

CITY OF OLEAN, NEW YORK

***FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION***

***FOR THE
FISCAL YEAR ENDED MAY 31, 2023
WITH INDEPENDENT AUDITOR'S REPORT***

CITY OF OLEAN, NEW YORK

MAY 31, 2023

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INDEPENDENT AUDITOR'S REPORT

**To the Mayor and Members of
The Common Council
*City of Olean, New York***

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and remaining fund information of the *City of Olean, New York* as of and for the year ended May 31, 2023, and the related notes to the financial statements which collectively comprise the *City of Olean, New York's* basic financial statements as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the *City of Olean, New York* as of May 31, 2023, and the respective changes in financial position and the respective budgeting comparisons of the general, special revenue and debt service funds 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the *City of Olean, New York* 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.

Report on Summarized Comparative Information

We have previously audited the *City of Olean, New York's*, May 31, 2022 financial statements, and our report dated March 14, 2023, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 of Olean, New York's* ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the *City of Olean, New York'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 *City of Olean, New York'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 (pages 4 through 10), budgetary comparison information (pages 49 and 52), schedule of changes in the City's net OPEB liability and related ratios (page 68), schedule of City contributions – OPEB (page 69), the schedule of the City's contributions for defined benefit pension plans (page 70), and schedule of the City's share of the net pension asset/liability (page 71), be presented to supplement the basic financial statements. Such information, 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 of Olean, New York's* basic financial statements as a whole. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is also not a required part of the financial statements. Such information 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 combining and individual fund financial statements, other schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information (continued)

The accompanying schedule of expenditures of New York State Department of Transportation assistance (page 84) is presented for the purpose of additional analysis as required by the New York State Department of Transportation Draft Part 43 of the New York State Codification of Rules and Regulations, and is not a required part of the basic financial statements. This schedule is the responsibility of the City's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements taken as a whole.

The introductory and statistical sections (pages 95 through 101) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2024, on our consideration of the **City of Olean, New York'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **City of Olean, New York's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **City of Olean, New York's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
March 5, 2024

CITY OF OLEAN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MAY 31, 2023

Page 4

I. Discussion and Analysis

The following is a discussion and analysis of the [City of Olean, New York's](#) (the City) financial performance for the fiscal year ended May 31, 2023. The section is a summary of the City's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the City's financial statements, which immediately follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the City of during the fiscal year ended May 31, 2023:

- Overall net position of the City increased from operations during the current year in the amount of \$1,940,000, as compared to an increase of \$5,174,000 during the prior fiscal year.
- Total net position of the City as of May 31, 2023 amounted to approximately \$62,121,000.
- The City's total revenue increased approximately 3% from \$31,939,000 during the fiscal year ended May 31, 2022 to \$32,760,000 during the fiscal year ended May 31, 2023. This increase was primarily the result of increases in capital grants and contributions related to the airport master plan along with increases in real property taxes and sales tax.
- The City's total expenses increased approximately 15% from \$26,765,000 during fiscal year ended May 31, 2022 to \$30,820,000 during the fiscal year ended May 31, 2023. This increase was primarily related to increases in retirement costs related to actuarial updates on pension plans.
- The City incurred capital costs in the amount of approximately \$5,858,000 primarily related to work performed on the Airport master plan, Splash park, and North Union streetscape.
- The general fund reported an overall fund balance of approximately \$2,166,000 as of May 31, 2023.

III. Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City.

A. Reporting the City as a Whole (Government-wide Financial Statements):

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies.

1. Statement of Net Assets

The Statement of Net Position (Page 11) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the City. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (Page 12) shows the amounts of program-specific and general revenue used to support the City's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the City into two categories: governmental activities (the City's functions, including general governmental support, public safety, transportation, culture and recreation, etc.; property taxes, non-property taxes (sales taxes) and state and federal revenue usually support most of these functions) and proprietary activities. The City only had governmental activities during the current fiscal year.

The two government-wide statements report the City's net assets and how they have changed. Net position – the difference between the City's assets and liabilities – is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the City's overall health, you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of buildings and other facilities.

CITY OF OLEAN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MAY 31, 2023

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III. Overview of the Financial Statements
(continued)

B. Reporting the City's Most Significant Funds
(Fund Financial Statements):

The fund financial statements provide more detailed information about the City's funds, focusing on its most significant or major funds – not the City as a whole. Funds are accounting devices the City uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the City's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The City has two kinds of funds:

1. Governmental Funds

Most of the City's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending.

III. Overview of the Financial Statements
(continued)

B. Reporting the City's Most Significant Funds
(Fund Financial Statements)(continued):

1. Governmental Funds (continued)

Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

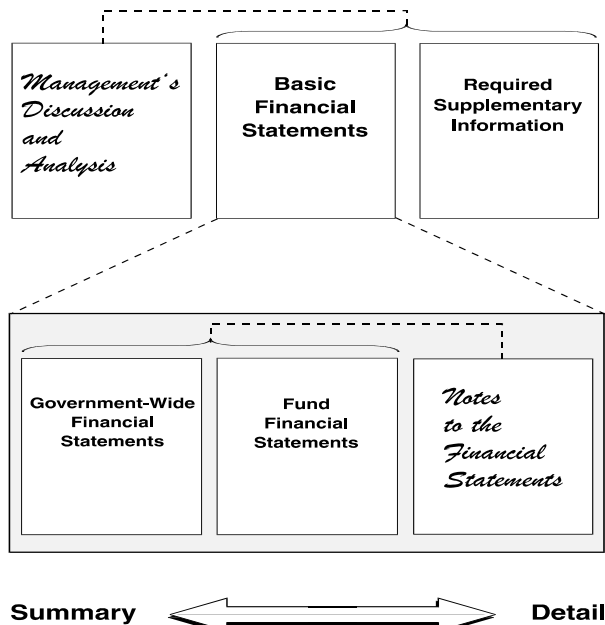
2. Fiduciary Funds

The City does not have activities that qualify for reporting as a fiduciary.

Figure A-1 - Major Features of the Government-Wide Statements and Fund Financial Statements

	Government-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire government (except fiduciary funds)	The activities of the government that are not proprietary or fiduciary, such as general, water and sewer funds.	Instances in which the government administers resources on behalf of someone else.
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 - Required Components of the City's Annual Financial Report



IV. Financial Analysis of the City as a Whole
(continued)

Revenue

- Property tax revenue represents approximately 23% of the City's total revenue for governmental activities. Total property taxes increased approximately \$113,000 during the current fiscal year.
- One of the City's most significant general revenue is non-property taxes, which represents \$5,690,000 or 17% of total governmental revenue. Total non-property taxes increased approximately \$201,000 or 4% as a result of an overall increase in sales and use tax revenues.
- The City's program revenue totaled approximately \$16,921,000. Program revenue consists of charges for services in the amount of \$9,997,000, which is primarily related to revenue received in the special revenue funds of approximately \$8,215,000. These revenues relate to water and sewer usage fees and program income related to the City's three community development programs. The City received operating grants in the amount of \$472,000, which relate to grants including the operation of the federal Section 5311 funding, court facilities and security, and the youth bureau; and capital grants and contributions in the amount of \$6,452,000, which consists of grants related to the City's capital projects. These projects include federal and state grants for the airport improvements (FAA and NYS DOT), OATS busses and the CHIPS program (NYS DOT and Marchesilli).

Total charges for services increased approximately 2% during the current fiscal year. Total operating grants decreased approximately 43% during the current fiscal year, primarily as a result of a decrease in OATS bus revenue. Lastly, capital grants and contributions increased approximately 8% during the current year, which was primarily related to an increase in grants related to the Airport master plan.

Expenses

Figure A-6 presents the cost of each of the expenditure-types, which include; general governmental support, public safety, health, transportation, culture and recreation, economic development, home and community services, employee benefit and debt service. The net cost shows the financial burden that was placed on the City's taxpayers and NYS by each of these functions. Total costs of the City's governmental activities were approximately \$30,820,000.

IV. Financial Analysis of the City as a Whole

Net Assets

The City's total reporting entity net position increased from operations by \$1,940,000. The components of net position include: invested in capital assets, net of related debt of \$59,049,000; restricted net position of \$3,132,000; and unrestricted deficit of \$60,000 as of May 31, 2023.

Changes in Net Assets

The City's total government-wide revenue was \$32,760,000. Approximately 23%, 17%, and 52% of total revenue is derived from the property taxes, non-property taxes and program revenue, respectively. The remaining 8% comes from state sources, use of money and property, sales of property and compensation for loss and other revenue sources.

The total cost of all programs and services of the City was \$30,820,000 for the fiscal year ended May 31, 2023. The City's expenses cover a range of services, with 9%, 24%, 18%, 18%, and 24% related to general government support, public safety, transportation, home and community and employee benefits, respectively. Figure A-4 through Figure A-6 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

CITY OF OLEAN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MAY 31, 2023

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IV. Financial Analysis of the City as a Whole
(continued)

Expenses (continued)

- The City's general governmental support was approximately \$2,701,000 or 9% of expenditures. These expenditures consist primarily of the City's main support service departments such as central garage, buildings department, clerk's office, public works department, outside professional fees and related fees and the City's general liability insurances. Total general governmental support expenses decreased approximately 5% primarily due to decreases in judgements and claims, debt service fees and employee relations.
- The City's public safety costs were approximately \$7,767,000 or 24% of total expenditures. These expenditures consist primarily of costs attributable to the fire and police departments. Total costs for public safety increased approximately 9% during the current year related to increases in police and fire department salaries.
- Transportation costs of the City were approximately \$5,159,000 or 18% of total expenditures. These expenditures encompass the street maintenance department including maintenance and snow removal, the airport department and street lighting expenditures. Total transportation costs were consistent from between years. During the current year there was an increases in bus transportation costs offset by decreases in utilities.
- The City's culture and recreation costs were approximately \$1,285,000 or 4% of total expenditures. These expenditures consist primarily of costs of maintaining the City's parks, playgrounds and recreational facilities and programs. Total expenses for culture and recreation increased approximately 17% which was primarily related to an increase in costs associated with parks and recreation salaries and stadium utilities.
- Home and community services costs were approximately \$5,599,000 or 18% of total expenditures. These expenditures are related to costs of the water and sewer funds and costs related to homebuyer and other community development projects. Total home and community services expenditures decreased approximately 1% which was related decreases in water and sewer utility costs.

IV. Financial Analysis of the City as a Whole
(continued)

Expenses (continued)

- Employee benefit costs were approximately \$7,316,000 or 24% of total expenditures. These expenditures consist primarily of social security benefits, health insurance benefits, workmen's compensation benefits and pension costs. Total employee benefit costs increased approximately 75% during the current fiscal year primarily as a result of increases in retirement costs related to actuarial updates on pension plans.
- During the current fiscal year, the City had debt service costs of \$898,000. These costs were primarily related to the current fiscal year interest payments on long-term debt. These costs also include interest payments on serial bonds for other city public improvement projects. The increase in the current year is due to increases in interest costs related to Bond Anticipation Notes.

Figure A-3 – Condensed Statement of Net Position

City of Olean, New York Condensed Statement of Net Position As of May 31, 2023 (in thousands of dollars)			
	2023	2022	Change
Assets			
Current and other assets	\$ 19,992	\$ 22,683	-12%
Capital Assets	93,912	92,631	1%
Total assets	113,904	115,314	-10%
Deferred Outflows of Resources			
Deferred outflows related to pensions and OPEB	6,884	7,217	-5%
Total deferred outflows of resources and assets	\$ 120,788	\$ 122,531	-1%
Liabilities			
Other liabilities	\$ 8,540	\$ 10,095	-15%
Long-term debt outstanding	43,750	36,808	19%
Total liabilities	52,290	46,903	11%
Deferred Inflows of Resources			
Taxes collected for subsequent year	5,948	5,179	15%
Deferred inflows related to pensions	429	10,269	-96%
Total deferred inflows of resources and liabilities	58,667	62,351	-6%
Net Position			
Net investment in capital assets	59,049	55,812	6%
Restricted	3,132	2,301	36%
Unrestricted (deficit)	(60)	2,067	-103%
Total net position	62,121	60,180	3%
Total liabilities and net position	\$ 120,788	\$ 122,531	-1%

CITY OF OLEAN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MAY 31, 2023

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Figure A-4 – Condensed Statement of Activities

City of Olean, New York Condensed Statement of Activities For the Year Ended May 31, 2023 (in thousands of dollars)			
Revenue	2023	2022	Change
Program Revenue			
Charges for services	\$ 9,997	\$ 9,776	2%
Operating grants	472	833	-43%
Capital grants & contributions	6,452	5,956	8%
General Revenue			
Real property taxes	7,398	7,285	2%
Real property tax items	126	82	53%
Non-property tax items	5,690	5,489	4%
Use of money and property	83	13	535%
Miscellaneous local sources	72	27	168%
State aid	2,470	2,478	0%
Total revenue	32,760	31,939	3%
Expenses			
General government support	2,701	2,854	-5%
Public safety	7,767	7,102	9%
Health	93	80	16%
Transportation	5,159	5,165	0%
Economic development	2	2	0%
Culture and recreation	1,285	1,103	17%
Home and community services	5,599	5,649	-1%
Employee benefits	7,316	4,172	75%
Debt service	898	638	41%
Total expenses	30,820	26,765	15%
Change in net position	\$ 1,940	\$ 5,174	

Figure A-5 – Governmental Sources of Revenue

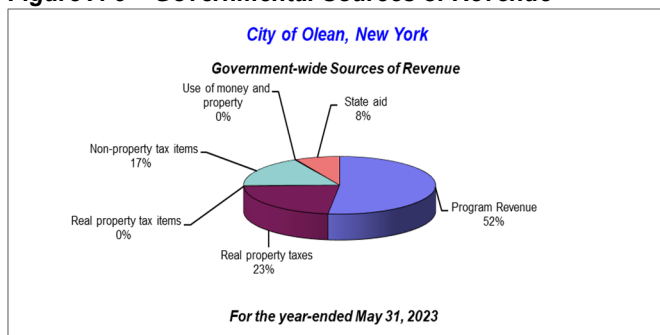
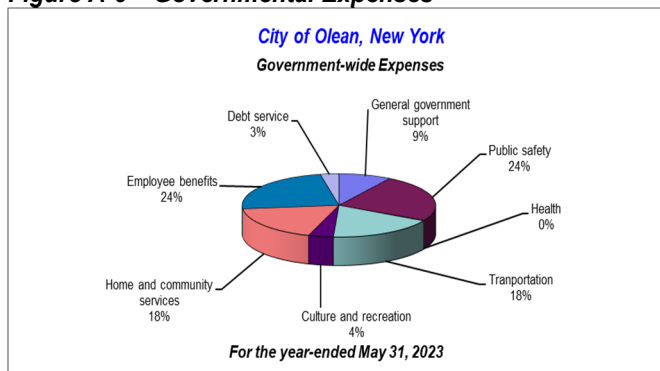


Figure A-6 – Governmental Expenses



V. Financial Analysis of the City's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the government-wide financial statements (Statement of Net Position and Statement of Activities). The City's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net assets are presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

General Fund

- The City's general fund its expenditures and other uses exceeded revenues and other sources by approximately \$649,000 during the year ended May 31, 2023.
- The City's general fund unassigned fund balance equated to approximately \$2,038,000 as of May 31, 2023.
- The City had an assigned fund balance as of May 31, 2023, which approximated \$128,000.
- The total assets for the City's general fund were \$10,443,000 as of May 31, 2023 which decreased approximately \$238,000 during the current year, primarily related to a decrease in cash and advances to other funds. The City's general fund liabilities and deferred inflows as of May 31, 2023 were \$8,277,000 which increased approximately \$410,000 during the current fiscal year, primarily related to an increase in deferred taxes.
- The City's total revenue and other sources in the general fund increased approximately \$559,000 or 3% during the current year as a result of increases in real property tax and sales tax. Total expenditures and other uses in the general fund increased approximately \$679,000 or 4% which was primarily related to increases public safety.

CITY OF OLEAN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MAY 31, 2023

Page 9

V. Financial Analysis of the City's Funds (continued)

Special Revenue Fund

- The City's special revenue consisted of the following funds; water fund, sewer fund, revolving loan fund, housing fund, first time homebuyers' fund and miscellaneous special revenue funds.
- Current year revenue and other sources in the special revenue fund was \$8,358,000 which decreased \$21,000 primarily related to decreases in sewer revenue. Total expenditures and other uses were \$8,549,000 which increased \$303,000. This increase was primarily related to operating transfers out related to debt service.

Debt Service Fund

- The City's current fiscal year revenue and other sources were \$3,577,000 which decreased approximately \$5,658,000. This decrease was due to a bond refunding in the prior year. Expenditures during the current year amounted to \$3,509,000 which decreased approximately \$5,767,000 due to the prior year bond refunding.

Capital Projects Fund

- During the current year, the City incurred total costs in the capital projects fund in the amount of \$7,138,000. Such costs were primarily related to costs associated with the Airport Master Plan (\$1,905,000), CHIPS (\$1,506,000), Splash Park (\$824,000), North Union Streetscape (\$596,000), and Oak Hill Park (\$433,000).

VI. General Fund Budgetary Highlight

As shown in figure A-7, over the course of the year, the City makes certain budget transfers. After such transfers, the revised budget presents actual expenditures being approximately \$85,000 below the revised budget. The most significant variances were in the area of general governmental support which was below budget by approximately \$176,000 and public safety which was above budget by approximately \$253,000. On the other hand, resources available for appropriations were approximately \$96,000 below the final budgeted amount. Significant variances of revenue items consisted of intergovernmental income and state aid which were approximately \$97,000 and \$210,000 below that budgeted, respectively. This was offset by non-property tax items which were \$186,000 above that budgeted.

Figure A-7 – General Fund Budget vs Actual

<i>City of Olean, New York</i> <i>Budget vs Actual - General Fund</i> <i>For the Year Ended May 31, 2023</i> <i>(in thousands of dollars)</i>			
Revenue	Revised Budget	Actual	Difference
Real property taxes	\$ 7,431	\$ 7,398	\$ (33)
Real property tax items	118	126	8
Non-property tax items	5,504	5,690	186
Departmental income	1,430	1,357	(73)
Intergovernmental charges	357	260	(97)
Use of money and property	15	72	57
Licenses and permits	143	157	14
Fines and forfeitures	35	17	(18)
Sales of property and comp for loss	19	42	23
Miscellaneous local sources	-	20	20
State aid	3,152	2,942	(210)
Other financing sources			
BANs redeemed from appropriations	-	27	27
Transfer from other funds	88	88	-
Total revenue	\$ 18,292	\$ 18,196	\$ (96)
Expenses			
General government support	\$ 2,726	\$ 2,550	\$ 176
Public safety	6,513	6,766	(253)
Health	83	79	4
Transportation	2,133	2,054	79
Economic development	2	2	-
Culture and recreation	1,108	1,027	81
Home and community services	188	186	2
Employee benefits	4,722	4,726	(4)
Other financing uses			
Transfer to other funds	1,453	1,453	-
Total expenses	\$ 18,928	\$ 18,843	\$ 85

VII. Capital Asset and Debt Administration

Capital Assets

As of May 31, 2023, the City had a net investment of \$93,912,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the fiscal year ended May 31, 2023, totaled approximately \$5,858,000 and consisted primarily of costs associated with the Airport Master Plan, Splash Park, Vehicle Replacement, North Union Streetscape and other miscellaneous capital projects. More detailed information about the City's capital assets is presented in the notes of the financial statements.

Long-term Debt and Liabilities

As of May 31, 2023, the City had approximately \$43,750,000 in serial bonds, leases, EFC notes, compensated absences, other post-employment benefits, net pension liability, retirement incentives, environmental liability and other long-term debt outstanding. The increase in long-term debt and liabilities of \$6,942,000, approximately 19%, was related to the actuarial update related to the pensions offset by regularly scheduled debt payments.

CITY OF OLEAN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MAY 31, 2023

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VIII. Factors bearing on the City's Future

At the time these financial statements were prepared and audited, the City was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The City of Olean has no choice, but overwrite the tax cap for fiscal year ending 5/31/2024 by increasing the tax levy 3.82%. We will most likely take a similar approach for fiscal year ending 5/31/2025.
- The City has seen a \$1.37 million increase in assessed valuation for 2023-24.
- In September 2017, the Governor's Office announced the City of Olean as the winner of \$10 million for the Western NY Region under the Downtown Revitalization Initiative (DRI). The DRI Local Planning Committee reviewed projects requesting funding and made recommendations to the state. In July 2018, the Governor's Office announced 12 transformational projects that will receive DRI funding and leverage private and public funds. The projects will highlight historic properties, improve streetscapes and invite new economic growth. The projects include the creation of a Downtown Revitalization & Rehabilitation Fund, street improvements to South Union, East State and North Union Streets, redevelopment of the historic Manufacturers' Hanover building, Oak Hill Park improvements, expansion of Four Mile Brewing Co., renovation of the former Carnegie Library Building, establish a permanent home for the African-American Center, and renovations to historic row buildings on North Union Street. All projects will be successfully implemented and completed in 2024.

IX. Contacting the City's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the City and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Mr. Lens Martial, City Auditor
City of Olean, New York
Municipal Building
Olean, New York

CITY OF OLEAN, NEW YORK
STATEMENTS OF NET POSITION
AS OF MAY 31,

Page 11

Assets	2023	2022
Cash on hand	\$ 1,565	\$ 1,565
Cash on deposit		
Regular accounts	9,332,244	9,981,644
Cash with fiscal agent	-	2,139
Receivables		
Refuse and garbage	1,869	1,869
Special assessment	1,882	1,882
Accounts receivable, net	2,092,897	2,068,758
State, Federal and other governments	1,947,454	1,584,724
Revolving loans receivable	67,483	72,162
First Time Homebuyers loans receivable	17,781	22,947
Rehabilitation loans receivable	229	229
Other assets	61	61
Cash to be used for capital assets	6,528,342	7,562,544
Net pension asset - NYS Employee's Retirement System	-	1,382,383
Capital assets, net	93,911,889	92,631,363
Total assets	113,903,696	115,314,270
Deferred Outflows of Resources		
Deferred outflows related to pensions	6,837,772	7,145,747
Deferred outflows related to OPEB	46,436	71,000
Total assets and deferred outflows of resources	\$ 120,787,904	\$ 122,531,017
Liabilities		
Payables		
Accounts payable	\$ 550,471	\$ 825,209
Accrued liabilities	1,412,724	1,488,482
Due to employee retirement system	336,000	301,500
Other liabilities	49,891	45,482
Unearned revenue	556,152	615,938
Bond anticipation notes and short term notes payable	5,664,450	6,818,474
Long-term liabilities		
Portion due or payable within one year		
NYS EFC notes payable	390,000	380,000
Serial bonds payable	2,065,900	2,010,900
Lease liability	152,159	147,117
Environmental liability	125,000	125,000
Compensated absences	35,000	35,000
Portion due or payable after one year		
NYS EFC notes payable	1,380,000	1,770,000
Serial bonds payable	28,565,804	30,690,173
Lease liability	225,945	378,104
Compensated absences	238,008	254,428
Net pension liability - NYS Employee's Retirement System	3,616,305	-
Net pension liability - NYS Police and Fire Retirement System	6,619,077	615,718
Other-post employment benefits	336,618	401,105
Total liabilities	52,319,504	46,902,630
Deferred Inflows of Resources		
Deferred inflows related to pensions	428,997	10,268,555
Taxes collected for subsequent year	5,918,577	5,179,475
Total liabilities and deferred inflows of resources	58,667,078	62,350,660
Net Position		
Net investment in capital assets	59,133,081	55,811,801
Restricted for		
Debt service	268,924	111,824
Capital	2,862,892	2,189,477
Unrestricted:		
Designated	155,169	226,057
Undesignated (deficit)	(299,240)	1,841,198
Total net position	62,120,826	60,180,357
Total liabilities and net position	\$ 120,787,904	\$ 122,531,017

See accompanying independent auditor's report and notes to financial statements.

