

**STATEMENT OF
ANNUAL FINANCIAL AND OPERATING INFORMATION
FOR FISCAL YEAR ENDING MAY 31, 2022**

**CITY OF OLEAN
CATTARAUGUS COUNTY, NEW YORK**

IN CONNECTION WITH:

**\$5,210,000 PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS, 2013
Moody's Investor Services Rated A2**

680554LX8	680554MA7	680554MD1	680554MG4	680554MK5
680554LY6	680554MB5	680554ME9	680554MH2	680554ML3
680554LZ3	680554MC3	680554MF6	680554MJ8	680554MM1
				680554MN9

**\$4,984,000 PUBLIC IMPROVEMENT SERIAL BONDS, 2017
Moody's Investor Services Rated A2**

680554MZ2	680554NB4	680554ND0	680554NF5	680554NJ7
680554NA6	680554NC2	680554NE8	680554NG3	680554NK4
			680554NH1	680554NL2

**\$3,085,000 PUBLIC IMPROVEMENT SERIAL BONDS, 2019
Moody's Investor Services Rated A2**

680554NX6	680554NZ1	680554PB2	680554PE6
680554NY4	680554PA4	680554PC0	680554PF3
		680554PD8	680554PG1

**\$4,970,000 PUBLIC IMPROVEMENT REFUNDING SERIAL BONDS, 2021
Moody's Investor Services Rated A2**

680554QC9	680554QE5	680554QG0	680554QK1
680554QD7	680554QF2	680554QH8	680554QL9
		680554QJ4	680554QM7

DATED: APRIL 4, 2023

Prepared with the assistance of
MUNICIPAL SOLUTIONS, INC.
www.municipalsolution.com

**CITY OF OLEAN
CATTARAUGUS COUNTY, NEW YORK**

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CITY OFFICIALS

William J. Aiello, Mayor

COMMON COUNCIL

1st Ward
Lawrence Bennion

2nd Ward
Jason Panus

3rd Ward
Jennifer Forney

4th Ward
Sonya McCall

5th Ward
John Crawford, President

6th Ward
Vernon Robinson, Jr.

7th Ward
David Anastasia

* * *

Lens Martial, City Auditor
Frank Caputo, City Clerk
John Hart, Esq., City Attorney

* * *

BOND COUNSEL

Hodgson Russ LLP
The Guaranty Building
140 Pearl Street, Suite 100
Buffalo, New York 14202

* * *

MUNICIPAL ADVISOR

MUNICIPAL SOLUTIONS, INC.
Municipal Financial Advisory Service

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STATEMENT OF ANNUAL FINANCIAL AND OPERATING INFORMATION

CITY OF OLEAN CATTARAIGUS COUNTY, NEW YORK

The material set forth herein, including the cover page and appendices (the “Statement”), has been prepared by the City of Olean, Cattaraugus County, New York (the “City”, the “County”, and the “State, respectively) in connection with its obligation to prepare and submit such material in accordance with its Continuing Disclosure Undertaking and the Official Statements having been prepared in connection with the sale and issuance of the following bond issues:

\$5,210,000 Public Improvement Refunding (Serial) Bonds, 2013
\$4,984,000 Public Improvement (Serial) Bonds, 2017
\$3,085,000 Public Improvement (Serial) Bonds, 2019
\$4,970,000 Public Improvement Refunding (Serial) Bonds, 2021

THE CITY

General Information

The City covers an area of approximately six square miles and is located on the Allegheny River in the southeastern portion of Cattaraugus County about 10 miles east of Allegany State Park and 75 miles southeast of the City of Buffalo. The City was incorporated in 1893 by the State as a separate political entity vested with independent taxing and debt authority.

The City provides the following basic services: garbage and rubbish collection, police and fire protection, recreation programming for youths and adults, maintenance of parks, maintenance of streets, street lighting, water and sewer lines, a water filtration plant and sewage treatment facilities. Police protection is provided by the City’s Police Department, supplemented by the County Sheriff and the State Police. EMS, Rescue, Fire and Hazmat services are provided by the City’s Fire, Building and Emergency Services departments.

The City is an industrial and residential micro-metropolitan community, and serves as the financial, business, transportation and entertainment center of the County. Industries located within or nearby the City include Dresser-Rand Turbo Division, plastic/epoxy manufacturer Cytec & Dexter/Loctite, knife manufacturer Cutco/Vector/Alcas/Kabar, Dal-Tile company, and bread maker Stroehehmann Bakery, among others.

Comprehensive health and wellness services are provided to City residents and the surrounding region by the Olean General Hospital, which employs over 900 healthcare providers and support staff, and is located within the City. The hospital campus consists of the hospital and three additional buildings. The campus includes an outpatient surgery center, a dialysis and primary care center, a dental center, a center for wound healing and hyperbaric medicine and physicians' offices.

The City has one independently governed school district which relies on its own taxing power granted by the State to raise revenues for school district purposes. The school district uses the City’s assessment roll as the basis for taxation of property within the City, and school taxes are collected by the school district.

Higher educational opportunities in the region include St. Bonaventure University, Jamestown Community College and Jamestown Business College.

The following banks have offices within the City: Five Star Bank, M&T Bank, Community Bank, Key Bank, and Northwest Bank.

Source: City Officials.

Governmental Organization

Governmental operations of the City are subject to the provisions of the State Constitution, City Charter and various statutes affecting a city operating under a charter form of government including the General City Law, General Municipal Law, Public Officers Law and the Local Finance Law. Real property assessment and tax collection procedures are determined by the Real Property Tax Law.

Under a charter which took effect January 1, 1994, the Mayor is the full-time chief executive officer of the City and is elected to serve a four-year term. The Mayor is responsible for directing and supervising all City departments. The Mayor is the chief law enforcement officer and is responsible for proposing the City's annual budget.

The Common Council is the legislative, appropriating, governing and policy determining body of the City. The Council consists of seven members elected to two-year staggered terms. The President of the Common Council is elected among the councilpersons to preside at Council meetings and to perform the duties of the Mayor should a vacancy occur.

The City Auditor is the Chief Fiscal Officer of the City and is responsible for maintaining all required accounting records of the City and for reporting annually to the State Department of Audit and Control.

The City Clerk is responsible for collecting and depositing all City receipts. The City Assessor prepares the City assessment roll and the City tax bills with the assistance of the City Clerk.

Source: City Officials.

Employees

As of the date of this Statement, the City provides services through approximately 252 full-time and part-time workers. Some employees are represented by collective bargaining organizations, as follows:

<u>Union</u>	<u>Approximate No. of Members</u>	<u>Contract Expiration Date</u>
CSEA Local 805/AFSCME, Local 100	75	May 31, 2027
Olean Professional Fire Fighters Assoc.	39	May 31, 2026
Police Unit – Olean Police Local 967	25	May 31, 2025
Command Unit – Olean Police Local 967c	9	May 31, 2025

Source: City Officials.

DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables present certain comparative demographic and statistical information regarding the City, the County, the State and the United States.

<u>Population</u>				
<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	16,946	84,234	17,990,455	248,709,873
2000	15,347	83,955	18,976,457	281,421,906
2010	14,452	80,317	19,378,102	308,745,538
2020	13,937	77,042	20,201,249	331,449,281

Source: US Census Bureau.

Median Household Income

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	\$23,421	\$23,421	\$32,965	\$30,056
2000	30,400	33,404	43,393	41,994
2017 – 2021	43,345	53,537	75,157	69,021

Source: US Census Bureau and American Community Survey (2017-2021).

Per Capita Income

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	\$11,397	\$10,595	\$16,501	\$14,420
2000	17,169	15,959	23,389	21,587
2017 – 2021	27,290	27,917	43,208	37,638

Source: US Census Bureau and American Community Survey (2017-2021).

Unemployment Rate Statistics

Unemployment statistics are not available for the City as such. The smallest area for which statistics are available (which includes the City) is the County. The information set forth below with respect to the County is included for informational purposes only. It should not be inferred from the inclusion of such data in this Statement that the City is necessarily representative of the County or vice versa.

<u>Annual Averages:</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2018	5.3%	4.1%	3.9%
2019	4.8	3.9	3.7
2020	9.1	9.8	8.1
2021	5.3	7.0	5.3
2022	4.0	4.3	3.6
<u>2023 Monthly Rates:</u>			
January	5.2%	4.6%	3.9%
February	4.8	4.5	3.9

Source: Department of Labor, State of New York, Bureau of Labor Statistics. Information not seasonally adjusted.

Selected Listing of Larger Employers

<u>Name</u>	<u>Type</u>	<u>Estimated No. of Employees</u>
Olean General Hospital	Hospital	900
Alcas Corp. (CUTCO Cutlery Corp.)	Manufacturing	669
Intandem	Service	530
Olean Center Mall	Retail / Grocery Stores	400
Olean City Schools	School District	350
Subcon (Rehab)	Service	250
City of Olean	Local Government	252
Olean Medical	Health Care	200
Olean YMCA	Service	200
Community Bank, N.A.	Banking	180
Stroehmann Bakeries	Baked Goods	150
Henkel Loctite Corporation	Manufacturing	100
Cytec Solvay Group	Manufacturing	73

Source: City Officials.

INDEBTEDNESS OF THE CITY

Debt Limit

The City has the power to contract indebtedness for any City purpose so long as the aggregate principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the City and subject to certain enumerated deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll of the City and dividing the same by the equalization rate, or the ratio which such assessed valuation bears to the full valuation, as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuations of such last completed assessment roll and the four proceeding assessment rolls and dividing such sum by five.

The following pages present certain details with respect to the indebtedness of the City as of the date of this Statement.

Details of Short-Term Indebtedness Outstanding

As of the date of this Statement, the City has the following short-term indebtedness outstanding:

<u>Type</u>	<u>Maturity Date</u>	<u>Purpose</u>	<u>Amount Outstanding</u>
Bond Anticipation Note	3/7/2024	Walkable Olean Phase III	\$1,833,161
Bond Anticipation Note	3/7/2024	North Union Street Improvements	37,171
Bond Anticipation Note	3/7/2024	Various Streetscape Improvements	284,676
Bond Anticipation Note	3/7/2024	Washington Street Water	1,270,000
Bond Anticipation Note	3/7/2024	Acquisition of Fire Fighting Vehicles	580,000
Bond Anticipation Note	3/7/2024	Acquisition of Maintenance Vehicles	150,000
Bond Anticipation Note	3/7/2024	Oak Hill Park Improvements	395,000
Bond Anticipation Note	3/7/2024	Airport Runway & Taxiway	1,114,442
Total			<u>\$5,664,450</u>

Source: City Note Records.

Revenue and Tax Anticipation Notes

The City has not found it necessary to borrow in anticipation of taxes or revenues in recent years.

The City is continually evaluating the impacts of COVID-19 on revenues, expenditures and cash flow. As of the date of this Statement, City officials do not anticipate a cash flow borrowing will be necessary in the foreseeable future.

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Status of Outstanding Bond Issues

Year of Issue:	2012B ¹	2012E ²	2013 ³
Amount Issued:	\$1,731,059	\$2,060,000	\$5,210,000
Last Maturity:	5/1/2033	10/15/2032	8/15/2038
Interest Rate/Type:	Various - EFC SIB	Various - EFC Ref SB	Various - Ref SB
Purpose:	East Olean Sewer	Water Treatment Plant	Water Treatment Plant
Balance Principal 05/31/22:	\$965,000	\$1,280,000	\$3,760,000

Fiscal Year						
Ending May 31:	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$80,000	\$15,648	\$100,000 *	\$18,392	\$170,000 *	\$119,288
2024	80,000	14,630	100,000	16,265	175,000	115,513
2025	85,000	13,504	105,000	14,133	180,000	110,844
2026	85,000	12,220	110,000	11,896	185,000	105,369
2027	85,000	10,863	110,000	9,318	190,000	99,744
2028	85,000	9,444	115,000	6,466	200,000	93,894
2029	90,000	7,970	120,000	4,054	205,000	87,819
2030	90,000	6,582	125,000	0	210,000	80,544
2031	95,000	5,149	130,000	0	220,000	72,769
2032	95,000	3,588	130,000	0	225,000	65,819
2033	95,000	1,980	135,000	0	230,000	58,850
2034					240,000	51,506
2035					250,000	43,694
2036					255,000	35,488
2037					265,000	26,872
2038					275,000	16,900
2039					285,000	5,700
Totals:	<u>\$965,000</u>	<u>\$101,579</u>	<u>\$1,280,000</u>	<u>\$80,524</u>	<u>\$3,760,000</u>	<u>\$1,190,610</u>

Notes: ¹ Issued as a New York State Environmental Facilities Corporation ("EFC") interest subsidy loan. The amount of interest shown is net of the subsidy.

² Refunded the EFC 2003A Bonds. The amount of interest shown is net of the subsidy and benefit of refunding.

³ Economically defeased the 2004A USDA Rural Development Bond which was called and paid in full on May 24, 2013.

* Principal payment made prior to the date of this Statement.

Status of Outstanding Bond Issues

Year of Issue:	2013B ⁴	2013B ⁵	2017
Amount Issued:	\$1,010,000	\$2,830,000	\$4,984,000
Last Maturity:	7/1/2023	7/1/2024	6/15/2034
Interest Rate/Type:	Various - EFC Ref SB	Various - EFC Ref SB	Various - SB
Purpose:	Water Treatment Plant	Water Reservoir	Various
Balance Principal 05/31/22:	\$225,000	\$870,000	\$3,420,000

Fiscal Year							
Ending May 31:	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$110,000 *	\$0	\$280,000 *	\$3,511	\$350,000 *	\$75,300	
2024	115,000	0	290,000	0	360,000	68,200	
2025			300,000	0	365,000	60,950	
2026					375,000	53,550	
2027					390,000	45,656	
2028					385,000	37,181	
2029					395,000	27,913	
2030					410,000	17,338	
2031					115,000	9,975	
2032					115,000	6,525	
2033					50,000	4,050	
2034					55,000	2,475	
2035					55,000	825	
Totals:	<u>\$225,000</u>	<u>\$0</u>	<u>\$870,000</u>	<u>\$3,511</u>	<u>\$3,420,000</u>	<u>\$409,938</u>	

Notes: ⁴ Refunded the 2003F drinking water portion EFC Bond. The amount of interest shown is net of the subsidy and benefit of refunding.

⁵ Refunded the water reservoir portion of the 2003F EFC Bond. The amount of interest shown is net of the subsidy and benefit of refunding.

* Principal payment made prior to the date of this Statement.

Status of Outstanding Bond Issues

Year of Issue:	2017C ⁶	2017C ⁷	2018
Amount Issued:	\$15,174,840	\$3,250,000	\$500,000
Last Maturity:	2/1/2047	2/1/2047	6/1/2023
Interest Rate/Type:	0% - EFC SB	Various - EFC SB	Various - SB
Purpose:	Wastewater Treatment Plant	Wastewater Treatment Plant	Judgement
Balance Principal 05/31/22:	\$12,647,500	\$2,785,000	\$210,000

Fiscal Year							
<u>Ending May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$505,900 *	\$0	\$90,000 *	\$44,641	\$105,000 *	\$4,725	
2024	505,900	0	90,000	43,988	105,000	1,575	
2025	505,900	0	95,000	43,281			
2026	505,900	0	95,000	42,478			
2027	505,900	0	95,000	41,613			
2028	505,900	0	95,000	40,696			
2029	505,900	0	100,000	39,667			
2030	505,900	0	100,000	38,430			
2031	505,900	0	100,000	37,080			
2032	505,900	0	105,000	35,599			
2033	505,900	0	105,000	33,972			
2034	505,900	0	105,000	32,278			
2035	505,900	0	110,000	30,527			
2036	505,900	0	110,000	28,643			
2037	505,900	0	115,000	26,715			
2038	505,900	0	115,000	24,661			
2039	505,900	0	120,000	22,567			
2040	505,900	0	120,000	20,346			
2041	505,900	0	125,000	18,094			
2042	505,900	0	125,000	15,719			
2043	505,900	0	130,000	13,320			
2044	505,900	0	130,000	10,735			
2045	505,900	0	135,000	8,151			
2046	505,900	0	135,000	5,467			
2047	505,900	0	140,000	2,783			
Totals:	<u>\$12,647,500</u>	<u>\$0</u>	<u>\$2,785,000</u>	<u>\$701,452</u>	<u>\$210,000</u>	<u>\$6,300</u>	

Notes: ⁶ Issued as an EFC interest subsidy loan. The amount of interest shown is net of the subsidy.

