819,375	\$ 1,370,000	\$ 13,679,375	\$ 1,324,375
Premium on serial bonds	79,492	259,438	12,371	326,559	16,695
Net serial bonds payable	8,309,492	7,078,813	1,382,371	14,005,934	1,341,070
EFC notes payable	4,436,385	9,252	89,000	4,356,637	-
Installment purchase contract	66,201	-	28,626	37,575	29,896
Compensated absences*	3,516,437	131,562	-	3,647,999	182,400
Long-term retirement liability	139,135	-	139,135	-	-
Workers' compensation*	2,409,012	-	375,316	2,033,696	203,370
Net pension liability*	1,578,696	21,628,318	-	23,207,014	-
OPEB obligation	55,307,874	6,735,798	5,358,968	56,684,704	-
Total	<u>\$ 75,763,232</u>	<u>\$ 35,583,743</u>	<u>\$ 7,373,416</u>	<u>\$ 103,973,559</u>	<u>\$ 1,756,736</u>

*Reductions/additions to compensated absences, workers' compensation, and net pension liability are shown net of additions/reductions.

Serial Bonds—The City borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the governmental funds in the government-wide financial statements.

On May 17, 2023, the Town issued \$6,819,375 in various purpose serial bonds within its governmental activities. The serial bonds were issued at a premium of \$259,438. The bonds carry an interest rate of 4.0 percent, principal payments begin May 15, 2024 and mature on May 15, 2048.

A default will have occurred if the payment of principal or interest are not paid when due and payable. Upon default in payment in full of the principal or interest on the bonds, a holder of such defaulted bond has a contractual right to sue the City of the amount due thereon. The City does not have any lines of credit.

A summary of bond transactions of the City for the fiscal year ended December 31, 2023 is presented on the following page.

Purpose	Fiscal Year of Issue/ Maturity	Interest Rate	Balance 1/1/2023	Additions	Reductions	Balance 12/31/2023
General Fund:						
2009 Various Purpose	2010/2023	2.00%-4.00%	\$ 40,000	\$ -	\$ 40,000	\$ -
2016 Various Purpose	2017/2036	2.00%-2.875%	1,020,000	-	275,000	745,000
2016 Taxable Marina	2017/2028	3.125%-4.50%	610,000	-	95,000	515,000
2017 Various Purpose	2018/2032	2.00%-4.00%	845,000	-	105,000	740,000
2018 Various Purpose	2019/2033	3.00%-5.00%	1,546,000	-	141,000	1,405,000
2018B Various Purpose	2019/2033	2.00%-3.375%	330,000	-	85,000	245,000
2019 Various Purpose	2020/2034	1.70%-5.00%	325,000	-	25,000	300,000
2020 Various Purpose	2021/2035	2.00%-5.00%	1,075,000	-	140,000	935,000
2023 Various Purpose	2023/2048	4.00%	-	6,819,375	-	6,819,375
Total General Fund			<u>5,791,000</u>	<u>6,819,375</u>	<u>906,000</u>	<u>11,704,375</u>
Water Fund:						
2009 Various Purpose	2010/2023	2.00%-4.00%	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Total Water Fund			<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Sewer Fund:						
2009 Various Purpose	2010/2023	2.00%-4.00%	35,000	-	35,000	-
2016 Various Purpose	2017/2036	2.00%-2.875%	1,115,000	-	210,000	905,000
2016 Refunding Bonds	2016/2026	2.00%-4.00%	370,000	-	95,000	275,000
2018 Various Purpose	2019/2033	3.00%-5.00%	539,000	-	49,000	490,000
2019 Various Purpose	2020/2034	1.70%-5.00%	<u>330,000</u>	<u>-</u>	<u>25,000</u>	<u>305,000</u>
Total Sewer Fund			<u>2,389,000</u>	<u>-</u>	<u>414,000</u>	<u>1,975,000</u>
Total governmental activities			<u>\$ 8,230,000</u>	<u>\$ 6,819,375</u>	<u>\$ 1,370,000</u>	<u>\$ 13,679,375</u>

Premiums on Serial Bonds—The City’s premiums are being amortized on a straight-line basis over the life of the related bonds. The total unamortized premiums as of December 31, 2023 was \$326,559.

Environmental Facilities Corporation Notes Payable—During the year ended December 31, 2023, the City drew down \$9,252 of New York State Environmental Facilities Corporation (“EFC”) notes payable. The notes carry variable interest rates from 0.0 to 2.0 percent. At December 31, 2023, the City had \$787,795 and \$1,224,605 in additional EFC notes available to drawdown for its wastewater project and water treatment plant project, respectively.

A summary of EFC notes payable transactions of the City for the fiscal year ended December 31, 2023 is presented below:

Purpose	Fiscal Year of Issue/ Maturity	Interest Rate	Balance 1/1/2023	Issues	Redemptions	Balance 12/31/2023
EFC Notes—water treatment	2020/2026	0.0-2.0%	<u>\$ 4,436,385</u>	<u>\$ 9,252</u>	<u>\$ 89,000</u>	<u>\$ 4,356,637</u>

Installment Purchase Contract— In 2021, the City entered into an installment purchase contract with Bank Capital Services LLC for the purpose of acquiring a dump truck. The original agreement amount was \$114,639. The agreement has a 4 year term and carries an interest rate of 4.4 percent, with a

maturity of January 2, 2025. The City has full ownership of the assets acquired with the proceeds of the installment purchase contract. As of December 31, 2023, the remaining balance on the agreement was \$37,575.

The future minimum lease payments are shown below:

Year Ending December 31,	Principal	Interest
2024	\$ 29,896	\$ 1,156
2025	7,679	84
Total	<u>\$ 37,575</u>	<u>\$ 1,240</u>

The City has purchased an asset in the full amount of proceeds of the installment purchase contract. Accumulated depreciation has been recorded in the amount of \$22,600.