CITY OF OLEAN, NEW YORK
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MAY 31,

Page 12

	Program Revenues				2023	2022
	Expenses	Charges for Services	Operating Grants	Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General government support	\$ 2,701,285	\$ 278,874	\$ -	\$ 302,732	\$ (2,119,679)	\$ (2,365,780)
Public safety	7,767,461	194,778	115,183	41,198	(7,416,302)	(6,733,438)
Health	92,933	816,570	-	-	723,637	478,673
Transportation	5,158,465	325,377	356,415	5,769,895	1,293,222	(307,151)
Economic development	2,000	-	-	-	(2,000)	(2,000)
Culture and recreation	1,285,305	350,892	-	8,018	(926,395)	(854,442)
Home and community services	5,598,895	6,308,286	-	329,847	1,039,238	2,728,238
Employee benefits	7,315,787	1,722,678	-	-	(5,593,109)	(2,505,516)
Debt service - interest & issuance fees	898,065	-	-	-	(898,065)	(637,781)
Total functions and programs	\$ 30,820,196	\$ 9,997,455	\$ 471,598	\$ 6,451,690	(13,899,453)	(10,199,197)
General Revenues						
Real property taxes					7,398,395	7,285,307
Real property tax items					125,682	81,752
Non-property tax items					5,690,278	5,489,152
Use of money and property					82,588	12,840
Miscellaneous local sources					72,449	26,703
State aid					2,470,530	2,477,847
Total general revenues					15,839,922	15,373,601
Change in net position					1,940,469	5,174,404
Net position - beginning of year					60,180,357	55,005,953
Net position - end of year					\$ 62,120,826	\$ 60,180,357

CITY OF OLEAN, NEW YORK
COMBINED BALANCE SHEETS
ALL GOVERNMENTAL FUNDS
AS OF MAY 31,

Page 13

	Major Funds					Non-Major Funds	2023	2022
	General	Water	Sewer	Debt Service	Capital Project Funds	Special Revenue Funds	(Memo only) Total	(Memo only) Total
Assets								
Cash on hand	\$ 1,525	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ 1,565	\$ 1,565
Cash on deposit								
Regular accounts	7,777,301	1,227,702	1,032,302	1,217,125	4,167,046	439,110	15,860,586	17,544,188
Cash with fiscal agent	-	-	-	-	-	-	-	2,139
Receivables								
Refuse and garbage	1,869	-	-	-	-	-	1,869	1,869
Special assessment	1,882	-	-	-	-	-	1,882	1,882
Accounts receivable	372,005	767,215	953,677	-	-	-	2,092,897	2,068,758
Due from other funds	1,264,260	117,221	518,272	1,487,470	4,784,509	1,000	8,172,732	4,768,629
Advances to other funds	51,500	-	-	-	-	-	51,500	1,116,879
State, Federal and other governments	972,173	346,816	292,507	-	335,958	-	1,947,454	1,584,724
Revolving loans receivable	-	-	-	-	-	67,483	67,483	72,162
First Time Homebuyers loans receivable	-	-	-	-	-	17,781	17,781	22,947
Rehabilitation loans receivable	-	-	-	-	-	229	229	229
Other assets	-	-	-	-	-	61	61	61
Total assets	\$ 10,442,515	\$ 2,458,994	\$ 2,796,758	\$ 2,704,595	\$ 9,287,513	\$ 525,664	\$ 28,216,039	\$ 27,186,032
Liabilities								
Accounts payable	\$ 245,779	\$ 59,144	\$ 78,055	\$ -	\$ 162,809	\$ 4,684	\$ 550,471	\$ 825,209
Accrued liabilities	871,096	86,660	57,419	-	-	-	1,015,175	1,338,064
Due to other funds	729,842	1,829,149	619,844	2,524,581	2,423,213	46,103	8,172,732	4,768,629
Advances from other funds	-	27,750	23,750	-	-	-	51,500	1,116,879
Due to employee retirement systems	285,242	25,379	25,379	-	-	-	336,000	301,500
Other liabilities	46,380	3,511	-	-	-	-	49,891	45,482
Unearned revenue	29,988	-	-	-	440,465	85,699	556,152	615,938
Bond anticipation notes	150,000	-	-	-	5,514,450	-	5,664,450	6,818,474
Total liabilities	2,358,327	2,031,593	804,447	2,524,581	8,540,937	136,486	16,396,371	15,830,175
Deferred Inflows of Resources								
Taxes collected for subsequent year	5,918,577	-	-	-	-	-	5,918,577	5,179,475
Fund Equity								
Restricted	-	-	-	180,014	2,862,892	-	3,042,906	2,189,477
Assigned	127,604	427,401	1,992,311	-	-	389,178	2,936,494	3,321,293
Unassigned (deficit)	2,038,007	-	-	-	(2,116,316)	-	(78,309)	665,612
Total fund equity	2,165,611	427,401	1,992,311	180,014	746,576	389,178	5,901,091	6,176,382
Total liabilities, deferred inflows of resources and fund equity	\$ 10,442,515	\$ 2,458,994	\$ 2,796,758	\$ 2,704,595	\$ 9,287,513	\$ 525,664	\$ 28,216,039	\$ 27,186,032

See accompanying independent auditor's report and notes to financial statements.

CITY OF OLEAN, NEW YORK

**COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND EQUITY-
ALL GOVERNMENTAL FUNDS
FOR THE FISCAL YEARS ENDED MAY 31,**

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	Major Funds					Non-Major Funds	2023 (Memo only) Total	2022 (Memo only) Total
	General	Water	Sewer	Debt Service	Capital Project Funds	Special Revenue Funds		
Revenue								
Real property taxes	\$ 7,398,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,398,395	\$ 7,285,307
Real property tax items	125,682	-	-	-	-	-	125,682	81,752
Non-property tax items	5,690,278	-	-	-	-	-	5,690,278	5,489,152
Departmental income	1,356,567	3,803,848	3,959,612	-	-	52,315	9,172,342	9,125,959
Intergovernmental charges	259,541	-	347,888	-	-	-	607,429	564,526
Use of money and property	72,029	-	-	2,477	9,320	354	84,180	16,377
Licenses and permits	157,128	-	-	-	-	-	157,128	71,263
Fines and forfeitures	16,902	-	-	-	-	-	16,902	11,031
Sale of property & compensation for loss	42,061	-	-	-	-	-	42,061	-
Miscellaneous local sources	20,012	-	-	1,515	444,171	50,922	516,620	407,730
State aid	2,942,128	-	-	-	3,166,629	-	6,108,757	7,543,313
Federal aid	-	-	-	-	2,840,891	-	2,840,891	1,342,359
Total revenue	18,080,723	3,803,848	4,307,500	3,992	6,461,011	103,591	32,760,665	31,938,769
Expenditures								
General government support	2,549,539	77,840	66,371	-	250,979	33,204	2,977,933	3,175,969
Public safety	6,766,379	-	-	-	34,155	-	6,800,534	6,217,236
Health	78,783	-	-	-	-	-	78,783	67,397
Transportation	2,053,791	-	-	-	4,783,492	-	6,837,283	5,692,541
Economic development	2,000	-	-	-	-	-	2,000	2,000
Culture and recreation	1,027,422	-	-	-	1,433,882	-	2,461,304	1,455,829
Home and community services	186,005	2,099,594	2,114,023	-	273,457	55,954	4,729,033	6,374,741
Employee benefits	4,726,596	575,500	599,570	-	-	-	5,901,666	5,822,735
Debt service:								
Principal	-	-	-	2,799,338	-	-	2,799,338	2,911,396
Interest	-	-	-	709,403	-	-	709,403	566,052
Total expenditures	17,390,515	2,752,934	2,779,964	3,508,741	6,775,965	89,158	33,297,277	32,285,896
Excess (deficiency) of revenue over expenditures	690,208	1,050,914	1,527,536	(3,504,749)	(314,954)	14,433	(536,612)	(347,127)
Other financing sources (uses)								
BANS redeemed from appropriations	26,500	-	-	-	234,821	-	261,321	275,898
Proceeds from refunding of bonds	-	-	-	-	-	-	-	5,788,573
Payment for refunding of bonds	-	-	-	-	-	-	-	(5,788,573)
Operating transfers in	87,500	143,568	-	3,572,939	938,373	-	4,742,380	4,228,531
Operating transfers out	(1,452,859)	(1,293,783)	(1,626,825)	-	(362,525)	(6,388)	(4,742,380)	(4,228,531)
Total other financing sources (uses)	(1,338,859)	(1,150,215)	(1,626,825)	3,572,939	810,669	(6,388)	261,321	275,898
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	(648,651)	(99,301)	(99,289)	68,190	495,715	8,045	(275,291)	(71,229)
Fund equity, beginning of year	2,814,262	526,702	2,091,600	111,824	250,861	381,133	6,176,382	6,247,611
Fund equity, end of year	\$ 2,165,611	\$ 427,401	\$ 1,992,311	\$ 180,014	\$ 746,576	\$ 389,178	\$ 5,901,091	\$ 6,176,382

See accompanying independent auditor's report and notes to financial statements.

CITY OF OLEAN, NEW YORK
STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2023

Page 15

	Adopted Budget	Amended Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
Revenue					
Real property taxes	\$ 7,431,013	\$ 7,431,013	\$ 7,398,395	\$ -	\$ (32,618)
Real property tax items	117,988	117,988	125,682	-	7,694
Non-property tax items	5,503,500	5,503,500	5,690,278	-	186,778
Departmental income	1,430,292	1,430,292	1,356,567	-	(73,725)
Intergovernmental charges	356,556	356,556	259,541	-	(97,015)
Use of money and property	15,000	15,000	72,029	-	57,029
Licenses and permits	143,300	143,300	157,128	-	13,828
Fines and forfeitures	35,000	35,000	16,902	-	(18,098)
Sales of property and compensation for loss	19,000	19,000	42,061	-	23,061
Miscellaneous local sources	-	-	20,012	-	20,012
State aid	3,152,318	3,152,318	2,942,128	-	(210,190)
Total revenue	18,203,967	18,203,967	18,080,723	-	(123,244)
Expenditures					
General government support	2,609,550	2,726,177	2,549,539	50,920	125,718
Public safety	6,491,484	6,513,367	6,766,379	37,648	(290,660)
Health	83,500	83,500	78,783	-	4,717
Transportation	2,118,343	2,132,617	2,053,791	10,960	67,866
Economic development	2,200	2,200	2,000	-	200
Culture and recreation	1,084,107	1,107,777	1,027,422	28,076	52,279
Home and community services	187,898	187,898	186,005	-	1,893
Employee benefits	4,722,150	4,722,150	4,726,596	-	(4,446)
Total expenditures	17,299,232	17,475,686	17,390,515	127,604	(42,433)
Excess (deficiency) of revenue over expenditures	904,735	728,281	690,208	(127,604)	(165,677)
Other financing sources (uses)					
BANS redeemed from appropriations	-	-	26,500	-	26,500
Operating transfers in	-	87,500	87,500	-	-
Operating transfers out	(1,024,735)	(1,452,863)	(1,452,859)	-	4
Total other financing sources (uses)	(1,024,735)	(1,365,363)	(1,338,859)	-	26,504
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	\$ (120,000)	\$ (637,082)	\$ (648,651)	\$ (127,604)	\$ (139,173)

See accompanying independent auditor's report and notes to financial statements.

CITY OF OLEAN, NEW YORK**STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2023****Page 16**

	<u>(Water Fund and Sewer Fund Only)</u>				Variance
	Adopted Budget	Amended Budget	Actual	Encumbrances	Favorable (Unfavorable)
Revenue					
Departmental income	\$ 7,779,047	\$ 7,779,047	\$ 7,763,460	\$ -	\$ (15,587)
Intergovernmental charges	425,000	425,000	347,888	-	(77,112)
Total revenue	8,204,047	8,204,047	8,111,348	-	(92,699)
Expenditures					
General government support	288,000	173,000	144,211	-	28,789
Home and community services	4,335,290	4,412,313	4,213,617	27,565	171,131
Employee benefits	1,162,600	1,162,600	1,175,070	-	(12,470)
Total expenditures	5,785,890	5,747,913	5,532,898	27,565	187,450
Excess of revenue over expenditures	2,418,157	2,456,134	2,578,450	(27,565)	94,751
Other financing sources (uses)					
Operating transfers in	-	-	143,568		143,568
Operating transfers out	(2,418,157)	(2,920,608)	(2,920,608)	-	-
Total other financing sources (uses)	(2,418,157)	(2,920,608)	(2,777,040)	-	143,568
Excess (deficiency) of revenue over expenditures and other financing uses	\$ -	\$ (464,474)	\$ (198,590)	\$ (27,565)	\$ 238,319

CITY OF OLEAN, NEW YORK
STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2023

Page 17

	Adopted Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
Revenue				
Use of money and property	\$ -	\$ 2,477	\$ -	\$ 2,477
Miscellaneous local sources	-	1,515	-	1,515
Total revenue	-	3,992	-	3,992
Expenditures				
General government support	13,777	-	-	13,777
Debt service:				
Principal	3,415,337	2,799,338	-	615,999
Interest	-	709,403	-	(709,403)
Total expenditures	3,429,114	3,508,741	-	(79,627)
Excess (deficiency) of revenue over expenditures	(3,429,114)	(3,504,749)	-	(75,635)
Other financing sources (uses)				
Operating transfers in	3,442,892	3,572,939	-	130,047
Total other financing sources (uses)	3,442,892	3,572,939	-	130,047
Excess of revenue and other financing sources over expenditures	\$ 13,778	\$ 68,190	\$ -	\$ 54,412

CITY OF OLEAN, NEW YORK
RECONCILIATION OF GOVERNMENTAL BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF MAY 31, 2023

Total fund balance - governmental funds	\$	5,901,091
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets consist of the following at year-end:

Cost of the assets	\$	162,113,888	
Accumulated depreciation		<u>(68,201,999)</u>	
			93,911,889

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(522,549)
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Deferred inflows and outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds pension expense is based on required contributions.		6,408,775
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Deferred inflows and outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds OPEB expense is based on required contributions.		46,436
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Long-term liabilities, including serial bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of the following:

NYS Environmental Facilities Corporation Bond	(1,770,000)	
Serial Bonds payable	(30,631,704)	
Net pension liability	(10,235,382)	
Lease liability	(378,104)	
Other post-employment benefits	(336,618)	
Compensated absences	<u>(273,008)</u>	(43,624,816)

Total net position - governmental liabilities	\$	<u>62,120,826</u>
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	Total Governmental Funds	Long-term Assets and Outflows Transactions	Long-term Liability and Inflows Transactions	Reclassifications and Eliminations	Statement of Net Position Totals
Assets					
Cash on hand	\$ 1,565	\$ -	\$ -	\$ -	\$ 1,565
Cash on deposit					
Regular accounts	15,860,586	-	-	(6,528,342)	9,332,244
Receivables					
Refuse and garbage	1,869	-	-	-	1,869
Special assessment	1,882	-	-	-	1,882
Accounts receivable	2,092,897	-	-	-	2,092,897
Due from other funds	8,172,732	-	-	(8,172,732)	-
Advances to other funds	51,500	-	-	(51,500)	-
State, Federal and other governments	1,947,454	-	-	-	1,947,454
Revolving loans receivable	67,483	-	-	-	67,483
First Time Homebuyers loans receivable	17,781	-	-	-	17,781
Rehabilitation loans receivable	229	-	-	-	229
Other assets	61	-	-	-	61
Cash to be used for capital assets	-	-	-	6,528,342	6,528,342
Capital Assets, net	-	93,911,889	-	-	93,911,889
Total assets	28,216,039	93,911,889	-	(8,224,232)	113,903,696
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	6,837,772	-	-	6,837,772
Deferred outflows related to OPEB	-	46,436	-	-	46,436
Total assets and deferred outflows of resources	\$ 28,216,039	\$ 100,796,097	\$ -	\$ (8,224,232)	\$ 120,787,904
Liabilities					
Accounts payable	\$ 550,471	\$ -	\$ -	\$ -	\$ 550,471
Accrued liabilities	1,015,175	-	522,549	(125,000)	1,412,724
Due to other funds	8,172,732	-	-	(8,172,732)	-
Advances from other funds	51,500	-	-	(51,500)	-
Due to employee retirement system	336,000	-	-	-	336,000
Other liabilities	49,891	-	-	-	49,891
Unearned revenue	556,152	-	-	-	556,152
Net pension liability	-	-	10,235,382	-	10,235,382
Bond anticipation notes payable	5,664,450	-	-	-	5,664,450
NYS EFC note	-	-	1,770,000	-	1,770,000
Serial bonds payable	-	-	30,631,704	-	30,631,704
Lease liability	-	-	378,104	-	378,104
Environmental liability	-	-	-	125,000	125,000
Other post-employment benefits	-	-	336,618	-	336,618
Compensated absences	-	-	273,008	-	273,008
Total liabilities	16,396,371	-	44,147,365	(8,224,232)	52,319,504
Deferred inflows of resources					
Deferred inflows related to pensions	-	-	428,997	-	428,997
Taxes collected for subsequent year	5,918,577	-	-	-	5,918,577
Total liabilities and deferred inflows of resources	22,314,948	-	44,576,362	(8,224,232)	58,667,078
Fund equity/net position	5,901,091	100,796,097	(44,576,362)	-	62,120,826
Total liabilities, deferred inflows of resources and fund equity/net position	\$ 28,216,039	\$ 100,796,097	\$ -	\$ (8,224,232)	\$ 120,787,904

CITY OF OLEAN, NEW YORK**RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2023**

Total net change in fund balances - governmental funds	\$ (275,291)
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Amounts reported for governmental activities in
statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures.
However, in the statement of activities, the cost of those assets is
allocated over their useful lives as depreciation expense. Activity
for the current fiscal year ended was as follows:

Capital outlays	\$ 5,858,112	
Depreciation expense	<u>(4,577,586)</u>	
		1,280,526

Repayment of bond and other long term debt principal is an expenditure in the
government funds, but the repayment reduces long-term liabilities in the statement of
net position.

2,799,338

Bond anticipation notes redeemed from appropriations is recorded as
revenue and other sources in the governmental funds, whereas the repayment
reduces short-term liabilities in the statement of net position.

(261,321)

Interest on long-term debt in the statement of activities differs from the
amount reported in the governmental funds because interest is recognized
as an expenditure in the funds when it is due, and thus required the use
of current financial resources. In the statement of activities, however, interest
expense is recognized as the interest accrues, regardless of when it is due.
Bond Issuance costs on refunding are expensed in the statement of activities.

(188,662)

City's proportionate share of actuarial calculated pension expense and
net amortization of deferred amounts are recorded in the statement of
activities, whereas in the governmental funds pension expense is based
on City's required contribution to pension plans.

(1,470,464)

City's proportionate share of actuarial calculated OPEB expense and
net amortization of deferred amounts are recorded in the statement of
activities, whereas in the governmental funds OPEB expense is based
on City's required contribution to OPEB plan.

39,923

In the statement of activities, certain operating expenses - compensated
absences 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.

16,420

Change in net position of governmental activities	\$ <u>1,940,469</u>
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See accompanying independent auditor's report and notes to financial statements.

	Total Governmental Funds	Long-term Assets and Outflows Transactions	Long-term Liability and Inflows Transactions	Reclassifications and Eliminations	Statement of Activities Total
Revenues					
Real property taxes	\$ 7,398,395	\$ -	\$ -	\$ -	\$ 7,398,395
Real property tax items	125,682	-	-	-	125,682
Non-property tax items	5,690,278	-	-	-	5,690,278
Departmental income	9,172,342	-	-	(9,172,342)	-
Intergovernmental charges	607,429	-	-	(607,429)	-
Use of money and property	84,180	-	-	(1,592)	82,588
Licenses and permits	157,128	-	-	(157,128)	-
Fines and forfeitures	16,902	-	-	(16,902)	-
Sales of property and compensation for loss	42,061	-	-	(42,061)	-
Miscellaneous local sources	516,620	-	-	(444,171)	72,449
State aid	6,108,757	-	-	(3,638,227)	2,470,530
Federal aid	2,840,891	-	-	(2,840,891)	-
Total revenues	32,760,665	-	-	(16,920,743)	15,839,922
Expenditures/Expenses					
General government support	2,977,933	(276,648)	-	(581,606)	2,119,679
Public safety	6,800,534	966,927	-	(351,159)	7,416,302
Health	78,783	14,150	-	(816,570)	(723,637)
Transportation	6,837,283	(1,678,818)	-	(6,451,687)	(1,293,222)
Economic development	2,000	-	-	-	2,000
Culture and recreation	2,461,304	(1,175,999)	-	(358,910)	926,395
Home and community services	4,729,033	869,862	-	(6,638,133)	(1,039,238)
Employee benefits	5,901,666	-	1,414,121	(1,722,678)	5,593,109
Debt service:					
Principal	2,799,338	-	(2,799,338)	-	-
Interest	709,403	-	188,662	-	898,065
Total expenditures/expenses	33,297,277	(1,280,526)	(1,196,555)	(16,920,743)	13,899,453
Excess (deficiency) of revenue over expenditures	(536,612)	1,280,526	1,196,555	-	1,940,469
Other sources and (uses)					
BANs redeemed from appropriations	261,321	-	(261,321)	-	-
Operating transfers in	4,742,380	-	-	(4,742,380)	-
Operating transfers out	(4,742,380)	-	-	4,742,380	-
Total other sources (uses)	261,321	-	(261,321)	-	-
Net change for the year	\$ (275,291)	\$ 1,280,526	\$ 935,234	\$ -	\$ 1,940,469

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the *City of Olean, New York* have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 government's accounting policies are described below.