⁷ Issued as an EFC interest subsidy loan. The amount of interest shown is net of the subsidy.

* Principal payment made prior to the date of this Statement.

Status of Outstanding Bond Issues

Year of Issue:	2019	2020	2021 ⁸
Amount Issued:	\$3,085,000	\$250,000	\$4,970,000
Last Maturity:	6/1/2031	7/1/2033	8/1/2032
Interest Rate/Type:	Various - SB	4.00% - SB (Taxable)	4.00% - Ref. SB
Purpose:	Recreation Center	Farmers' Market	Various
Balance Principal 05/31/22:	\$2,665,000	\$235,000	\$4,970,000

Fiscal Year						
Ending May 31:	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$230,000 *	\$54,469	\$15,000 *	\$9,100	\$355,000 *	\$191,700
2024	240,000	49,769	20,000	8,400	375,000	177,100
2025	245,000	44,766	20,000	7,600	390,000	161,800
2026	255,000	39,453	20,000	6,800	415,000	145,700
2027	265,000	33,928	20,000	6,000	425,000	128,900
2028	275,000	28,191	20,000	5,200	455,000	111,300
2029	285,000	22,241	20,000	4,400	475,000	92,700
2030	290,000	16,131	20,000	3,600	490,000	73,400
2031	290,000	9,788	20,000	2,800	510,000	53,400
2032	290,000	3,263	20,000	2,000	525,000	32,700
2033			20,000	1,200	555,000	11,100
2034			20,000	400		
Totals:	<u>\$2,665,000</u>	<u>\$301,997</u>	<u>\$235,000</u>	<u>\$57,500</u>	<u>\$4,970,000</u>	<u>\$1,179,800</u>

Notes: ⁸ Economically defeased the 2012 Serial Bond which was called and paid in full on January 24, 2022.

* Principal payment made prior to the date of this Statement.

Total Annual Bond Principal and Interest Due

<u>Fiscal Year</u> <u>Ending May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>	<u>% Paid</u>
2023	\$2,390,900	\$536,774	\$2,927,674	7.03%
2024	2,455,900	495,440	2,951,340	14.24%
2025	2,290,900	456,878	2,747,778	20.97%
2026	2,045,900	417,466	2,463,366	26.98%
2027	2,085,900	376,022	2,461,922	33.11%
2028	2,135,900	332,372	2,468,272	39.39%
2029	2,195,900	286,763	2,482,663	45.84%
2030	2,240,900	236,024	2,476,924	52.43%
2031	1,985,900	190,959	2,176,859	58.26%
2032	2,010,900	149,494	2,160,394	64.17%
2033	1,695,900	111,152	1,807,052	69.15%
2034	925,900	86,659	1,012,559	71.87%
2035	920,900	75,046	995,946	74.58%
2036	870,900	64,131	935,031	77.14%
2037	885,900	53,587	939,487	79.74%
2038	895,900	41,561	937,461	82.38%
2039	910,900	28,267	939,167	85.05%
2040	625,900	20,346	646,246	86.89%
2041	630,900	18,094	648,994	88.74%
2042	630,900	15,719	646,619	90.60%
2043	635,900	13,320	649,220	92.47%
2044	635,900	10,735	646,635	94.34%
2045	640,900	8,151	649,051	96.22%
2046	640,900	5,467	646,367	98.10%
2047	645,900	2,783	648,683	100.00%
Totals:	<u>\$34,032,500</u>	<u>\$4,033,210</u>	<u>\$38,065,710</u>	

Source: City Bond Records.

Other Obligations

The City, as detailed below, has the following installment purchase and loan debt outstanding as of the date of this Statement.

2020 Bucket Truck	\$88,174
2020 Dump Truck	108,367
2009 Energy Performance Contract	<u>159,425</u>
Total	<u>\$355,967</u>

Source: City Officials.

Trend of Outstanding Debt

	Fiscal Year Ending May 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Bonds	\$40,632,940	\$38,798,040	\$39,462,140	\$37,153,400	\$34,032,500
Bond Anticipation Notes	4,135,000	7,274,215	4,699,215	5,679,372	6,818,474
Lease Agreements	<u>773,021</u>	<u>621,803</u>	<u>463,786</u>	<u>669,819</u>	<u>515,697</u>
Total Debt Outstanding	<u>\$45,540,961</u>	<u>\$46,694,058</u>	<u>\$44,625,141</u>	<u>\$43,502,591</u>	<u>\$41,366,671</u>

Source: Annual Financial Reports of the City.

Computation of Debt Limit and Calculation of Net Indebtedness

(As of April 4, 2023)

<u>Fiscal Year Ending May 31:</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
2019	\$485,604,015	89.00%	\$545,622,489
2020	486,264,615	97.00%	501,303,727
2021	483,436,208	94.00%	514,293,838
2022	480,555,297	88.00%	546,085,565
2023 ¹	<u>478,153,210</u>	87.00%	<u>549,601,391</u>
Total Five-Year Valuation	<u>\$2,414,013,345</u>		<u>\$2,656,907,009</u>
Average Five-Year Full Valuation			\$531,381,402
Debt Limit - 7% of Average Full Valuation			\$37,196,698
Inclusions:			
Bonds			\$31,721,600
Bond Anticipation Notes			<u>5,664,450</u>
Total Inclusions			<u>\$37,386,050</u>
Exclusions:			
Water Exclusions ²			\$8,483,500
Budgeted Appropriations ²			0
Sewer Exclusions ³			<u>15,801,600</u>
Total Exclusions			<u>\$24,285,100</u>
Total Net Indebtedness ^{3 & 4}			<u>\$13,100,950</u>
Net Debt Contracting Margin			\$24,095,748

Notes: ¹ The latest completed assessment roll for which a State Equalization Rate has been established.

² Water indebtedness and budgeted appropriations are automatically excluded pursuant to provisions of Article VIII, Section 5B of the State Constitution and Section 136.00 of the Local Finance Law.

³ Represents 35.22% of the City's Debt Limit.

⁴ Installment purchase contracts, while not debt, do count towards the City's debt limit. The principal amount of the City's outstanding installment purchase contracts has not been included in this debt limit computation table in order to be consistent with the State Comptroller's official debt statement filing instructions. For a summary of outstanding principal, see "Other Obligations," herein.

Authorized and Unissued Indebtedness

As of the date of this Statement, the City has the following authorized and unissued indebtedness:

<u>Date of Bond Resolution</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Amount Unissued</u>
5/18/2021	Acquisition of Vehicles and Equipment	\$371,000	\$194,500 ¹
11/16/2021	Water Filtration Plan Project	1,560,800	1,560,800

Note: ¹ The City does not anticipate any further borrowings against this resolution.

Capital Project Plans and Anticipated Future Borrowings

The City is generally responsible for providing services as required by the citizens on a City-wide basis. The City maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and, from time to time, equipment. Additionally, although not a capital expense, such road system requires annual expenditures for snow removal as well as regular general operating maintenance expenses.

The City has a five-year plan in place and an updated Master Plan for capital projects. The City has recently completed, or is in the process of completing, the following projects:

- Various streetscape improvements involving the installation of bike lanes, sidewalks, signage and modification of street lane configurations, at a maximum estimated cost of \$1,429,820.
- Drinking Water Fluoridation Project, at an estimated cost of \$500,000. The City received grant funding in connection with the project.
- Walkable Olean Phase III project, which involves the reconstruction of roadways, sidewalks, curbing, roundabouts and pedestrian improvements at an estimated maximum cost of \$2,049,372. The City has been awarded a \$1,200,000 Downtown Revitalization Initiative Act (“DRI”) grant, a \$100,000 grant from National Grid and a \$663,498 Department of Transportation grant in connection with such project.
- North Union Street Streetscapes project, which involves sidewalk replacements, lighting improvements and beautification of North Union Street, at an estimated cost of \$920,000. The City has been awarded a \$900,000 DRI grant in connection with the project.
- Water Filtration Plant Project, at an estimated cost of \$1,560,800. The City is actively pursuing grant funding in connection with the project which, if successful, is anticipated to cover 60% of such project costs. The remaining 40% of costs may be covered by a portion of the City’s allocation of American Rescue Plan Act (“ARPA”) funding and/or future borrowings.
- Oak Hill Park Project, at an estimated cost of \$695,000. The City has received a \$350,000 DRI grant in connection with the project.
- Airport Runway Rehabilitation Project, at an estimated cost of \$2,960,000. The City has been awarded a Federal Aviation Administration grant which will cover the project costs.

In addition, the City is planning on undertaking the following projects in late 2023 and 2024:

- Splash Park project, at an estimated maximum cost of \$2,100,000. The City anticipates funding this project with a portion of its ARPA allocation and future borrowings.
- Walkable Olean Phase IV project, which involves the reconstruction of roadways, sidewalks, curbing, roundabouts and pedestrian improvements at an estimated maximum cost of \$1,775,000. The City has been awarded a \$1,400,000 Downtown Revitalization Initiative Act (“DRI”) grant in connection with the project.
- Wayne Street improvements project, involving the reconstruction of roadways and streetscape improvements at an estimated maximum cost of \$1,200,000. The City has been awarded a Department of Transportation grant in connection with this project.

Direct and Overlapping Indebtedness

In addition to the City, the political subdivisions in the following table have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City.

The real property taxpayers of the City are responsible for a proportionate share of outstanding debt obligations of the political subdivisions located within the City's boundaries. Such taxpayers' share of this overlapping debt is based upon the amount of the City's equalized property values taken as a percentage of each separate unit's total values. The table below sets forth both the total outstanding principal amount of debt issued by the City and the appropriate magnitude of the burden on taxable property of the City of the debt issued and outstanding by such overlapping entities, as of the dates shown.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Year	Applicable Total Indebtedness	Exclusions ¹	Applicable Net Indebtedness	Full Value of City in Municipality	Total Full Value of Municipality	% Within City	Estimated Applicable Overlapping Debt
County:								
Cattaraugus	2022	\$47,988,000	\$0	\$47,988,000	\$549,601,391	\$4,975,111,537	11.05%	\$5,301,242
School District:								
Olean City	2022	23,480,000	3,000,000	20,480,000	549,601,391	666,252,176	82.49%	16,894,258
Total Net Overlapping Debt:								\$22,195,501
Total Net Direct Debt:								13,100,950
Net Direct and Overlapping Debt:								<u>\$35,296,451</u>

Sources: Annual reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published official statements.

Note: ¹ Exclusions consist of indebtedness deductible from gross indebtedness for debt limit purposes pursuant to constitutional and statutory provisions (including water and sewer debt and revenue anticipation notes). School district exclusions consist of estimates of aid received from the State to assist with debt service for school building purposes.

Debt Ratios

The following table presents certain debt ratios relating to the City's direct and overlapping indebtedness as of April 4, 2023:

	<u>Amount</u>	<u>Debt Per Capita</u> ¹	<u>Debt Full Value</u> ²
Net Direct Debt	\$13,100,950	\$940.01	2.38%
Total Direct & Applicable Total Overlapping Debt	<u>35,296,451</u>	<u>2,532.57</u>	<u>6.42%</u>

Notes: ¹ The population of the City is 13,937 according to the 2020 US Census Bureau.

² The full valuation of real property located in the City for the 2022-23 fiscal year is \$549,601,391.

FINANCES OF THE CITY

Financial Statements and Accounting Procedures

The City maintains its financial records in accordance with the Uniform System of Accounts for Cities prescribed by the State Comptroller. The financial records of the City are audited by independent accountants. The last such audit made available for public inspection covers the fiscal year ended May 31, 2022. A copy of such report is attached hereto as APPENDIX B.

The Statements of Revenues, Expenditures and Changes in Fund Balances and Balance Sheets presented in APPENDIX A of this Official Statement are based on the audited financial reports of the City for the 2018 - 2022 fiscal years.

The financial affairs of the City are subject to periodic compliance reviews by the Office of the State Comptroller to ascertain whether the City has complied with the requirements of various State and federal statutes. The City has not been the subject of a compliance audit within the last five years.

Fund Structure and Accounts

The City utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The City presently maintains the following major governmental funds: General Fund, Sewer Fund, Water Fund, Debt Service Fund, and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The City's governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual – that is, when they become “measurable” and “available” to finance expenditures to the current period. Revenues susceptible to accrual include real property taxes, intergovernmental revenues (State and federal aid) and operating transfers.

Expenditures are generally recognized under the modified accrual basis of accounting, that is, when the related fund liability is incurred. An exception to this general rule is interest on long-term debt which is recognized when due. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

Investment Policy

The City has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the City are made in accordance with such policy.

The primary objectives of the City's investment policy are, in priority order, as follows:

- To conform to all applicable federal, State and other legal requirements;
- To adequately safeguard principal;
- To provide sufficient liquidity to meet all operating requirements;
- To obtain a reasonable rate of return on invested funds.

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the “GML”), the City is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The City may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations of the State; (3) repurchase agreements involving the purchase and sale of direct obligations of the United States; (4) certificates of deposit issued by a bank or trust company authorized to do business in the State; (5) time deposit accounts in a bank or trust company authorized to do business in the State; and (6) in the case of moneys held in certain reserve funds established by the City pursuant to law, obligations of the City.

All funds may be invested in: (1) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (2) with the approval of the State Comptroller, tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those obligations issued by the City itself.

Only reserve funds may be invested in obligations of the City.

All other City officials receiving money in their official capacity must turn over such funds to the chief fiscal officer of the City.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the City, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML.

Budgetary Procedures

The City operates on a fiscal year beginning June 1 and ending May 31. At a time specified by the Mayor, department heads provide the Mayor and the City Auditor with estimates of department expenses for the ensuing year. Based upon these estimates, on or before February 15, the Mayor will prepare and recommend a tentative budget to the Common Council for their review and approval. The budget is adopted no later than April 15. Thereafter, all modifications of the budget must be approved by the Common Council. The City Auditor, however, is authorized to transfer certain amounts within departments.

The Tax Levy Limitation Law has had a significant impact on the City's budgeting procedures, beginning with the City's budget for its 2012-2013 fiscal year. See "REAL PROPERTY TAX INFORMATION –Tax Levy Limitation Law," herein. The City has not exceeded its tax levy increase limit in any year.

Financial Operations

Subject to the State Constitution, the City operates pursuant to its Charter and the City Code, as well as various local laws. Additionally, certain State laws govern the City to the extent that such laws are applicable to cities operating under a charter form of government. The Common Council of the City is the legislative body responsible for overall operations, and the Mayor serves as chief executive officer. The Common Council, as a whole, serves as the finance board of the City and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and bonded debt. The City Auditor functions as the chief fiscal officer of the City.

City finances are operated primarily through the General, Water and Sewer Funds. The primary sources of income for the Water and Sewer Funds come from user fees assessed against users based upon consumption of water and sewer services utilized. Capital projects and equipment purchases are accounted for in special capital project funds.

Revenues

The City receives a portion of its revenues from real property taxes, non-property taxes (including sales tax), assessments and State aid.

A summary of such revenues and other financing sources for the last five completed fiscal years and the amounts budgeted for the fiscal year ending May 31, 2023 can be found in APPENDIX A – Financial Information.

Real Property Taxes

See “REAL PROPERTY TAX INFORMATION,” herein.

State Aid

The City is dependent to a modest degree on financial assistance from the State. There can be no assurance that the State appropriation for State aid to municipalities and school districts will not be reduced or delayed in future fiscal years, as the State is not constitutionally obligated to maintain or continue State aid to the City. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget. In any event, State aid appropriated and apportioned to the City can be paid only if the State has such monies available therefor.

Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the current administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances and changes to federal participation rates or Medicaid rules.

The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State’s 2019-2020 fiscal year and continuing during the State’s 2020-2021 fiscal year.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June 2020, the State Division of the Budget (“DOB”) began withholding 20% of most local aid payments, although such aid was generally since restored.

Many of the State’s 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation included almost \$24 billion in funding for various levels of government in the State, including approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year was more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts benefited from a \$1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments received a full restoration of proposed cuts to Aid and Incentives for Municipalities (“AIM”) funding. Further, municipalities that host Video Lottery Terminal (“VLT”) facilities received a full restoration of \$10.3 million in proposed VLT aid cuts.