Compensated Absences—As explained in Note 1, the City provides vacation, personal, sick leave and compensatory time to its employees. The annual budgets of the operating funds provide funding for these benefits as they become payable. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, sick leave and unused compensatory absences at various rates subject to certain conditions, maximum limitations and union affiliations. The value recorded as a liability within governmental activities at December 31, 2023, for such benefits is \$3,647,999. Management estimates that \$182,400 is due within one year. Since payments of compensated absences are dependent upon many factors, the timing of future payments is not readily determinable.

Long-Term Retirement Liability—As explained in Note 7, the City participates in the New York State and Local Police and Fire Retirement System (“PFRS”) and Employees’ Retirement System (“ERS”). The City elected to amortize certain payments relating to ERS during 2012, 2013 and 2014 over ten years in accordance with Chapter 260 of the Laws of 2004 of the State of New York. Accordingly, at December 31, 2023, the City satisfied the outstanding liability.

Workers’ Compensation—Accrued workers’ compensation, which totals \$2,033,696, represents the City’s estimate of both asserted and unasserted workers’ compensation losses. The payments related to these liabilities are dependent upon many factors and, therefore, timing of future payments are not readily determinable. Refer to Note 8 for additional information related to workers’ compensation.

Net Pension Liability—The City reports a liability for its proportionate share of the net pension liability for the Employee Retirement System and the Police and Fire Retirement System. The total net pension liability is estimated to be \$23,207,014 in the governmental activities. Refer to Note 6 for additional information related to the City’s net pension liability.

Other Postemployment Benefits (“OPEB”) Obligation—As explained in Note 7, the City provides medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for services rendered. An employee’s total compensation package includes not only the salaries and benefits received during service, but all compensation and benefits received for their services during postemployment. The City’s annual postemployment benefit (“OPEB”) cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability). The long-term OPEB liability is estimated to be \$56,684,704 at December 31, 2023.

The following is a maturity schedule of the City's indebtedness:

Year ending December 31,	Serial Bonds	Premium on Serial Bonds	EFC Notes Payable	Installment Purchase Contract	Compensated Absences
2024	\$ 1,324,375	\$ 16,695	\$ -	\$ 29,896	\$ 182,400
2025	1,215,000	16,695	-	7,679	-
2026	1,195,000	16,695	-	-	-
2027	1,130,000	16,695	-	-	-
2028	1,075,000	16,695	-	-	-
2029-2033	4,235,000	83,475	-	-	-
2034-2038	1,990,000	61,895	-	-	-
2039-2043	820,000	51,890	-	-	-
2044-2048	695,000	45,824	-	-	-
Thereafter	-	-	4,356,637	-	3,465,599
Totals	<u>\$ 13,679,375</u>	<u>\$ 326,559</u>	<u>\$ 4,356,637</u>	<u>\$ 37,575</u>	<u>\$ 3,647,999</u>

(continued)

Year ending December 31,	Workers' Compensation	Net Pension Liability	OPEB Obligation	Total
2024	\$ 203,370	\$ -	\$ -	\$ 1,756,736
2025	-	-	-	1,239,374
2026	-	-	-	1,211,695
2027	-	-	-	1,146,695
2028	-	-	-	1,091,695
2029-2033	-	-	-	4,318,475
2034-2038	-	-	-	2,051,895
2039-2043	-	-	-	871,890
2044-2048	-	-	-	740,824
Thereafter	1,830,326	23,207,014	56,684,704	89,544,280
Totals	<u>\$ 2,033,696</u>	<u>\$ 23,207,014</u>	<u>\$ 56,684,704</u>	<u>\$103,973,559</u>

(concluded)

The interest requirements for the City's outstanding serial bonds and installment purchase contract are as follows:

Year ending December 31,	Serial Bonds	Installment Purchase Contract	Total
2024	\$ 590,867	\$ 1,156	\$ 592,023
2025	413,620	84	413,704
2026	372,057	-	372,057
2027	314,641	-	314,641
2028	281,122	-	281,122
2029-2033	978,285	-	978,285
2034-2038	459,488	-	459,488
2039-2043	218,600	-	218,600
2044-2048	68,500	-	68,500
Total	<u>\$ 3,697,180</u>	<u>\$ 1,240</u>	<u>\$ 3,698,420</u>

11. 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 activities net investment in capital assets is shown below:

Governmental activities:

Capital assets, net of accumulated depreciation \$ 74,124,703

Related debt:

Bond anticipation notes payable \$ (4,469,276)

Serial bonds (13,679,375)

Unamortized bond premium (326,559)

EFC notes payable (4,356,637)

Unspent debt proceeds 9,746,878

Capital Projects Fund accounts payable (310,709)

Installment purchase contract (37,575) (13,433,253)

Net investment in capital assets—governmental activities \$ 60,691,450

- ***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.
- ***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 balance maintained by the City at December 31, 2023 includes:

	General Fund
Long-term interfund loan	\$ 1,114,958
Total	<u>\$ 1,114,958</u>

- **Long-term Interfund Loan**—Represents the portion of fund balance composed of receivables from the Sewer Fund that are not expected to be realized within the subsequent year.
- **Prepaid Items**—Represents amounts prepaid to the retirement system that are applicable to future accounting periods. The General Fund, Water Fund, and Sewer Fund reported amounts of \$247,448, \$41,951 and \$56,558, respectively, at December 31, 2023.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grants, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balance maintained by the City at December 31, 2023 is shown below:

	General Fund	Water Fund	Sewer Fund	Special Grant Fund	Special Purpose Fund	Capital Projects Fund	Total
Workers' compensation	\$ 1,287,946	\$ 172,480	\$ 224,003	\$ -	\$ -	\$ -	\$ 1,684,429
Employee benefits	414,193	-	-	-	-	-	414,193
Insurance	407,469	-	-	-	-	-	407,469
Tax stabilization	157,676	-	-	-	-	-	157,676
Debt	31,111	-	696	-	-	-	31,807
Repairs	82,029	250,802	139,342	-	-	-	472,173
Special grant	-	-	-	32,596	-	-	32,596
Special purpose	-	-	-	-	68,701	-	68,701
Capital projects	-	1,104,167	298,711	-	-	6,454,960	7,857,838
Miscellaneous	62,688	-	-	-	-	-	62,688
Total restricted fund balance	<u>\$ 2,443,112</u>	<u>\$ 1,527,449</u>	<u>\$ 662,752</u>	<u>\$ 32,596</u>	<u>\$ 68,701</u>	<u>\$ 6,454,960</u>	<u>\$ 11,189,570</u>

- **Restricted for Workers' Compensation**—According to General Municipal Law Section 6-j, this restriction must be used to pay compensation and benefits, medical, hospital, or other expenses authorized by Article 2 of the Workers' Compensation Law and by the Volunteer Firefighters Benefit Law and to pay the expenses of administering a self-insurance program.
- **Restricted for Employee Benefits**—According to General Municipal Law Section 6-p, this restriction must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service.
- **Restricted for Insurance**—Represents reserve established to be used to pay claims, actions or judgments against the City that results from personal injuries or property damage; to pay self-insured workers' compensation claims and expenses in excess of claims and expenses paid from current appropriations; and to pay non-insured unemployment losses.

- ***Restricted for Tax Stabilization***—According to General Municipal Law Section 6-e, this restriction must be used to finance certain unanticipated revenue losses or unanticipated expenditures chargeable to the “eligible portion of the annual budget,” and to lessen or prevent projected increases in excess of 2.5 percent of the amount of the real property tax levy needed to finance the eligible portion of the annual budget.
- ***Restricted for Debt***—Represents amounts which have been restricted for the reduction of future debt service requirements.
- ***Restricted for Repairs***—Represents funds accumulated to pay the cost of certain repairs of capital improvements or equipment. The repairs must be of a type not recurring annually or at shorter intervals.
- ***Restricted for Special Grant***—Represent community development loans within the Special Grant Fund, which are required to be maintained intact.
- ***Restricted for Special Purpose***—Represents fund balance within the special purpose special revenue fund that is restricted for a specific purposes including tax agreements, asset forfeitures, and various donor specific donations.
- ***Restricted for Capital Projects***—Represents amounts set aside to be used for capital projects or on related debt.
- ***Restricted for Miscellaneous***—Represents fund balance in the general fund which has been restricted for miscellaneous purposes.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the City’s highest level of decision-making authority. As of December 31, 2023, the City reported no committed fund balance.

In the fund financial statements, assignments are amounts that are subject to a purpose constraint that represents an intended use established by the City’s Common Council, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. As of December 31, 2023, the balances presented below were considered to be assigned.

	Water Fund
Subsequent year's expenditures	\$ 469,261
Specific use	<u>1,812,777</u>
Total assigned fund balance	<u><u>\$ 2,282,038</u></u>

- ***Assigned to Subsequent Year’s Expenditures***—available fund balance being appropriated to meet expenditure requirements in the 2024 fiscal year.
- ***Assigned for Specific Use***—Represents remaining fund balance of special revenue funds to be used for each fund’s specific use.

Unassigned fund balance represents the residual classification of the City's General Fund surplus and Sewer Fund deficit.

It is the City's policy to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

12. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables of the City at December 31, 2023 consisted of the following:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
General Fund	\$ 1,114,958	\$ 714,726
Water Fund	896,168	-
Sewer Fund	362,945	1,682,021
Special Grant Fund	-	25,924
Capital Projects Fund	<u>1,453,805</u>	<u>1,405,205</u>
Total	<u>\$ 3,827,876</u>	<u>\$ 3,827,876</u>

The General Fund's due from other funds totaling \$1,114,958 as of December 31, 2023 is considered long-term and has been included within nonspendable fund balance.

Balances outstanding between funds are the result of transfers made to cover operating costs. Other balances result from payments made on behalf of other funds or temporary advances.

The City made the following transfers during the year ended December 31, 2023:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ -	\$ 821,222
Water Fund	343,948	-
Sewer Fund	477,274	-
Special Grant Fund	-	1,304,122
Capital Projects Fund	<u>1,304,122</u>	<u>-</u>
Total	<u>\$ 2,125,344</u>	<u>\$ 2,125,344</u>

Transfers are used primarily to move unpaid water and sewer rents relieved as real property taxes and federal aid.

13. LABOR CONTRACTS

City employees are represented by five bargaining units. The City of North Tonawanda CSEA, the City of North Tonawanda OPEIU, and the City of North Tonawanda Professional Firefighter's IAFF Local 1333 have contracts settled through December 31, 2023. The City of North Tonawanda Department of Public Works has a contract settled through December 31, 2025. The City of North Tonawanda Police Benevolent Association has a contract settled through December 31, 2026.

14. COMMITMENTS

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 appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. The City considers encumbrances significant if they are in excess of \$10,000. At December 31, 2023, the City did not report any encumbrances.

15. CONTINGENCIES

Litigation—The City is party to various legal proceedings which normally occur in governmental operations. The City believes that it is the 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.

Grants—The City receives significant financial assistance from numerous federal and state agencies. The receipt of such funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

16. TAX ABATEMENTS

The City is subject to tax abatements granted by the Niagara County Industrial Development Agency (the "IDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the IDA 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 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 IDAs, the City collected \$246,062 during the 2023 fiscal year in payments in lieu of taxes ("PILOT"), these collections were made in lieu of \$281,299 in property taxes.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 24, 2025, which is the date the financial statements are available for issuance, and have determined there are no subsequent events, except the items discussed below, that require disclosure under generally accepted accounting principles.