A. Financial Reporting Entity

The *City of Olean, New York*, which was incorporated in 1915, is governed by the Charter of the City of Olean, other general laws of the State of New York and various local laws and ordinances. The Common Council, which is the legislative body responsible for the overall operation of the City, consists of the seven aldermen elected by ward. The Mayor serves as chief executive officer and the Auditor serves as chief fiscal officer of the City.

The following basic services are provided: police and fire protection, animal control, ambulance service, street lighting, street maintenance, snow removal, and public parking. The City also operates a recreational complex, a community building, an airport, a stadium, a system of parks, and water and sewer utilities. All governmental activities and functions performed for the City of Olean are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity includes organizations, functions and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Although the following organizations, functions or activities are related to the City they are not included in the City's reporting entity because of the reasons noted:

Olean City School City - was created by state legislation, which designates the school board as the governing authority. The voters of the City elect school board members. The board designates management and exercises complete responsibility for all fiscal matters. The Council exercises no oversight over school operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (continued)

The *City of Olean Housing Authority* was created in 1969 and the *Olean Urban Renewal Agency* was created in 1966, both by acts of the New York State Legislature. The Mayor appoints their governing boards. The City government provides no subsidies nor is it responsible for debt or operating deficits of these entities. The City government does not appoint management nor does it approve the entities' budgets, contracts or hiring of staff. The Common Council may approve or disapprove wage rates of the Housing Authority. The City government has no other oversight responsibility for funds of these entities.

B. Basis of Presentation

1. Government-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the City's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other exchange and non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenue.

2. Fund Financial Statements

The fund statements provide information about the City's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

3. Fund Categories

a. Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position. The following are the City's governmental fund types:

General Fund – The general fund is the principal operating fund and includes all operations not required to be recorded in other funds.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds are Sewer, Water, Revolving Loan, Housing Rehabilitation, First Time Homebuyers and Miscellaneous Special Revenue funds.

Capital Projects Fund - used to account for financial resources to be used for the acquisition, construction or major repair of major capital facilities.

Debt Service Fund - used to account for current payment of principal and interest on general obligation long-term debt and for financial resources accumulated for payment of future principal and interest on long-term indebtedness.

b. Fiduciary Funds

Fiduciary Fund Types are used to account for fiduciary activities. Fiduciary activities are those in which the City acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the City, and are not available to be used. The City does not have any activities that qualify for reporting as fiduciary.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting/Measurement Focus

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 at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

D. Property Taxes

City property taxes are levied annually and become a lien by May 1, preceding the fiscal year, which commences June 1. The City collects taxes until July 31 with late payment penalties of 1% added June 1 and July 1. Taxes uncollected at July 31 are turned over to Cattaraugus County for enforcement. The City receives the full amount of such taxes, plus the additional 2% penalty, within the year of levy.

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Equity - Reservations and Designations

Reservations of fund equity are created to either satisfy legal restrictions or to plan for future expenditures. A designation of unreserved fund equity in governmental funds indicates the use of these resources in the subsequent year's budget. The following is a description of the reserves utilized by the City:

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). The City did not have any nonspendable fund balance as of May 31, 2023.

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

1. Reserve for Debt Service

This reserve is comprised of transfers and interest earnings on bond proceeds to be used to pay future debt service payments. This reserve is accounted for in the Debt Service Fund.

2. Reserve for Capital Projects

This reserve is comprised of proceeds from obligations and local sources to be used to pay for future capital projects. This reserve is accounted for in the Capital Projects Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Equity - Reservations and Designations (continued)

1. Governmental Funds (continued)

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the City's Common Council, which is the City's highest level of decision-making authority. The City did not have any committed fund balance as of May 31, 2023.

D. Assigned

Fund balance intended to be used by the City for specific purposes but does not meet the criteria to be restricted or committed. Along with the City's Common Council, the City Auditor has been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

1. Encumbrance Reserve

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Project Funds. The cost of construction contract commitments generally is recorded as an encumbrance of Capital Project Funds and is presented as a reserve for encumbrances. These committed amounts generally will become liabilities in future periods as the contractors perform the construction work. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. As of May 31, 2023, the general, water and sewer funds had \$127,604, \$21,112 and \$6,453, respectively, recorded as encumbrances.

2. Special Revenue Fund Balance

Water Fund, Sewer Fund, and Non-Major Special Revenue Fund balances are intended to be used by the City for specific purposes.

3. Appropriated Fund Balance

No amounts of fund equity have been designated as the amount estimated to be applied towards the budget for the fiscal year ending May 31, 2024.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Equity - Reservations and Designations (continued)

1. Governmental Funds (continued)

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

2. Government-wide financial statements

A. Net Investment in Capital Assets

This designation of net position is used to accumulate the capital asset balance in the statement of net position less accumulated depreciation and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net assets of the City not restricted for any other purpose.

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the City are eligible to be utilized for an expenditure of the City, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation;
- b. Committed fund balance for which action has been taken by the Common Council, a designated City official, or by the voters of the City, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the City to which the expenditure relates;
- e. Unassigned fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgetary Data

1. Budget Policies

The budget policies are as follows:

- a. The City's administration prepares a proposed budget for approval by the Common Council for the General, Water, Sewer and Debt Service Funds. The Common Council adopts the budget on or before April 15.
- b. The governing board must approve all modifications of the budget. However, the City Auditor is authorized to transfer certain budgeted amounts within departments.
- c. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances, which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Common Council approves them because of a need which exists which was not determined at the time the budget was adopted. The City had supplemental appropriations of \$427,048, \$134,750 and \$313,701 in the General Water, and Sewer funds, respectively, during the year ended May 31, 2023.

2. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for Special Revenue Funds, included in the statement of revenue and expenditures – budget and actual, reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special revenue funds (other than the Water and Sewer Fund) are established in accordance with the applicable grant agreement or authorized project limit, which may cover a period other than the City's fiscal year. Consequently, the budgets for such funds have been excluded from the statement of revenue, expenditures, encumbrances and changes in fund balance - budget and actual.

Certain Special Revenue Funds have not been included in the comparison because they do not have the legally authorized (appropriated) budgets.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgetary Data (continued)

2. Budget Basis of Accounting (continued)

The following is a reconciliation of the actual activity of these unbudgeted funds to the actual activity on the budget to actual comparison:

	June 1, 2022 Fund Equity	Revenues and Other Sources	Expenditures and Other Uses	May 31, 2023 Fund Equity
Total for funds included in Budget Comparison	\$ 2,618,302	\$ 8,254,916	\$ 8,453,506	\$ 2,419,712
Funds not included in budget comparison:				
Miscellaneous Special Revenue Fund	69,540	50,922	33,204	87,258
Revolving Loan Fund	296,850	46,437	55,540	287,747
First Time Homebuyers Fund	6,344	6,228	6,802	5,770
Housing Rehabilitation Fund	8,399	4	-	8,403
Total Special Revenue Funds	\$ 2,999,435	\$ 8,358,507	\$ 8,549,052	\$ 2,808,890

H. Revenue Recognition

1. Sales and Use Taxes

The State of New York allocates a portion of its sales and use tax collection to all the municipalities within the State. The portion allocated to the City of Olean for 2022-2023 was \$5,287,685 as compared to \$5,189,647 for the prior fiscal year, an increase of \$98,038. The City's General Fund Balance Sheet, as of May 31, 2023, reflects a receivable balance from Federal and State governments of \$972,173, of which, \$743,360, represents an amount of sales and use tax that is "measurable and available" at the end of the fiscal year in accordance with the modified accrual basis of accounting, for sales tax revenue. The City records this amount as non-property tax revenue in the general fund.

I. Capital Assets

As of May 31, 2014, the City had an independent appraisal of its fixed assets conducted by third-party professionals. As such, land, buildings equipment and vehicles are reported at estimated historical cost based on the appraisal. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements as follows:

I. Capital Assets (continued)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 1,000	Straight-line	40 years
Land			
Improvements	\$ 1,000	Straight-line	25 years
Furniture and equipment	\$ 1,000	Straight-line	7 years
Transportation vehicles	\$ 1,000	Straight-line	8 years

J. Unearned Revenue

Unearned revenue is reported on the City's combined balance sheet and statement of net position. Unearned revenue arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the City has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

K. Compensated Absences

Sick leave and Comp Time Pay - certain of the City's employee groups have negotiated benefits payable based on accumulated unused sick and comp days. Generally the employee must have accumulated minimum years of service with the City and must be eligible for retirement under the provisions of either the employee retirement systems. The City has recorded an estimated liability in the statement of net position as of May 31, 2023 amounting to \$273,008 to recognize the cost of the benefits for those employees eligible to receive such benefits. Payment of these benefits is dependent on many factors; therefore, the timing of future payments is not readily determinable.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences (continued)

The City believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the governmental-wide financial statements.

L. Retirement Incentives

The City has offered retirement incentives under separate collective bargaining agreements which are more thoroughly discussed subsequently in these notes.

M. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

N. Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation.

O. Interfund Activity

The amounts reported on the statement of net position for due to and from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

During the course of operations, the City has numerous transactions between funds, including expenditures and transfers of revenue to provide services and construct assets. Eliminations have been also made for amounts transferred to and from the same fund type.

P. Total Columns on the Financial Statements

Total columns on the general-purpose financial statements are captioned "Memo Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Inflows and Outflows of Resources

The City reports increases and decreases in net assets that relate to future periods as deferred inflows and outflows of resources in a separate section of its government-wide and governmental fund financial statements.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension asset or liability and difference during the measurement period between the City's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the City contributions to the OPEB plan and pension systems (ERS and PFRS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position 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. The City has two items that qualify for reporting in this category. The first is reported as revenue not available – taxes. The second is related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension liability (ERS and PFRS Systems) and difference during the measurement periods between the City's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

R. New Accounting Pronouncement

Effective June 1, 2022, the City implemented the provisions of GASB Statement 87, Leases, which establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset, thereby, eliminating the distinction between operating and capital leases. As a result substantially all leases are reported on the city-wide statement of net position.

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN GOVERNMENTAL FUND STATEMENTS AND
GOVERNMENT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the statement of activities, compared with the current financial resources focus of the governmental funds.

A. Total Fund Equity of Governmental Funds vs. Net Position of Governmental Activities

Total fund equity of the City's governmental funds differs from "net position" of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B. Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund equity and the statement of activities fall into one of five broad categories, which are summarized below.

1. Long-term Revenue Differences

Long-term revenue differences arise because governmental funds report revenue only when they are considered "measurable" and "available", whereas the Statement of Activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN GOVERNMENTAL FUND STATEMENTS AND
GOVERNMENT-WIDE STATEMENTS (CONTINUED)**

B. Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities (continued)

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.

3. Long-term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

4. Pension Differences

Pension differences occur as a result of changes in the City's proportion of the collective net pension asset/liability and differences between the City's contributions and its proportionate share of the total contributions to the pension systems.

5. OPEB Differences

OPEB differences occur as a result of changes in the City's total OPEB liability and differences between the City's contributions and OPEB expense.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 3 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Cash and Investments

The City's investment policies are governed by State statutes. In addition, the City has its own written investment policy. City monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The City is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Custodial credit risk is the risk that in the event of a bank failure the City's deposits may not be returned to it. While the City does not have a specific policy with regards to custodial credit risk, New York State statutes govern the City's investment policies. At May 31, 2023, the City's bank deposits were fully collateralized.

Collateral is required for demand deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, schools and cities.

a. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by the agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name;
- (3) Uncollateralized

Total financial institution (bank) balances at May 31, 2023 per the bank were approximately \$12,717,000. These deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 250,000	\$ 12,467,000	\$ -	\$12,717,000

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (continued)

1. Cash and Investments (continued)

The City has few investments and chooses to disclose its investments by specifically identifying each. The City's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

- (1) Insured or registered, or investments held by the City or by the City's agent in the City's name or,
- (2) Uninsured and unregistered, with the investments held by the financial institution's trust department in the City's name, or
- (3) Uninsured and unregistered, with investments held by the financial institution or its trust department but not in the City's name.

The City participates in the Cooperative Liquid Assets Securities System - New York (NYCLASS) a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G Sections 119-n and o, and Chapter 623 of the Laws of 1998, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with general municipal law sections 10 and 11. Total investments of the cooperative at May 31, 2023 are approximately \$9,152,077,986 which consisted of 30% in repurchase agreements, 58% in U.S. Treasury Securities, 2% FDIC bank deposit accounts and 10% in collateralized bank deposits, with various interest rates and due dates. The amount below represents the cost of the investment pool shares, and are considered to approximate market value. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

NY Class Investment \$2,065,850

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (continued)

2. Capital Assets

	Beginning Balance 5/31/22	Additions, Transfers and Prior Period Adjustment	Ending Balance 5/31/23
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 384,187	\$ -	\$ 384,187
Construction in Progress	4,957,302	2,332,686	7,289,988
Capital assets that are depreciated:			
Buildings and Improvements	123,681,724	2,516,899	126,198,623
Furniture and Equipment	17,365,388	271,998	17,637,386
Vehicles	9,867,175	736,529	10,603,704
Total historical cost	156,255,776	<u>\$ 5,858,112</u>	162,113,888
Less:			
Accumulated depreciation:	63,624,413	<u>\$ 4,577,586</u>	68,201,999
Total net book value	<u>\$ 92,631,363</u>		<u>\$ 93,911,889</u>
Depreciation expense:			
General governmental support		\$ 581,453	
Public safety		1,196,550	
Health		14,150	
Transportation		1,000,910	
Economic development		-	
Culture and recreation		271,079	
Home and community services		1,513,444	
		<u>\$ 4,577,586</u>	

The City had capital additions in the amount of \$5,858,112 related to the Airport, Splash Park and various other equipment and improvements.

3. Receivables

Receivables at May 31, 2023 consisted of the following, which are stated at net realizable value.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Assets (continued)

3. Receivables (continued)

Fund	Description	Amount
General Fund	Due from Federal & State	
	- Other	\$ 228,813
General Fund	Due from Federal & State	
	- NYS sales tax	743,360
General Fund	Other receivables	375,756
Special Revenue:		
Capital Fund	Due from Federal & State	335,958
Water Fund	Accounts receivable	
	- water rents and meter	767,215
Water Fund	Due from other government	346,816
Sewer Fund	Accounts receivable	
	- sewer rents	953,677
Sewer Fund	Due from other government	292,507
Community Development:		
Revolving Loan	Loan receivable	67,483
1 st Time Home	Loan receivable	17,781
Housing Rehab	Loan receivable	229
		<u>\$ 4,129,595</u>

The City recorded an allowance for uncollectible accounts for other receivables in the general fund balance sheet and accounts receivable in the statement of net position in the amount of \$99,180 as of May 31, 2023.

B. Liabilities

1. Deferred Inflows of Resources and Unearned Revenue

Deferred inflows of resources and unearned revenue at May 31, 2023 recorded in governmental fund were as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund
<u>Deferred inflows</u>			
Real property taxes	\$ 5,903,415	\$ -	\$ -
Bartlett House	13,280	-	-
Special assessment taxes	1,882	-	-
	<u>\$ 5,918,577</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Unearned revenue</u>			
Cares Up Grant	\$ 29,988	\$ -	
Revolving loans	-	67,483	\$ -
Housing Rehab	-	229	-
1 st Time Home	-	17,987	-
Capital Projects	-	-	\$ 440,465
	<u>\$ 29,988</u>	<u>\$ 85,699</u>	<u>\$ 440,465</u>

Deferred inflows of resources related to real property taxes reflect collections during May 2023 for real property taxes levied on May 1 for the 2023-2024 fiscal year. Deferred inflows from special assessment taxes consist of levies on property owners to be collected after May 31, 2023. Installments on special assessments are due over a period of 5 to 10 years. Revenue from revolving loans is collected over a period of 5 to 20 years.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

2. Pension Plans

a. Plan Descriptions and Benefits Provided

The City participates in the New York State and Local Employees' Retirement System (ERS) and Local Police and Fire Retirement System (PFRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). 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 System is included in the State's financial report as a pension trust fund. That report, including information with regard 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.

b. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent 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. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

2. Pension Plans (continued)

b. Contributions (continued)

		ERS	PFRS
May 31,	2023	\$ 516,257	\$ 1,297,417
	2022	672,766	1,335,978
	2021	583,740	1,110,370

Effective June 1, 1986, the City entered into an agreement with the Patrol Unit of Olean Police Local 967 and the Command Unit of the Olean Police Local 967c to provide health insurance to retired police employees and surviving spouses through the Olean Police Retirees Health Insurance Fund. The City is required to contribute \$53,995 annually to the Fund.

Effective June 1, 1988, the City entered into a similar agreement establishing the Olean General Unit Retirees Health Insurance Fund. The agreement called for the City to contribute \$55,569, to this Fund each year. This agreement was modified through the 2001-2004 Collective Negotiations Agreement to increase the City's contribution to \$91,000 annually to this Fund.

Effective June 1, 1998, the City entered into an agreement establishing the Olean Fire Sick Leave Pay Fund. The City is required to contribute \$18,201 to this fund each year.

Over the years, State Legislature authorized local governments to make available retirement incentive programs to qualifying employees. The City had no expenditures incurred or liability accrued related to the retirement incentive liabilities as of and for the year ended May 31, 2023.

ERS and PFRS have provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At May 31, 2023, the City reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2023 for ERS and PFRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The City's proportion of the net pension a liability was based on a projection of the City's long-term share of contributions to the:

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

2. Pension Plans (continued)

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$ 385,165	\$ 646,948	\$ 21,246	\$ -
Changes of assumptions	1,756,311	3,225,459	19,411	-
Net difference between projected and actual earnings on pension plan investments	-	11,702	101,560	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	29,442	446,745	144,578	142,202
City's contributions subsequent to the measurement date	101,500	234,500	-	-
Total	\$ 2,272,418	\$ 4,565,354	\$ 286,795	\$ 142,202

Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and PFRS Systems in reports provided to the City.

Measurement date	ERS 3/31/2023	PFRS 3/31/2023
Net pension asset (liability)	\$ (3,616,305)	\$ (6,619,077)
City's portion of the Plan's total net pension liability	.0168639%	.1201182%

For the year ended May 31, 2023, the City's recognized pension expense (benefit) of \$1,191,107 for ERS and \$2,123,204 for PFRS.

City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending May 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, including contributions subsequent to the measurement date, will be recognized in pension expense as follows:

Year ending:	ERS	PFRS
2024	\$ 419,759	\$ 798,574
2025	(231,448)	(82,824)
2026	720,427	2,030,501
2027	975,385	1,289,904
2028	-	152,497
Thereafter	-	-

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

2. Pension Plans (continued)

d. Actuarial Assumptions

Significant actuarial assumptions used in the valuations were as follows:

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS	PFRS
Measurement date	3/31/2023	3/31/2023
Actuarial valuation date	4/1/2022	4/1/2022
Interest rate	5.9%	5.9%
Salary scale	4.4% average 4/1/15 - 3/31/20 System's Experience	6.2% average 4/1/15 - 3/31/20 System's Experience
Decrement tables	2.9%	2.9%
Inflation rate		

For ERS and PFRS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

2. Pension Plans (continued)

d. Actuarial Assumptions (continued)

For ERS and PFRS, the actuarial assumptions used in the April 1, 2021 valuation 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.

Measurement date	ERS 3/31/23	Expected Rate of Return	PFRS 3/31/23	Expected Rate of Return
Asset Type:				
Domestic Equity	32%	4.30%	32%	4.30%
International Equity	15%	6.85%	15%	6.85%
Private Equity	10%	7.50%	10%	7.50%
Real Estate	9%	4.60%	9%	4.60%
Opportunistic/ARS	3%	5.38%	3%	5.38%
Credit	4%	5.43%	4%	5.43%
Real assets	3%	5.84%	3%	5.84%
Fixed Income	23%	1.50%	23%	1.50%
Cash and short-term	1%	0.00%	1%	0.00%
Total:	100%		100%	

e. Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and PFRS. 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.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

2. Pension Plans (continued)

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and PFRS, 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 1-percentage point lower (4.9% for ERS and PFRS) or 1-percentage point higher (6.9% for ERS and PFRS) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's proportionate share of the net pension (asset)/liability	\$ 8,739,059	\$ 3,616,305	\$ (644,351)

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
PFRS			
Employer's proportionate share of the net pension (asset)/liability	\$ 13,797,777	\$ 6,619,077	\$ 674,683

g. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurement dates, were as follows:

	ERS 3/31/23	PFRS 3/31/23
Measurement date		
Employers' total pension liability	\$ 232,627,259	\$ 43,835,333
Plan Net Position	\$ 211,183,223	\$ 38,324,863
Employers' net pension (asset)/liability	\$ 21,444,036	\$ 5,510,470
Ratio of plan net position to be Employers' total pension liability	90.78%	87.43%

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

2. Pension Plans (continued)

i. Payables to the Pension Plan Fiduciary

For ERS and PFRS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of May 31, 2023 represent the projected employer contribution for the period of April 1, 2023 through May 31, 2023 based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2023 for ERS and PFRS amounted to \$101,500 and \$234,500, respectively.

3. Other Post-Employment Benefits

a. General Information about the OPEB Plan

Plan Description

The City maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the City and specified in the City's employment contracts.

Benefits Provided

Benefits are only provided to previously retired managers. The City will contribute most (85% or 100%) of the medical premium amounts for individual and family (dependent) coverage for all eligible retirees, with the exception of one individual, for whom the City contributes 50%.

Employees Covered by Benefit Terms

At May 31, 2023, the following employees were covered by the benefit terms:

Retirees employees or beneficiaries	
Currently receiving benefit payments	4
Active employees	-
	<u>4</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

3. Other Post-Employment Benefits (continued)

b. Total OPEB Liability

The City's total OPEB liability of \$336,618 was measured as of June 1, 2022 and rolled forward for the fiscal year ended May 31, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability was valued at June 1, 2022 and rolled forward to May 31, 2023. The actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation – 3.00%

Salary Increase – N/A

Discount Rate – 4.24%

Healthcare Cost Trend Rates – 5% flat healthcare cost trend rate.

Retirees' Share of Benefit-Related Costs – Benefits are only provided to previously retired managers. Varies based on contract. Generally the City pays 85%-100% of the medical premium amounts for individual and family (dependent) coverage for all eligible retirees, with the exception of one individual, for whom the City contributes 50%.

The discount rate was based on S&P Municipal Bond 20 year High Grade Bond index rate.