The State enacted budget for the 2022-2023 fiscal year continues to provide increased funding for schools and local governments. School districts will benefit from a \$1.5 billion increase in Foundation Aid, continuing the phase-in to fully restore the level of Foundation Aid that was originally promised in 2007, along with a \$125 million expansion of full-day prekindergarten and a \$451 million increase in all other school aid programs. For local governments, the level of AIM funding is maintained at \$715 million, fully funding this program. Additionally, this budget puts an end to the intercept of sales tax to pay \$59 million in AIM-related payments to various villages and towns within the state. Further, the budget includes a \$32.8 billion five-year capital plan for programs and projects administered by the State Department of Transportation with a focus on investments in State and local roads and bridges primarily serving smaller municipalities. This budget continues to provide a similar level of funding for various transportation aid programs as the prior year, while also allocating \$100 million to the creation of a new “Pave our Potholes” program.

Although the 2021-2022 and 2022-2023 budgets contains additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of municipalities in the State, including the Town. See “COVID-19,” herein, for further details on the COVID-19 pandemic and its effects on the State.

The City believes it will mitigate the impact of any delays or proposed reductions in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, reducing staffing levels, and/or by any combination of the foregoing.

A summary of State aid payments received by the City for the last five fiscal years and the amount budgeted for the fiscal year ending May 31, 2023 are set forth on the following page.

Fiscal Year <u>Ending May 31:</u>	Total General Fund <u>State Aid</u>	Total General Fund <u>Revenues</u>	Percentage of Total Revenues <u>Consisting of State Aid</u>
2018	\$2,941,057	\$16,429,713	17.90%
2019	2,873,902	16,922,509	16.98%
2020	3,005,834	16,961,462	17.72%
2021	2,905,150	17,423,503	16.67%
2022	2,970,849	17,596,834	16.88%
2023 (Budgeted)	3,152,318	19,037,106	16.56%

Source: Audited Financial Reports and Budget of the City.

Sales Tax

The City imposes a 1.5% sales tax within its boundaries and is dependent to a moderate degree on this revenue.

In response to the COVID-19 pandemic, former Governor Cuomo released a number of executive orders, including the mandate that required the temporary closure of various “non-essential” businesses. As a result of such mandates, sales tax receipts had declined from normal levels beginning in March 2020. As various regions of the State began to reopen, this trend generally reversed. According to a report released by the State Comptroller’s office in February 2022, local sales tax collections for 2021 were 19.1% higher (\$3.1 billion) compared to 2020, and increased by 4.7% over 2019 collections. This makes it the eighth consecutive month that collections exceeded 2020 results. The County’s sales tax collections grew by \$6.9 million or 16.9% in 2021 when compared to 2020.

A summary of sales tax payments received by the City for the last five completed fiscal years, and the amount budgeted for the fiscal year ending May 31, 2023 are set forth below:

Fiscal Year <u>Ending May 31:</u>	Total General Fund <u>Sales Tax</u>	Total General Fund <u>Revenues</u>	Percentage of Total Revenues <u>Consisting of Sales Tax</u>
2018	\$4,126,919	\$16,429,713	25.12%
2019	4,468,038	16,922,509	26.40%
2020	4,320,827	16,961,462	25.47%
2021	4,930,112	17,423,503	28.30%
2022	5,189,647	17,596,834	29.49%
2023 (Budgeted)	5,100,000	19,037,106	26.79%

Source: Annual Update Documents and Budgets of the City.

Expenditures

The major categories of expenditure for the City are General Government Support, Public Safety, Transportation, Culture and Recreation, Home and Community Service, Employee Benefits and Debt Service. A summary of the expenditures for the five most recently completed fiscal years and budgeted for the fiscal year ending May 31, 2023 may be found in APPENDIX A – Financial Information.

The State Comptroller's Fiscal Stress Monitoring System

The State Comptroller has reported that the State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," is "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place it in one of the three established stress categories.

The most current applicable report of the State Comptroller lists the City's current fiscal score as 11.3%, putting it in the "No Designation" category.

For a complete list of school district and municipal fiscal stress scores, visit the website of the Office of the State Comptroller. Reference to the website implies no warranty of the accuracy of the information contained therein.

Fiscal Stress and State Emergency Financial Control Boards

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its "property, affairs and government" by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of the governor constitute an emergency requiring enactment of such laws, with the concurrence of two-thirds of the members elected in each house of the State legislature, the State is authorized to intervene in the "property, affairs and governments" of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the State Constitution which declares it to be the duty of the State legislature to restrict subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the "FRB"), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a State-wide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The City has not requested FRB assistance, nor does it reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Employee Pension System

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State Local Police and Fire Retirement System ("PFRS"). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) The ERS and PFRS together are generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers.

Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 and before April 2, 2013 must contribute 3% of gross annual salary, for the first ten years of service, toward the cost of retirement programs. Chapter 86 of the Laws of 2000 eliminated the 3% contribution for Tier 3 and Tier 4 members with 10 years of service credit. All benefits generally vest after five years of credited service.

On December 10, 2009, former Governor Paterson signed into law pension reform legislation. The legislation created a new Tier 5 pension level, the then-most significant reform of the State's pension system in more than a quarter-century. Key components of Tier 5 included raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62; requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits, increasing the minimum years of service required to draw a pension from five years to 10 years; capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages; and increasing the vesting period from five years to 10 years. Tier 5 applies to public employees hired on or after January 1, 2010 and on or before April 1, 2012.

On March 16, 2012, former Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provided for a Tier 6 for employees hired after April 1, 2012. The Division of the Budget estimated this tier will save the State and local governments outside of New York City \$80 billion over the next 30 years. Tier 6 has progressive contribution rates between 3% and 6%; it increased the retirement age for new employees from 62 to 63 and included provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier is 1.75% for the first 20 years of service and 2% thereafter; the time period for calculation of final average salary was increased from three years to five years; and the amount of overtime to be used to determine an employee's pension was capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also included a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

The State's enacted budget for the 2022-23 fiscal year, which was signed into law on April 9, 2022, reduced the number of years of service credit required to vest from ten years to five years for Tier 5 and Tier 6. In addition, the enacted budget changed the contribution rate to the system for Tier 6 members from April 1, 2022 through March 31, 2024 to be determined on only the base pay, not including any overtime compensation, earned between April 1, 2020 through March 31, 2022, so as to not penalize those members that worked overtime to provide essential services during the COVID-19 pandemic. Further, the annual earnings limit of \$35,000 has been waived for any retiree working in a public school through

June 30, 2023.

The following schedule reflects the City's contribution to the ERS and PFRS for the last five fiscal years and the amount budgeted for the fiscal year ending May 31, 2023:

<u>Fiscal Year Ending May 31:</u>	<u>ERS</u>	<u>PFRS</u>
2018	\$592,035	\$1,069,888
2019	569,100	1,042,619
2020	583,740	1,110,370
2021	583,740	1,110,370
2022	672,766	1,326,856
2023 (Budgeted)	520,000	1,310,000

The City is current with all its pension obligations and prepays all pension payments in December of each year to take advantage of the discounted payment amount offered by the Retirement Systems for paying pension obligations in advance of the February 1 due date.

Pursuant to Chapter 49 of the Laws of 2003, the City is required to contribute a minimum contribution of 4.50% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible.

Due to significant capital market declines in the wake of the 2008 and 2009 financial crisis, the Retirement System's portfolio experienced negative investment performance and severe downward trends in market earnings. As a result, the State Comptroller announced that the employer contribution rate for the State's Retirement Systems in 2012 and subsequent years would be higher than the minimum contribution rate established by Chapter 49. For fiscal year 2023-24 average ERS contributions will increase from 11.6% to 13.1% of payroll and PFRS will increase from 27.0% to 27.8%. The System posted a 9.51% return for the fiscal year that ended March 31, 2022.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amount, for future use.

The 2013-14 State Budget established an Alternative Contribution Stabilization Program ("ACSP") which allowed local governments and school districts to lessen the cash impact of current increases in pension contributions, while repaying the deferrals with interest as well as contributing to a reserve account to dampen future rate increases. Eligible participating employers had the opportunity to make a one-time election in the 2013-14 fiscal year to the ACSP. Interest rates charged on deferrals to participants in the ACSP program were comparable to a 10-year treasury bond adjusted to a 12-year duration plus one percent. Once a participating employer elected into the program, deferred contributions could be amortized over a period of up to 12 years using the ACSP. A participant cannot withdraw from the program; however, a participant does not have to amortize for the full 12-year term of the program. There is no penalty for prepayment of amortized amounts. The plan would reduce pension contributions for local governments and school districts in the near future, but would require higher payments later on. However, those higher payments that would be required in later years could be offset, at least in part, by savings from the new pension tier, Tier 6.

The City has not chosen to participate in either program.

The investment of monies and assumptions underlying same, of the Retirement System covering the City's employees is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement System ("UAAL"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAAL could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters. Concerned investors should contact the Retirement System administrative staff for further information on the latest actuarial valuations of the Retirement System.

Other Post-Employment Benefits

OPEB refers to "other post-employment benefits," and refers to benefits other than pension benefits. OPEB consists primarily of health care benefits and may include other benefits such as disability benefits and life insurance. The City provides post-employment healthcare benefits to various categories of former employees.

Before the GASB Statement No. 45 ("GASB 45"), OPEB costs were generally accounted for and managed on a pay-as-you-go basis and had not been reported as a liability on the government's financial statements. GASB 45 required state and local governments to account for and report their OPEB costs as they account for vested pension benefits.

In June 2015, GASB issued Statement 75 ("GASB 75"), which superseded and eliminated GASB 45. This Statement established new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Municipalities and school districts are required to account for OPEB within their financial statements rather than only noted in the footnotes of such documents as previously required by GASB 45. Actuarial valuation is required every two years under GASB 75. GASB 75 was required to be implemented for all municipalities and school districts for fiscal years beginning after June 15, 2017. The City implemented GASB 75 beginning with the fiscal year ending May 31, 2018.

Under GASB 75, the City's annual change in OPEB liability and the total year-end OPEB liability for the last five fiscal years are as follows:

<u>Fiscal Year Ending May 31:</u>	<u>Net Changes in OPEB</u>	<u>Total OPEB Liability</u>
2018	(\$1,004)	\$872,362
2019	(53,170)	819,192
2020	(72,479)	746,713
2021	(51,043)	695,670
2022	(294,565)	401,105

There is no authority in current State law to establish a reserve fund or trust account to meet this liability. While State Comptroller DiNapoli proposed a bill in 2015, and again in 2016, that would create an optional investment pool to help local governments fund their OPEB liabilities, such legislation did not advance past the committee stage.

The City pays for this liability on a pay-as-you-go basis.

Additional information about GASB 45, GASB 75 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The City derives its power to levy an *ad valorem* real property tax from the State Constitution. Methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Assessment valuations are determined by the City Assessor and the State Office of Real Property Services, which is responsible for certain utility and railroad property. In addition, the State Office of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aid and are used by many localities in the calculation of debt contracting and real property taxing limitations.

The following table presents the total tax levy tax rates and collection performance for each of the last five available fiscal years.

Tax Levy and Collection Record					
	Fiscal Year Ending May 31:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Tax Levy	\$7,217,093	\$7,298,881	\$7,256,496	\$7,285,307	\$7,431,013
Amount Collected Prior to Return to County	<u>6,949,109</u>	<u>6,997,365</u>	<u>6,834,339</u>	<u>6,936,456</u>	<u>7,070,470</u>
Uncollected	\$267,984	\$301,516	\$422,157	\$348,851	\$360,543
Percentage Collected	96.29%	95.87%	94.18%	95.21%	95.15%

Source: City Officials.

Note: The City turns over uncollected taxes to the County at the end of the collection period, which are guaranteed to be paid to the City by the end of the fiscal year, thus assuring the City of 100% collection. The County assumes responsibility for the uncollected items. See "Tax Collection Procedure," below.

Percentage of Revenues - Real Property Taxes			
Fiscal Year <u>Ending May 31:</u>	Total General Fund Real Property <u>Taxes</u>	Total General Fund <u>Revenues</u>	Percentage of Total Revenues Consisting of <u>Real Property Taxes</u>
2018	\$7,084,585	\$16,429,713	43.12%
2019	7,217,093	16,922,509	42.65%
2020	7,298,881	16,961,462	43.03%
2021	7,256,496	17,423,503	41.65%
2022	7,285,307	17,596,834	41.40%
2023 (Budgeted)	7,431,013	19,037,106	39.03%

Source: Audited Annual Financial Reports and Adopted Budgets of the City.

Note: This table is NOT audited.

Tax Collection Procedure

Tax payments are due during the month of May. A 1% penalty is added each month for payments in June through October. On October 31, the uncollected taxes are turned over to the County Treasurer for collection. The City is paid in full by the County in March of the same fiscal year and therefore has no uncollected taxes.

Source: City Officials.

Tax Levy Limitation Law

On June 24, 2011, former Governor Andrew Cuomo signed (as Chapter 97 of the 2011 Laws of the State), significant and complex legislation relating to real property tax levies, rent regulation, exemption from local taxation and mandate relief (the “Legislation”). Part A of the Legislation amended the General Municipal Law and the Education Law in order to impose a limit upon real property tax levies by local governments (excluding the City of New York and the counties contained therein) and almost all school districts in the State (the “Tax Levy Limitation Law”).

On June 25, 2015, Chapter 20 of the 2015 Laws of New York (“Chapter 20”) amended the Tax Levy Limitation Law to extend its expiration from June 15, 2016 to June 15, 2020. The State’s enacted budget for the fiscal year ending March 31, 2020 made the Tax Levy Limitation Law permanent. Chapter 20 also affects the calculation of tax base growth factor, as outlined below.

The City is subject to the Legislation, and the Tax Levy Limitation Law first applied to the City’s budget during the 2012 fiscal year. The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes that may be levied by or on behalf of the City in a particular year (unless certain prescribed procedures are followed). Under the Legislation, the tax levy of the City may not increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in a designated measure of the consumer price index (“CPI”) over the amount of the City’s prior year’s tax levy. The exceptions for a tax levy above two percent or the CPI increase are (i) funds needed to pay judgments arising out of tort actions that exceed 5% of the total tax levied by the City in the prior fiscal year and (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points).

The Tax Levy Limitation Law also allows for growth in the City’s tax levy due to physical and quantitative changes in the City. While the Tax Levy Limitation Law as originally enacted only allowed adjustments for development of taxable land, Chapter 20 allows the Commissioner of Taxation and Finance to adjust the calculation based on the development of tax-exempt land. If the City does not levy an amount up to the cap in any one year, it would be allowed to carry over unused tax levy capacity into future years. However, this carryover levy capacity may not be used to increase its tax levy by more than an additional 1.5 percent above the cap in any single year. If the City’s actual tax levy exceeds its authorized levy due to clerical or technical errors, the erroneous excess levy must be placed in reserve to offset the levy for the next budget year.

The City may adopt a budget that requires a tax levy that exceeds the tax levy limit for a given fiscal year, but only if the Common Council first adopts, by a vote of 60% of the total voting power of such body, a local law to override such limit for that particular fiscal year only.

Constitutional Tax Limit

The Constitution limits the amount that may be raised by the City’s *ad valorem* tax levy on real property in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real estate of the City plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The tax limit for the City for the 2022-23 fiscal year is as follows:

Five-Year Average Full Valuation	\$531,381,402
Constitutional Tax Limit: (2%)	10,627,628
Tax Levy General City Purposes	7,431,013
Less: Exclusions for Debt and Capital Purposes	1,204,768
Tax Levy Subject to Debt Limit	6,226,245
Percentage of Tax Limit Exhausted	58.59%
Constitutional Tax Margin	\$4,401,383

Source: Constitutional Tax Limit Worksheet as submitted to the State Comptroller’s Office by the City.

Ten Largest Taxpayers

2021 Assessment Roll for 2022-23 Taxes

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
National Grid	Public Utility	\$17,663,459
Olean 2020, LLC	Commercial	17,455,515
Indeck-Olean LP	Public Utility	12,183,908
NYS Electric & Gas	Public Utility	9,382,868
Siemens Corporation	Manufacturing	6,984,367
2501 West State St Co. LLC	Grocery/Retail	5,909,195
Cutco Cutlery Corporation	Manufacturing	5,842,645
Olean Medical Properties	Health Care	4,915,862
Community Bank, N.A.	Commercial	3,880,644
Seritage KMT Finance, LLC	Retail	3,620,690
Total		<u>\$87,839,153</u> ¹

Source: City Officials.

Note: ¹ Represents 15.98% of the 2022-23 full valuation of \$549,601,391 of the City.

LITIGATION

In common with other local governments and school districts, the City from time to time receives notices of claim and is a party to litigation. In the opinion of the City, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the City has not asserted a substantial and adequate defense, nor which if determined against the City, would have an adverse material effect on the financial condition of the City.

Source: City Officials.