- On May 16, 2024, the City issued bond anticipation notes in the amount of \$9,274,460 with an interest rate of 4.75%, which mature on May 16, 2025.
- On October 16, 2024, the City issued various purpose serial bonds in the amount of \$3,092,976 with an interest rate of 4.00%, which mature on May 16, 2025.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF NORTH TONAWANDA, NEW YORK
Schedule of the City's Proportionate Share of the
Net Pension Liability—Police and Fire Retirement System
Last Nine Fiscal Years*

	Year Ended December 31,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
City's proportion of the net pension liability	0.2793033%	0.2779176%	0.2632152%	0.2597390%	0.2576507%	0.2575360%	0.2585161%	0.2717274%	0.2667754%
City's proportionate share of the net pension liability	<u>\$ 15,390,930</u>	<u>\$ 1,578,696</u>	<u>\$ 4,570,142</u>	<u>\$ 13,882,889</u>	<u>\$ 4,320,965</u>	<u>\$ 2,603,063</u>	<u>\$ 5,358,138</u>	<u>\$ 8,045,271</u>	<u>\$ 734,325</u>
City's covered payroll	\$ 9,883,572	\$ 9,595,261	\$ 8,933,028	\$ 8,613,667	\$ 8,273,906	\$ 7,975,929	\$ 7,869,416	\$ 7,754,585	\$ 7,607,933
City's proportionate share of the net pension liability as a percentage of its covered payroll	155.7%	16.5%	51.2%	161.2%	52.2%	32.6%	68.1%	103.7%	9.7%
Plan fiduciary net position as a percentage of the total pension liability	87.4%	98.7%	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%

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

CITY OF NORTH TONAWANDA, NEW YORK
Schedule of the City's Contributions—
Police and Fire Retirement System
Last Nine Fiscal Years*

	Year Ended December 31,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,895,546	\$ 2,842,555	\$ 2,753,751	\$ 2,414,040	\$ 2,252,791	\$ 2,201,631	\$ 2,242,559	\$ 2,276,348	\$ 2,356,474
Contributions in relation to the contractually required contribution	<u>(2,895,546)</u>	<u>(2,842,555)</u>	<u>(2,753,751)</u>	<u>(2,414,040)</u>	<u>(2,252,791)</u>	<u>(2,201,631)</u>	<u>(2,242,559)</u>	<u>(2,276,348)</u>	<u>(2,356,474)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 10,057,869	\$ 9,448,439	\$ 9,372,677	\$ 8,763,749	\$ 8,575,825	\$ 8,216,208	\$ 7,962,473	\$ 7,827,225	\$ 7,960,806
Contributions as a percentage of covered payroll	28.8%	30.1%	29.4%	27.5%	26.3%	26.8%	28.2%	29.1%	29.6%

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

CITY OF NORTH TONAWANDA, NEW YORK
Schedule of the City's Proportionate Share of the
Net Pension Liability/(Asset)—Employees' Retirement System
Last Nine Fiscal Years*

	Year Ended December 31,								
	<u>2023</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, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
City's proportion of the net pension liability	0.0364488%	0.0370483%	0.0350499%	0.0330308%	0.0323414%	0.0304561%	0.0284895%	0.0290482%	0.0267039%
City's proportionate share of the net pension liability/(asset)	<u>\$ 7,816,084</u>	<u>\$ (3,028,546)</u>	<u>\$ 34,901</u>	<u>\$ 8,746,737</u>	<u>\$ 2,291,486</u>	<u>\$ 982,953</u>	<u>\$ 2,676,937</u>	<u>\$ 4,662,321</u>	<u>\$ 902,122</u>
City's covered payroll	\$ 11,436,861	\$ 10,928,981	\$ 10,337,199	\$ 10,028,230	\$ 9,751,028	\$ 9,577,544	\$ 9,136,309	\$ 8,946,718	\$ 8,771,337
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	68.3%	(27.7%)	0.3%	87.2%	23.5%	10.3%	29.3%	52.1%	10.3%
Plan fiduciary net position as a percentage of the total pension liability	103.7%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	98.0%

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

CITY OF NORTH TONAWANDA, NEW YORK
Schedule of the City's Contributions—
Employees' Retirement System
Last Nine Fiscal Years*

	Year Ended December 31,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,404,089	\$ 1,516,578	\$ 1,628,192	\$ 1,489,394	\$ 1,465,034	\$ 1,475,559	\$ 1,522,859	\$ 1,590,597	\$ 1,699,001
Contributions in relation to the contractually required contribution	<u>(1,404,089)</u>	<u>(1,516,578)</u>	<u>(1,628,192)</u>	<u>(1,489,394)</u>	<u>(1,465,034)</u>	<u>(1,475,559)</u>	<u>(1,522,859)</u>	<u>(1,590,597)</u>	<u>(1,699,001)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 11,196,795	\$ 10,496,338	\$ 10,497,764	\$ 10,172,830	\$ 9,959,269	\$ 9,753,888	\$ 9,456,573	\$ 9,087,447	\$ 9,206,820
Contributions as a percentage of covered payroll	12.5%	14.4%	15.5%	14.6%	14.7%	15.1%	16.1%	17.5%	18.5%

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

CITY OF NORTH TONAWANDA, NEW YORK
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Last Six Fiscal Years*