Mortality rates were based on the PUB-2010 mortality table with adjustment to MP-2021 projection.

c. Changes in the Total OPEB Liability

Service Cost	\$	-
Interest		13,982
Differences between expected and actual experience		(20,797)
Changes in assumptions		(11,236)
Benefit payments		(46,436)
Net changes		<u>(64,487)</u>
Net OPEB liability – beginning of year		401,105
Net OPEB liability – end of year	\$	<u>336,618</u>

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 3 – DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

3. Other Post-Employment Benefits (continued)

c. Changes in the Total OPEB Liability (continued)

Sensitivity of the Total OPEB Liability to changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.24%) or 1% point higher (5.24%) than the current discount rate:

	1% Decrease (3.24%)	Discount Rate (4.24%)	1% Increase (5.24%)
Total OPEB liability	\$ 357,420	\$ 336,618	\$ 315,817

Sensitivity of the Total OPEB Liability to changes in the Healthcare Trend Costs

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare trend costs that are 1% point lower (4%) or 1% point higher (6%) than the current discount rate:

	1% Decrease (4% flat)	Healthcare Rate (5% flat)	1% Increase (6% flat)
Total OPEB liability	\$ 319,982	\$ 336,618	\$ 354,625

d. OPEB Expense and Deferred Outflows of Resources and Deferred inflows of Resources Related to OPEB

For the year ended May 31, 2023, the City recognized OPEB benefit of \$18,051. At May 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

3. Other Post-Employment Benefits (continued)

d. OPEB Expense and Deferred Outflows of Resources and Deferred inflows of Resources Related to OPEB (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	-
Benefits paid subsequent to measurement period	46,436	-
Total	\$ 46,436	\$ -

4. Short-Term Debt

a. Bond Anticipation Notes

Liabilities for Bond Anticipation Notes Payable (BANs) are generally accounted for in the General and Capital Projects funds. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12-month period thereafter.

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as Long-Term Debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

4. Short-Term Debt (continued)

a. Bond Anticipation Notes (continued)

In March, 2022, the *City of Olean, New York* issued bond anticipation notes in the amount of \$2,778,474. The notes matured on March 23, 2023 and carried a 1.00% interest rate. The proceeds from this short-term issuance were utilized to finance Walkable Olean Phase 3 and North Union Street improvements.

In June, 2021, the *City of Olean, New York* issued bond anticipation notes in the amount of \$4,040,000. The notes matured on June 9, 2022 and carried a 0.34% interest rate. The proceeds from this short-term issuance were utilized to finance Washington Street Water, Streetscapes, and Fire Fighting Vehicle.

In March, 2022, the *City of Olean, New York* issued bond anticipation notes in the amount of \$2,778,474. The notes matured on March 23, 2023 and carried a 1.00% interest rate. The proceeds from this short-term issuance were utilized to finance Walkable Olean Phase 3 and North Union Street improvements.

In June, 2022, the *City of Olean, New York* issued bond anticipation notes in the amount of \$6,121,087. The notes matured on March 8, 2023 and carried a 2.25% interest rate. The proceeds from this short-term issuance were utilized to finance Walkable Olean Phase 2, Washington Street, Firefighting Vehicle, Airport Capital Projects and Oak Hill Park.

In March, 2023, the *City of Olean, New York* issued bond anticipation notes in the amount of \$5,664,450. The notes mature on March 7, 2024 and carry a 4.375% interest rate. The proceeds from this short-term issuance were utilized to finance Walkable Olean Phase 2 and 3, Washington Street, Firefighting Vehicle, Airport Capital Projects, North Union Improvements, Oak Hill Park and other equipment.

The City recognized \$26,500 and \$234,821 of BANs redeemed from appropriations in the General and Capital funds, respectively.

The City's bond anticipation note outstanding as of May 31, 2023 are as follows:

Description	Amount	Interest Rate
Bond Anticipation Note		
Walkable Olean Phase 2	\$ 284,676	4.375%
Washington Street Phase 1	1,270,000	4.375%
Fire Fighting Vehicle	580,000	4.375%
Equipment	150,000	4.375%
Oak Hill Park	395,000	4.375%
Airport Capital Project	1,114,442	4.375%
Walkable Olean Phase 3	1,833,161	4.375%
North Union Street	37,171	4.375%
Totals	<u>\$ 5,664,450</u>	

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

4. Short-Term Debt (continued)

b. Revenue Anticipation Notes

Liabilities for Revenue Anticipation Notes Payable (RANs) are generally accounted for as a current liability of the fund that will actually receive the proceeds from issuance of the notes. RANs are short-term municipal debt obligations used to resolve cash flow deficits. They are secured by anticipated collections of fines, license fees, interest income, assessments, user fees, grant funds or other non-tax revenues. The note may not extend more than one year beyond the original date of issue. There were no revenue anticipation notes issued during the fiscal years ended May 31, 2023 and 2022.

c. Short-Term Debt Interest

Interest expense on short term indebtedness totaled \$144,046 for the year ended May 31, 2023. That amount was transferred from the general fund to the debt service fund to pay interest expense on bond anticipation notes.

5. Long-Term Debt

a. Debt Limit

At May 31, 2023 the total outstanding indebtedness of the City aggregated \$37,306,050 (including bond anticipation notes and revenue anticipation notes). Of this amount, \$11,917,361 is subject to the constitutional debt limit and represented approximately 31.94% of its statutory debt limit.

b. 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 government-wide financial statements. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

c. Other Long-Term Debt

During the fiscal year ended May 31, 2002, the City recorded a long-term liability related to estimated future costs associated with a Department of Conservation's Order on Consent. This situation is more fully described in Note 4F of the financial statements.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

5. Long-Term Debt (continued)

d. Installment Purchase Debt – Leases

During the 2009-10 fiscal year, the **City of Olean, New York** entered into a \$1,046,586 15-year lease with Manufacturers and Traders Trust Company in concurrence with the **City of Olean, New York's** Energy Performance Audit. Equipment included in the lease agreement consists of lighting and lighting controls, building energy upgrades, a low emissivity ceiling, energy efficient motor replacement, a pump, VFD, and control upgrades to be used throughout various buildings. During the current fiscal year, principal and interest paid on this lease totaled approximately \$95,119, which is included in the interfund transfers to the City's debt service fund. The General Fund, Water Fund and Sewer Fund each paid principal and interest for the year ended May 31, 2023 of \$14,268, \$73,242, and \$7,609, respectively. The remaining balance of this lease was \$181,467 as of May 31, 2023.

e. Summary Long-Term Debt

The following is a summary of bonds outstanding, excluding unamortized premiums, as of May 31, 2023:

	<u>Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding May 31, 2023</u>
General Fund					
Public Improvement Bond	06/17	4,984,000	Various	06/34	\$ 3,070,000
Judgement Bond	06/18	500,000	Various	06/24	105,000
Public Improvement Bond	06/19	3,085,000	Various	06/32	2,435,000
Public Improvement Bond	07/20	250,000	4%	07/33	220,000
Special Revenue Funds					
Water Filtration Plant-Ref.	10/12	2,060,000	Various	10/32	1,180,000
Water Filtration Plant	07/03	1,809,453	Various	07/23	115,000
Water Reservoir	07/03	4,665,163	Various	07/24	590,000
Water Filtration Plant	05/13	5,868,000	Various	08/38	3,590,000
Water Public Imp. Bond Refunded	11/21	1,873,200	Various	08/32	1,738,500
Sewer Fund – Public Imp	08/12	1,731,059	Various	08/33	885,000
Sewer Fund - SRF	09/17	3,250,000	Various	08/47	2,695,000
Sewer Fund - SRF	09/17	15,174,840	0%	02/47	12,141,600
Sewer Public Imp. Bond Refunded	11/21	3,096,800	Various	08/32	2,876,500
Total					<u>\$ 31,641,600</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

5. Long-Term Debt (continued)

d. Installment Purchase Debt – Leases (continued)

During the 2020-21 fiscal year, the **City of Olean, New York** entered into two 5-year leases with Key Government Finance which totaled \$321,875. Equipment included in the lease agreement consisted of an International dump truck and Altec bucket truck. During the current fiscal year, principal and interest paid on this lease totaled approximately \$68,941, which is included in the interfund transfers to the City's debt service fund. The General Fund, Water Fund and Sewer Fund each paid principal and interest for the year ended May 31, 2023 of \$48,315, \$10,313, and \$10,313, respectively. The remaining balance of this lease was \$196,637 as of May 31, 2023.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

5. Long-Term Debt (continued)

f. Changes

The following is a summary of changes in long-term liabilities for the period ended May 31, 2023:

	Balance at June 1, 2022	Additions	Reductions	Balance at May 31, 2023
Bonds	\$ 28,122,500	\$ -	\$ 1,840,900	\$ 26,281,600
Unamortized Bond Premium	818,573	-	58,469	760,104
EFC Grid Note/Bond	1,280,000	-	100,000	1,180,000
EFC Grid Bond	870,000	-	280,000	590,000
RD Bond	3,760,000	-	170,000	3,590,000
Subtotal	34,851,073	-	2,449,369	32,401,704
Environmental Liability	125,000	-	-	125,000
Compensated Absences	289,428	-	16,420	273,008
Net Pension Liabilities	615,718	9,619,664	-	10,235,382
Other Post-Employment Benefits	401,105	-	64,487	336,618
Lease liability	525,221	-	147,117	378,104
	1,956,472	9,619,664	228,024	11,348,112
	<u>\$ 36,807,545</u>	<u>\$ 9,619,664</u>	<u>\$ 2,677,393</u>	<u>\$ 43,749,816</u>

g. Long-Term Debt Interest

Interest expense on long term indebtedness totaled \$565,357 for the year ended May 31, 2023, all of which was recorded in the debt service fund and consisted of \$548,413 of interest on bonds and notes and \$16,944 on leases.

h. Maturity

The following table summarizes the City's future serial bond debt, Rural Development and EFC bond and debt service requirements as of May 31, 2023:

Year Ending May 31	Total	Principal	Interest
2024	\$ 2,951,340	\$ 2,455,900	\$ 495,440
2025	2,747,779	2,290,900	456,879
2026	2,463,366	2,045,900	417,466
2027	2,461,945	2,085,900	376,045
2028	2,468,292	2,135,900	332,392
2029-2033	11,103,900	10,129,500	974,400
2034-2038	4,820,484	4,499,500	320,984
2039-2043	3,530,207	3,434,500	95,707
2044-2048	2,590,731	2,563,600	27,131
Total	<u>\$35,138,044</u>	<u>\$ 31,641,600</u>	<u>\$ 3,496,444</u>

h. Maturity (continued)

The following is a schedule of future minimum lease payments under the leases including principal and interest:

Year Ending May 31	Total	Principal	Interest
2024	\$ 164,060	\$ 152,159	\$ 11,901
2025	165,329	158,651	6,678
2026	68,942	67,294	1,648
Total	<u>\$ 398,331</u>	<u>\$ 378,104</u>	<u>\$ 20,227</u>

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables and Transactions

Interfund receivables and payables at May 31, 2023 and interfund transactions during the fiscal year ended May 31, 2023 were as follows:

	Due From Other Funds	Due to Other Funds	Long-Term Advances Receivable	Long-Term Advances Payable	Interfund Revenue	Interfund Expenditures
General Fund	\$ 1,264,260	\$ 729,842	\$ 51,500	\$ -	\$ 87,500	\$ 1,452,859
Capital Projects Fund	4,784,509	2,423,213	-	-	938,373	362,525
Misc. Spec. Rev. Fund	-	45,103	-	-	-	-
Debt Service Fund	1,487,470	2,524,581	-	-	3,572,939	-
Sewer Fund	518,272	619,844	-	23,750	-	1,626,825
Water Fund	117,221	1,829,149	-	27,750	143,568	1,293,783
First Time Homebuyer	-	1,000	-	-	-	6,388
Housing Rehab Fund	1,000	-	-	-	-	-
Totals	<u>\$ 8,172,732</u>	<u>\$ 8,172,732</u>	<u>\$ 51,500</u>	<u>\$ 51,500</u>	<u>\$ 4,742,380</u>	<u>\$ 4,742,380</u>

During the current year, the General, Water, Sewer and Capital funds transferred \$1,024,735, \$1,180,033, \$1,238,124, and \$130,047, respectively to the Debt Service Fund to pay for the City's long-term debt obligations.

The General, Water, Sewer and First Time Homebuyer funds also transferred \$428,124, \$70,000, \$344,951, and \$6,388, respectively to the City's Capital Projects fund for costs associated with Levee Reaccreditation (\$160,651), North Union Street Rehabilitation (\$151,241), Buffalo Street Underpass (\$154,000) and for various other projects (\$383,591). Also \$88,910 was transferred between capital projects during the year. In addition the Capital fund transferred \$143,568 to the Water fund for closed capital projects.

The Water and Sewer Funds transfer \$43,750 and \$43,750, respectively, to the General fund related to litigation described in Note 7.

D. Deferred Compensation Plan

In October 1997 the Governmental Accounting Standards Board issued Statement No. 32 Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The statement established accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governments.

On October 1, 1997 the New York State Deferred Compensation Board (Board) created a Trust and Custody agreement making Chase Manhattan Bank the Trustee and Custodian of the Plan. Consequently, Statement No. 32 became effective for the New York State Deferred Compensation Plan as of October 1, 1997. Since the Board is no longer the trustee of the plan, the plan no longer meets the criteria for inclusion in New York State's financial statements. Therefore, municipalities, which participate in New York State's Deferred Compensation Plan, are no longer required to record the value of plan asset.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

The *City of Olean, New York* is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. The City is self-insured against unemployment claims.

B. Compensated Absences

The City does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability.

C. Federal and State Audits

The City has received grants reported in the general and capital project funds, which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the City believes disallowances, if any, will not be material.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 4 – COMMITMENTS AND CONTINGENCIES
(CONTINUED)

D. Litigation and Pending or Threatened Litigation

The City of Olean provides treatment of sewer waste to a neighboring municipality through an agreement dated September 19, 1980. At the beginning of each fiscal year, the City of Olean provides an estimated billing for the upcoming fiscal year to the municipality based on budgeted expenditures. Subsequent to the year, the estimated billing is compared with actual expenditures and an additional charge or credit is applied to the following year's estimated billing. In October 2020, the City received communication from the municipality disputing certain expenses utilized in the calculation of the estimated billing for the fiscal year ended May 31, 2021, along with disputing similar expenses included in billings for the fiscal years ended May 31, 2018 through 2020, which were previously paid by the municipality. The municipality continues to dispute certain expenses through the year ended May 31, 2023. As a result of the dispute, the municipality has withheld approximately \$2,550,000 from its payment through May 31, 2023.

On February 14, 2022, City of Olean served the municipality a notice of claim demanding payment, along with reimbursement of damages, related costs and expenses, and appropriate interest. The City of Olean intends to vigorously pursue payment.

On December 7, 2023, the municipality, along with two other parties who receive sewer treatment through the municipality and in turn the City, filed an Article 78 Proceeding and Declaratory Judgment Action disputing sewer charges outstanding as of May 2023, along with those billed subsequent to June 1, 2023.

Because the amount outstanding as of May 31, 2023 is disputed, unpaid and unavailable, it has not been recognized as an asset (receivable) in the Statements of Financial Position and Balance Sheets and has not been recognized as revenue in the Statement of Activities or Statements of Revenue, Expenditures and Changes in Fund Equity for the year ended May 31, 2023.

The City may be a party to various claims, legal and tax proceedings covering a wide range of matters that arise in the course of the City's business. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the City's financial position.

The City was involved in litigation regarding a previous capital project which is further described in Note 7.

NOTE 4 – COMMITMENTS AND CONTINGENCIES
(CONTINUED)

E. Employee Contracts

The City of Olean has four collective bargaining units, Police Patrol Unit, Police Command Unit, Civil Service Employees Association Unit and Olean Professional Fire Fighters Association. The two Police Unions contracts will expire on May 31, 2025, the Olean Professional Fire Fighters Association's contract will expire on May 31, 2026.

F. Environmental

In 1994 the *City of Olean, New York* determined that leakage problems existed at the site of its former landfill in Ischua, New York. The City was issued an Order on Consent by the Department of Environmental Conservation (DEC) which required the City to prepare an engineering report for the wetland treatment system and to construct a leachate collection and treatment system. The City complied with preparing plans for the treatment system and submitted it to NYSDEC and has not received a response as of the audit report date. The City has accrued \$125,000 as of May 31, 2023, for the estimated costs associated with this Order. It is not known at this time whether other remediation costs will be necessary.

In 2001, the Department of Environmental Conservation (DEC) issued an Order of Consent regarding violations of the City's State Pollutant Discharge Elimination System (SPDES). The Order was subsequently amended in 2003, 2005 and 2014. The 2014 Order on Consent includes a schedule of compliance which sets forth dates for various plans of action concerning the wastewater treatment plant improvements, SPDES permit compliance, collection system improvements and inflow and infiltration elimination and reporting.

A master plan was developed in 2005 to address the items outlined in the initial Order, which was later revised by the City and a third-party engineering firm in 2014 and 2016 and contains two volumes. The first volume contains one element, Treatment Plant Improvements, of which the City is in the final phases of completion. The second volume contains elements two through six consisting of the following action items:

Element 2 – Inceptor Improvements
Element 3 – Pump Station Improvements (Completed)
Element 4 – Sanitary Sewer Asset Management
Element 5 – Storm Sewer Asset Management Program
Element 6 – Sewer Use Ordinance Enforcement

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 4 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

F. Environmental (continued)

Each element contains numerous components, some of which have been completed or partially completed, while others are scheduled to be completed in future years through year 2042. Estimated costs to be incurred for the components outlined in Element 2 total approximately \$6.2 million, plus costs to be determined at a later date for long-term inceptor rehabilitation projects scheduled to be completed in 2037 and 2042.

Costs to be incurred in Element 2 are capital in nature and the City anticipates issuing future debt or receiving grants to finance such projects.

The City anticipates budgeting \$250,000 annually through 2044, for costs associated with Element 4 related to on-going investigation and maintenance. In the current year the City incurred costs in the amount of approximately \$180,000.

Cost estimates for those components not completed in Elements 3, 5 and 6 have not been determined.

It is not possible at this time to estimate the costs to be incurred by the City or the timing of events of Elements 2 through 6 and therefore these costs have not been recognized in the Statement of Net Position or Statement of Activities.

G. Olean Area Transit System (OATS)

The City of Olean operates public transportation for its residents and surrounding areas. Certain expenditures related to the program are reimbursed through Federal and State subsidy. Approximately \$486,000 of funding related to the fiscal year ended May 31, 2023 was unpaid through the date of this report. As a result of the amount being uncertain, unpaid and unavailable, it has not been recognized as an asset (receivable) in the Statements of Financial Position and Balance Sheets as of May 31, 2023 and has not been recognized as revenue in the Statement of Activities or Statements of Revenue, Expenditures and Changes in Fund Equity for the year ended May 31, 2023.

NOTE 5 – TAX ABATEMENTS

The Cattaraugus County Industrial Development Agency entered into a property tax abatement program (Payment in Lieu of Taxes – PILOT) with various corporations in the City of Olean's tax jurisdiction for the purpose of economic development. The agreements with Corporation A through K abate taxes on the new improvements of the property for a period of fifteen years. The terms and amounts of tax abated in the current year are as follow:

NOTE 5 – TAX ABATEMENTS (CONTINUED)

Corporation	Term	Tax abated during the year ended May 31, 2023
Corporation A	2011-2026	\$ 5,976
Corporation B	2011-2026	5,007
Corporation C	2012-2027	4,904
Corporation D	2012-2027	62,699
Corporation E	2014-2029	2,917
Corporation F	2016-2031	1,611
Corporation G	2016-2031	2,819
Corporation H	2017-2032	20,519
Corporation I	2018-2033	12,879
Corporation J	2019-2034	5,825
Corporation K	2020-2035	3,201
Corporation L	2019-2034	61,914
Corporation M	2022-2032	8,458
		<u>\$ 198,729</u>

NOTE 6 – FUND BALANCE

1. Classification

The City's fund equity is comprised of various components:

Category/Fund	Description	May 31, 2023
Restricted:		
Capital	Reserve for Capital	<u>\$ 2,862,919</u>
Debt Service	Reserve for Debt Service	<u>\$ 180,014</u>
Assigned:		
General	Reserve for Encumbrances	<u>\$ 127,604</u>
Water	Reserve for Encumbrances	<u>\$ 21,112</u>
	Special Revenue Fund Balance	<u>406,289</u>
		<u>\$ 427,401</u>
Sewer	Reserve for Encumbrances	<u>\$ 6,453</u>
	Special Revenue Fund Balance	<u>1,985,858</u>
		<u>\$ 1,992,311</u>
First Time Homebuyers	Special Revenue Fund Balance	<u>\$ 5,770</u>
Housing Rehab	Special Revenue Fund Balance	<u>\$ 8,403</u>
Revolving Loan	Special Revenue Fund Balance	<u>\$ 287,747</u>
Misc. Special Revenue	Special Revenue Fund Balance	<u>\$ 87,258</u>

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2023

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NOTE 6 – FUND BALANCE (CONTINUED)

Accumulated Deficits

The *City of Olean, New York* had certain projects that have been established within the current and prior years. These projects incurred expenses related to the initial phases of the projects. The City anticipates revenue from bond proceeds, federal, state, and local sources to cover these expenses.

Capital Project	May 31, 2023
Washington Street	\$ 1,086,586
Walkable Olean Phase 3	17,215
Fire Department Pumper/DPW	325,939
Subtotal	<u>\$ 1,429,740</u>

The *City of Olean, New York* had certain projects that when closed out will have deficit fund balances. Management is developing plans to alleviate these deficits in future years. These plans may include transfers from the general fund, from completed capital projects with excess funds, etc.

Capital Project	May 31, 2023
Vehicle Replacement	\$ 165,488
Recreation Center	571
Pedestrian Safety Action Plan	66,417
HVAC Control System	35,080
Fire Station Generator	14,726
South Union Street Gateway	65,069
Splash Park at War Vet Park	324,385
Lauren Street Project	14,840
Subtotal	<u>\$ 686,576</u>

NOTE 7 – NORTH UNION STREET PROJECT

During September 2017, a contractor filed a notice of petition in New York State Court seeking payment alleged to be owed in connection with the North Union Street reconstruction project. In March, 2018 the State of New York Supreme Court ordered the City to pay \$1,033,571, including interest, to the contractor of which \$586,849 was paid in April 2018 from the City's general (\$431,986), water (\$90,676) and sewer funds (\$64,187), with the remaining \$446,722 paid in June 2018 from proceeds from a general obligation bond.