COVID-19

The outbreak of COVID-19, a serious respiratory disease caused by a novel strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020.

Economic Impacts

The outbreak of COVID-19 has drastically affected travel, commerce and financial markets globally. While several vaccines have been developed and are now being deployed world-wide, the full impact of the pandemic is difficult to predict due to uncertainties regarding its duration and severity.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic initially caused extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds. In the United States, Congress and the Federal Reserve took significant steps to backstop those markets and to provide much-needed liquidity, and markets have since generally stabilized. Still, given these conditions, it is possible that the process of trading the Notes in the secondary market could be affected in ways that are difficult to predict.

Federal Response

The federal government has passed several pieces of legislation in response to the COVID-19 pandemic including the \$2.3 trillion Coronavirus Aid, Relief, and Economic Security ("CARES") Act of 2020 and the \$1.9 trillion American

Rescue Plan Act (“ARP” or the “ARP Act”) of 2021, both of which provide funding for pandemic-related expenses and attempt to address financial stability and liquidity issues through a variety of stimulus measures.

Stimulus Efforts for State and Local Governments: The CARES Act included a \$150 billion Coronavirus Relief Fund, which provided funds to states, tribal governments and local governments with populations exceeding 500,000 (local governments with smaller populations could receive monies from the amount allocated to their state). This money was intended for programs that were necessary expenditures incurred due to the public health emergency resulting from the pandemic. This money was not intended to be used to directly account for revenue shortfalls due to the COVID-19 pandemic, but it could indirectly assist with revenue shortfalls in cases where the expenses that were covered by this fund would otherwise create a further budget shortfall.

The ARP Act included an additional \$350 billion for states, tribal governments and local governments. Notably, in addition to the uses allowed under the CARES Act, ARP funds can be used to replace revenues lost due to COVID-19 and to make necessary investments in water, sewer or broadband infrastructure. These broader categories allow such governments much more flexibility in utilizing the funds.

State Response

Executive Orders: Pursuant to emergency powers granted by the State Legislature, former Governor Cuomo and current Governor Hochul have released a number of executive orders in response to the COVID-19 pandemic.

While initially “non-essential” employees were mandated to work from home, starting on May 15, 2020, regions of the State that met certain criteria were allowed to begin reopening.

As COVID-19 cases began to rise again in the fall of 2020, the State shifted to a strategy based on identifying areas with higher positivity rates and implementing successively higher restrictions in such areas. When COVID-19 cases dropped again, affected areas could be removed from the list. As of March 22, 2021, all remaining location-based restrictions were lifted.

Due to the spread of Delta and Omicron variants in the fall and winter of 2021, the State implemented a mask mandate; however, as of February 9, 2022 such State-wide mandate has been lifted.

Since increased supplies of COVID-19 vaccine have become available, the State has encouraged residents to get vaccinated, and currently all New Yorkers five years of age and older are eligible to receive a vaccine.

Up-to-date information on the State’s COVID-19 response can be found at <https://forward.ny.gov>. Reference to website implies no warranty of accuracy of information therein.

State Budget: The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State’s 2019-2020 fiscal year, and continuing during the State’s 2020-2021 and 2021-2022 fiscal years.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June, 2020 the State Division of the Budget (“DOB”) began withholding 20 percent of most local aid payments, although such aid has generally since been restored.

Many of the State’s 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost \$24 billion in funding for various levels of government in the State, including approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion is intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year was more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts benefitted from

a \$1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive in full, by the 2023-2024 fiscal year, the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments also received a full restoration of proposed cuts to Aid and Incentives for Municipalities (“AIM”) funding. Further, municipalities that host Video Lottery Terminal (“VLT”) facilities received a full restoration of \$10.3 million in proposed VLT aid cuts.

The State enacted budget for the 2022-2023 fiscal year continues to provide increased funding for schools and local governments. School districts will benefit from a \$1.5 billion increase in Foundation Aid, continuing the phase-in to fully restore the level of Foundation Aid that was originally promised in 2007, along with a \$125 million expansion of full-day prekindergarten and a \$451 million increase in all other school aid programs. For local governments, the level of AIM funding is maintained at \$715 million, fully funding this program. Additionally, this budget puts an end to the intercept of sales tax to pay \$59 million in AIM-related payments to various villages and towns within the state. Further, the budget includes a \$32.8 billion five-year capital plan for programs and projects administered by the State Department of Transportation with a focus on investments in State and local roads and bridges primarily serving smaller municipalities. This budget continues to provide a similar level of funding for various transportation aid programs as the prior year, while also allocating \$100 million to the creation of a new “Pave our Potholes” program.

Although both the 2021-2022 and 2022-2023 State budgets contained additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the City.

Legislation Allowing Financial Flexibility for Municipalities and School Districts: On August 24, 2020, former Governor Cuomo signed legislation allowing municipalities and school districts additional financial flexibility in response to the COVID-19 pandemic. Whereas municipalities and school districts in the State typically may only pursue short-term financing for five years, under certain circumstances the new legislation allows note financing for up to an additional two years prior to converting to long-term bonds.

The new legislation also allows municipalities and school districts additional flexibility related to the use of reserve funds or inter-fund transfers for costs associated with COVID-19. The typical mandatory or permissive referendum requirements for the expenditure of funds from a capital reserve fund have been waived for capital costs attributable to the COVID-19 pandemic. Moneys from a capital reserve fund can also be temporarily advanced for operating costs or other costs attributable to the COVID-19 pandemic, so long as such moneys are repaid within five fiscal years, with interest. Additionally, while inter-fund transfers must typically be repaid by the end of the fiscal year in which the transfer is made, inter-fund advances for costs attributable to the COVID-19 pandemic do not need to be repaid until the close of the following fiscal year.

Local Impacts

While the continuing and future impacts of COVID-19 on the global, federal, State and local economies cannot be predicted with any certainty, the ongoing pandemic could have a significant adverse effect on the City’s finances.

Although the City has not yet experienced any lasting adverse financial effects, it is continuing to monitor this situation and, in the absence of any future relief litigation, will attempt to mitigate any such adverse effects through program cuts or staffing reductions, as may be needed.

MUNICIPAL ADVISOR

Municipal Solutions, Inc. is an independent municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities. In preparing this Statement, Municipal Solutions, Inc. has relied upon City officials and other sources, whom have access to relevant data to provide accurate information for this Statement. Municipal Solutions, Inc. has not been engaged, nor has it undertaken to, independently verify the accuracy, completeness or fairness of such information. Municipal Solutions, Inc. is not a firm of certified public accountants and has not been engaged by the issuer to compile, review, examine or audit any information in this Statement in accordance with accounting standards and principles.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of the City Auditor, 101 East State Street, PO Box 668, Olean, New York 14760, Telephone: 716-376-5613 or from the office of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York 14424, telephone number 585-394-4090, fax number 585-394-4092, and website at: <http://www.municipalsolution.com>.

So far as any statements made in this Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on City management's beliefs as well as assumptions made by, and information available to, City management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the City files with EMMA. When used in City documents or oral presentations, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

This Statement is submitted only in connection with the City's "Continuing Disclosure Undertaking" pursuant to Rule 15c2-12 as promulgated by the Securities and Exchange Commission and may not be reproduced or used in whole or in part for any other purpose.

CITY OF OLEAN
CATTARAUGUS COUNTY, NEW YORK

April 4, 2023
Olean, New York

Lens Martial
City Auditor and Chief Fiscal Officer

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Fund - City of Olean

	Fiscal Year Ending May 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$7,084,585	\$7,217,093	\$7,298,881	\$7,256,496	\$7,285,307
Special Assessments	13,011	14,006	12,801	13,627	0
Real Property Tax Items	86,539	70,345	114,691	58,351	81,752
Non-Property Tax Items	4,510,854	4,877,587	4,660,652	5,297,477	5,489,152
Departmental Income	1,254,022	1,207,400	1,171,310	1,077,689	1,149,370
Intergovernmental Charges	130,502	148,713	185,738	199,025	187,518
Use of Money & Property	6,761	9,705	8,824	8,297	10,233
Licenses & Permits	44,324	100,651	77,576	103,405	71,263
Fines & Forfeitures	52,438	47,088	31,994	22,768	11,031
Sale of Property & Comp. for Loss	207	44,776	7,049	136,050	0
State Aid	2,941,057	2,873,902	3,005,834	2,905,150	2,970,849
Federal Aid	305,413	311,243	386,112	345,168	340,359
Total Revenues	<u>\$16,429,713</u>	<u>\$16,922,509</u>	<u>\$16,961,462</u>	<u>\$17,423,503</u>	<u>\$17,596,834</u>
Expenditures:					
General Government Support	\$2,339,602	\$2,268,579	\$2,193,024	\$2,238,367	\$2,776,421
Public Safety	5,422,834	5,544,324	5,748,186	5,960,232	6,133,472
Health	104,041	57,105	54,778	50,749	67,397
Transportation	2,238,533	2,344,221	2,042,453	2,135,776	2,054,400
Economic Assist. & Opportunity	1,900	1,900	2,270	0	2,000
Culture & Recreation	864,379	975,600	827,054	829,981	903,720
Home & Community Service	172,705	164,698	190,692	156,410	173,630
Employee Benefits	4,151,625	4,163,441	4,231,438	4,485,252	4,672,914
Total Expenditures	<u>\$15,295,619</u>	<u>\$15,519,868</u>	<u>\$15,289,895</u>	<u>\$15,856,767</u>	<u>\$16,783,954</u>
Excess (Deficit) Revenues Over Expenditures	<u>\$1,134,094</u>	<u>\$1,402,641</u>	<u>\$1,671,567</u>	<u>\$1,566,736</u>	<u>\$812,880</u>
Other Sources & Uses:					
Operating Transfers In	\$9,866	\$0	\$0	\$24,394	\$38,614
Operating Transfers Out	<u>(1,591,225)</u>	<u>(1,084,986)</u>	<u>(1,294,733)</u>	<u>(1,343,487)</u>	<u>(1,380,797)</u>
Total Other Sources & Uses	<u>(\$1,581,359)</u>	<u>(\$1,084,986)</u>	<u>(\$1,294,733)</u>	<u>(\$1,319,093)</u>	<u>(\$1,342,183)</u>
Excess (Deficit) Rev. & Other Sources Over Expenditures & Other Uses	<u>(\$447,265)</u>	<u>\$317,655</u>	<u>\$376,834</u>	<u>\$247,643</u>	<u>(\$529,303)</u>
Fund Balance Beginning of Fiscal Year	<u>\$2,848,698</u>	<u>\$2,401,433</u>	<u>\$2,719,088</u>	<u>\$3,095,922</u>	<u>\$3,343,565</u>
Fund Balance End of Fiscal Year	<u><u>\$2,401,433</u></u>	<u><u>\$2,719,088</u></u>	<u><u>\$3,095,922</u></u>	<u><u>\$3,343,565</u></u>	<u><u>\$2,814,262</u></u>

Source: Audited Annual Financial Reports of the City.

Note: This table is NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Water Fund - City of Olean

	Fiscal Year Ending May 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Departmental Income	\$3,650,258	\$3,648,278	\$3,751,051	\$3,686,993	\$3,808,049
Sale of Property & Comp. for Loss	<u>4,264</u>	<u>3,001</u>	<u>1,992</u>	<u>254</u>	<u>0</u>
Total Revenues:	<u>\$3,654,522</u>	<u>\$3,651,279</u>	<u>\$3,753,043</u>	<u>\$3,687,247</u>	<u>\$3,808,049</u>
Expenditures:					
General Government Support	\$78,208	\$76,576	\$75,509	\$88,658	\$77,706
Home & Community	1,712,907	1,895,259	1,718,598	1,864,923	2,180,556
Employee Benefits	<u>595,285</u>	<u>581,430</u>	<u>549,814</u>	<u>572,501</u>	<u>575,577</u>
Total Expenditures:	<u>\$2,386,400</u>	<u>\$2,553,265</u>	<u>\$2,343,921</u>	<u>\$2,526,082</u>	<u>\$2,833,839</u>
Excess (Deficit) Revenues Over Expenditures	<u>\$1,268,122</u>	<u>\$1,098,014</u>	<u>\$1,409,122</u>	<u>\$1,161,165</u>	<u>\$974,210</u>
Other Sources & Uses:					
Operating Transfers In	\$34,139	\$0	\$0	\$0	\$0
Operating Transfers Out	<u>(1,205,867)</u>	<u>(1,303,616)</u>	<u>(1,362,292)</u>	<u>(1,222,080)</u>	<u>(1,142,423)</u>
Total Other Sources & Uses:	<u>(\$1,171,728)</u>	<u>(\$1,303,616)</u>	<u>(\$1,362,292)</u>	<u>(\$1,222,080)</u>	<u>(\$1,142,423)</u>
Excess (Deficit) Rev. & Other Sources Over Expenditures & Other Uses	<u>\$96,394</u>	<u>(\$205,602)</u>	<u>\$46,830</u>	<u>(\$60,915)</u>	<u>(\$168,213)</u>
Fund Balance Beginning of Fiscal Year	<u>\$818,208</u>	<u>\$914,602</u>	<u>\$709,000</u>	<u>\$755,830</u>	<u>\$694,915</u>
Fund Balance End of Fiscal Year	<u><u>\$914,602</u></u>	<u><u>\$709,000</u></u>	<u><u>\$755,830</u></u>	<u><u>\$694,915</u></u>	<u><u>\$526,702</u></u>

Source: Audited Annual Financial Reports of the City.

Note: This table is NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Sewer Fund - City of Olean

	Fiscal Year Ending May 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Departmental Income	\$3,589,798	\$3,567,953	\$3,770,623	\$3,954,861	\$4,111,519
Intergovernmental Charges	329,564	441,851	482,607	109,201	377,008
Total Revenues	<u>\$3,919,362</u>	<u>\$4,009,804</u>	<u>\$4,253,230</u>	<u>\$4,064,062</u>	<u>\$4,488,527</u>
Expenditures:					
General Government Support	\$60,459	\$62,405	\$87,831	\$83,564	\$62,000
Home & Community	2,059,663	2,401,723	2,336,563	2,081,549	2,256,159
Employee Benefits	582,475	579,938	554,472	563,588	574,244
Total Expenditures	<u>\$2,702,597</u>	<u>\$3,044,066</u>	<u>\$2,978,866</u>	<u>\$2,728,701</u>	<u>\$2,892,403</u>
Excess (Deficit) Revenues Over Expenditures	<u>\$1,216,765</u>	<u>\$965,738</u>	<u>\$1,274,364</u>	<u>\$1,335,361</u>	<u>\$1,596,124</u>
Other Sources & Uses:					
Operating Transfers In	\$5,000	\$0	\$0	\$0	\$0
Operating Transfers Out	(1,270,145)	(1,154,050)	(1,375,006)	(1,709,409)	(1,291,868)
Total Other Sources & Uses	<u>(\$1,265,145)</u>	<u>(\$1,154,050)</u>	<u>(\$1,375,006)</u>	<u>(\$1,709,409)</u>	<u>(\$1,291,868)</u>
Excess (Deficit) Rev. & Other Sources Over Expenditures & Other Uses	<u>(\$48,380)</u>	<u>(\$188,312)</u>	<u>(\$100,642)</u>	<u>(\$374,048)</u>	<u>\$304,256</u>
Fund Balance Beginning of Fiscal Year	<u>\$2,498,726</u>	<u>\$2,450,346</u>	<u>\$2,262,034</u>	<u>\$2,161,392</u>	<u>\$1,787,344</u>
Fund Balance End of Fiscal Year	<u>\$2,450,346</u>	<u>\$2,262,034</u>	<u>\$2,161,392</u>	<u>\$1,787,344</u>	<u>\$2,091,600</u>

Source: Audited Annual Financial Reports of the City.

Note: This table is NOT audited.