	Year Ended December 31,					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 1,527,487	\$ 2,513,543	\$ 2,907,545	\$ 2,267,429	\$ -	\$ 1,810,271
Interest	2,310,580	2,247,312	2,231,815	3,142,097	-	3,228,209
Change of benefit terms	-	-	-	-	4,816,658	-
Differences between expected and actual experience	(1,962,691)	(23,370,812)	(12,958,521)	(3,485,369)	-	552,236
Changes of assumptions	2,897,731	(23,967,177)	(4,496,716)	20,300,729	-	-
Benefit payments	<u>(3,396,277)</u>	<u>(3,991,052)</u>	<u>(2,892,286)</u>	<u>(3,048,026)</u>	<u>-</u>	<u>(2,374,123)</u>
Net changes in total OPEB liability	1,376,830	(46,568,186)	(15,208,163)	19,176,860	4,816,658	3,216,593
Total OPEB liability—beginning	<u>55,307,874</u>	<u>101,876,060</u>	<u>117,084,223</u>	<u>97,907,363</u>	<u>93,090,705</u>	<u>89,874,112</u>
Total OPEB liability—ending	<u>\$ 56,684,704</u>	<u>\$ 55,307,874</u>	<u>\$ 101,876,060</u>	<u>\$ 117,084,223</u>	<u>\$ 97,907,363</u>	<u>\$ 93,090,705</u>
Plan Fiduciary Net Position						
Contributions—employer	\$ 3,396,277	\$ 3,991,052	\$ 2,892,286	\$ 3,048,026	N/A	\$ 2,374,123
Benefit payments	<u>(3,396,277)</u>	<u>(3,991,052)</u>	<u>(2,892,286)</u>	<u>(3,048,026)</u>	<u>N/A</u>	<u>(2,374,123)</u>
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's net OPEB liability—ending	<u>\$ 56,684,704</u>	<u>\$ 55,307,874</u>	<u>\$ 101,876,060</u>	<u>\$ 117,084,223</u>	<u>\$ 97,907,363</u>	<u>\$ 93,090,705</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 22,737,163	\$ 21,974,344	\$ 22,928,653	\$ 20,029,562	\$ 20,229,968	\$ 19,251,790
City's net OPEB liability as a percentage of covered-employee payroll	249.3%	251.7%	444.3%	584.6%	484.0%	483.5%

* Information prior to the year ended December 31, 2018 is not available.

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

CITY OF NORTH TONAWANDA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes	\$ 19,199,973	\$ 19,199,973	\$ 19,392,558	\$ 192,585
Real property tax items	1,125,000	1,125,000	1,519,464	394,464
Nonproperty tax items	11,100,000	11,100,000	12,059,334	959,334
Departmental income	1,762,050	1,762,050	1,649,254	(112,796)
Intergovernmental charges	53,000	53,000	30,516	(22,484)
Use of money and property	56,265	56,265	318,007	261,742
Licenses and permits	615,093	615,093	706,624	91,531
Fines and forfeitures	810,000	810,000	727,793	(82,207)
Sale of property and compensation for loss	1,035,100	1,035,100	343,654	(691,446)
Miscellaneous	43,000	43,000	48,053	5,053
State aid	5,015,147	5,015,147	5,252,311	237,164
Federal aid	707,000	707,000	709,252	2,252
Total revenues	<u>41,521,628</u>	<u>41,521,628</u>	<u>42,756,820</u>	<u>1,235,192</u>
EXPENDITURES				
Current:				
General government support	4,563,872	4,563,872	3,851,615	712,257
Public safety	12,353,179	12,353,179	12,666,383	(313,204)
Transportation	5,663,320	5,663,320	5,399,363	263,957
Economic assistance and opportunity	105,950	105,950	97,508	8,442
Culture and recreation	2,298,184	2,298,184	2,333,889	(35,705)
Home and community services	1,964,711	1,964,711	1,948,290	16,421
Employee benefits	13,022,318	13,022,318	13,558,514	(536,196)
Debt service:				
Principal	1,012,000	1,012,000	864,600	147,400
Interest and fiscal charges	215,000	215,000	174,905	40,095
Total expenditures	<u>41,198,534</u>	<u>41,198,534</u>	<u>40,895,067</u>	<u>303,467</u>
Excess (deficiency) of revenues over expenditures	<u>323,094</u>	<u>323,094</u>	<u>1,861,753</u>	<u>1,538,659</u>
OTHER FINANCING (USES)				
Transfers out	-	-	(821,222)	(821,222)
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>(821,222)</u>	<u>(821,222)</u>
Net change in fund balances *	323,094	323,094	1,040,531	717,437
Fund balances—beginning	5,085,568	5,085,568	5,085,568	-
Fund balances—ending	<u>\$ 5,408,662</u>	<u>\$ 5,408,662</u>	<u>\$ 6,126,099</u>	<u>\$ 717,437</u>

* The net change in fund balances was included in the budget as a surplus (i.e. increase) of fund balance.

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

CITY OF NORTH TONAWANDA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Water Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Departmental income	\$ 3,213,694	\$ 3,213,694	\$ 2,706,116	\$ (507,578)
Use of money and property	3,000	3,000	7,548	4,548
Sale of property and compensation for loss	4,700	4,700	12,517	7,817
Federal aid	-	-	191,794	191,794
Total revenues	<u>3,221,394</u>	<u>3,221,394</u>	<u>2,917,975</u>	<u>(303,419)</u>
EXPENDITURES				
Current:				
Home and community services	2,414,153	2,605,946	2,411,290	194,656
Employee benefits	650,800	650,800	652,250	(1,450)
Debt service:				
Principal	130,000	130,000	78,626	51,374
Interest and fiscal charges	7,000	7,000	4,426	2,574
Total expenditures	<u>3,201,953</u>	<u>3,393,746</u>	<u>3,146,592</u>	<u>247,154</u>
Excess (deficiency) of revenues over expenditures	<u>19,441</u>	<u>(172,352)</u>	<u>(228,617)</u>	<u>(56,265)</u>
OTHER FINANCING SOURCES				
Transfers in	-	191,793	343,948	152,155
Total other financing sources	<u>-</u>	<u>191,793</u>	<u>343,948</u>	<u>152,155</u>
Net change in fund balances*	19,441	19,441	115,331	95,890
Fund balances—beginning	<u>3,736,107</u>	<u>3,736,107</u>	<u>3,736,107</u>	<u>-</u>
Fund balances—ending	<u>\$ 3,755,548</u>	<u>\$ 3,755,548</u>	<u>\$ 3,851,438</u>	<u>\$ 95,890</u>

* The net change in fund balances was included in the budget as a surplus (i.e. increase) of fund balance.