On October 23, 2018, the contractor filed a second notice of petition in New York State Supreme Court seeking payment in the amount of approximately \$287,000 plus interest alleged to be owed by the City in connection with the North Union Street reconstruction project. During the year ended May 31, 2023 the City paid \$175,000 from the General(\$87,500), Water(\$43,750) and Sewer(\$43,750) Funds related to the settlement of this claim.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through March 5, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
GENERAL FUND
AS OF MAY 31, 2023 AND 2022

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	May 31 2023	May 31 2022
Assets		
Cash on hand	\$ 1,525	\$ 1,525
Cash on deposit		
Regular accounts	7,777,301	8,256,634
Receivables		
Refuse and garbage	1,869	1,869
Special assessment	1,882	1,882
Accounts receivable	372,005	370,484
Due from other funds	1,264,260	43,305
Advances to other funds	51,500	1,116,879
State and federal	972,173	888,342
Total assets	\$ 10,442,515	\$ 10,680,920
Liabilities, Deferred Inflows of Resources and Fund Equity		
Liabilities		
Accounts payable	\$ 245,779	\$ 309,297
Accrued liabilities	871,096	1,228,607
Due to other funds	729,842	682,056
Due to employee retirement system	285,242	258,166
Other liabilities	46,380	32,557
Bond anticipation notes payable	150,000	176,500
Total liabilities	2,328,339	2,687,183
Deferred Inflows of Resources		
Taxes collected for subsequent year	5,948,565	5,179,475
Fund Equity		
Assigned	127,604	210,034
Unassigned	2,038,007	2,604,228
Total fund equity	2,165,611	2,814,262
	\$ 10,442,515	\$ 10,680,920

CITY OF OLEAN, NEW YORK
COMPARATIVE STATEMENTS OF REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY
GENERAL FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2023 AND 2022

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	May 31 2023	May 31 2022
Revenue		
Real property taxes	\$ 7,398,395	\$ 7,285,307
Real property tax items	125,682	81,752
Non-property tax items	5,690,278	5,489,152
Departmental income	1,356,567	1,149,370
Intergovernmental charges	259,541	187,518
Use of money and property	72,029	10,233
Licenses and permits	157,128	71,263
Fines and forfeitures	16,902	11,031
Sales of property and compensation for loss	42,061	-
Miscellaneous local sources	20,012	-
State aid	2,942,128	2,970,849
Federal aid	-	340,359
Total revenue	18,080,723	17,596,834
Expenditures		
General government support	2,549,539	2,776,421
Public safety	6,766,379	6,133,472
Health	78,783	67,397
Transportation	2,053,791	2,054,400
Economic development	2,000	2,000
Culture and recreation	1,027,422	903,720
Home and community services	186,005	173,630
Employee benefits	4,726,596	4,672,914
Total expenditures	17,390,515	16,783,954
Excess of revenue over expenditures	690,208	812,880
Other financing sources (uses)		
BANS redeemed from appropriations	26,500	-
Operating transfers in	87,500	38,614
Operating transfers out	(1,452,859)	(1,380,797)
Total other financing sources (uses)	(1,338,859)	(1,342,183)
Deficiency of revenue and other financing sources over expenditures and other financing uses	(648,651)	(529,303)
Fund equity, beginning of year	2,814,262	3,343,565
Fund equity, end of year	\$ 2,165,611	\$ 2,814,262

See accompanying independent auditor's report on supplementary information.

CITY OF OLEAN, NEW YORK
COMBINING BALANCE SHEET -
ALL SPECIAL REVENUE FUNDS
AS OF MAY 31, 2023

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	Water	Sewer	Non-Major Funds				(Memo only) Total
			Misc. Special Revenue Fund	Revolving Loan Fund	Housing Rehabilitation Fund	First Time Homebuyers Fund	
Assets							
Cash on hand	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40
Cash on deposit							
Regular accounts	1,227,702	1,032,302	132,361	292,431	7,403	6,915	2,699,114
Receivables							
Accounts receivable	767,215	953,677	-	-	-	-	1,720,892
Due from State, Federal and other governments	346,816	292,507	-	-	-	-	639,323
Due from other funds	117,221	518,272	-	-	1,000	-	636,493
Revolving loans receivable	-	-	-	67,483	-	-	67,483
First Time Homebuyers loans receivable	-	-	-	-	-	17,781	17,781
Rehabilitation loans receivable	-	-	-	-	229	-	229
Other assets	-	-	-	-	-	61	61
Total assets	\$ 2,458,994	\$ 2,796,758	\$ 132,361	\$ 359,914	\$ 8,632	\$ 24,757	\$ 5,781,416
Liabilities							
Accounts payable	\$ 59,144	\$ 78,055	\$ -	\$ 4,684	\$ -	\$ -	\$ 141,883
Accrued liabilities	86,660	57,419	-	-	-	-	144,079
Due to other funds	1,829,149	619,844	45,103	-	-	1,000	2,495,096
Advances from other funds	27,750	23,750	-	-	-	-	51,500
Due to employee retirement system	25,379	25,379	-	-	-	-	50,758
Other liabilities	3,511	-	-	-	-	-	3,511
Unearned revenue	-	-	-	67,483	229	17,987	85,699
Total liabilities	2,031,593	804,447	45,103	72,167	229	18,987	2,972,526
Fund Equity							
Assigned	427,401	1,992,311	87,258	287,747	8,403	5,770	2,808,890
Total fund equity	427,401	1,992,311	87,258	287,747	8,403	5,770	2,808,890
Total liabilities and fund equity	\$ 2,458,994	\$ 2,796,758	\$ 132,361	\$ 359,914	\$ 8,632	\$ 24,757	\$ 5,781,416

CITY OF OLEAN, NEW YORK

**COMBINING STATEMENTS OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2023**

Page 44

	Water	Sewer	Non-major Funds				(Memo only) Total
			Misc. Special Revenue Fund	Revolving Loan Fund	Housing Rehabilitation Fund	First Time Homebuyers Fund	
Revenue							
Departmental income	\$ 3,803,848	\$ 3,959,612	\$ 50,922	\$ 46,090	\$ -	\$ 6,225	\$ 7,866,697
Intergovernmental charges	-	347,888	-	-	-	-	347,888
Use of money and property	-	-	-	347	4	3	354
Total revenue	3,803,848	4,307,500	50,922	46,437	4	6,228	8,214,939
Expenditures							
General government support	77,840	66,371	33,204	-	-	-	177,415
Home and community services	2,099,594	2,114,023	-	55,540	-	414	4,269,571
Employee benefits	575,500	599,570	-	-	-	-	1,175,070
Total expenditures	2,752,934	2,779,964	33,204	55,540	-	414	5,622,056
Excess (deficiency) of revenue over expenditures	1,050,914	1,527,536	17,718	(9,103)	4	5,814	2,592,883
Other financing uses							
Operating transfers in	143,568	-	-	-	-	-	143,568
Operating transfers out	(1,293,783)	(1,626,825)	-	-	-	(6,388)	(2,926,996)
Total financing uses	(1,150,215)	(1,626,825)	-	-	-	(6,388)	(2,783,428)
Excess (deficiency) of revenue over expenditures and other financing uses	(99,301)	(99,289)	17,718	(9,103)	4	(574)	(190,545)
Fund equity, beginning of year	526,702	2,091,600	69,540	296,850	8,399	6,344	2,999,435
Fund equity, end of year	\$ 427,401	\$ 1,992,311	\$ 87,258	\$ 287,747	\$ 8,403	\$ 5,770	\$ 2,808,890

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
SPECIAL REVENUE FUNDS
AS OF MAY 31, 2023 AND 2022

Page 45

	May 31 2023	May 31 2022
Assets		
Cash on hand	\$ 40	\$ 40
Cash on deposit		
Regular accounts	2,699,114	2,592,277
Accounts receivable	1,720,892	1,698,274
Due from State, Federal and other governments	639,323	543,143
Due from other funds	636,493	493,882
Revolving loans receivable	67,483	72,162
First time homebuyers loans receivable	17,781	22,947
Rehabilitation loans receivable	229	229
Other assets	61	61
Total assets	\$ 5,781,416	\$ 5,423,015
Liabilities		
Accounts payable	\$ 141,883	\$ 211,220
Accrued liabilities	144,079	109,457
Due to other funds	2,495,096	834,222
Advances from other funds	51,500	1,116,879
Due to employee retirement system	50,758	43,334
Other liabilities	3,511	12,925
Unearned revenue	85,699	95,543
Total liabilities	2,972,526	2,423,580
Fund Equity		
Assigned	2,808,890	2,999,435
Total fund equity	2,808,890	2,999,435
Total liabilities and fund equity	\$ 5,781,416	\$ 5,423,015

CITY OF OLEAN, NEW YORK**COMPARATIVE STATEMENTS OF REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY – SPECIAL REVENUE FUNDS
AND FOR THE FISCAL YEARS ENDED MAY 31, 2023 AND 2022****Page 46**

	May 31 2023	May 31 2022
Revenue		
Departmental income	\$ 7,866,697	\$ 8,002,928
Intergovernmental charges	347,888	377,008
Use of money and property	354	231
Total revenue	8,214,939	8,380,167
Expenditures		
General government support	177,415	165,608
Home and community services	4,269,571	4,482,232
Employee benefits	1,175,070	1,149,821
Total expenditures	5,622,056	5,797,661
Excess of revenue over expenditures	2,592,883	2,582,506
Other financing sources (uses)		
Operating transfers in	143,568	-
Operating transfers out	(2,926,996)	(2,447,905)
Total other financing uses	(2,783,428)	(2,447,905)
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	(190,545)	134,601
Fund equity, beginning of year	2,999,435	2,864,834
Fund equity, end of year	\$ 2,808,890	\$ 2,999,435

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
WATER FUND
AS OF MAY 31, 2023 AND 2022

Page 47

	May 31 2023	May 31 2022
Assets		
Cash on hand	\$ 40	\$ 40
Cash on deposit		
Regular accounts	1,227,702	876,065
Accounts receivable	767,215	840,527
Due from State, Federal and other governments	346,816	287,387
Due from other funds	117,221	18,202
Total assets	\$ 2,458,994	\$ 2,022,221
Liabilities		
Accounts payable	\$ 59,144	\$ 63,219
Accrued liabilities	86,660	65,865
Due to other funds	1,829,149	474,680
Advances from other funds	27,750	857,163
Due to employee retirement system	25,379	21,667
Other liabilities	3,511	12,925
Total liabilities	2,031,593	1,495,519
Fund Equity		
Assigned	427,401	526,702
Total fund equity	427,401	526,702
Total liabilities and fund equity	\$ 2,458,994	\$ 2,022,221

CITY OF OLEAN, NEW YORK**COMPARATIVE STATEMENTS OF REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY – WATER FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2023 AND 2022****Page 48**

	May 31 2023	May 31 2022
Revenue		
Departmental income	\$ 3,803,848	\$ 3,808,049
Total revenue	3,803,848	3,808,049
Expenditures		
General government support	77,840	77,706
Home and community services	2,099,594	2,180,556
Employee benefits	575,500	575,577
Total expenditures	2,752,934	2,833,839
Excess of revenue over expenditures	1,050,914	974,210
Other financing sources (uses)		
Operating transfers in	143,568	-
Operating transfers out	(1,293,783)	(1,142,423)
Total other financing sources (uses)	(1,150,215)	(1,142,423)
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	(99,301)	(168,213)
Fund equity, beginning of year	526,702	694,915
Fund equity, end of year	\$ 427,401	\$ 526,702

CITY OF OLEAN, NEW YORK
STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL – WATER FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2023

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	Original Budget	Amended Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
Revenue					
Departmental income	\$ 3,938,930	\$ 3,938,930	\$ 3,803,848	\$ -	\$ (135,082)
Total revenue	<u>3,938,930</u>	<u>3,938,930</u>	<u>3,803,848</u>	<u>-</u>	<u>(135,082)</u>
Expenditures					
General government support	151,000	111,000	77,840	-	33,160
Home and community services	2,025,447	2,086,447	2,099,594	21,112	(34,259)
Employee benefits	582,450	582,450	575,500	-	6,950
Total expenditures	<u>2,758,897</u>	<u>2,779,897</u>	<u>2,752,934</u>	<u>21,112</u>	<u>5,851</u>
Excess (deficiency) of revenue over expenditures	<u>1,180,033</u>	<u>1,159,033</u>	<u>1,050,914</u>	<u>(21,112)</u>	<u>(129,231)</u>
Other financing sources (uses)					
Operating transfers in	-	-	143,568	-	143,568
Operating transfers out	(1,180,033)	(1,293,783)	(1,293,783)	-	-
Total other financing sources (uses)	<u>(1,180,033)</u>	<u>(1,293,783)</u>	<u>(1,150,215)</u>	<u>-</u>	<u>143,568</u>
Excess (deficiency) of revenue over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (134,750)</u>	<u>\$ (99,301)</u>	<u>\$ (21,112)</u>	<u>\$ 14,337</u>

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
SEWER FUND
AS OF MAY 31, 2023 AND 2022

Page 50

	May 31 2023	May 31 2022
Assets		
Cash	\$ 1,032,302	\$ 1,288,230
Accounts receivable	953,677	857,747
Due from State, Federal and other governments	292,507	255,756
Due from other funds	518,272	474,680
Total assets	\$ 2,796,758	\$ 2,876,413
Liabilities		
Accounts payable	\$ 78,055	\$ 144,601
Accrued liabilities	57,419	43,592
Advances from other funds	23,750	259,716
Due to other funds	619,844	315,237
Due to employee retirement system	25,379	21,667
Total liabilities	804,447	784,813
Fund Equity		
Assigned	1,992,311	2,091,600
Total fund equity	1,992,311	2,091,600
Total liabilities and fund equity	\$ 2,796,758	\$ 2,876,413

CITY OF OLEAN, NEW YORK**COMPARATIVE STATEMENTS OF REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY – SEWER FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2023 AND 2022****Page 51**

	May 31 2023	May 31 2022
Revenue		
Departmental income	\$ 3,959,612	\$ 4,111,519
Intergovernmental charges	347,888	377,008
Total revenue	4,307,500	4,488,527
Expenditures		
General government support	66,371	62,000
Home and community services	2,114,023	2,256,159
Employee benefits	599,570	574,244
Total expenditures	2,779,964	2,892,403
Excess of revenue over expenditures	1,527,536	1,596,124
Other financing sources (uses)		
Operating transfers out	(1,626,825)	(1,291,868)
Total other financing uses	(1,626,825)	(1,291,868)
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	(99,289)	304,256
Fund equity, beginning of year	2,091,600	1,787,344
Fund equity, end of year	\$ 1,992,311	\$ 2,091,600

CITY OF OLEAN, NEW YORK
STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL – SEWER FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2023

Page 52

	Original Budget	Amended Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
Revenue					
Departmental income	\$ 3,840,117	\$ 3,840,117	\$ 3,959,612	\$ -	\$ 119,495
Intergovernmental charges	425,000	425,000	347,888	-	(77,112)
Total revenue	4,265,117	4,265,117	4,307,500	-	42,383
Expenditures					
General government support	137,000	62,000	66,371	-	(4,371)
Home and community services	2,309,843	2,325,866	2,114,023	6,453	205,390
Employee benefits	580,150	580,150	599,570	-	(19,420)
Total expenditures	3,026,993	2,968,016	2,779,964	6,453	181,599
Excess (deficiency) of revenue over expenditures	1,238,124	1,297,101	1,527,536	(6,453)	223,982
Other financing sources (uses)					
Operating transfers out	(1,238,124)	(1,626,825)	(1,626,825)	-	-
Total other financing uses	(1,238,124)	(1,626,825)	(1,626,825)	-	-
Excess (deficiency) of revenue over expenditures and other financing uses	\$ -	\$ (329,724)	\$ (99,289)	\$ (6,453)	\$ 223,982

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
REVOLVING LOAN FUND
AS OF MAY 31, 2023 AND 2022

Page 53

	May 31 2023	May 31 2022
Assets		
Cash on deposit - Regular accounts	\$ 292,431	\$ 300,250
Rehabilitation loans receivable	67,483	72,162
Total assets	\$ 359,914	\$ 372,412
Liabilities		
Unearned revenue	\$ 67,483	\$ 72,162
Accounts payable	4,684	3,400
Total liabilities	72,167	75,562
Fund Equity		
Assigned	287,747	296,850
Total fund equity	287,747	296,850
Total liabilities and fund equity	\$ 359,914	\$ 372,412

CITY OF OLEAN, NEW YORK**COMPARATIVE STATEMENTS OF REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY – REVOLVING LOAN FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2023 AND 2022****Page 54**

	May 31 2023	May 31 2022
Revenue		
Departmental income	\$ 46,090	\$ 50,714
Use of money and property	347	226
Total revenue	46,437	50,940
Expenditures		
Home and community services	55,540	45,326
Total expenditures	55,540	45,326
Excess (deficiency) of revenue over expenditures and other uses	(9,103)	5,614
Fund equity, beginning of year	296,850	291,236
Fund equity, end of year	\$ 287,747	\$ 296,850

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
HOUSING REHABILITATION FUND
AS OF MAY 31, 2023 AND 2022

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	May 31 2023	May 31 2022
Assets		
Cash on deposit - regular accounts	\$ 7,403	\$ 7,399
Due from other funds	1,000	1,000
Rehabilitation loans receivable	229	229
Total assets	\$ 8,632	\$ 8,628
Liabilities		
Unearned revenue	\$ 229	\$ 229
Total liabilities	229	229
Fund Equity		
Assigned	8,403	8,399
Total fund equity	8,403	8,399
Total liabilities and fund equity	\$ 8,632	\$ 8,628

CITY OF OLEAN, NEW YORK**COMPARATIVE STATEMENTS OF REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY – HOUSING REHABILITATION FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2023 AND 2022****Page 56**

	May 31 2023	May 31 2022
Revenue		
Use of money and property	\$ 4	\$ 2
Total revenue	4	2
Expenditures		
Home and community services	-	-
Total expenditures	-	-
Excess of revenue over expenditures	4	2
Fund equity, beginning of year	8,399	8,397
Fund equity, end of year	\$ 8,403	\$ 8,399

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
FIRST TIME HOMEBUYERS FUND
AS OF MAY 31, 2023 AND 2022

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	May 31 2023	May 31 2022
Assets		
Cash on deposit - regular accounts	\$ 6,915	\$ 7,488
First time homebuyers loans receivable	17,781	22,947
Other assets	61	61
Total assets	\$ 24,757	\$ 30,496
Liabilities		
Unearned revenue	\$ 17,987	\$ 23,152
Due to other funds	1,000	1,000
Total liabilities	18,987	24,152
Fund Equity		
Assigned	5,770	6,344
Total fund equity	5,770	6,344
Total liabilities and fund equity	\$ 24,757	\$ 30,496

CITY OF OLEAN, NEW YORK**COMPARATIVE STATEMENTS OF REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY – FIRST TIME HOMEBUYERS FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2023 AND 2022****Page 58**

	May 31 2023	May 31 2022
Revenue		
Departmental income	\$ 6,225	\$ 6,307
Use of money and property	3	3
Total revenue	6,228	6,310
Expenditures		
Home and community services	414	191
Total expenditures	414	191
Other financing uses		
Operating transfers out	(6,388)	(13,614)
Total other financing uses	(6,388)	(13,614)
Excess (deficiency) of revenue over expenditures	(574)	(7,495)
Fund equity, beginning of year	6,344	13,839
Fund equity, end of year	\$ 5,770	\$ 6,344

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
CAPITAL PROJECTS FUND
AS OF MAY 31, 2023 AND 2022

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	May 31 2023	May 31 2022
Assets		
Cash on deposit - regular accounts	\$ 4,167,046	\$ 4,797,844
Cash with fiscal agent	-	2,139
Due from Federal and State	335,958	153,239
Due from other funds	4,784,509	3,443,447
Total assets	\$ 9,287,513	\$ 8,396,669
Liabilities		
Accounts payable	\$ 162,809	\$ 304,692
Unearned revenue	440,465	520,395
Due to other funds	2,423,213	678,747
Bond anticipation notes payable	5,514,450	6,641,974
Total liabilities	8,540,937	8,145,808
Fund Equity		
Restricted	2,862,892	2,189,477
Unassigned (deficit)	(2,116,316)	(1,938,616)
Total fund equity	746,576	250,861
Total liabilities and fund equity	\$ 9,287,513	\$ 8,396,669

CITY OF OLEAN, NEW YORK**COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY – CAPITAL PROJECTS FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2023 AND 2022****Page 60**

	May 31 2023	May 31 2022
Revenue		
Use of money and property	\$ 9,320	\$ 2,645
Miscellaneous local sources	444,171	381,027
Federal aid	2,840,891	1,002,000
State aid	3,166,629	4,572,464
Total revenue	6,461,011	5,958,136
Expenditures		
General government support	250,979	224,218
Public safety	34,155	83,764
Transportation	4,783,492	3,638,141
Culture and recreation	1,433,882	552,109
Home and community services	273,457	1,718,879
Total expenditures	6,775,965	6,217,111
Excess (deficiency) of revenue over expenditures	(314,954)	(258,975)
Other financing sources (uses)		
Bond anticipation notes redeemed from appropriations	234,821	275,898
Operating transfers in	938,373	737,235
Operating transfers out	(362,525)	(399,829)
Total other financing sources	810,669	613,304
Excess of revenue and other financing sources over expenditures and other financing uses	495,715	354,329
Fund equity (deficit), beginning of year	250,861	(103,468)
Fund equity, end of year	\$ 746,576	\$ 250,861

See accompanying independent auditor's report on supplementary information.