Balance Sheet
General Fund - City of Olean

	Fiscal Year Ending May 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets:					
Cash on Hand	\$1,525	\$1,525	\$1,525	\$1,525	\$1,525
Cash on Deposit	7,826,090	7,736,836	7,487,387	7,637,223	8,256,634
Receivables	553,783	717,437	398,612	660,654	1,534,419
State & Federal Receivables	754,014	1,035,967	1,006,176	1,524,426	888,342
Total Assets	<u>\$9,135,412</u>	<u>\$9,491,765</u>	<u>\$8,893,700</u>	<u>\$9,823,828</u>	<u>\$10,680,920</u>
Liabilities:					
Accounts Payable	\$375,159	\$301,206	\$232,148	\$357,955	\$309,297
Accrued Liabilities	242,309	394,922	450,020	1,036,980	1,228,607
Due to Other Funds	406,356	381,269	427,535	244,886	682,056
Due to Employee Retirement Systems	231,000	232,500	235,201	294,000	258,166
Other Liabilities	21,904	24,959	17,266	19,143	32,557
Deferred Revenues	5,457,251	5,437,821	4,435,608	4,527,299	5,179,475
Bond Anticipation Notes	0	0	0	0	176,500
Total Liabilities	<u>\$6,733,979</u>	<u>\$6,772,677</u>	<u>\$5,797,778</u>	<u>\$6,480,263</u>	<u>\$7,866,658</u>
Fund Balances:					
Assigned	\$70,395	\$129,920	\$48,282	\$435,359	\$210,034
Unassigned	2,331,038	2,589,168	3,047,640	2,908,206	2,604,228
Total Fund Balances	<u>\$2,401,433</u>	<u>\$2,719,088</u>	<u>\$3,095,922</u>	<u>\$3,343,565</u>	<u>\$2,814,262</u>
Total Liabilities & Fund Balances	<u>\$9,135,412</u>	<u>\$9,491,765</u>	<u>\$8,893,700</u>	<u>\$9,823,828</u>	<u>\$10,680,920</u>

Source: Audited Annual Financial Reports of the City.

Note: This table is NOT audited.

Balance Sheet
Water Fund - City of Olean

	Fiscal Year Ending May 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets:					
Cash on Hand	\$40	\$40	\$40	\$40	\$40
Cash on Deposit	342,510	426,854	464,851	390,113	876,065
Accounts Receivable	731,393	709,407	696,783	762,239	840,527
Due from Other Funds	125,933	60,772	33,188	48,302	18,202
State & Federal Receivables	<u>229,570</u>	<u>256,219</u>	<u>267,373</u>	<u>254,343</u>	<u>287,387</u>
Total Assets	<u>\$1,429,506</u>	<u>\$1,453,292</u>	<u>\$1,462,235</u>	<u>\$1,455,037</u>	<u>\$2,022,221</u>
Liabilities:					
Accounts Payable	\$38,044	\$33,649	\$49,193	\$79,293	\$63,219
Accrued Liabilities	16,483	52,147	55,603	112,302	65,865
Due to Other Funds	286,634	286,634	520,126	238,921	474,680
Advances from Other Funds	149,718	343,084	52,123	297,881	857,163
Due to Employee Retirement Systems	20,833	20,833	20,833	23,333	21,667
Other Liabilities	<u>3,192</u>	<u>7,945</u>	<u>8,527</u>	<u>8,392</u>	<u>12,925</u>
Total Liabilities	<u>\$514,904</u>	<u>\$744,292</u>	<u>\$706,405</u>	<u>\$760,122</u>	<u>\$1,495,519</u>
Fund Balance:					
Assigned	<u>\$914,602</u>	<u>\$709,000</u>	<u>\$755,830</u>	<u>\$694,915</u>	<u>\$526,702</u>
Total Fund Balance	<u>\$914,602</u>	<u>\$709,000</u>	<u>\$755,830</u>	<u>\$694,915</u>	<u>\$526,702</u>
Total Liabilities & Fund Balance	<u>\$1,429,506</u>	<u>\$1,453,292</u>	<u>\$1,462,235</u>	<u>\$1,455,037</u>	<u>\$2,022,221</u>

Source: Audited Annual Financial Reports of the City.

Note: This table is NOT audited.

Balance Sheet
Sewer Fund - City of Olean

	Fiscal Year Ending May 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets:					
Cash on Deposit	\$1,598,064	\$1,327,624	\$1,333,129	\$905,963	\$1,288,230
Receivables	757,443	805,080	774,848	951,077	857,747
Due from Other Funds	338,072	333,122	266,892	259,376	474,680
State & Federal Receivables	229,570	262,448	278,868	258,970	255,756
Total Assets	<u>\$2,923,149</u>	<u>\$2,728,274</u>	<u>\$2,653,737</u>	<u>\$2,375,386</u>	<u>\$2,876,413</u>
Liabilities:					
Accounts Payable	\$51,438	\$54,851	\$58,617	\$79,072	\$144,601
Accrued Liabilities	17,245	36,480	39,834	86,002	43,592
Due to Other Funds	309,881	309,881	309,881	309,881	315,237
Advances from Other Funds	73,406	44,195	63,180	89,754	259,716
Due to Employee Retirement Systems	20,833	20,833	20,833	23,333	21,667
Total Liabilities	<u>\$472,803</u>	<u>\$466,240</u>	<u>\$492,345</u>	<u>\$588,042</u>	<u>\$784,813</u>
Fund Balance:					
Assigned	<u>\$2,450,346</u>	<u>\$2,262,034</u>	<u>\$2,161,392</u>	<u>\$1,787,344</u>	<u>\$2,091,600</u>
Total Fund Balance	<u>\$2,450,346</u>	<u>\$2,262,034</u>	<u>\$2,161,392</u>	<u>\$1,787,344</u>	<u>\$2,091,600</u>
Total Liabilities & Fund Balance	<u>\$2,923,149</u>	<u>\$2,728,274</u>	<u>\$2,653,737</u>	<u>\$2,375,386</u>	<u>\$2,876,413</u>

Source: Audited Annual Financial Reports of the City.

Note: This table is NOT audited.

Budget Summaries
Combined Funds - City of Olean
Fiscal Year Ending May 31, 2023

Revenues:	<u>General</u>	<u>Water</u>	<u>Sewer</u>
Real Property Taxes	\$7,431,013	\$0	\$0
Special Assessment	117,988	0	0
Real Property Tax Items	5,503,500	0	0
Non-Property Taxes	1,430,292	3,938,930	3,836,117
Departmental Income	356,556	0	425,000
Intergovernmental Changes	15,000	0	0
Use of Money & Property	143,300	0	0
Licenses & Permits	35,000	0	0
Fines & Forfeitures	19,000	0	0
Miscellaneous Local Sources	3,152,318	0	4,000
State Aid	833,139	1,180,033	1,029,348
Total Revenues	<u>\$19,037,106</u>	<u>\$5,118,963</u>	<u>\$5,294,465</u>
Expenditures:			
General Support	\$2,509,550	\$151,000	\$137,000
Public Safety	6,491,484	0	0
Health	83,500	0	0
Transportation	2,118,343	0	0
Economic Assist. & Opportunity	2,200	0	0
Cultural & Recreation	1,084,107	0	0
Home & Community Service	187,898	2,025,447	2,309,843
Employee Benefits	4,722,150	582,450	580,150
Contingencies	100,000	0	0
Debt Service	1,024,735	1,180,033	1,238,124
Operating Transfer	713,139	1,180,033	1,029,348
Total Expenditures	<u>\$19,037,106</u>	<u>\$5,118,963</u>	<u>\$5,294,465</u>

Source: Adopted Budgets of the City.

Note: This table is NOT audited.

APPENDIX B

**CITY OF OLEAN
CATTARAUGUS COUNTY, NEW YORK**

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2022**

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED BY THE CITY'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORTS IN THIS STATEMENT HAS NEITHER BEEN REQUESTED NOR OBTAINED.

CITY OF OLEAN, NEW YORK

***FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION***

***FOR THE
FISCAL YEAR ENDED MAY 31, 2022
WITH INDEPENDENT AUDITOR'S REPORT***

CITY OF OLEAN, NEW YORK

MAY 31, 2022

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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, 2022, 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, 2022, 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, 2021 financial statements, and our report dated February 18, 2022, 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, 2021, 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.

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.

Supplementary Information (continued)

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 14, 2023, 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 14, 2023**

CITY OF OLEAN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MAY 31, 2022

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, 2022. 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, 2022:

- Overall net position of the City increased from operations during the current year in the amount of \$5,174,000, as compared to an increase of \$1,054,000 during the prior fiscal year.
- Total net position of the City as of May 31, 2022 amounted to approximately \$60,180,000.
- The City's total revenue increased approximately 20% from \$26,619,000 during the fiscal year ended May 31, 2021 to \$31,939,000 during the fiscal year ended May 31, 2022. This increase was primarily the result of increases in capital grants and contributions in the Capital Fund related to CHIPS, Washington Street, Airport master plan and OATs Busses.
- The City's total expenses increased from \$25,565,000 during fiscal year ended May 31, 2021 to \$26,765,000 during the fiscal year ended May 31, 2022. This increase was primarily related to increases in transportation expenses related to CHIPS offset by decreases in Employee Retirement System (ERS) and Police and Fire Retirement System (PFRS) expense related to an actuarial update.
- The City incurred capital costs in the amount of approximately \$5,529,000 primarily related to work performed on the Washington Street, Oats Busses and Airport master plan.
- The general fund reported an overall fund balance of approximately \$2,814,000 as of May 31, 2022.

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 12) 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 13) 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, 2022

Page 5

**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.

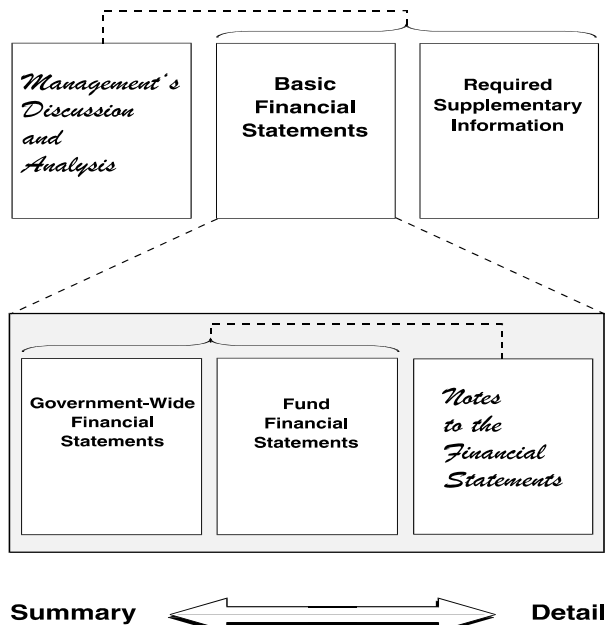
2. Fiduciary Funds

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

Net Assets

The City's total reporting entity net position increased from operations by \$5,174,000. The components of net position include: invested in capital assets, net of related debt of \$55,812,000; restricted net position of \$2,301,000; and unrestricted net position of \$2,067,000 as of May 31, 2022.

Changes in Net Assets

The City's total government-wide revenue was \$31,939,000. Approximately 24%, 17%, and 52% of total revenue is derived from the property taxes, non-property taxes and program revenue, respectively. The remaining 7% 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 \$26,765,000 for the fiscal year ended May 31, 2022. The City's expenses cover a range of services, with 11%, 26%, 20%, 21%, and 16% 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.

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

Revenue

- Property tax revenue represents approximately 24% of the City's total revenue for governmental activities. Total property taxes increased approximately \$29,000 during the current fiscal year.
- One of the City's most significant general revenue is non-property taxes, which represents \$5,489,000 or 17% of total governmental revenue. Total non-property taxes increased approximately \$192,000 or 4% as a result of an overall increase in sales and use tax revenues.
- The City's program revenue totaled approximately \$16,565,000. Program revenue consists of charges for services in the amount of \$9,776,000, which is primarily related to revenue received in the special revenue funds of approximately \$8,354,000. 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 \$833,000, 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 \$5,956,000, which consists of grants related to the City's capital project funds. 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 4% during the current fiscal year. Total operating grants decreased approximately 20% during the current fiscal year, primarily as a result of a decrease in OATS bus revenue. Lastly, capital grants and contributions increased approximately 454% during the current year, which was primarily related to an increase in grants related to OATS Busses.

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 \$26,765,000.

CITY OF OLEAN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MAY 31, 2022

Page 7

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

Expenses (continued)

- The City's general governmental support was approximately \$2,854,000 or 11% 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 1% primarily due to decreases in unallocated insurances and depreciation.
- The City's public safety costs were approximately \$7,102,000 or 26% of total expenditures. These expenditures consist primarily of costs attributable to the fire and police departments. Total costs for public safety increased approximately 4% during the current year related to increases in the police and fire department salaries.
- Transportation costs of the City were approximately \$5,165,000 or 20% 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 increased approximately 48% during the current year related to increased costs associated with the airport, streets maintenance and resurfacing.
- The City's culture and recreation costs were approximately \$1,103,000 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 8% which was primarily related to an increase in costs associated with parks and recreation and depreciation.
- Home and community services costs were approximately \$5,649,000 or 21% 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 increased approximately 2% which was related increases in salaries and benefits.

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

Expenses (continued)

- Employee benefit costs were approximately \$4,172,000 or 16% 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 decreased approximately 17% during the current fiscal year primarily as a result of decreases in retirement costs related to actuarial update on pension plans.
- During the current fiscal year, the City had debt service costs of \$638,000. 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 decrease in the current year is due to decreases in the scheduled debt service payments.

Figure A-3 – Condensed Statement of Net Position

City of Olean, New York Condensed Statement of Net Position As of May 31, 2022 <i>(in thousands of dollars)</i>			
	2022	2021	Change
Assets			
Current and other assets	\$ 22,683	\$ 19,592	16%
Capital Assets	92,631	91,484	1%
Total assets	115,314	111,076	17%
Deferred Outflows of Resources			
Deferred outflows related to pensions and OPEB	7,217	8,547	-16%
Total deferred outflows of resources and assets	\$ 122,531	\$ 119,623	2%
Liabilities			
Other liabilities	\$ 10,095	\$ 8,967	13%
Long-term debt outstanding	36,808	40,719	-10%
Total liabilities	46,903	49,686	-6%
Deferred Inflows of Resources			
Taxes collected for subsequent year	5,179	4,527	14%
Deferred inflows related to pensions	10,269	10,404	-1%
Total deferred inflows of resources and liabilities	62,351	64,617	-4%
Net Position			
Net investment in capital assets	55,812	51,597	8%
Restricted	2,301	2,591	-11%
Unrestricted	2,067	818	153%
Total net position	60,180	55,006	9%
Total liabilities and net position	\$ 122,531	\$ 119,623	2%

CITY OF OLEAN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MAY 31, 2022

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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, 2022 (in thousands of dollars)			
Revenue	2022	2021	Change
Program Revenue			
Charges for services	\$ 9,776	\$ 9,397	4%
Operating grants	833	1,038	-20%
Capital grants & contributions	5,956	1,075	454%
General Revenue			
Real property taxes	7,285	7,256	0%
Special assessment tax - real property	-	14	-100%
Real property tax items	82	58	41%
Non-property tax items	5,489	5,297	4%
Use of money and property	13	11	17%
Miscellaneous local sources	27	58	-54%
State aid	2,478	2,415	3%
Total revenue	31,939	26,619	20%
Expenses			
General government support	2,854	2,888	-1%
Public safety	7,102	6,843	4%
Health	80	64	25%
Transportation	5,165	3,499	48%
Economic development	2	-	0%
Culture and recreation	1,103	1,023	8%
Home and community services	5,649	5,545	2%
Employee benefits	4,172	5,043	-17%
Debt service	638	660	-3%
Total expenses	26,765	25,565	5%
Change in net position	\$ 5,174	\$ 1,054	

Figure A-5 – Governmental Sources of Revenue

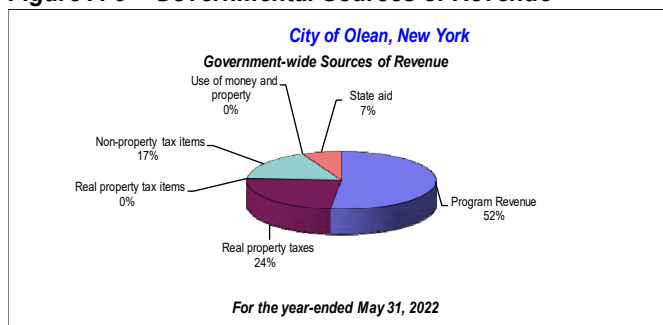
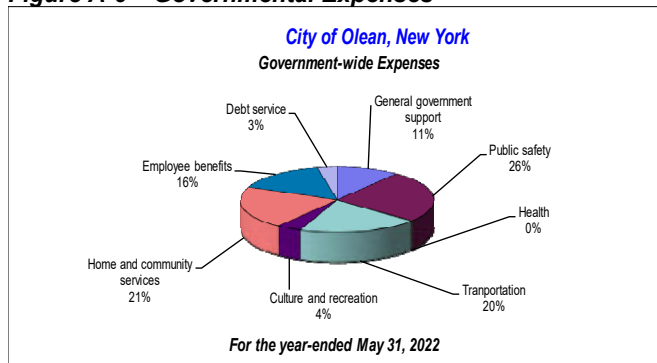


Figure A-6 – Governmental Expenses



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 \$529,000 during the year ended May 31, 2022.
- The City's general fund unassigned fund balance equated to approximately \$2,604,000 as of May 31, 2022.
- The City had an assigned fund balance as of May 31, 2022, which approximated \$210,000.
- The total assets for the City's general fund were \$10,681,000 as of May 31, 2022 which increased approximately \$857,000 during the current year, primarily related to an increase in cash. The City's general fund liabilities and deferred inflows as of May 31, 2022 were \$7,866,000 which increased approximately \$1,386,000 during the current fiscal year, primarily related to an increase in deferred inflow of resources related to taxes and due to other funds.
- The City's total revenue and other sources in the general fund increased approximately \$188,000 or 1% during the current year as a result of an increase in sales tax. Total expenditures and other uses in the general fund increased approximately \$964,000 or 6% which was primarily related to increases in general government support and employee benefits.