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

CITY OF NORTH TONAWANDA, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Sewer Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Departmental income	\$ 4,971,000	\$ 4,971,000	\$ 3,807,743	\$ (1,163,257)
Use of money and property	179,360	179,360	215,926	36,566
Total revenues	<u>5,150,360</u>	<u>5,150,360</u>	<u>4,023,669</u>	<u>(1,126,691)</u>
EXPENDITURES				
Current:				
General government support	71,000	71,000	962	70,038
Home and community services	3,450,201	3,450,201	3,473,921	(23,720)
Employee benefits	919,729	919,729	669,020	250,709
Debt service:				
Principal	450,000	450,000	544,400	(94,400)
Interest and fiscal charges	88,000	88,000	73,062	14,938
Total expenditures	<u>4,978,930</u>	<u>4,978,930</u>	<u>4,761,365</u>	<u>217,565</u>
Excess (deficiency) of revenues over expenditures	<u>171,430</u>	<u>171,430</u>	<u>(737,696)</u>	<u>(909,126)</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	477,274	477,274
Total other financing sources	<u>-</u>	<u>-</u>	<u>477,274</u>	<u>477,274</u>
Net change in fund balances*	171,430	171,430	(260,422)	(431,852)
Fund balances—beginning, as restated	<u>547,854</u>	<u>547,854</u>	<u>547,854</u>	<u>-</u>
Fund balances—ending	<u>\$ 719,284</u>	<u>\$ 719,284</u>	<u>\$ 287,432</u>	<u>\$ (431,852)</u>

* The net change in fund balances was included in the budget as a surplus (i.e. increase) of fund balance.

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

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CITY OF NORTH TONAWANDA, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2023

1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the discount rate and the medical healthcare cost trend rate. The discount rate changed from 4.31% effective December 31, 2022 to 4.00% effective December 31, 2023. The salary scale assumed to increase at 3.00% per year. As of the December 31, 2022 measurement date, the mortality improvement table used was the Scale MP-2021 on a generational basis. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 8.00% while the ultimate healthcare cost trend rate is 5.00%. An inflation rate of 3.00% was assumed for developing the rate of increase in healthcare costs.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Water Fund and Sewer Fund. The Special Grant Fund and Special Purpose Fund do 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 Capital Projects Fund is appropriated on a project-length basis.

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 appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Excess of Expenditures over Appropriations

During the year ended December 31, 2023, expenditures exceeding the adjusted budget are shown below:

- General Fund public safety expenditures exceed the final budget by \$313,204 due to the City incurring higher than anticipated costs for police personal services.
- General Fund culture and recreation expenditures were higher than the final budget by \$35,705 due to the City incurring higher than anticipated costs for parks and golf course personal services.
- General Fund employee benefits were higher than the final budget by \$536,196 as a result of higher than anticipated police and fire retirement pension costs.

- General Fund transfers out were higher than the final budget by \$821,222 as a result of transfers not included in the budget.
- Water Fund employee benefits expenditures exceed the final budget by \$1,450 as a result of higher than expected social security costs.
- Sewer Fund home and community services expenditures exceed the final budget by \$23,720 as a result of higher than expected sewer treatment operational costs.
- Sewer Fund principal payments were higher than the final budget by \$94,400 as a result of payments on debt not included in the budget.

FEDERAL AWARDS INFORMATION

CITY OF NORTH TONAWANDA, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title (1a)	Federal Assistance Listing Number (1b)	Pass-through Entity's Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Direct Programs:</i>				
Section 8 Project-Based Cluster:				
Lower Income Housing Assistance Program - Section 8				
Moderate Rehabilitation	14.856	N/A	\$ -	\$ 101,393
Total Section 8 Project-Based Cluster			-	101,393
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	-	3,600,373
Total Housing Voucher Cluster			-	3,600,373
Family Self-Sufficiency Program	14.896	N/A	-	59,404
Family Self-Sufficiency Program-Escrow Forfeiture Account	14.EFA	N/A	-	746
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			-	3,761,916
U.S. DEPARTMENT OF TREASURY				
<i>Direct Program:</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	898,794
TOTAL U.S. DEPARTMENT OF TREASURY			-	898,794
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			\$ -	\$ 4,660,710

The notes to the schedule of federal awards are an integral part of this schedule.

CITY OF NORTH TONAWANDA, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of North Tonawanda, New York (the "City") under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a select portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City. The following notes were identified on the Schedule:

- a) Includes all federal award programs of the City of North Tonawanda, New York.
- b) Source: Federal Assistance Listing Numbers, previously known as the Catalog of Federal Domestic Assistance.
- c) Pass-through identifying numbers are presented where available.
- d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- e) A reconciliation to the financial statements is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis or accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. MATCHING COSTS

Matching costs, i.e., the City's share of certain program costs, are not included in the reported expenditures.

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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 North Tonawanda, New York:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“*Government Auditing Standards*”), the financial statements of the governmental activities and each major fund of the City of North Tonawanda, New York (the “City”) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 24, 2025.