CITY OF OLEAN, NEW YORK

BALANCE SHEET – CAPITAL PROJECTS FUND – BY PROJECT

AS OF MAY 31, 2023

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Project Number	Description	Cash	Due from Federal & State	Due from/(to) Other Funds	Total Assets	Accounts Payable & Unearned Revenue	BAN's/ Notes Payable	Fund Equity (Deficit)	Total Liabilities & Fund Equity
29	CHIPS	\$ 9,278	\$ -	\$ (9,278)	\$ -	\$ -	\$ -	\$ -	\$ -
101	Alarm	14,453	-	(12,818)	1,635	-	-	1,635	1,635
102	Vehicle replacement	861,214	-	(932,266)	(71,052)	94,436	-	(165,488)	(71,052)
103	Police Equipment Replacement	37,757	-	315	38,072	-	-	38,072	38,072
118	Ambulance reserve	19,181	-	85,489	104,670	-	-	104,670	104,670
119	OATS Bus Reserve	229,560	-	43,285	272,845	-	-	272,845	272,845
123	Catch basin disconnect project	1,611	-	(1,611)	-	-	-	-	-
132	Parking lot maintenance program	24,879	-	398	25,277	-	-	25,277	25,277
146	Airport Master Plan	125,347	-	1,236,972	1,362,319	-	1,114,442	247,877	1,362,319
150	Sidewalk Improvement Reserve	27,603	43,117	3,243	73,963	-	-	73,963	73,963
161	Other Miscellenous Reserves	9,927	-	-	9,927	-	-	9,927	9,927
163	Waste Water Treatment Plant Master Plan	(183,578)	-	183,578	-	-	-	-	-
165	Bradner Stadium Project	54,391	-	(19,931)	34,460	-	-	34,460	34,460
167	North Union Street Rehabilitation	-	29,085	-	29,085	-	-	29,085	29,085
170	Property Reevaluation	50,000	-	-	50,000	-	-	50,000	50,000
171	York St./Prospect Ave.	-	-	284,106	284,106	-	-	284,106	284,106
173	Ice Resurfacer	-	-	9,153	9,153	-	-	9,153	9,153
175	Recreation Center	127	-	(698)	(571)	-	-	(571)	(571)
178	Third Street Project	5,215	-	(5,215)	-	-	-	-	-
179	Bradner Stadium Roof	651	-	(651)	-	-	-	-	-
180	IT Upgrade	35,558	-	62,951	98,509	4,558	-	93,951	98,509
181	Zombie Grant	37,545	-	117,907	155,452	-	-	155,452	155,452
185	Tree Pruning and Removal	66,687	9,879	29,932	106,498	-	-	106,498	106,498
186	OATS Bus Reserve 2	(18,465)	18,465	-	-	-	-	-	-
187	Playground Reserve	6,486	-	-	6,486	-	-	6,486	6,486
188	Walkable Olean Phase 2	1,281,976	-	(981,566)	300,410	-	284,676	15,734	300,410
189	Farmers Market	(1)	-	1	-	-	-	-	-
190	Stardust Pump Station	(120,863)	-	120,863	-	-	-	-	-
191	Tree Program	(2,100)	-	2,100	-	-	-	-	-
192	TNBR Cat Program	5,000	-	-	5,000	-	-	5,000	5,000
193	Washington Street	396,436	-	(213,022)	183,414	-	1,270,000	(1,086,586)	183,414

194	Pedestrian Safety Action Plan (PSAP)	(66,417)	-	-	(66,417)	-	-	(66,417)	(66,417)
195	Walkable Olean Phase 3	103,585	-	1,712,361	1,815,946	-	1,833,161	(17,215)	1,815,946
197	HVAC Control System	(35,080)	-	-	(35,080)	-	-	(35,080)	(35,080)
198	Time Square Building Repair	16,508	-	-	16,508	-	-	16,508	16,508
199	North 9th Drainage Project	14,409	-	-	14,409	-	-	14,409	14,409
200	Reserve for Cyber Attacks	59,055	-	-	59,055	-	-	59,055	59,055
201	North Union Streetscape	(92,580)	130,531	93,978	131,929	-	37,171	94,758	131,929
202	Well House Fluoridation	-	-	-	-	-	-	-	-
203	Franchot Park Entrance	50,000	-	-	50,000	-	-	50,000	50,000
204	Inclusive Playground Equipment	50,000	-	-	50,000	-	-	50,000	50,000
205	Fire Station Generator	(14,726)	-	-	(14,726)	-	-	(14,726)	(14,726)
206	Re-Striping City Streets	77,825	-	(71,542)	6,283	-	-	6,283	6,283
208	South Union Street Gateway	(25,742)	-	-	(25,742)	39,327	-	(65,069)	(25,742)
209	Fire Station HVAC	63,920	-	-	63,920	30,000	-	33,920	63,920
212	Hydraulic Mapping	25,000	-	-	25,000	-	-	25,000	25,000
213	Stimulus Fund	318,270	29,708	-	347,978	347,978	-	-	347,978
214	Fire Department Pumper/DPW	(325,939)	-	580,000	254,061	-	580,000	(325,939)	254,061
215	Comprehensive Development Plan	5,000	-	-	5,000	-	-	5,000	5,000
216	Splash Park at War Vet	(324,385)	-	-	(324,385)	-	-	(324,385)	(324,385)
217	BBG Marketing	20,205	-	-	20,205	20,166	-	39	20,205
218	BBG Real Estate Assistance	37,823	-	-	37,823	37,763	-	60	37,823
219	Oak Hill Park/Dog Park	522,082	75,173	43,262	640,517	29,046	395,000	216,471	640,517
220	Fire Station Repairs	8,047	-	-	8,047	-	-	8,047	8,047
221	Buffalo Street Underpass	363,000	-	-	363,000	-	-	363,000	363,000
225	Lauren Street Project	(14,840)	-	-	(14,840)	-	-	(14,840)	(14,840)
226	Homeowner Sidewalk Rebate Program	30,000	-	-	30,000	-	-	30,000	30,000
227	IWORQ Enforcement Software	40,500	-	-	40,500	-	-	40,500	40,500
228	Fire Station One Parapet	70,000	-	-	70,000	-	-	70,000	70,000
229	Weel Refurbishment	55,000	-	-	55,000	-	-	55,000	55,000
230	Levee Reaccreditation	160,651	-	-	160,651	-	-	160,651	160,651
Totals		\$ 4,167,046	\$ 335,958	\$ 2,361,296	\$ 6,864,300	\$ 603,274	\$ 5,514,450	\$ 746,576	\$ 6,864,300

See accompanying independent auditor's report on supplementary information.

CITY OF OLEAN, NEW YORK
SCHEDULE OF EXPENDITURES -
CAPITAL PROJECTS FUND – BY PROJECT
FOR THE FISCAL YEARS ENDED MAY 31, 2023 AND 2022

Page 62

<i>Project</i>	May 31 2023	May 31 2022
CHIPS	\$ 1,506,158	\$ 1,545,972
Vehicle Replacement	276,331	598,032
Police Equipment Replacement Reserve	1,859	38,761
Ambulance Reserve	136,606	39,656
Catch Basin Disconnect *	2,065	70,000
Airport Master Plan	1,904,969	576,675
Sidewalk Improvement Reserve	61,572	100,151
Waste Water Treatment Plant Master Plan	(20,645)	90,000
Recreation Center	6,873	162,004
Allegany River Development *	41,305	-
IT Upgrade	59,396	22,346
Zombie Grant	-	3,513
Tree Pruning and Removal	73,175	9,000
OATS Bus Reserve 2	-	457,693
Walkable Olean Phase 2 *	85,068	378,653
Stardust Pump Station *	210,467	230,011
Tree Program *	2,966	33,085
Washington Street	1,020	921,223
Pedestrian Safety Action Plan (PSAP)	910	58,987
Walkable Olean Phase 3 *	32,706	136,002
Repairs to Water Building Wall	-	16,350
HVAC Control System	1,640	1,640
Time Square Building Repair	3,270	5,821
Reserve for Cyber Attacks	-	12,330
North Union Streetscape *	595,974	363,394
Well House Fluoridation *	86,232	302,085
Fire Station Generator	20,874	29,852
Re-striping City Streets	-	105,000
Brickwork for City Streets	-	38,440
South Union Street Gateway	198,785	30,760
Fire Station HVAC	-	16,080
Recreation Center Digital Sign	-	26,238
Hydraulic Mapping	-	25,000
Stimulus Funding	-	143,579
Fire Department Pumper/DPW *	382,692	4,747
Splash Park at War Vet	824,385	-
BBG Marketing	80,511	2,677
BBG Real Estate Assistance	58,807	77
Oak Hill Park/Dog Park	433,029	8,462
West State Street	-	12,644
Fire Station Repairs	51,953	-
Forness Park Project	2,697	-
Lauren Street Project	14,840	-
	\$ 7,138,490	\$ 6,616,940

* Amounts include operating transfers out

See accompanying independent auditor's report on supplementary information.

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
AS OF MAY 31, 2023 AND 2022

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	May 31 2023	May 31 2022
Assets		
Cash on deposit		
Restricted regular accounts	\$ 1,217,125	\$ 1,897,433
Due from other funds	1,487,470	787,995
Total assets	\$ 2,704,595	\$ 2,685,428
Liabilities		
Due to other funds	\$ 2,524,581	\$ 2,573,604
Total liabilities	2,524,581	2,573,604
Fund Equity		
Restricted	180,014	111,824
Total fund equity	180,014	111,824
Total liabilities and fund equity	\$ 2,704,595	\$ 2,685,428

CITY OF OLEAN, NEW YORK**COMPARATIVE STATEMENTS OF REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY – DEBT SERVICE FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2023 AND 2022****Page 64**

	May 31 2023	May 31 2022
Revenue		
Use of money and property	\$ 2,477	\$ 3,268
Premiums on obligations	1,515	364
Total revenue	<u>3,992</u>	<u>3,632</u>
Expenditures		
General government support	-	9,722
Debt service:		
Principal	2,799,338	2,911,396
Interest	709,403	566,052
Total expenditures	<u>3,508,741</u>	<u>3,487,170</u>
Deficiency of revenue over expenditures	<u>(3,504,749)</u>	<u>(3,483,538)</u>
Other financing sources		
Proceeds from serial bonds - refunding	-	5,788,573
Payment for refunding of bonds	-	(5,788,573)
Operating transfers in	3,572,939	3,452,682
Total other financing sources	<u>3,572,939</u>	<u>3,452,682</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	68,190	(30,856)
Fund equity, beginning of year	<u>111,824</u>	<u>142,680</u>
Fund equity, end of year	<u>\$ 180,014</u>	<u>\$ 111,824</u>

See accompanying independent auditor's report on supplementary information.

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
MISCELLANEOUS SPECIAL REVENUE FUND
AS OF MAY 31, 2023 AND 2022

Page 65

	May 31 2023	May 31 2022
Assets		
Cash on deposit		
Regular accounts	\$ 132,361	\$ 112,845
Total assets	\$ 132,361	\$ 112,845
Liabilities		
Due to other funds	\$ 45,103	\$ 43,305
Total liabilities	45,103	43,305
Fund Equity		
Assigned	87,258	69,540
Total fund equity	87,258	69,540
Total liabilities and fund equity	\$ 132,361	\$ 112,845

CITY OF OLEAN, NEW YORK
COMPARATIVE INCOME STATEMENT
MISCELLANEOUS SPECIAL REVENUE FUND
AS OF MAY 31, 2023 AND 2022

Page 66

	May 31 2023	May 31 2022
Revenue		
Miscellaneous local sources	\$ 50,922	\$ 26,339
Total revenue	<u>50,922</u>	<u>26,339</u>
Expenditures		
General government support	33,204	25,902
Total expenditures	<u>33,204</u>	<u>25,902</u>
Excess (deficiency) of revenue over expenditures	17,718	437
Fund equity, beginning of year	<u>69,540</u>	<u>69,103</u>
Fund equity, end of year	<u>\$ 87,258</u>	<u>\$ 69,540</u>

CITY OF OLEAN, NEW YORK**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND BALANCES – MISCELLANEOUS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2023****Page 67**

	Balance			Balance
	June 1, 2022	Receipts	Disbursements	May 31, 2023
Guarantee & Bid Bonds	\$ 500	\$ -	\$ -	\$ 500
Great Lakes	-	1,500	-	1,500
Fries Tree Service	1,505	15	-	1,520
Daniel Long Deposits	2,004	20	-	2,024
Building Improvement Fund-HDCP	459	-	-	459
Children's Memorial Flower Grdn	15	-	-	15
Stadium Renovations / Donations	62	-	-	62
Y&R St. John's	52	-	-	52
Mayor's Cup Golf Tournament	2,168	933	1,382	1,719
Bike Auction	1,450	1,110	-	2,560
Neighborhood Preservation	400	-	-	400
Miscellaneous Recreation	7,722	11,920	13,159	6,483
Clerk Sales	1,048	-	-	1,048
Bartlett House Donations	5,121	1,550	1,550	5,121
Bartlett House Donations	11,601	-	-	11,601
Bartlett House Fund Raising	11,076	18,313	9,610	19,779
Bartlett House Johnsons	50	-	-	50
Senior Center Donations	1,638	300	240	1,698
Fire Donations	175	-	-	175
Police Drugs Donations	9,703	14,713	5,009	19,407
Youth Programs Donations	35	-	-	35
Youth Court Donations	4,647	-	1,562	3,085
Tree Program	548	-	498	50
Interest & Service Charges	399	48	-	447
Personnel	469	500	194	775
Fire Equipment Donations	6,693	-	-	6,693
Totals	\$ 69,540	\$ 50,922	\$ 33,204	\$ 87,258

CITY OF OLEAN, NEW YORK
SCHEDULE OF CHANGES IN THE CITY'S
NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED MAY 31, 2017 THROUGH 2022

Page 68

As of the measurement date of June 1,	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	13,982	17,472	19,952	19,952	27,268	27,268
Differences between expected and actual experience	(20,797)	(215,192)	-	(24,747)	-	50,670
Changes in assumptions	(11,236)	(34,203)	-	3,194	-	-
Benefit payments	(46,436)	(62,642)	(70,995)	(70,878)	(80,438)	(78,942)
Net change in total OPEB liability	(64,487)	(294,565)	(51,043)	(72,479)	(53,170)	(1,004)
Total OPEB liability - beginning	401,105	695,670	746,713	819,192	872,362	21,855
Prior period adjustment	-	-	-	-	-	851,511
Total OPEB liability - ending	<u>\$ 336,618</u>	<u>\$ 401,105</u>	<u>\$ 695,670</u>	<u>\$ 746,713</u>	<u>\$ 819,192</u>	<u>\$ 872,362</u>
Plan fiduciary net position						
Contributions - employer	\$ 46,436	\$ 62,642	\$ 70,995	\$ 70,878	\$ 80,438	\$ 78,942
Net investment income	-	-	-	-	-	-
Benefit payments	(46,436)	(62,642)	(70,995)	(70,878)	(80,438)	(78,942)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$ 336,618</u>	<u>\$ 401,105</u>	<u>\$ 695,670</u>	<u>\$ 746,713</u>	<u>\$ 819,192</u>	<u>\$ 872,362</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered-employee payroll	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability as a percentage of covered-employee payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: Discount Rate of 4.24% as of May 31, 2023 and 3.70% as of May 31, 2022

See accompanying independent auditor's report on supplementary information.

CITY OF OLEAN, NEW YORK
SCHEDULE OF CITY CONTRIBUTIONS - OPEB
FOR THE YEARS ENDED MAY 31, 2018 THROUGH 2023

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For the year ended June 30,	2023	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 46,436	\$ 62,642	\$ 70,995	\$ 70,878	\$ 80,438	\$ 78,942
Contributions in relation to the actuarially determined contribution	(46,436)	(62,642)	(70,995)	(70,878)	(80,438)	(78,942)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of District's covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: 6/1/2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	4.24% as of May 31, 2023 and 3.70% as of May 31, 2022
Inflation	3.00% per year
Healthcare cost trend rates	5% Flat
Salary increases	N/A- not active employees
Mortality	RP-2010 Total Dataset Mortality Table fully generational using Scale MP-2021
Retiree Cost Sharing	For previously retired managers the City contributes most (85% or 100%) of the medical premium amounts for individual and family (dependent) coverage for all eligible retirees, with the exception of one individual, for whom the City contributes 50%.
Participants	4 Retirees

Benefit Changes: None

Changes in assumptions: Discount Rate of 4.24% as of May 31, 2023 and 3.70% as of May 31, 2022

CITY OF OLEAN, NEW YORK
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – NYSLERS & NYSLPFRS
FOR THE YEARS ENDED MAY 31, 2014 THROUGH MAY 31, 2023

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New York State Employees' Retirement System - Net Pension Liability

As of the measurement date of March 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.0168639%	0.0169107%	0.0164279%	0.0166150%	0.0164658%	0.0170202%	0.0165225%	0.0173084%	0.0163295%	n/a
City's proportionate share of the net pension liability (asset)	\$ 3,616,305	\$ (1,382,383)	\$ 16,358	\$ 4,399,748	\$ 1,166,651	\$ 549,318	\$ 1,552,496	\$ 2,778,045	\$ 551,651	\$ 737,908
City's covered-employee payroll	\$ 4,744,600	\$ 4,492,910	\$ 4,318,943	\$ 4,280,744	\$ 4,171,757	\$ 4,222,688	\$ 4,109,534	\$ 4,188,273	\$ 4,111,507	\$ 4,109,268
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	76.22%	-30.77%	0.38%	102.78%	27.97%	13.01%	37.78%	66.33%	13.42%	17.96%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a

New York State Police and Fire's Retirement System - Net Pension Liability

As of the measurement date of March 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.1201182%	0.1083926%	0.1017466%	0.1113430%	0.1197868%	0.1216349%	0.1259500%	0.1201234%	0.1198443%	n/a
City's proportionate share of the net pension liability	\$ 6,619,077	\$ 615,718	\$ 1,766,602	\$ 5,951,237	\$ 2,008,901	\$ 1,229,433	\$ 2,610,506	\$ 3,556,599	\$ 329,883	\$ 498,923
City's covered-employee payroll	\$ 5,003,168	\$ 4,834,770	\$ 4,750,905	\$ 4,647,289	\$ 4,683,575	\$ 4,602,358	\$ 4,758,588	\$ 4,394,298	\$ 4,684,185	\$ 4,427,011
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	132.30%	12.74%	37.18%	128.06%	42.89%	26.71%	54.86%	80.94%	7.04%	11.27%
Plan fiduciary net position as a percentage of the total pension liability	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%	n/a

n/a - information is not available

See accompanying independent auditor's report on supplementary information.

CITY OF OLEAN, NEW YORK
SCHEDULE OF CITY'S CONTRIBUTIONS
– NYSLERS & NYSLPFRS
FOR THE YEARS ENDED MAY 31, 2014 THROUGH MAY 31, 2023

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New York State Employees' Retirement System

For the year ended March 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 516,257	\$ 672,766	\$ 583,740	\$ 569,100	\$ 568,438	\$ 592,035	\$ 598,107	\$ 752,381	\$ 750,021	\$ 768,156
Contributions in relation to the contractually required contribution	(516,257)	(672,766)	(583,740)	(569,100)	(568,438)	(592,035)	(598,107)	(752,381)	(750,021)	(768,156)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 4,744,600	\$ 4,492,910	\$ 4,318,943	\$ 4,280,744	\$ 4,171,757	\$ 4,222,688	\$ 4,109,534	\$ 4,188,273	\$ 4,111,507	\$ 4,109,268
Contributions as a percentage of City's covered-employee payroll	10.88%	14.97%	13.52%	13.29%	13.63%	14.02%	14.55%	17.96%	18.24%	18.69%

New York State Police and Fire's Retirement System

For the year ended March 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 1,297,417	\$ 1,335,978	\$ 1,110,370	\$ 1,042,419	\$ 1,046,909	\$ 1,069,888	\$ 1,100,545	\$ 969,106	\$ 1,285,072	\$ 1,162,942
Contributions in relation to the contractually required contribution	(1,297,417)	(1,335,978)	(1,110,370)	(1,042,419)	(1,046,909)	(1,069,888)	(1,100,545)	(969,106)	(1,285,072)	(1,162,942)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 5,003,168	\$ 4,834,770	\$ 4,750,905	\$ 4,647,289	\$ 4,683,575	\$ 4,602,358	\$ 4,758,588	\$ 4,394,298	\$ 4,684,185	\$ 4,427,011
Contributions as a percentage of City's covered-employee payroll	25.93%	27.63%	23.37%	22.43%	22.35%	23.25%	23.13%	22.05%	27.43%	26.27%

See accompanying independent auditor's report on supplementary information.

CITY OF OLEAN, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MAY 31, 2023

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Receivable (Deferral) 5/31/2022	Total Received	Revenue	Expenditures	Receivable (Deferral) 5/31/2023
<u>United States Department of Treasury</u>								
<u>Passed through New York State:</u>								
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 1,378,149	\$ (520,395)	\$ 689,075	\$ 769,005	\$ 769,005	\$ (440,465)
<u>Passed through Cattaraugus County, New York:</u>								
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	2,697	-	2,697	2,697	2,697	-
Subtotal U.S. Department of Treasury			1,380,846	(520,395)	691,772	771,702	771,702	(440,465)
<u>United States Department of Justice</u>								
Bulletproof Vest Partnership Program	16.607	N/A	13,200	-	13,200	13,200	13,200	-
Subtotal U.S. Department of Justice			13,200	-	13,200	13,200	13,200	-
<u>United States Department of Transportation</u>								
<u>Passed through Federal Aviation Agency:</u>								
Airport Improvement Program - Taxiway A & B Rehabilitation	20.106	FAA AIP 3-36-0091-33-2022	955,246	-	2,753	2,753	2,753	-
Airport Improvement Program - Runway 4-22 Rehabilitation	20.106	FAA AIP 3-36-0091-30-2021	2,260,997	-	2,009,288	2,009,288	2,009,288	-
Airport Improvement Program - Taxiway A & B Rehabilitation (Design)	20.106	FAA AIP 3-36-0091-28-2020	128,160	-	14,240	14,240	14,240	-
<u>Passed through New York State Department of Transportation:</u>								
COVID-19 - Section 5311 Rural Area CARES Act Program	20.509	NY-2020-026-00	29,708	-	29,708	29,708	29,708	-
Subtotal U.S. Department of Transportation			3,374,111	-	2,055,989	2,055,989	2,055,989	-
Total			\$ 4,768,157	\$ (520,395)	\$ 2,760,961	\$ 2,840,891	\$ 2,840,891	\$ (440,465)

See accompanying independent auditor's report on supplementary information.

CITY OF OLEAN, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MAY 31, 2023

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Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **City of Olean** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the 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). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 Basis of Accounting

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for the applicable programs and periods. The amounts reported in these Federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the City's financial reporting system.

Note 3 Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance in the current year.



**INDEPENDENT AUDITOR'S 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"**

**To the Mayor and Members
of the Common Council
Olean, New York**

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and remaining fund information of **City of Olean, New York** as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise **City of Olean, New York's** basic financial statements and have issued our report thereon dated March 5, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **City of Olean, New York's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **City of Olean, New York's** internal control. Accordingly, we do not express an opinion on the effectiveness of **City of Olean, New York's** internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items II.A.2023-001, II.A.2023-002, II.A.2023-003 and II.A.2023-004 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **City of Olean, New York's** financial statements are free of 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 determination of financial statement amounts. 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 that is required to be reported under Government Auditing Standards.

City of Olean, New York's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the **City of Olean, New York's** responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The **City of Olean, New York's** responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not provided an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York

March 5, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY "UNIFORM GUIDANCE"**

**To the Mayor and Members
of the Common Council
Olean, New York**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the *City of Olean, New York's* compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the *City of Olean, New York's* major federal programs for the year ended May 31, 2023. The *City of Olean, New York's* major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the *City of Olean, New York* 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 May 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of *City of Olean, New York* 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 *City of Olean, New York'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 *City of Olean, New York's* federal programs.

Auditor's 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 *City of Olean, New York'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 generally accepted auditing standards, *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 *City of Olean, New York* with the requirements of each major federal program as a whole.