CITY OF OLEAN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED MAY 31, 2022

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 \$8,380,000 which increased \$297,000 primarily related to increases in outside sewer revenue. Total expenditures and other uses were \$8,246,000 which decreased \$210,000. This decrease was primarily related to operating transfers out.

Debt Service Fund

- The City's current fiscal year revenue and other sources were \$9,245,000 which increased approximately \$5,872,000. This increase was due to bond refunding and transfers in from other funds. Expenditures during the current year amounted to \$9,276,000 which increased approximately \$5,745,000 due to the bond refunding.

Capital Projects Fund

- During the current year, the City incurred total costs in the capital projects fund in the amount of \$6,617,000. Such costs were primarily related to costs associated with the CHIPS (\$1,546,000), Washington Street (\$921,000), Vehicle Replacement (\$598,000) Airport Master Plan (\$577,000) and OATS Bus (\$458,000).

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 \$273,000 above the revised budget. The most significant variances were in the areas of transfer to other funds which was above budget by approximately \$303,000 and general support which was above budget by approximately \$157,000. On the other hand, resources available for appropriations were approximately \$548,000 above the final budgeted amount. Significant variances of revenue items consisted of non-property tax items which were \$637,000 above that budgeted. This was offset by intergovernmental charges which were approximately \$151,000 below that budgeted, respectively.

Figure A-7 – General Fund Budget vs Actual

City of Olean, New York Budget vs Actual - General Fund For the Year Ended May 31, 2022 (in thousands of dollars)			
Revenue	Revised Budget	Actual	Difference
Real property taxes	\$ 7,285	\$ 7,285	\$ -
Real property tax items	103	82	(21)
Non-property tax items	4,852	5,489	637
Departmental income	1,265	1,149	(116)
Intergovernmental charges	339	188	(151)
Use of money and property	10	10	-
Licenses and permits	105	71	(34)
Fines and forfeitures	35	11	(24)
Sales of property and comp for loss	15	-	(15)
State aid	3,078	2,971	(107)
Federal aid	-	340	340
Transfer from other funds	-	39	39
Total revenue	\$ 17,087	\$ 17,635	\$ 548
Expenses			
General government support	\$ 2,444	\$ 2,776	\$ (332)
Public safety	6,043	6,134	(91)
Health	73	67	6
Transportation	2,212	2,054	158
Economic development	2	2	-
Culture and recreation	1,101	904	197
Home and community services	196	174	22
Employee benefits	4,743	4,673	70
Other financing uses			
Transfer to other funds	1,078	1,381	(303)
Total expenses	\$ 17,892	\$ 18,165	\$ (273)

VII. Capital Asset and Debt Administration

Capital Assets

As of May 31, 2022, the City had a net investment of \$92,631,000 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, 2022, totaled approximately \$5,529,000 and consisted primarily of costs associated with the Washington Street, Vehicle Replacement, Airport Master Plan, OATS Busses 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, 2022, the City had approximately \$36,808,000 in serial bonds, capital leases, EFC notes, bond anticipation notes, compensated absences, other post-employment benefits, net pension liability, retirement incentives, environmental liability and other long-term debt outstanding. The decrease in long-term debt and liabilities of \$3,911,000, approximately 10%, was related to the actuarial update related to the pensions and regularly scheduled debt payments.

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:

- NYS has imposed a 2% property tax cap on all municipalities as it relates to the 2022-23 budget year. The City is carefully adhering to the state mandated tax cap, as it affects the City's operations and the services it presently provides to its citizens.
- The City has seen a \$3 million decrease in assessed valuation for 2022-23.
- 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 West State, 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, renovation of 211 North Union Street and historic row buildings on North Union Street. Projects are in various stages that include planning, design and construction while others have been successfully implemented and completed.

VIII. Factors bearing on the City's Future (continued)

- The City's Department of Public Works has various projects that will be designed in 2022-2023. The projects include South Union Street DRI (\$344K), Wayne Street Shared Use Path (\$241K), Airport Exterior Building Improvements and Rehabilitation of Aircraft and Vehicle Parking (\$304K), Marcus Park Revitalization (\$68.5K) and the new Recreation Center Splash Pad and Pool Renovation RE-Design (\$25K). There are also several projects entering the construction phase in 2022-2023. These projects include Walkable Olean Phase 3 (\$2.2M), Airport Taxiway Rehabilitation (\$1.6M) and the Recreation Center Splash Pad and Pool Renovations (\$1.58M).

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 Marshall, 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,

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Assets	2022	2021
Cash on hand	\$ 1,565	\$ 1,565
Cash on deposit		
Regular accounts	9,981,644	9,001,688
Cash with fiscal agent	2,139	92,139
Receivables		
Refuse and garbage	1,869	1,869
Special assessment	1,882	1,882
Accounts receivable, net	2,068,758	1,956,169
State, Federal and other governments	1,584,724	2,066,824
Revolving loans receivable	72,162	110,329
First Time Homebuyers loans receivable	22,947	27,551
Rehabilitation loans receivable	229	229
Other assets	61	61
Cash to be used for capital assets	7,562,544	6,331,511
Net pension asset - NYS Employee's Retirement System	1,382,383	-
Capital assets, net	92,631,363	91,483,934
Total assets	115,314,270	111,075,751
Deferred Outflows of Resources		
Deferred outflows related to pensions	7,145,747	8,476,573
Deferred outflows related to OPEB	71,000	71,000
Total assets and deferred outflows of resources	\$ 122,531,017	\$ 119,623,324
Liabilities		
Payables		
Accounts payable	\$ 825,209	\$ 1,395,941
Accrued liabilities	1,488,482	1,385,702
Due to employee retirement system	301,500	340,666
Other liabilities	45,482	27,535
Unearned revenue	615,938	138,109
Bond anticipation notes and short term notes payable	6,818,474	5,679,372
Long-term liabilities		
Portion due or payable within one year		
NYS EFC notes payable	380,000	365,000
Serial bonds payable	2,010,900	2,110,900
Lease liability	147,117	144,695
Environmental liability	125,000	125,000
Compensated absences	35,000	35,000
Portion due or payable after one year		
NYS EFC notes payable	1,770,000	2,150,000
Serial bonds payable	30,690,173	32,527,500
Lease liability	378,104	525,124
Compensated absences	254,428	256,909
Net pension liability - NYS Employee's Retirement System	-	16,358
Net pension liability - NYS Police and Fire Retirement System	615,718	1,766,602
Other-post employment benefits	401,105	695,670
Total liabilities	46,902,630	49,686,083
Deferred Inflows of Resources		
Deferred inflows related to pensions	10,268,555	10,403,989
Taxes collected for subsequent year	5,179,475	4,527,299
Total liabilities and deferred inflows of resources	62,350,660	64,617,371
Net Position		
Net investment in capital assets	55,811,801	51,597,285
Restricted for		
Debt service	111,824	142,680
Capital	2,189,477	2,447,894
Unrestricted:		
Designated	226,057	456,850
Undesignated	1,841,198	361,244
Total net position	60,180,357	55,005,953
Total liabilities and net position	\$ 122,531,017	\$ 119,623,324

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				2022	2021
	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	\$ 2,855,237	\$ 254,020	\$ -	\$ 235,437	\$ (2,365,780)	\$ (2,372,880)
Public safety	7,102,338	166,887	114,057	87,956	(6,733,438)	(6,581,870)
Health	80,266	558,939	-	-	478,673	639,335
Transportation	5,163,545	316,875	719,304	3,820,215	(307,151)	(2,124,429)
Economic development	2,000	-	-	-	(2,000)	-
Culture and recreation	1,103,083	241,661	-	6,980	(854,442)	(881,566)
Home and community services	5,648,659	6,571,995	-	1,804,902	2,728,238	1,294,633
Employee benefits	4,171,456	1,665,940	-	-	(2,505,516)	(3,367,425)
Debt service - interest & issuance fees	637,781	-	-	-	(637,781)	(660,159)
Total functions and programs	\$ 26,764,365	\$ 9,776,317	\$ 833,361	\$ 5,955,490	(10,199,197)	(14,054,361)
General Revenues						
Real property taxes					7,285,307	7,256,496
Special assessment tax - real property					-	13,627
Real property tax items					81,752	58,351
Non-property tax items					5,489,152	5,297,477
Use of money and property					12,840	11,026
Miscellaneous local sources					26,703	57,249
State aid					2,477,847	2,414,609
Total general revenues					15,373,601	15,108,835
Change in net position					5,174,404	1,054,474
Net position - beginning of year					55,005,953	53,874,870
Prior period adjustments					-	76,609
Net position - end of year					\$ 60,180,357	\$ 55,005,953

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

Page 13

	Major Funds					Non-Major Funds	2022	2021
	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	8,256,634	876,065	1,288,230	1,897,433	4,797,844	427,982	17,544,188	15,333,199
Cash with fiscal agent	-	-	-	-	2,139	-	2,139	92,139
Receivables								
Refuse and garbage	1,869	-	-	-	-	-	1,869	1,869
Special assessment	1,882	-	-	-	-	-	1,882	1,882
Accounts receivable	370,484	840,527	857,747	-	-	-	2,068,758	1,956,169
Due from other funds	43,305	18,202	474,680	787,995	3,443,447	1,000	4,768,629	5,038,805
Advances to other funds	1,116,879	-	-	-	-	-	1,116,879	387,635
State, Federal and other governments	888,342	287,387	255,756	-	153,239	-	1,584,724	2,066,824
Revolving loans receivable	-	-	-	-	-	72,162	72,162	110,329
First Time Homebuyers loans receivable	-	-	-	-	-	22,947	22,947	27,551
Rehabilitation loans receivable	-	-	-	-	-	229	229	229
Other assets	-	-	-	-	-	61	61	61
Total assets	\$ 10,680,920	\$ 2,022,221	\$ 2,876,413	\$ 2,685,428	\$ 8,396,669	\$ 524,381	\$ 27,186,032	\$ 25,018,257
Liabilities								
Accounts payable	\$ 309,297	\$ 63,219	\$ 144,601	\$ -	\$ 304,692	\$ 3,400	\$ 825,209	\$ 1,395,941
Accrued liabilities	1,228,607	65,865	43,592	-	-	-	1,338,064	1,235,284
Due to other funds	682,056	474,680	315,237	2,573,604	678,747	44,305	4,768,629	5,038,805
Advances from other funds	-	857,163	259,716	-	-	-	1,116,879	387,635
Due to employee retirement systems	258,166	21,667	21,667	-	-	-	301,500	340,666
Other liabilities	32,557	12,925	-	-	-	-	45,482	27,535
Unearned revenue	-	-	-	-	520,395	95,543	615,938	138,109
Bond anticipation notes	176,500	-	-	-	6,641,974	-	6,818,474	5,679,372
Total liabilities	2,687,183	1,495,519	784,813	2,573,604	8,145,808	143,248	15,830,175	14,243,347
Deferred Inflows of Resources								
Taxes collected for subsequent year	5,179,475	-	-	-	-	-	5,179,475	4,527,299
Fund Equity								
Restricted	-	-	-	-	2,189,477	-	2,189,477	2,447,894
Assigned	210,034	526,702	2,091,600	111,824	-	381,133	3,321,293	3,442,873
Unassigned (deficit)	2,604,228	-	-	-	(1,938,616)	-	665,612	356,844
Total fund equity	2,814,262	526,702	2,091,600	111,824	250,861	381,133	6,176,382	6,247,611
Total liabilities, deferred inflows of resources and fund equity	\$ 10,680,920	\$ 2,022,221	\$ 2,876,413	\$ 2,685,428	\$ 8,396,669	\$ 524,381	\$ 27,186,032	\$ 25,018,257

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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Revenue	Major Funds					Non-Major Funds	2022 (Memo only) Total	2021 (Memo only) Total
	General	Water	Sewer	Debt Service	Capital Project Funds	Special Revenue Funds		
Real property taxes	\$ 7,285,307	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,285,307	\$ 7,256,496
Special assessment tax - real property	-	-	-	-	-	-	-	13,627
Real property tax items	81,752	-	-	-	-	-	81,752	58,351
Non-property tax items	5,489,152	-	-	-	-	-	5,489,152	5,297,477
Departmental income	1,149,370	3,808,049	4,111,519	-	-	57,021	9,125,959	8,838,420
Intergovernmental charges	187,518	-	377,008	-	-	-	564,526	308,226
Use of money and property	10,233	-	-	3,268	2,645	231	16,377	11,783
Licenses and permits	71,263	-	-	-	-	-	71,263	103,405
Fines and forfeitures	11,031	-	-	-	-	-	11,031	22,768
Sale of property & compensation for loss	-	-	-	-	-	-	-	136,304
Miscellaneous local sources	-	-	-	364	381,027	26,339	407,730	281,471
State aid	2,970,849	-	-	-	4,572,464	-	7,543,313	3,440,215
Federal aid	340,359	-	-	-	1,002,000	-	1,342,359	850,702
Total revenue	17,596,834	3,808,049	4,488,527	3,632	5,958,136	83,591	31,938,769	26,619,245
Expenditures								
General government support	2,776,421	77,706	62,000	9,722	224,218	25,902	3,175,969	2,797,941
Public safety	6,133,472	-	-	-	83,764	-	6,217,236	5,962,332
Health	67,397	-	-	-	-	-	67,397	50,749
Transportation	2,054,400	-	-	-	3,638,141	-	5,692,541	3,317,193
Economic development	2,000	-	-	-	-	-	2,000	-
Culture and recreation	903,720	-	-	-	552,109	-	1,455,829	1,885,905
Home and community services	173,630	2,180,556	2,256,159	-	1,718,879	45,517	6,374,741	6,158,521
Employee benefits	4,672,914	575,577	574,244	-	-	-	5,822,735	5,621,341
Debt service:								
Principal	-	-	-	2,911,396	-	-	2,911,396	2,802,522
Interest	-	-	-	566,052	-	-	566,052	727,723
Total expenditures	16,783,954	2,833,839	2,892,403	3,487,170	6,217,111	71,419	32,285,896	29,324,227
Excess (deficiency) of revenue over expenditures	812,880	974,210	1,596,124	(3,483,538)	(258,975)	12,172	(347,127)	(2,704,982)
Other financing sources (uses)								
Proceeds from lease	-	-	-	-	-	-	-	321,875
BANS redeemed from appropriations	-	-	-	-	275,898	-	275,898	127,940
Proceeds from refunding of bonds	-	-	-	5,788,573	-	-	5,788,573	250,000
Payment for refunding of bonds	-	-	-	(5,788,573)	-	-	(5,788,573)	-
Operating transfers in	38,614	-	-	3,452,682	737,235	-	4,228,531	4,717,366
Operating transfers out	(1,380,797)	(1,142,423)	(1,291,868)	-	(399,829)	(13,614)	(4,228,531)	(4,717,366)
Total other financing sources (uses)	(1,342,183)	(1,142,423)	(1,291,868)	3,452,682	613,304	(13,614)	275,898	699,815
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	(529,303)	(168,213)	304,256	(30,856)	354,329	(1,442)	(71,229)	(2,005,167)
Fund equity (deficit), beginning of year	3,343,565	694,915	1,787,344	142,680	(103,468)	382,575	6,247,611	8,176,169
Prior period adjustments	-	-	-	-	-	-	-	76,609
Fund equity, end of year	\$ 2,814,262	\$ 526,702	\$ 2,091,600	\$ 111,824	\$ 250,861	\$ 381,133	\$ 6,176,382	\$ 6,247,611