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”) as a basis for designing 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 City’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a significant deficiency.

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 audit described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

February 24, 2025

DRESCHER & MALECKI LLP

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of North Tonawanda, New York's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Drescher & Malecki LLP

February 24, 2025

CITY OF NORTH TONAWANDA, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ✓ Yes No

Significant deficiency(ies) identified? ✓ Yes None reported

Noncompliance material to financial statements noted? Yes ✓ No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified? Yes ✓ No

Significant deficiency(ies) identified? Yes ✓ None reported

Type of report the auditor issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)? Yes ✓ No

Identification of major federal programs:

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Voucher Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs? \$ 750,000

Auditee qualified as low-risk auditee? Yes ✓ No

CITY OF NORTH TONAWANDA, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section II. FINANCIAL STATEMENT FINDINGS

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

Finding 2023-001—Audit Readiness and Year-end Closing Process

Criteria: Standard year end closing procedures should be established to include maintaining sufficient documentation that is readily available for audit, up-to-date reconciliations and analysis of account balances. In addition, the general ledger should be reviewed to ensure that account balances are carried forward correctly from the prior accounting period and that all activity is appropriately recorded.

Condition and Context: The City has not adopted standard accounting procedures or year-end closing procedures to maintain internal accounting records on the modified accrual basis of accounting. Also, during the year ended December 31, 2023, the City converted its accounting software to a new system. Based on our review of the general ledger, beginning balances in the new accounting system did not initially agree to the general ledger ending account balances from the prior year.

Additionally, it was noted that the City records certain major revenue sources, including General Fund property taxes and Sewer/Water Fund billing receivables on the cash basis of accounting and does not record journal entries to adjust these balances at year end to reflect the modified accrual basis of accounting.

As a result, several material adjusting entries were proposed during the audit to include accrual activity and adjustment to December 31, 2023 balances in accordance with Generally Accepted Accounting Principles (“GAAP”).

Cause: The City lacks standardized accounting policies and procedures for the year-end financial reporting closing process. Additionally, during the year ended December 31, 2023, the City converted its accounting software with incorrect balances, causing additional delays in the accuracy of records and audit readiness.

Effect or Potential Effect: Accurate year-end financial information may not be readily available to management or those charged with governance and there is the potential for the misstatement of the financial statements.

Recommendation: We recommend that the City establish procedures to facilitate the year-end financial closing in preparation of the audit. These procedures should include standard checklists and analysis procedures that can be applied on a monthly routine basis as well to ensure that the year-end financial records are closed and available to audit on a timely basis. In addition, the procedures should include the development of standard journal entries for recording of significant accruals.

Management’s Response: During the 2025 fiscal year, management intends to continue to improve accounting education and training.

Finding 2023-002—Journal Entry and Bank Reconciliation Controls

Criteria: The City should establish standard accounting policies and procedures regarding journal entries and bank reconciliations to reduce the risk of asset misappropriation and fraudulent financial reporting, and to ensure that proper procedures are consistently followed.

Condition and Context: The City currently lacks formal policies and procedures for journal entries and bank reconciliations. This lack of standard policies and procedures could lead to an inappropriate treatment of accounting policies, poor execution of internal controls and does not support a succession plan for daily responsibilities of these critical accounting cycles.

While certain journal entries were entered and approved during the year, we noted that a formal policy for the preparation, posting, and review and approval for non-recurring journal entries does not currently exist. While an independent review may have occurred on certain journal entries, there was no documentation that the review occurred. A formal journal entry policy allows for consistent accounting treatment and ensures appropriate internal controls surround the posting of entries to the general ledger.

The City continues to lack a formal monthly process to reconcile all bank accounts to the general ledger and the Treasurer's report. Further, it was noted that the person who prepares the bank reconciliations does not initial and date the reconciliations as prepared. Finally, there is no formal review process in place to require a person independent of the process performs a review of the bank reconciliations and initials and dates as such.

Cause: Lack of formalized policies and procedures.

Effect or Potential Effect: Potential misstatements due to error or fraud may not be detected or corrected in a timely basis.

Recommendation: We recommend that the City develop and implement standard monthly policies and procedures related to journal entries and bank reconciliations. These policies and procedures should include a formal policy regarding the access to, preparation, posting, and review and approval of journal entries. This policy should outline what review, and by whom, should occur before entries are entered into the system. A threshold may be implemented to ensure the review process isn't excessive by having recurring or entries of small amounts taking too much time and review before posting. Appropriate entries should be prepared, then reviewed, and finally approved by the City. The reviewer of all journal entries and bank reconciliations should initial and date the documentation as being reviewed and approved. Further, we recommend that the City perform all bank reconciliations in a timely manner and that any differences are identified and resolved.

Management's Response: During the 2025 fiscal year, management will continue to work to develop formalized policies and procedures.

We consider the deficiency presented below to be a significant deficiency in internal control.

Finding 2023-003—Budget and Budget Monitoring

Criteria: We noted that during the year December 31, 2023, the General Fund overspent its total budgeted appropriations without budget amendments or transfers approved by the Common Council. Further, while the Water Fund and Sewer Fund spent less than their respective total budgeted appropriations, there are numerous expenditure functions that exceeded the final budget without budget transfers approved by the Common Council. Some of these functions, such as debt service, are known costs that should be readily determinable at the time of adopting the budget.

Condition and Context: Per the City Charter, total expenditures per budget line item may not exceed the budgeted amount without obtaining budget amendments approved by the Common Council.

Cause: This condition resulted primarily as budget variances were not identified prior to expenditure; as such, budget transfers were not made in a timely manner.