Auditor's Responsibilities for the Audit of Compliance (continued)

In performing an audit in accordance with generally accepted auditing standards, *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 **City of Olean, New York'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 **City of Olean, New York'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 **City of Olean, New York'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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item III.B.2023-005, III.B.2023-006, III.B.2023-007 and III.B.2023-008 to be material weaknesses.

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 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.

City of Olean New York's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on **City of Olean, New York's** responses to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. **City of Olean, New York's** responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Purpose of this Report

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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
March 5, 2024**

CITY OF OLEAN, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MAY 31, 2023

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Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

X yes

 no

Significant deficiency(ies) identified?

 yes

X none reported

Noncompliance material to financial statements noted?

 yes

X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

X yes

 no

Significant deficiency(ies) identified?

 yes

X none reported

Type of auditor's opinion issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)

 yes

X no

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 2,840,891</u>
Identification of Major Programs Tested:		
COVID-19 - Coronavirus State and Local		
Fiscal Recovery Funds	21.027	\$ 771,702
Airport Improvement Program	20.106	<u>2,026,281</u>
Total major programs tested		<u>\$ 2,797,983</u>
% of Federal programs tested		<u>98%</u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low risk?

 yes

X no

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. Internal Control over Financial Reporting

Year Ended May 31, 2023

2023-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the City properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to recording receivables, payables, deferred revenues, and converting to the full accrual method for GASB 34 purposes. In addition, a draft of the financial statements was prepared by the auditors and accepted by the City.

Effect: The American Institute of Certified Public Accountants (AICPA) issued Statement on Auditing Standards Number 115, entitled Communicating Internal Control Related Matters in an Audit. This standard considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the City's financial statements not conforming with GAAP.

Auditor's Recommendation: Although auditors may continue to provide such assistance both now and in the future, under this pronouncement, the City should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

City's Response: The City has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the City believes it has a thorough understanding of these financial statements and has the ability to make informed judgments based on these financial statements.

2023-002 Reconciliation of General Ledger and Capital Projects

Condition and Criteria: During our audit, we noted that the City does not perform reconciliations of assets and liability accounts during the year on regular or routine basis, including cash, receivables, payables and interfund loan balances. In addition, the City maintained manual records along with its general ledger system for the capital projects fund. Although dual systems were maintained throughout the year, differences that arise in certain balance sheet accounts and revenue and expense accounts were not investigated and corrected until the audit.

Effect: Without regular and routine reconciliation of asset and liability accounts balances, a significant misstatement in the general ledger of the City would go undetected for extended periods of time and could result in inaccurate or incomplete information which is ultimately utilized by management in its decision making process throughout the year, including the establishments of annual budgets. Within the current audit, the lack of reconciliation resulted in several audit adjustments.

Auditor's Recommendation: We recommend that asset and liability accounts be reconciled by the City Auditor's office on a regular and routine basis. Further, reconciliations should be reviewed by management to ensure their accurate and timely completion.

City's Response: The City Auditor's office will take the necessary steps to remedy this issue. A reconciliation of all asset and liability balances will be performed on a monthly basis. Additionally the City will take the necessary steps to ensure the general ledger packages reconcile and agree to one and other on a regular basis.

2023-003 Capital Projects - Internal Controls

Condition and Criteria: As disclosed in the prior year audit report, on December 6, 2017, it was brought to our attention that in March or April 2017 management of the City of Olean was presented with a claim for payment in the amount of approximately \$993,000 from a contractor related to the North Union Street project. A copy of the claim was signed by the City's outside engineering firm indicating their approval. Management advised us they dispute the claim. A notice of petition was filed on September 20, 2017, whereby the contractor has requested the NYS Supreme Court to compel the City to make payment of the disputed invoice, along with an additional \$285,000 of unbilled work, plus interest.

CITY OF OLEAN, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MAY 31, 2023

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II. FINANCIAL STATEMENTS AUDIT – FINDINGS (CONTINUED)

A. Internal Control over Financial Reporting (continued)

2023-003 Capital Projects - Internal Controls (continued)

Cause and Effect: Upon our inquiry, it is our understanding that not all members charged with governance, the Common Council, were aware of this matter and therefore components of an internal control system, information and communication, was lacking.

Auditor's Recommendations:

Budgets – A written policy should be established and communicated on preparing a budget versus actual report for all capital projects exceeding a certain dollar level. Any discrepancies should be explained in writing so that necessary corrective action, if any, can be considered. These analyses should be provided to City management and the Common Council on a monthly basis.

City's Response:

Budgets - The City concurs with the auditor's recommendations that a written policy should be established and communicated in preparing budgeted versus actual reporting for capital project budgets in excess of a yet to be determined monetary threshold. The City intends to develop a policy on budgets during 2024. Once drafted, the Audit and Compliance Committee intends to review policy, prior to its acceptance by the Common Council.

2023-004 Bank Reconciliations

Conditions and Criteria: The City of Olean prepares its bank reconciliation electronically utilizing its accounting software. The cash balances per the bank reconciliations for the General, Water, Sewer and Capital did not agree to the general ledger. The bank reconciliations also includes transactions that were not correctly recorded during the current year.

Effect: At times throughout the year, the City's cash balances reported within its general ledger are incorrect. The effect of not investigating and correcting bank reconciliation transactions that are improperly posted is that reporting errors in financial reporting can occur and not be detected or resolved in a timely manner.

Auditors' Recommendation: As part of the bank reconciliation preparation and review, the City's general ledger cash balances should be compared against the bank reconciliation, with any differences being immediately investigated and corrected.

City's Response: The City understands the importance of the bank reconciliation process and will investigate and correct any reconciling differences as they occur. Differences existed related to the timing of payroll transfers made from the general checking account to the payroll account. The City will put a process in place to verify that these transactions are properly accounted for on the bank reconciliations.

B. Compliance and Other Matter

Year Ended May 31, 2023

No findings related to compliance and other matters are being reported upon during the year ended May 31, 2023.

III. MAJOR FEDERAL AWARD PROGRAMS AUDIT – FINDINGS AND QUESTIONED COSTS

A. Compliance

Year Ended May 31, 2023

No findings related to compliance are being reported upon during the year ended May 31, 2023.

B. Internal Control Over Compliance

Year Ended May 31, 2023

2023-005 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Same finding as that reported in II.A.2023-001 on page 79.

2023-006 Reconciliation of General Ledger and Capital Projects

Same finding as that reported in II.A.2023-002 on page 79.

2023-007 Capital Projects - Internal Controls

Same finding as that reported in II.A.2023-003 on page 79-80.

2023-008 Bank Reconciliations

Same finding as that reported in II.A.2023-004 on page 80.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. Internal Control over Financial Reporting

Year Ended May 31, 2022

2022-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the City to properly reflect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the City. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2023, as identified as finding 2023-001.

2022-002 Reconciliation of General Ledger and Capital Projects

Summary of Prior Year Finding: During our prior audit, we noted that the City does not perform reconciliations of assets and liability accounts during the year on regular or routine basis, including receivables, payables and interfund loan balances. In addition, the City maintained manual records along with its general ledger system for the capital projects fund. Although dual systems were maintained throughout the year, differences that arise in certain balance sheet accounts and revenue and expense accounts were not investigated and corrected until the audit.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2023, as identified as finding 2023-002.

2022-003 Capital Projects - Internal Controls

Summary of Prior Year Finding: As disclosed in the prior year audit report, on December 6, 2017, it was brought to our attention that in March or April 2017 management of the City of Olean was presented with a claim for payment in the amount of approximately \$993,000 from a contractor related to the North Union Street project. A copy of the claim was signed by the City's outside engineering firm indicating their approval. Management advised us they dispute the claim. A notice of petition was filed on September 20, 2017, whereby the contractor has requested the NYS Supreme Court to compel the City to make payment of the disputed invoice, along with an additional \$285,000 of unbilled work, plus interest.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2023, as identified as finding 2023-003. The City implemented one component (pending or threatening litigation) of the finding during the fiscal year ended May 31, 2019 and two components (change orders and project financing) on August 13, 2020.

2022-004 Bank Reconciliations

Summary of Prior Year Finding: During our prior audit, we noted that the City of Olean prepares its bank reconciliation electronically utilizing its accounting software. The cash balances per the bank reconciliations for the General, Water, Sewer and Capital did not agree the general ledger. The bank reconciliations also includes transactions that were not correctly recorded during the current year.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2023, as identified as finding 2023-004.

I. FINANCIAL STATEMENTS AUDIT – FINDINGS (CONTINUED)

B. Compliance and Other Matters

Year Ended May 31, 2022

No findings related to compliance and other matters were reported upon during the year ended May 31, 2022.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT – FINDINGS AND QUESTIONED COSTS

A. Compliance

Year Ended May 31, 2022

No findings related to compliance were reported upon during the year ended May 31, 2022.

B. Internal Control Over Compliance

Year Ended May 31, 2022

2022-005 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Same finding and current status as that reported in I.A.2022-001 on page 82.

2022-006 Reconciliation of General Ledger and Capital Projects

Same finding and current status as that reported in I.A.2022-002 on page 82.

2022-007 Capital Projects - Internal Controls

Same finding and current status as that reported in I.A.2022-003 on page 82.

2022-008 Bank Reconciliations

Same finding and current status as that reported in I.A.2022-004 on page 82.

CITY OF OLEAN, NEW YORK**SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED MAY 31, 2023****Page 84**

<u>PROGRAM TITLE</u>	<u>NYSDOT CONTRACT NUMBER</u>	<u>EXPENDITURES</u>
OATS Bus	PIN 5790.02	\$ 432,609
Walkable Olean/North Union Streetscape	PIN 576.236	828,018
PAVE-NY	N/A	146,327
Extreme Winter Recovery (EWR)	N/A	98,205
Pave our Potholes (POP)	N/A	97,551
State Touring Route (STR)	N/A	916,825
Consolidated Highway Improvement Program (CHIPS)	N/A	<u>247,250</u>
 TOTAL STATE TRANSPORTATION ASSISTANCE EXPENDED		 \$ <u>2,766,785</u>

GENERAL

The accompanying Schedule of State Transportation Assistance Expended of City of Olean, New York, presents the activity of all financial assistance programs provided by the New York State Department of Transportation.

BASIS OF ACCOUNTING

The accompanying Schedule of State Transportation Assistance Expended includes Federal and State grant activity of the City of Olean, New York and is presented on the modified accrual basis of accounting. The information in the Schedule is presented in accordance with Draft Part 43 NYCRR. Therefore some amounts in the Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

INDIRECT COSTS

There are no indirect costs associated with these programs.

MATCHING COSTS

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

AMOUNTS PAID TO SUBRECIPIENTS

There were no amounts paid to subrecipients during the fiscal year ended May 31, 2023.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND CONTROLS OVER
STATE TRANSPORTATION ASSISTANCE EXPENDED BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT
AUDITING STANDARDS"**

**To the Mayor and Members of
The Common Council
City of Olean, New York
Olean, New York**

Report on Compliance

We have audited the compliance of the *City of Olean, New York* with the types of compliance requirements described in Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that are applicable to each state transportation assistance program tested for the year ended May 31, 2023. The programs tested are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each program tested is the responsibility of the *City of Olean, New York's* management. Our responsibility is to express an opinion on the *City of Olean, New York's* compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; issued by the Comptroller General of the United States; and Draft Part 43 of NYCRR. These standards and Draft Part 43 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on the state transportation assistance programs tested, has occurred. An audit includes examining, on a test basis, evidence about the *City of Olean, New York's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the *City of Olean, New York's* compliance with those requirements.

In our opinion, the *City of Olean, New York* complied in all material respects with the requirements referred to above that are applicable to each of its state transportation assistance programs tested for the year ended May 31, 2023.

Report on Internal Control Over Compliance

The management of the *City of Olean, New York* is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state transportation assistance programs tested. In planning and performing our audit, we considered the *City of Olean, New York's* internal control over compliance with requirements that could have a direct and material effect on state transportation assistance programs tested in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on the internal control over compliance in accordance with Draft Part 43 NYCRR.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses and therefore, can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified four deficiencies in internal control over compliance that we consider to be material weaknesses.

A control 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 state transportation assistance 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 state transportation program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items I.2023-001, I.2023-002, I.2023-003 and I.2023-004 to be material weaknesses.

Schedule of State Transportation Assistance Expended

We have audited the financial statements of the **City of Olean, New York** as of and for the year ended May 31, 2023, and have issued our report thereon dated March 5, 2024. Our audit was performed for the purpose of forming an opinion on the **City of Olean, New York's** financial statements taken as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 of NYCRR, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

City of Olean New York's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on **City of Olean, New York's** responses to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. **City of Olean, New York's** responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Purpose of the Report

This report is intended solely for the information and use of the **City of Olean, New York's** management and the New York State Department of Transportation. However, this report is a matter of public record and its distribution is not limited.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
March 5, 2024**

CITY OF OLEAN, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED MAY 31, 2023

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Summary of Audit Results:

Internal control over state transportation assistance expended:

- | | |
|---|--|
| • Material weaknesses identified | Findings I.2023-001, I.2023-002, I.2023-003, and I.2023-004. |
| • Deficiencies identified that are not considered to be material weakness | None reported |

Type of auditors' report issued on compliance for programs tested:	Unmodified
--	------------

Identification of State Transportation Assistance Programs Tested:

Name

Consolidated Highway Improvement Program (CHIPS)
Highway Planning and Construction

PAVE-NY

Pave our Potholes (POP)

Extreme Winter Recovery (EWR)

State Touring Route (STR)

Compliance Findings and Questioned Costs:

No matters were reported.

CITY OF OLEAN, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED MAY 31, 2023

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I. Internal Control Over State Transportation Assistance Expended

2023-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year Ended May 31, 2023

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the City properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to recording receivables, payables, deferred revenues, and converting to the full accrual method for GASB 34 purposes. In addition, a draft of the financial statements was prepared by the auditors and accepted by the City.

Effect: The American Institute of Certified Public Accountants (AICPA) issued Statement on Auditing Standards Number 115, entitled Communicating Internal Control Related Matters in an Audit. This standard considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the City's financial statements not conforming with GAAP.

Auditors' Recommendation: Although auditors may continue to provide such assistance both now and in the future, under this pronouncement, the City should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

City's Response: The City has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the City believes it has a thorough understanding of these financial statements and has the ability to make informed judgments based on these financial statements.

2023-002 Reconciliation of General Ledger and Capital Projects

Year Ended May 31, 2023

Condition and Criteria: During our audit, we noted that the City does not perform reconciliations of assets and liability accounts during the year on regular or routine basis, including cash, receivables, payables and interfund loan balances. In addition, the City maintained manual records along with its general ledger system for the capital projects fund. Although dual systems were maintained throughout the year, differences that arise in certain balance sheet accounts and revenue and expense accounts were not investigated and corrected until the audit.

Effect: Without regular and routine reconciliation of asset and liability accounts balances, a significant misstatement in the general ledger of the City would go undetected for extended periods of time and could result in inaccurate or incomplete information which is ultimately utilized by management in its decision making process throughout the year, including the establishments of annual budgets. Within the current audit, the lack of reconciliation resulted in several audit adjustments.

Auditors' Recommendation: We recommend that asset and liability accounts be reconciled by the City Auditor's office on a regular and routine basis. Further, reconciliations should be reviewed by management to ensure their accurate and timely completion.

City's Response: The City Auditor's office will take the necessary steps to remedy this issue. A reconciliation of all asset and liability balances will be performed on a monthly basis. Additionally the City will take the necessary steps to ensure the general ledger packages reconcile and agree to one and other on a regular basis.

CITY OF OLEAN, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED MAY 31, 2023

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I. Internal Control Over State Transportation Assistance Expended (continued)

2023-003 Capital Projects - Internal Controls

Year Ended May 31, 2023

Condition and Criteria: As disclosed in the prior report, on December 6, 2017, it was brought to our attention that in March or April 2017 management of the City of Olean was presented with a claim for payment in the amount of approximately \$993,000 from a contractor related to the North Union Street project. A copy of the claim was signed by the City's outside engineering firm indicating their approval. Management advised us they dispute the claim. A notice of petition was filed on September 20, 2017, whereby the contractor has requested the NYS Supreme Court to compel the City to make

Cause and Effect: Upon our inquiry, it is our understanding that not all members charged with governance, the Common Council, were aware of this matter and therefore components of an internal control system, information and communication, was lacking.

Auditor's Recommendations:

Budgets – A written policy should be established and communicated on preparing a budget versus actual report for all capital projects exceeding a certain dollar level. Any discrepancies should be explained in writing so that necessary corrective action, if any, can be considered. These analyses should be provided to City management and the Common Council on a monthly basis.

City's Response:

Budgets - The City concurs with the auditor's recommendations that a written policy should be established and communicated in preparing budgeted versus actual reporting for capital project budgets in excess of a yet to be determined monetary threshold. The City intends to develop a policy on budgets during 2024. Once drafted, the Audit and Compliance Committee intends to review policy, prior to its acceptance by the Common Council.

2023-004 Bank Reconciliations

Year Ended May 31, 2023

Conditions and Criteria: The City of Olean prepares its bank reconciliation electronically utilizing its accounting software. The cash balances per the bank reconciliations for some funds did not agree the general ledger. The bank reconciliations also includes transactions that were not correctly recorded during the current year.

Effect: At times throughout the year, the City's cash balances reported within its general ledger are incorrect. The effect of not investigating and correcting bank reconciliation transactions that are improperly posted is that reporting errors in financial reporting can occur and not be detected or resolved in a timely manner.

Auditors' Recommendation: As part of the bank reconciliation preparation and review, the City's general ledger cash balances should be compared against the bank reconciliation, with any differences being immediately investigated and corrected.

City's Response: The City understands the importance of the bank reconciliation process and will investigate and correct any reconciling differences as they occur. Differences existed related to the timing of payroll transfers made from the general checking account to the payroll account. The City will put a process in place to verify that these transactions are properly accounted for on the bank reconciliations.

CITY OF OLEAN, NEW YORK
SCHEDULE OF PRIOR AUDIT FINDINGS
STATE TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED MAY 31, 2023

Page 91

I. Internal Control Over State Transportation Assistance Expended

Year Ended May 31, 2022

2022-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the City to properly reflect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the City. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2023, as identified as finding 2023-001.

2022-002 Reconciliation of General Ledger and Capital Projects

Summary of Prior Year Finding: During our prior audit, we noted that the City does not perform reconciliations of assets and liability accounts during the year on regular or routine basis, including receivables, payables and interfund loan balances. In addition, the City maintained manual records along with its general ledger system for the capital projects fund. Although dual systems were maintained throughout the year, differences that arise in certain balance sheet accounts and revenue and expense accounts were not investigated and corrected until the audit.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2023, as identified as finding 2023-002.

2022-003 Capital Projects - Internal Controls

Summary of Prior Year Finding: As disclosed in the prior report, on December 6, 2017, it was brought to our attention that in March or April 2017 management of the City of Olean was presented with a claim for payment in the amount of approximately \$993,000 from a contractor related to the North Union Street project. A copy of the claim was signed by the City's outside engineering firm indicating their approval. Management advised us they dispute the claim. A notice of petition was filed on September 20, 2017, whereby the contractor has requested the NYS Supreme Court to compel the City to make payment of the disputed invoice, along with an additional \$285,000 of unbilled work, plus interest.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2023, as identified as finding 2023-003. The City implemented one component (pending or threatening litigation) of the finding during the fiscal year ended May 31, 2019 and two components (change orders and project financing) on August 13, 2020.

2022-004 Bank Reconciliations

Summary of Prior Year Finding: During our prior audit, we noted that the City of Olean prepares its bank reconciliation electronically utilizing its accounting software. The cash balances per the bank reconciliations for the General, Water, Sewer and Capital did not agree the general ledger. The bank reconciliations also includes transactions that were not correctly recorded during the current year.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2023, as identified as finding 2023-003.



**To the Mayor and Members of
The Common Council
*City of Olean, New York***

Ladies and Gentlemen:

We have completed our 2022-23 audit of the City's financial statements and have issued our reports thereon dated March 5, 2024. Our audit report expressed an unmodified opinion which states that the City's financial statements are in accordance with generally accepted accounting principles for governments. In addition, we have issued separate reports on internal controls over financial reporting and compliance with laws and regulations as required by Government Auditing Standards and Uniform Guidance.

In planning and performing our audit of the financial statements of the *City of Olean, New York* for the fiscal year ended May 31, 2023, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation. As noted within the body of such reports, the City generally was in compliance with laws and regulations and maintains a reasonable system of accounting internal controls.

Attached to this letter is a summary of additional comments which we desire to bring to the Common Council and management's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff.

We have reviewed the financial statements extensively with the Mayor and City Auditor. We believe these individuals have a good understanding of the financial condition of the City as well as the comments expressed in our annual report. We have enjoyed working with the City this year and wish to thank all of the staff who have assisted us during our audit.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
March 5, 2024**

Financial Plan

The City should continue to prepare projections of future revenue and expenditures and should consider developing a three to five year financial plan. This plan is particularly important as a result of the potential for future declines in Federal and State aid, increases in contractual expenditures and increases in retirement system contribution rates. We realize that such a plan will require the use of estimates and assumptions of information such as the amount of expected Federal and State Aid, expected rate increase in retirement systems and health insurance, potential increase in salaries, etc. However, we believe this plan could be a very useful tool that the City can utilize when negotiating employee contracts, setting future tax rates, purchasing future equipment, making improvements to infrastructure, establishing reserves and utilizing fund balance.

Allocation of Payroll

During the fiscal year the City allocates a portion of salaries of certain positions (public works director, engineers, etc.) from the general fund to the sewer and water funds. The amounts allocated were based on estimates of time incurred in the various departments. We recommend that the City conduct time studies for these individuals which would document actual time spent in the various categories. This is particularly important because the sewer and water funds are supported by users, whereas the general fund's revenue is derived from real property tax assessments, sales tax and other sources of revenue.

Journal entries and wire transfers

The City should develop a standardize form which documents the date, amount and purpose of journal entries and wire transfers, which would be completed and signed by the individual initiating the transaction. The City should then designate one individual who would be responsible for reviewing the appropriateness of each journal entry and wire transfer.

Debt Service Reserve

Over the years, the City has earned interest and premiums related to bond proceeds issued to fund capital projects. In addition, when capital projects that are financed with long-term debt are closed, leftover funds are transferred to the City's debt service fund. These funds have been accumulated in the debt service fund and are required to be utilized in the future towards debt service principal and interest payments. We recommend that the City consider developing a worksheet which outlines a plan for when the funds will be utilized and applied against future years' debt service payments.