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, 2022

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	Adopted Budget	Amended Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
Revenue					
Real property taxes	\$ 7,285,307	\$ 7,285,307	\$ 7,285,307	\$ -	\$ -
Real property tax items	103,000	103,000	81,752	-	(21,248)
Non-property tax items	4,852,500	4,852,500	5,489,152	-	636,652
Departmental income	1,265,000	1,265,000	1,149,370	-	(115,630)
Intergovernmental charges	338,956	338,956	187,518	-	(151,438)
Use of money and property	10,000	10,000	10,233	-	233
Licenses and permits	104,750	104,750	71,263	-	(33,487)
Fines and forfeitures	35,000	35,000	11,031	-	(23,969)
Sales of property and compensation for loss	14,500	14,500	-	-	(14,500)
State aid	3,078,027	3,078,027	2,970,849	-	(107,178)
Federal aid	-	-	340,359	-	340,359
Total revenue	17,087,040	17,087,040	17,596,834	-	509,794
Expenditures					
General government support	2,494,777	2,444,478	2,776,421	36,627	(368,570)
Public safety	5,995,672	6,042,912	6,133,472	15,463	(106,023)
Health	59,315	73,544	67,397	-	6,147
Transportation	2,188,997	2,211,997	2,054,400	14,274	143,323
Economic development	2,000	2,000	2,000	-	-
Culture and recreation	1,090,949	1,100,807	903,720	23,670	173,417
Home and community services	195,804	195,804	173,630	-	22,174
Employee benefits	4,743,650	4,743,650	4,672,914	-	70,736
Total expenditures	16,771,164	16,815,192	16,783,954	90,034	(58,796)
Excess (deficiency) of revenue over expenditures	315,876	271,848	812,880	(90,034)	450,998
Other financing sources (uses)					
Operating transfers in	-	-	38,614	-	38,614
Operating transfers out	(652,675)	(1,078,084)	(1,380,797)	-	(302,713)
Total other financing sources (uses)	(652,675)	(1,078,084)	(1,342,183)	-	(264,099)
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	\$ (336,799)	\$ (806,236)	\$ (529,303)	\$ (90,034)	\$ 186,899

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, 2022

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	<u>(Water Fund and Sewer Fund Only)</u>				Variance
	Adopted	Amended	Actual	Encumbrances	Favorable
	Budget	Budget			(Unfavorable)
Revenue					
Departmental income	\$ 7,640,595	\$ 7,640,595	\$ 7,919,568	\$ -	\$ 278,973
Intergovernmental charges	425,000	425,000	377,008	-	(47,992)
Total revenue	8,065,595	8,065,595	8,296,576	-	230,981
Expenditures					
General government support	288,000	188,246	139,706	-	48,540
Home and community services	4,329,970	4,327,215	4,436,715	16,023	(125,523)
Employee benefits	1,182,600	1,182,600	1,149,821	-	32,779
Total expenditures	5,800,570	5,698,061	5,726,242	16,023	(44,204)
Excess of revenue over expenditures	2,265,025	2,367,534	2,570,334	(16,023)	186,777
Other financing sources (uses)					
Operating transfers out	(2,265,025)	(2,499,025)	(2,434,291)	-	64,734
Total other financing sources (uses)	(2,265,025)	(2,499,025)	(2,434,291)	-	64,734
Excess (deficiency) of revenue over expenditures and other financing uses	\$ -	\$ (131,491)	\$ 136,043	\$ (16,023)	\$ 251,511

CITY OF OLEAN, NEW YORK
STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2022

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	Adopted Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
Revenue				
Use of money and property	\$ -	\$ 3,268	\$ -	\$ 3,268
Miscellaneous local sources	115,708	364	-	(115,344)
Total revenue	115,708	3,632	-	(112,076)
Expenditures				
General government support	14,854	9,722	-	5,132
Debt service:				
Principal	3,097,807	2,911,396	-	186,411
Interest	152,751	566,052	-	(413,301)
Total expenditures	3,265,412	3,487,170	-	(221,758)
Excess (deficiency) of revenue over expenditures	(3,149,704)	(3,483,538)	-	(333,834)
Other financing sources (uses)				
Proceeds from serial bonds - refunding	-	5,788,573	-	5,788,573
Payment for refunding of bonds	-	(5,788,573)	-	(5,788,573)
Operating transfers in	3,265,412	3,452,682	-	187,270
Total other financing sources (uses)	3,265,412	3,452,682	-	187,270
Excess (deficiency) of revenue and other financing sources over expenditures	\$ 115,708	\$ (30,856)	\$ -	\$ (146,564)

CITY OF OLEAN, NEW YORK
RECONCILIATION OF GOVERNMENTAL BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF MAY 31, 2022

Total fund balance - governmental funds	\$ 6,176,382
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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	\$ 156,255,776	
Accumulated depreciation	<u>(63,624,413)</u>	
		92,631,363

Net Pension Asset related to actuarial update of the Employee Retirement System (ERS)	1,382,383
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(275,418)
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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.	(3,122,808)
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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.	71,000
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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	(2,150,000)	
Serial Bonds payable	(32,701,073)	
Net pension liability PFRS	(615,718)	
Lease liability	(525,221)	
Other post-employment benefits	(401,105)	
Compensated absences	<u>(289,428)</u>	<u>(36,682,545)</u>

Total net position - governmental liabilities	\$ <u>60,180,357</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	17,544,188	-	-	(7,562,544)	9,981,644
Cash with fiscal agent	2,139	-	-	-	2,139
Receivables					
Refuse and garbage	1,869	-	-	-	1,869
Special assessment	1,882	-	-	-	1,882
Accounts receivable	2,068,758	-	-	-	2,068,758
Due from other funds	4,768,629	-	-	(4,768,629)	-
Advances to other funds	1,116,879	-	-	(1,116,879)	-
State, Federal and other governments	1,584,724	-	-	-	1,584,724
Revolving loans receivable	72,162	-	-	-	72,162
First Time Homebuyers loans receivable	22,947	-	-	-	22,947
Rehabilitation loans receivable	229	-	-	-	229
Other assets	61	-	-	-	61
Cash to be used for capital assets	-	-	-	7,562,544	7,562,544
Net pension asset - ERS	-	1,382,383	-	-	1,382,383
Capital Assets, net	-	92,631,363	-	-	92,631,363
Total assets	27,186,032	94,013,746	-	(5,885,508)	115,314,270
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	7,145,747	-	-	7,145,747
Deferred outflows related to OPEB	-	71,000	-	-	71,000
Total assets and deferred outflows of resources	\$ 27,186,032	\$ 101,230,493	\$ -	\$ (5,885,508)	\$ 122,531,017
Liabilities					
Accounts payable	\$ 825,209	\$ -	\$ -	\$ -	\$ 825,209
Accrued liabilities	1,338,064	-	275,418	(125,000)	1,488,482
Due to other funds	4,768,629	-	-	(4,768,629)	-
Advances from other funds	1,116,879	-	-	(1,116,879)	-
Due to employee retirement system	301,500	-	-	-	301,500
Other liabilities	45,482	-	-	-	45,482
Unearned revenue	615,938	-	-	-	615,938
Net pension liability - PFRS	-	-	615,718	-	615,718
Bond anticipation notes payable	6,818,474	-	-	-	6,818,474
NYS EFC note	-	-	2,150,000	-	2,150,000
Serial bonds payable	-	-	32,701,073	-	32,701,073
Lease liability	-	-	525,221	-	525,221
Environmental liability	-	-	-	125,000	125,000
Other post-employment benefits	-	-	401,105	-	401,105
Compensated absences	-	-	289,428	-	289,428
Total liabilities	15,830,175	-	36,957,963	(5,885,508)	46,902,630
Deferred inflows of resources					
Deferred inflows related to pensions	-	-	10,268,555	-	10,268,555
Taxes collected for subsequent year	5,179,475	-	-	-	5,179,475
Total liabilities and deferred inflows of resources	21,009,650	-	47,226,518	(5,885,508)	62,350,660
Fund equity/net position					
Total liabilities, deferred inflows of resources and fund equity/net position	6,176,382	101,230,493	(47,226,518)	-	60,180,357
	\$ 27,186,032	\$ 101,230,493	\$ -	\$ (5,885,508)	\$ 122,531,017

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, 2022**

Total net change in fund balances - governmental funds \$ (71,229)

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	\$ 5,528,924	
Depreciation expense	<u>(4,381,495)</u>	
		1,147,429

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. 2,911,396

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. (275,898)

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. (188,573)

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. 1,354,233

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. 294,565

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. 2,481

Change in net position of governmental activities **\$ 5,174,404**

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	\$ 7,285,307	\$ -	\$ -	\$ -	\$ 7,285,307
Real property tax items	81,752	-	-	-	81,752
Non-property tax items	5,489,152	-	-	-	5,489,152
Departmental income	9,125,959	-	-	(9,125,959)	-
Intergovernmental charges	564,526	-	-	(564,526)	-
Use of money and property	16,377	-	-	(3,537)	12,840
Licenses and permits	71,263	-	-	(71,263)	-
Fines and forfeitures	11,031	-	-	(11,031)	-
Miscellaneous local sources	407,730	-	-	(381,027)	26,703
State aid	7,543,313	-	-	(5,065,466)	2,477,847
Federal aid	1,342,359	-	-	(1,342,359)	-
Total revenues	31,938,769	-	-	(16,565,168)	15,373,601
Expenditures/Expenses					
General government support	3,175,969	(437,576)	116,844	(489,457)	2,365,780
Public safety	6,217,236	885,102	-	(368,900)	6,733,438
Health	67,397	12,869	-	(558,939)	(478,673)
Transportation	5,692,541	(528,996)	-	(4,856,394)	307,151
Economic development	2,000	-	-	-	2,000
Culture and recreation	1,455,829	(352,746)	-	(248,641)	854,442
Home and community services	6,374,741	(726,082)	-	(8,376,897)	(2,728,238)
Employee benefits	5,822,735	-	(1,651,279)	(1,665,940)	2,505,516
Debt service:					
Principal	2,911,396	-	(2,911,396)	-	-
Interest	566,052	-	71,729	-	637,781
Total expenditures/expenses	32,285,896	(1,147,429)	(4,374,102)	(16,565,168)	10,199,197
Excess (deficiency) of revenue over expenditures	(347,127)	1,147,429	4,374,102	-	5,174,404
Other sources and (uses)					
BANs redeemed from appropriations	275,898	-	(275,898)	-	-
Proceeds from refunding bonds	5,788,573	-	(5,788,573)	-	-
Payment for refunding of bonds	(5,788,573)	-	5,788,573	-	-
Operating transfers in	4,228,531	-	-	(4,228,531)	-
Operating transfers out	(4,228,531)	-	-	4,228,531	-
Total other sources (uses)	275,898	-	(275,898)	-	-
Net change for the year	\$ (71,229)	\$ 1,147,429	\$ 4,098,204	\$ -	\$ 5,174,404

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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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, 2022

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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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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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, 2022.

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, 2022.

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, 2022, the general, water and sewer funds had \$90,034, \$- and \$16,023, 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

In the general fund, \$120,000 of fund equity has been designated as the amount estimated to be applied towards the budget for the fiscal year ending May 31, 2023.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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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 \$370,878 and \$110,000 in the General and Sewer funds, respectively, during the year ended May 31, 2022.

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, 2022

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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, 2021 Fund Equity	Revenues and Other Sources	Expenditures and Other Uses	May 31, 2022 Fund Equity
Total for funds included in Budget Comparison	\$ 2,482,259	\$ 8,296,576	\$ 8,160,533	\$ 2,618,302
Funds not included in budget comparison:				
Miscellaneous Special Revenue Fund	69,103	26,339	25,902	69,540
Revolving Loan Fund	291,236	50,940	45,326	296,850
First Time Homebuyers Fund	13,839	6,310	13,805	6,344
Housing Rehabilitation Fund	8,397	2	-	8,399
Total Special Revenue Funds	<u>\$ 2,864,834</u>	<u>\$ 8,380,167</u>	<u>\$ 8,245,566</u>	<u>\$ 2,999,435</u>

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 2021-2022 was \$5,189,647 as compared to \$4,930,112 for the prior fiscal year, an increase of \$259,535. The City's General Fund Balance Sheet, as of May 31, 2022, reflects a receivable balance from Federal and State governments of \$888,342, of which, \$629,590, 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.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022 amounting to \$289,428 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. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**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 three 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, 2022

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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, 2022, 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, 2022 per the bank were approximately \$18,139,000. These deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
\$ 250,000	\$ 17,889,000	\$ -	\$ 18,139,000

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (continued)

1. Cash and Investments (continued)

b. Cash Held with Fiscal Agent

Deposits held by NYS EFC as of May 31, 2022 totaled \$2,139 and represent proceeds remaining on bonds that were issued in November 2017 related to the wastewater treatment plant.

2. Capital Assets

Governmental activities:	Beginning Balance 5/31/21	Additions, Transfers and Prior Period Adjustment	Ending Balance 5/31/22
Capital assets that are not depreciated:			
Land	\$ 384,187	\$ -	\$ 384,187
Construction in Progress	2,371,731	2,585,571	4,957,302
Capital assets that are depreciated:			
Buildings and Improvements	122,337,999	1,343,725	123,681,724
Furniture and Equipment	16,872,847	492,541	17,365,388
Vehicles	8,760,088	1,107,087	9,867,175
Total historical cost	150,726,852	\$ 5,528,924	156,255,776
Less: Accumulated depreciation:	59,242,918	\$ 4,381,495	63,624,413
Total net book value	\$ 91,483,934		\$ 92,631,363
Depreciation expense:			
General governmental support		\$ 561,634	
Public safety		1,136,259	
Health		12,869	
Transportation		965,141	
Economic development		-	
Culture and recreation		240,339	
Home and community services		1,465,253	
		\$ 4,381,495	

The City had capital additions in the amount of \$5,528,924 related to the Washington Street, the Airport OATs Busses and various other equipment and improvements.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (continued)

3. Receivables

Receivables at May 31, 2022 consisted of the following, which are stated at net realizable value.

Fund	Description	Amount
General Fund	Due from Federal & State	
	- Other	\$ 258,752
General Fund	Due from Federal & State	
	- NYS sales tax	629,590
General Fund	Other receivables	374,235
Special Revenue:		
Capital Fund	Due from Federal & State	153,239
Water Fund	Accounts receivable	
	- water rents and meter	840,527
Water Fund	Due from other government	287,387
Sewer Fund	Accounts receivable	
	- sewer rents	857,747
Sewer Fund	Due from other government	255,756
Community Development:		
Revolving Loan	Loan receivable	72,162
1 st Time Home	Loan receivable	22,947
Housing Rehab	Loan receivable	229
		<u>\$ 3,752,571</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 \$92,340 as of May 31, 2022.

B. Liabilities

1. Deferred Inflows of Resources and Unearned Revenue

Deferred inflows of resources and unearned revenue at May 31, 2022 recorded in governmental fund were as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund
<u>Deferred inflows</u>			
Real property taxes	\$ 5,164,313	\$ -	\$ -
Bartlett House	13,280	-	-
Special assessment taxes	1,882	-	-
	<u>\$ 5,179,475</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Unearned revenue</u>			
Revolving loans	\$ -	\$ 72,162	\$ -
Housing Rehab	-	229	-
1 st Time Home	-	23,152	-
Capital Projects	-	-	\$ 520,395
	<u>\$ -</u>	<u>\$ 95,543</u>	<u>\$ 520,395</u>

Deferred inflows of resources related to real property taxes reflect collections during May 2022 for real property taxes levied on May 1 for the 2022-2023 fiscal year. Deferred inflows from special assessment taxes consist of levies on property owners to be collected after May 31, 2022. 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.

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.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

2. Pension Plans (continued)

b. Contributions (continued)

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

		ERS	PFRS
May 31,	2022	\$ 672,766	\$ 1,335,978
	2021	583,740	1,110,370
	2020	569,100	1,042,419

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.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

2. Pension Plans (continued)

b. Contributions (continued)

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, 2022.

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, 2022, 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, 2022 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 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.