Effect or Potential Effect: Noncompliance with City Charter and potential for unanticipated losses due to over expenditure of the budgeted appropriations

Recommendation: We recommend that the City formalize its policy for departments to identify budgetary variances, to ensure that amounts are not expended in excess of the authorized budget. Budget 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: During the 2025 fiscal year, the City is developing budget monitoring procedures to be performed on a regular basis throughout the year. This will mitigate the occurrences of expenditures exceeding the budget. In addition, the city has implemented OpenGov software for assistance in monitoring and preparing the city's budget.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

CITY OF NORTH TONAWANDA, NEW YORK
Summary Schedule of Prior Audit Findings and Corrective Action Plan
Year Ended December 31, 2023
(Follow-up on December 31, 2022 Findings)

Section II. FINANCIAL STATEMENT FINDINGS

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

Finding 2022-001—Audit Readiness and Year-end Closing Process

Criteria: Prior to providing financial records to auditors, the City should prepare for the audit of its financial statements by appropriately closing the books for the year. Standard closing procedures should be established to include sufficient documentation that is readily available, ensure that reconciliations of account balances are performed and an analysis of accounts is available. In addition, the general ledger should be reviewed to ensure that all activity is appropriately recorded.

Condition and Context: Certain account balances in the trial balance that was provided had not been appropriately adjusted and reconciled. As a result, several material adjusting entries were proposed to accurately report December 31, 2022 balances in accordance with Generally Accepted Accounting Principles (“GAAP”).

Cause: The City lacks standardized accounting policies and procedures for the year-end financial reporting closing process.

Effect or Potential Effect: Accurate year-end financial information may not be readily available to management or those charged with governance and there is the potential for the misstatement of the financial statements.

Recommendation: We recommend that the City establish procedures to facilitate the year-end financial closing in preparation of the audit. These procedures should include standard checklists and analysis procedures to be performed and can be applied on a monthly routine basis as well as to ensure that the year-end financial records are available on a timely basis.

Management’s Response: During the 2023 fiscal year, management intends to continue to improve accounting education and training.

Current Status: See Finding 2023-001 within the Schedule of Findings and Questioned Costs for current status.

Finding 2022-002—Journal Entry and Bank Reconciliation Controls

Criteria: The City should establish standard accounting policies and procedures regarding journal entries and bank reconciliations to reduce the risk of asset misappropriation and fraudulent financial reporting, and to ensure that proper procedures are consistently followed.

Condition and Context: The City currently lacks formal policies and procedures for journal entries and bank reconciliations. This lack of standard policies and procedures could lead to an inappropriate treatment of accounting policies, poor execution of internal controls and does not support a succession plan for daily responsibilities of these critical accounting cycles.

While certain journal entries were entered and approved during the year, we noted that a formal policy for the preparation, posting, and review and approval for non-recurring journal entries does not

currently exist. While an independent review may have occurred on certain journal entries, there was no documentation that the review occurred. A formal journal entry policy allows for consistent accounting treatment and ensures appropriate internal controls surround the posting of entries to the general ledger.

While improvements were made to the bank reconciliation process during the year, it was noted that the City continues to lack a formal monthly process to reconcile all bank accounts to the general ledger and the Treasurer's report. Further, it was noted that the person who prepares the reconciliation does not initial and date the reconciliation as prepared. Finally, there is no formal review process in place to require a person independent of the process performs a review of the reconciliation and initials and dates as such.

Lastly, At December 31, 2022, management has unreconciled items totaling \$20,975 included on the City's Capital Projects Fund bank reconciliations. The result is a potential overstatement of governmental Capital Projects Fund assets and liabilities at December 31, 2022.

Cause: Lack of formalized policies and procedures.

Effect or Potential Effect: Potential misstatements due to error or fraud may not be detected or corrected in a timely basis.

Recommendation: We recommend that the City develop and implement standard monthly policies and procedures related to journal entries and bank reconciliations. These policies and procedures should include a formal policy regarding the access to, preparation, posting, and review and approval of journal entries. This policy should outline what review, and by whom, should occur before entries are entered into the system. A threshold may be implemented to ensure the review process isn't excessive by having recurring or entries of small amounts taking too much time and review before posting. Appropriate entries should be prepared, then reviewed, and finally approved by the City. The reviewer of all journal entries and bank reconciliations should initial and date the documentation as being reviewed and approved. Further, we recommend that the City perform all bank reconciliations in a timely manner and that any differences are identified and resolved.

Management's Response: During the 2023 fiscal year, management will work to develop formalized policies and procedures.

Current Status: See Finding 2023-002 within the Schedule of Findings and Questioned Costs for current status.

We consider the deficiency presented below to be a significant deficiency in internal control.

Finding 2022-003—Budget Monitoring

Criteria: We noted that during the year December 31, 2022; the Water Fund overspent its total budgeted appropriations without approved budget amendments or transfers approved by the Common Council. Further, while the General Fund and Sewer Fund spent less than their respective total budgeted appropriations, there are numerous expenditure functions that exceeded the final budget without budget transfers approved by the Common Council. Some of these functions such as debt service are known costs that should be readily determinable at the time of adopting the budget.

Condition and Context: Per the City Charter, total expenditures per budget line item may not exceed the budgeted amount without obtaining budget amendments approved by the Common Council.

Cause: This condition resulted primarily as budget variances were not identified prior to expenditure; as such, budget transfers were not made in a timely manner.

Effect or Potential Effect: Noncompliance with City Charter and potential for unanticipated losses due to over expenditure of the budgeted appropriations

Recommendation: We recommend that the City formalize its policy for departments to identify budgetary variances, to ensure that amounts are not expended in excess of the authorized budget. Budget 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: During the 2023 fiscal year, the City is developing budget monitoring procedures to be performed on a regular basis throughout the year. This will mitigate the occurrences of expenditures exceeding the budget.

Current Status: See Finding 2023-003 within the Schedule of Findings and Questioned Costs for current status.

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