Fixed Assets

Capitalization Thresholds

We recommend that the City establish a fixed asset capitalization policy whereby equipment and capital improvements with costs exceeding a certain threshold are capitalized. Government Finance Officers Association (GFOA) suggests that the capitalization threshold should ensure that at least 80% of the value of assets are capitalized as fixed assets and that the threshold does not exceed \$5,000. If a higher threshold is selected, the City may wish to maintain an inventory of all assets, however, for insurance purposes only.

Fixed Asset Reconciliation

Because the City's financial statements require fixed assets to be reported at cost and to record depreciation, it will be important for the City to reconcile current year capital and equipment additions recorded on its general ledger system with those recorded on the independent appraisal. Additions and disposals should be tracked and updated on the City's fixed asset inventory report, at least annually.

CITY OF OLEAN, NEW YORK
SUMMARY OF ADDITIONAL COMMENTS
YEAR ENDED MAY 31, 2023

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Reconciliation of Medical Savings Account

Currently, the City of Olean maintains a bank account that houses medical savings plan through a third-party administrator. We recommend that the balance of this bank account and corresponding general ledger account be reconciled with balances from its third-party administrator on a monthly basis.

Capital Project Fund

The City's capital project fund had multiple projects with accumulated deficits of as of May 31, 2023. Some of the deficits are due to the timing of when long-term financing is issued or projects awaiting grant funding, while other accumulated deficits will require a transfer from the general fund to cover the local share of a grant project or to eliminate the capital project deficit. We recommend that the City evaluate each project and determine whether a transfer from the general fund is required. In addition, the City should review each project and determine whether they are complete and can be closed out. Remaining funds from closed out projects should be either transferred to the debt service fund (projects that were debt financed), the general fund, or to another capital project.

GASB 96- Accounting for Subscription-Based Technology Arrangements

In 2020, the Governmental Accounting Standards Board issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which will be effective for the fiscal year ending May 31, 2024. The new standard (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. We recommend that the City begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new SBITA standard, which may include continuing education, webinars and further training.

Water and Sewer Billing

During the 2019, 2021, and 2023 audits, bills related to the Water and Sewer usage were improperly calculated causing large variances that needed to be manually corrected. City officials were able to correct bills before they went out. Due to the scrutiny surrounding the Water and Sewer bills we recommend the City consider implementing a process that would ensure that manual corrections are not needed. In addition a documented independent review of the bills prior to their issuance would mitigate the risk that misstated bills were issued to the public.

General Fund Budget

Total general fund expenditures plus outstanding encumbrances (commitments in place) for the years ended May 31, 2023 exceeded that budgeted by approximately \$42,000. We recommend that the City closely monitor expenditures and commitments and ensure that amounts do not exceed that authorized by the Common Council in the adopted budget. In addition, the City should make budget transfers for those line-items where expenditures exceed the budget.

STATISTICAL INFORMATION

General Governmental Expenditures by Function

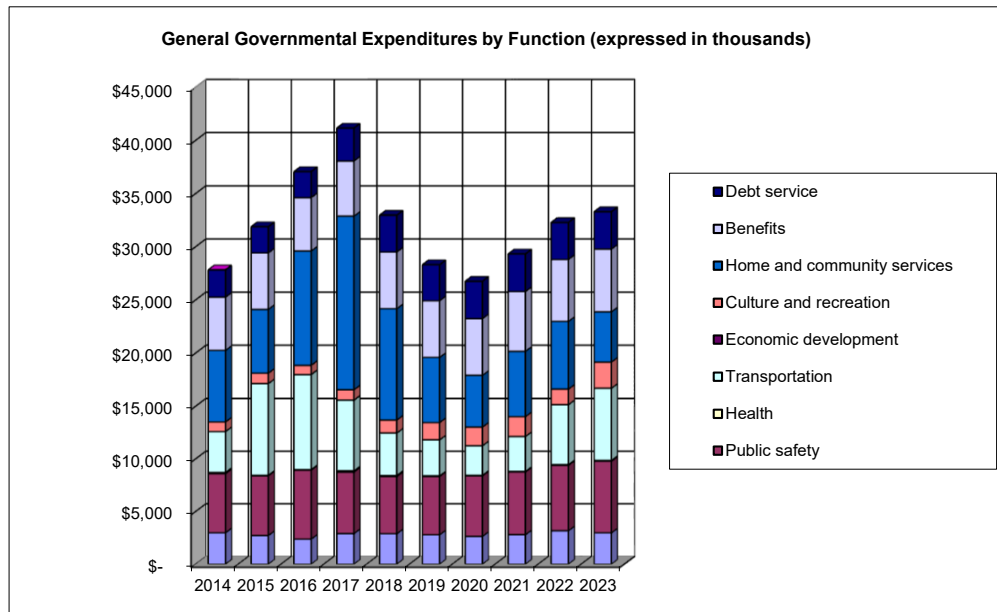
Governmental Funds(excludes bond refunding and interfund transfers)

Last Ten Fiscal Years

(amounts expressed in thousands)

<u>Function</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General government support	\$ 2,980	\$ 2,717	\$ 2,377	\$ 2,910	\$ 2,892	\$ 2,791	\$ 2,640	\$ 2,798	\$ 3,176	\$ 2,978
Public safety	5,618	5,678	6,551	5,843	5,432	5,544	5,751	5,962	6,217	6,801
Health	122	53	55	115	104	57	55	51	67	79
Transportation	3,879	8,682	8,994	6,709	4,028	3,416	2,804	3,318	5,693	6,837
Economic development	-	-	15	15	2	2	2	-	2	2
Culture and recreation	915	982	860	960	1,232	1,647	1,772	1,886	1,456	2,461
Home and community services	6,743	6,004	10,746	16,326	10,488	6,142	4,887	6,158	6,375	4,729
Benefits	5,006	5,309	5,025	5,192	5,329	5,325	5,335	5,621	5,823	5,902
Debt service	2,567	2,459	2,442	3,088	3,463	3,384	3,510	3,530	3,477	3,509
Total	\$ 27,830	\$ 31,884	\$ 37,065	\$ 41,158	\$ 32,970	\$ 28,308	\$ 26,756	\$ 29,324	\$ 32,286	\$ 33,298

Source: City of Olean Annual Report (2014-2023)



City of Olean

General Governmental Revenues by Source

Governmental Funds(excludes bond refunding and interfund transfer)

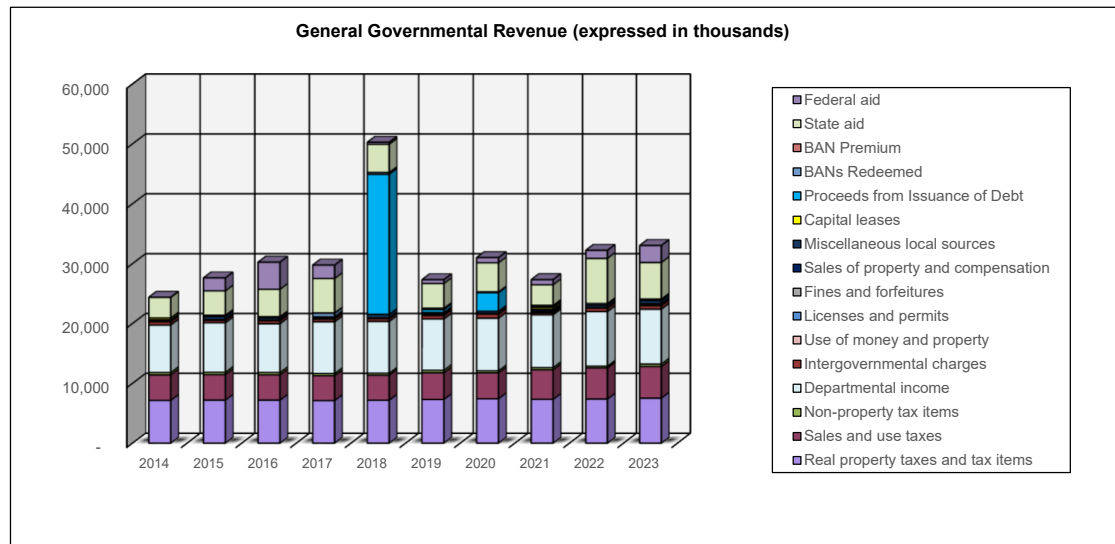
Last Ten Fiscal Years

(amounts expressed in thousands)

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<u>Source</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Real property taxes and tax items	\$ 7,150	\$ 7,192	\$ 7,187	\$ 7,120	\$ 7,184	\$ 7,301	\$ 7,426	\$ 7,328	\$ 7,367	\$ 7,524
Sales and use taxes	4,255	4,264	4,226	4,155	4,178	4,467	4,321	4,930	5,190	5,288
Non-property tax items	398	380	396	357	333	411	340	367	299	402
Departmental income	7,933	8,276	8,148	8,647	8,652	8,567	8,800	8,825	9,126	9,172
Intergovernmental charges	538	413	498	441	460	591	668	308	565	607
Use of money and property	10	7	6	8	8	14	14	12	16	84
Licenses and permits	41	41	54	64	44	101	78	103	71	157
Fines and forfeitures	73	63	44	49	53	47	32	23	11	17
Sales of property and compensation	13	26	19	13	4	48	9	136	-	42
Miscellaneous local sources	200	476	346	250	599	279	362	295	408	517
Capital leases	324	236	150	-	-	-	-	322	-	-
Proceeds from Issuance of Debt	-	-	-	-	23,409	500	3,085	250	-	-
BANs Redeemed	-	-	-	601	304	210	140	128	276	261
BAN Premium	-	-	60	58	-	-	-	-	-	-
State aid	3,424	4,077	4,578	5,757	4,707	4,135	4,861	3,440	7,543	6,109
Federal aid	21	2,159	4,524	2,229	329	638	865	851	1,342	2,841
	<u>\$ 24,380</u>	<u>\$ 27,610</u>	<u>\$ 30,236</u>	<u>\$ 29,749</u>	<u>\$ 50,264</u>	<u>\$ 27,309</u>	<u>\$ 31,001</u>	<u>\$ 27,318</u>	<u>\$ 32,214</u>	<u>\$ 33,021</u>

Source: City of Olean Annual Report (2014-2023)



City of Olean

Fund Balance History

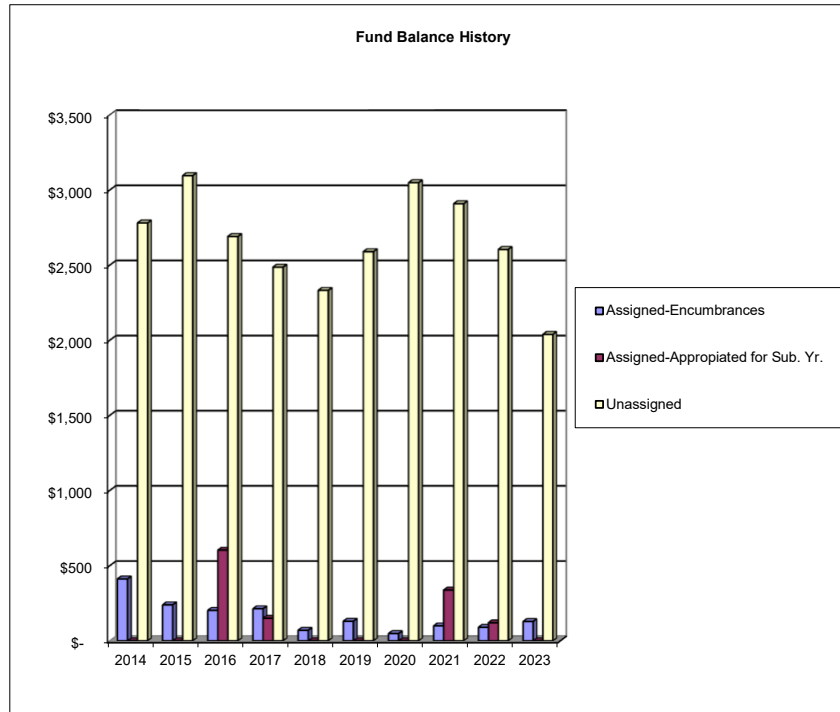
General Fund

Last Ten Fiscal Years

(amounts expressed in thousands)

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Source	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assigned-Encumbrances	\$ 411	\$ 239	\$ 202	\$ 213	\$ 70	\$ 130	\$ 48	\$ 99	\$ 90	\$ 128
Assigned-Appropriated for Sub. Yr.	-	-	602	150	-	-	-	337	120	-
Unassigned	2,780	3,095	2,690	2,486	2,331	2,589	3,048	2,908	2,604	2,038
Total	\$ 3,191	\$ 3,334	\$ 3,494	\$ 2,849	\$ 2,401	\$ 2,719	\$ 3,096	\$ 3,344	\$ 2,814	\$ 2,166



Source: City of Olean Annual Report (2014-2023)

**Assessed and Equalized Full Value of Taxable Property
Last Ten Fiscal Years**

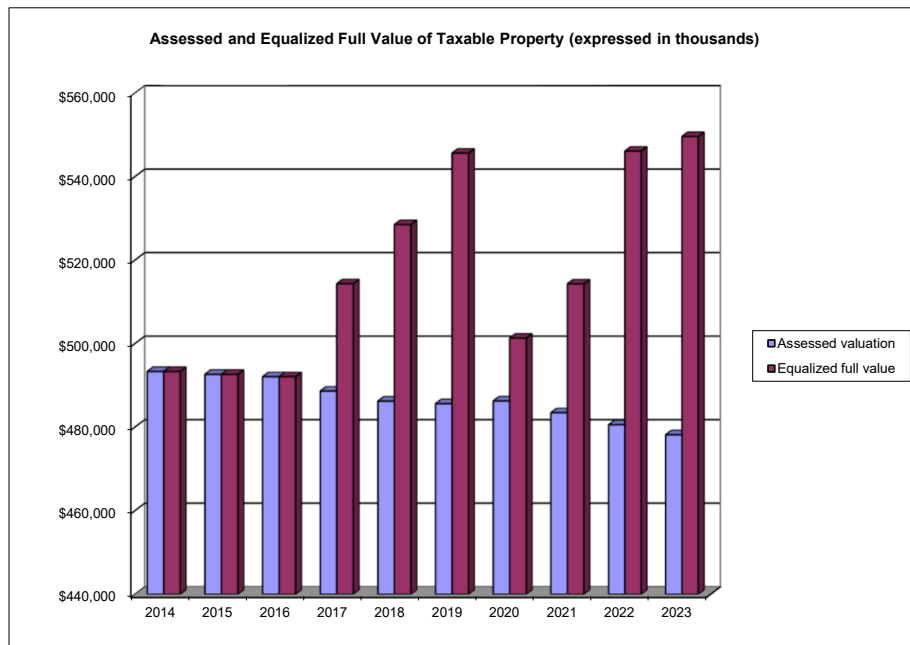
(amounts expressed in thousands)

<u>Source</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assessed valuation	\$ 493,323	\$ 492,635	\$ 492,053	\$ 488,611	\$ 486,214	\$ 485,604	\$ 486,264	\$ 483,436	\$ 480,555	\$ 478,153
Equalized full value	493,323	492,635	492,053	514,327	528,494	545,622	501,304	514,294	546,086	549,601
Ratio: Assessed value to equalized full value	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>95.00%</u>	<u>92.00%</u>	<u>89.00%</u>	<u>97.00%</u>	<u>94.00%</u>	<u>88.00%</u>	<u>87.00%</u>

Notes:

- (1) Equalization rates are provided by New York State and applied by the City to the assessed valuation of taxable real estate to arrive at equalized full value which is comparable to estimated actual value. Taxable values are used from the preceding years assessment rolls.

Source: City of Olean Annual Report (2014-2023)



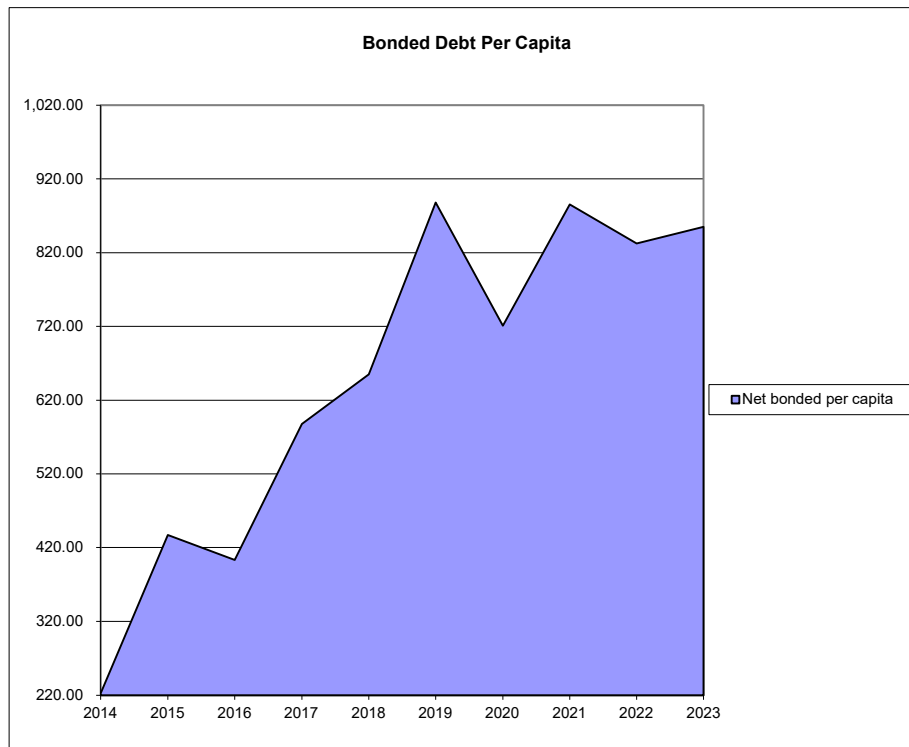
**Ratio of General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Fiscal Years**

Source	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net bonded per capita	222.25	437.31	403.13	587.67	655.07	887.97	720.94	885.56	832.46	855.06
Population	14,452	14,452	14,452	14,452	14,452	14,452	14,452	13,937	13,937	13,937
Assessed value (000)	49,332	49,264	49,205	51,433	52,849	54,562	50,130	51,429	54,609	54,960
Gross bonded debt (000)	24,405	28,532	32,244	44,436	44,768	46,072	44,161	42,833	42,348	37,306
Less: self-supporting debt (000)	21,193	22,212	26,418	35,943	35,301	33,239	33,742	30,491	30,746	25,389
Net bonded debt (000)	3,212	6,320	5,826	8,493	9,467	12,833	10,419	12,342	11,602	11,917
Ratio of net bonded debt to assessed value	<u>6.51%</u>	<u>12.83%</u>	<u>11.84%</u>	<u>16.51%</u>	<u>17.91%</u>	<u>23.52%</u>	<u>20.78%</u>	<u>24.00%</u>	<u>21.25%</u>	<u>21.68%</u>

Notes:

Self-supporting debt includes sewer and water related debt

Sources: Population (2014-2020) were obtained from the 2010 census
Population (2021-2023) were obtained from the 2020 census
Assessed value amounts were obtained via the City Assessor's office.
Debt amounts were obtained via the City Debt Schedule's 2014-2023

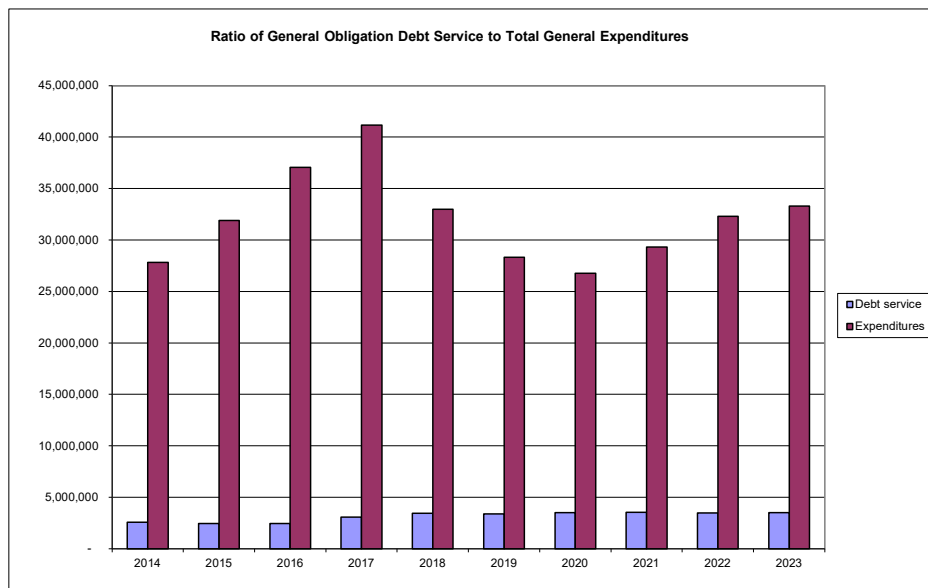


**Ratio of General Obligation Debt Service to
Total General Expenditures
Last Ten Fiscal Years**

<u>Source</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt service	2,567,000	2,459,000	2,442,000	3,088,000	3,463,000	3,384,000	3,510,000	3,530,000	3,477,000	3,509,000
Expenditures	27,830,000	31,884,000	37,065,000	41,158,000	32,970,000	28,308,000	26,756,000	29,324,000	32,286,000	33,298,000
Ratio of general debt service to total general expenditures	9.22%	7.71%	6.59%	7.50%	10.50%	11.95%	13.12%	12.04%	10.77%	10.54%

Notes:

- (1) Debt service amounts shown include payments made from all governmental fund types
- (2) General expenditures include amounts recorded in the general, special revenue, capital projects and debt service funds for all years.



<u>Taxpayer</u>	<u>Type of Business</u>	<u>Estimated Equalized Full Value</u>	<u>Percentage of Equalized Full Value</u>
National Grid	Public Utility	\$ 17,663,459	3.43%
Olan 2020, LLC	Commercial	17,455,515	3.39%
Indeck-Olean LP	Public Utility	12,183,908	2.37%
NYS Electric & Gas	Public Utility	9,382,868	1.82%
Siemens Corporation	Manufacturing	6,984,367	1.36%
2501 West State St Co. LLC	Grocery/Retail	5,909,195	1.15%
Cutco Cutlery Corporation	Manufacturing	5,842,645	1.14%
Olean Medical Properties	Health Care	4,915,862	0.96%
Community Bank, N.A.	Commercial	3,880,644	0.75%
Seritage KMT Finance LLC	Retail	3,620,690	0.70%
Total		<u>\$ 87,839,153</u>	<u>17.07%</u>

Note:

Percentage of equalized full value is calculated by dividing the valuation shown for each of the listed taxpayers by the City's total equalized full value.

Source: Amounts were obtained via the City Assessor's office from 2022-2023 Tax Rolls.