At May 31, 2022 the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$ 104,690	\$ 331,938	\$ 4,526,724	\$ -
Changes of assumptions	2,307,042	3,685,208	38,929	-
Net difference between projected and actual earnings on pension plan investments	-	-	135,789	5,173,643
Changes in proportion and differences between the City's contributions and proportionate share of contributions	40,490	374,879	190,494	202,976
City's contributions subsequent to the measurement date	83,667	217,833	-	-
Total	\$ 2,535,889	\$ 4,609,858	\$ 4,891,936	\$ 5,376,619

CITY OF OLEAN, NEW YORK
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FOR THE YEAR ENDED MAY 31, 2022

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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)

Measurement date	ERS 3/31/2022	PFRS 3/31/2022
Net pension asset (liability)	\$ 1,382,383	\$ (615,718)
City's portion of the Plan's total net pension liability	.0169107%	.1083926%

For the year ended May 31, 2022, the City's recognized pension expense (benefit) of \$(13,414) for ERS and \$628,758 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, 2023. 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
2023	\$ (416,929)	\$ (221,766)
2024	(557,045)	(381,049)
2025	(1,210,099)	(1,176,517)
2026	(255,641)	730,817
2027	-	63,922
Thereafter	-	-

d. Actuarial Assumptions

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:

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

2. Pension Plans (continued)

d. Actuarial Assumptions (continued)

Significant actuarial assumptions used in the valuations were as follows:

	ERS	PFRS
Measurement date	3/31/2022	3/31/2022
Actuarial valuation date	4/1/2021	4/1/2021
Interest rate	5.9%	5.9%
Salary scale	4.4% average 4/1/15 – 3/31/20 System's Experience	5.7% average 4/1/15 – 3/31/20 System's Experience
Decrement tables	2.7%	2.7%
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.

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:

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FOR THE YEAR ENDED MAY 31, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

2. Pension Plans (continued)

e. Actuarial Assumptions (continued)

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 3/31/22	Expected Rate of Return	PFRS 3/31/22	Expected Rate of Return
Asset Type:				
Domestic Equity	32%	3.30%	32%	3.30%
International Equity	15%	5.85%	15%	5.85%
Private Equity	10%	6.50%	10%	6.50%
Real Estate	9%	5.00%	9%	5.00%
Opportunistic/ARS	3%	4.10%	3%	4.10%
Credit	4%	3.78%	4%	3.78%
Real assets	3%	5.58%	3%	5.58%
Fixed Income	23%	-%	23%	-%
Cash and short-term	1%	(1.00)%	1%	(1.00)%
Total:	100%		100%	

f. 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)

g. 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	\$ 3,558,238	\$ (1,382,383)	\$ (5,514,973)

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
PFRS			
Employer's proportionate share of the net pension (asset)/liability	\$ 6,848,917	\$ 615,718	\$ (4,543,715)

h. 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:

Measurement date	ERS 3/31/22	PFRS 3/31/22
Employers' total pension liability	\$ 223,874,888	\$ 42,237,292
Plan Net Position	\$ 232,049,473	\$ 41,669,250
Employers' net pension (asset)/liability	\$ (8,174,585)	\$ 568,042
Ratio of plan net position to be		
Employers' total pension liability	103.65%	98.66%

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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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, 2022 represent the projected employer contribution for the period of April 1, 2022 through May 31, 2022 based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2022 for ERS and PFRS amounted to \$83,667 and \$217,833, 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, 2021, 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 \$401,105 was measured as of June 1, 2021 and rolled forward for the fiscal year ended May 31, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability was valued at June 1, 2021 and rolled forward to May 31, 2022. 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 – 3.70%

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		17,472
Differences between expected and actual experience		(215,192)
Changes in assumptions		(34,203)
Benefit payments		(62,642)
Net changes		<u>(294,565)</u>
Net OPEB liability – beginning of year		695,670
Net OPEB liability – end of year	\$	<u>401,105</u>

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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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 (2.70%) or 1% point higher (4.70%) than the current discount rate:

	1% Decrease (2.70%)	Discount Rate (3.70%)	1% Increase (4.70%)
Total OPEB liability	\$ 425,117	\$ 401,105	\$ 379,403

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	\$ 381,282	\$ 401,105	\$ 422,562

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

For the year ended May 31, 2022, the City recognized OPEB expense of \$231,923. At May 31, 2022, 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	71,000	-
Total	\$ 71,000	\$ -

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

Year Ending May 31	Total
2023	\$ -
2024	-
2025	-
2026	-
2027	-
Thereafter	-
Total	\$ -

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.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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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)

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.

In March, 2021, the *City of Olean, New York* issued bond anticipation notes in the amount of \$2,969,372. The notes matured on March 24, 2022 and carried a 0.36% 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 mature on June 9, 2022 and carry 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 mature on March 23, 2023 and carry 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.

The City's bond anticipation notes outstanding as of May 31, 2022 are as follows:

Description	Amount	Interest Rate
Bond Anticipation Notes		
Walkable Olean Phase 2	\$ 1,285,000	0.34%
Washington Street Phase 1	1,340,000	0.34%
Washington Street Phase 2	597,000	0.34%
Fire Fighting Vehicle	641,500	0.34%
Equipment	176,500	0.34%
Walkable Olean Phase 3	1,922,661	1.00%
North Union Street	855,813	1.00%
Totals	<u>\$ 6,818,474</u>	

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, 2022 and 2021.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

4. Short-Term Debt (continued)

c. Short-Term Debt Interest

Interest expense on short term indebtedness totaled \$64,709 for the year ended May 31, 2022. 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, 2022 the total outstanding indebtedness of the City aggregated \$41,689,547 (including bond anticipation notes and revenue anticipation notes). Of this amount, \$12,520,949 is subject to the constitutional debt limit and represented approximately 33.93% 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.

In November 2021, the *City of Olean, New York* issued bonds in the amount of \$4,970,000 with interest rates ranging from 3.00% to 4.00%. The bonds will mature in August 2032. The bond included premium of \$818,573 that will be amortized over the life of the bond. The proceeds from the bonds were utilized to refund the 2012 Serial Bond.

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, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

5. Long-Term Debt (continued)

d. Installment Purchase Debt – Capital 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, 2022 of \$14,268, \$73,242, and \$7,609, respectively. The remaining balance of this lease was \$266,354 as of May 31, 2022.

e. Summary Long-Term Debt

The following is a summary of bonds outstanding as of May 31, 2022:

	<u>Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding May 31, 2022</u>
General Fund					
Public Improvement Bond	06/17	4,984,000	Various	06/34	\$ 3,420,000
Judgement Bond	06/18	500,000	Various	06/24	210,000
Public Improvement Bond	06/19	3,085,000	Various	06/32	2,665,000
Public Improvement Bond	07/20	250,000	4%	07/33	235,000
Special Revenue Funds					
Water Filtration Plant-Ref.	10/12	2,060,000	Various	10/32	1,280,000
Water Filtration Plant	07/03	1,809,453	Various	07/23	225,000
Water Reservoir	07/03	4,665,163	Various	07/24	870,000
Water Filtration Plant	05/13	5,868,000	Various	08/38	3,760,000
Water Public Imp. Bond Refunded	11/21	1,873,200	Various	08/32	1,873,200
Sewer Fund – Public Imp	08/12	1,731,059	Various	08/33	965,000
Sewer Fund - SRF	09/17	3,250,000	Various	08/47	2,785,000
Sewer Fund - SRF	09/17	15,174,840	0%	02/47	12,647,500
Sewer Public Imp. Bond Refunded	11/21	3,096,800	Various	08/32	3,096,800
Total					<u>\$ 34,032,500</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (continued)

5. Long-Term Debt (continued)

d. Installment Purchase Debt – Capital Leases (continued)

During the 2020-21 fiscal year, the **City of Olean, New York** entered into two 5-year capital 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. The General Fund, Water Fund and Sewer Fund each paid principal and interest for the year ended May 31, 2022 of \$48,335, \$10,313, and \$10,312, respectively. The remaining balance of this lease was \$258,867 as of May 31, 2022.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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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, 2022:

	Balance at June 1, 2021	Additions	Reductions	Balance at May 31, 2022
Bonds	\$ 30,708,400	\$ 4,970,000	\$ 7,555,900	\$ 28,122,500
Unamortized Bond Premium	-	818,573	-	818,573
EFC Grid Note/Bond	1,375,000	-	95,000	1,280,000
EFC Grid Bond	1,140,000	-	270,000	870,000
RD Bond	3,930,000	-	170,000	3,760,000
Subtotal	37,153,400	5,788,573	8,090,900	34,851,073
Environmental Liability	125,000	-	-	125,000
Compensated Absences	291,909	-	2,481	289,428
Net Pension Liabilities	1,782,960	-	1,167,242	615,718
Other Post-Employment Benefits	695,670	-	294,565	401,105
Lease liability	669,819	-	144,598	525,221
	3,565,358	-	1,608,886	1,956,472
	<u>\$ 40,718,758</u>	<u>\$ 5,788,573</u>	<u>\$ 9,699,786</u>	<u>\$ 36,807,545</u>

g. Long-Term Debt Interest

Interest expense on long term indebtedness totaled \$501,343 for the year ended May 31, 2022, all of which was recorded in the debt service fund and consisted of \$481,881 of interest on bonds and notes and \$19,462 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, 2022:

Year Ending May 31	Total	Principal	Interest
2023	\$ 2,927,675	\$ 2,390,900	\$ 536,775
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
2028-2032	11,765,137	10,569,500	1,195,637
2033-2037	5,690,079	5,299,500	390,579
2038-2042	3,818,447	3,694,500	123,947
2043-2047	3,239,951	3,199,500	40,451
Total	<u>\$38,065,719</u>	<u>\$ 34,032,500</u>	<u>\$ 4,033,219</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
2023	\$ 165,697	\$ 147,117	\$ 18,580
2024	165,697	152,159	13,537
2025	166,962	158,651	8,313
2026	68,941	67,294	1,743
Total	<u>\$ 567,297</u>	<u>\$ 525,221</u>	<u>\$ 42,173</u>

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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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, 2022 and interfund transactions during the fiscal year ended May 31, 2022 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	\$ 43,305	\$ 682,056	\$ 1,116,879	\$ -	\$ 38,614	\$ 1,380,797
Capital Projects Fund	3,443,447	678,747	-	-	737,235	399,829
Agency Fund	-	43,305	-	-	-	-
Debt Service Fund	787,995	2,573,604	-	-	3,452,682	-
Sewer Fund	474,680	315,237	-	259,716	-	1,291,868
Water Fund	18,202	474,680	-	857,163	-	1,142,423
First Time Homebuyer	-	1,000	-	-	-	13,614
Housing Rehab Fund	1,000	-	-	-	-	-
Totals	\$ 4,768,629	\$ 4,768,629	\$ 1,116,879	\$ 1,116,879	\$ 4,228,531	\$ 4,228,531

During the current year, the General, Water, Sewer and Capital funds transferred \$930,387, \$1,129,923, \$1,070,368 and \$322,004 respectively to the Debt Service Fund to pay for the City's long-term debt obligations.

The General and Sewer funds also transferred \$450,410 and \$209,000, respectively to the City's Capital Projects fund for costs associated with Oak Hill Park (\$305,165), Buffalo Street Underpass (\$209,000) and for various other projects (\$145,245). The remaining \$77,825 of interfund revenue and expense in the capital project is related to a transfer from project 201 to 206.

The Water and Sewer Funds transfer \$12,500 and \$12,500, respectively, to the General fund for the purchase of fuel pumps. The First Time Homebuyer fund transferred \$13,614 to the General Fund to assist with the demolition of unsafe buildings.

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, 2022

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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, 2022. As a result of the dispute, the municipality has withheld approximately \$526,000 from its payment through May 31, 2022.

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. Because approximately \$526,000 of the billing for the fiscal years ended May 31, 2021 and 2022 is 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 the Statements of Revenue, Expenditures or Changes in Fund Equity for the year ended May 31, 2022.

The City is currently involved in a number of tax certiorari proceedings which are in the discovery phases. At this time, it is not possible to predict with certainty the outcome of these matters.

The City currently has some matters and claims that have been referred to the City's insurance carrier for defense.

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

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

NOTE 4 – COMMITMENTS AND CONTINGENCIES
(CONTINUED)

E. Employee Contracts (continued)

Professional Fire Fighters Association's contract expired on May 31, 2021 (an agreement was reached in the fall of 2022), the Civil Service Employees Association Unit's contract will expire on May 31, 2022.

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, 2022, 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

Element 4 – Sanitary Sewer Asset Management

Element 5 – Storm Sewer Asset Management Program

Element 6 – Sewer Use Ordinance Enforcement

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.

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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NOTE 4 – COMMITMENTS AND CONTINGENCIES
(CONTINUED)

F. Environmental (continued)

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.

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:

Corporation	Term	Tax abated during the year ended May 31, 2022
Corporation A	2011-2026	\$ 5,567
Corporation B	2011-2026	4,146
Corporation C	2012-2027	4,569
Corporation D	2012-2027	58,413
Corporation E	2014-2029	2,717
Corporation F	2016-2031	1,501
Corporation G	2016-2031	2,627
Corporation H	2017-2032	6,529
Corporation I	2018-2033	11,603
Corporation J	2019-2034	5,342
Corporation K	2020-2035	3,076
Corporation L	2019-2034	1,903
		<u>\$ 107,993</u>

NOTE 6 – FUND BALANCE

1. Classification

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

Category/Fund	Description	May 31, 2022
Restricted:		
Capital	Reserve for Capital	<u>\$ 2,189,477</u>
Assigned:		
General	Designated for next years budget	\$ 120,000
	Reserve for Encumbrances	90,034
		<u>\$ 210,034</u>
Water	Special Revenue Fund Balance	<u>\$ 526,702</u>
Sewer	Reserve for Encumbrances	\$ 16,023
	Special Revenue Fund Balance	2,075,577
		<u>\$ 2,091,600</u>
Debt Service	Reserve for Debt Service	<u>\$ 111,824</u>
First Time Homebuyers	Special Revenue Fund Balance	<u>\$ 6,344</u>
Housing Rehab	Special Revenue Fund Balance	<u>\$ 8,399</u>
Revolving Loan	Special Revenue Fund Balance	<u>\$ 296,850</u>
Misc. Special Revenue	Special Revenue Fund Balance	<u>\$ 69,540</u>

Accumulated Deficits

The *City of Olean, New York* has 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, 2022
Walkable Olean Phase 2	\$ 257,609
Waste Water Treatment Master Plan	20,645
Washington Street	1,155,566
Pedestrian Safety Action Plan (PSAP)	65,507
Walkable Olean Phase 3	35,277
HVAC Control System	33,440
North Union Streetscape	163,420
Fire Department Pumper/DPW	4,747
West State Street	12,644
Subtotal	<u>\$ 1,748,855</u>

CITY OF OLEAN, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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NOTE 6 – FUND BALANCE (CONTINUED)

Accumulated Deficits (continued)

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, 2022
Bradner Stadium Project	\$ 19,931
North Union Rehabilitation *	122,156
Homer Street Playground	1,146
Third Street Project	5,215
Bradner Stadium Roof	651
Recreation Center Digital Sign	1,238
Farmers Market	31,624
Repairs to Water Building Wall	7,800
Subtotal	<u>\$ 189,761</u>

*This amount does not include the contingent liability as discussed in Note 7.

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, 2022 the City recorded expense and a liability of \$175,000 in the General Fund related to the settlement of this claim.

NOTE 8 – COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions.

NOTE 8 – COVID 19 PANDEMIC (CONTINUED)

Also, in March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to Organizations including cities. Included in the CARES Act relief package was the option to defer payroll tax (FICA) payments. As of May 31, 2021 the City had deferred \$344,858, \$49,665, and \$45,190 of payroll taxes in the general, water, and sewer funds, respectively. As of May 31, 2022, \$237,610, remained accrued in the general fund.

Given the uncertainty regarding the COVID-19 Pandemic, the overall financial impact to the City cannot be reasonably predicted or estimated at this time.

NOTE 9 – PRIOR PERIOD ADJUSTMENT

During the year ended May 31, 2021, implementation of GASB No. 84 required prior period adjustments for the governmental and fiduciary funds. This adjustment was needed to move the beginning balances of amounts previously reported as fiduciary funds to the respective governmental funds. Total agency funds of \$76,609 were reclassified from fiduciary funds to a miscellaneous special revenue fund as of June 1, 2020.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events were evaluated through March 14, 2023, 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, 2022 AND 2021

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	May 31 2022	May 31 2021
Assets		
Cash on hand	\$ 1,525	\$ 1,525
Cash on deposit		
Regular accounts	8,256,634	7,637,223
Receivables		
Refuse and garbage	1,869	1,869
Special assessment	1,882	1,882
Accounts receivable	370,484	242,853
Due from other funds	43,305	26,415
Advances to other funds	1,116,879	387,635
State and federal	888,342	1,524,426
Total assets	\$ 10,680,920	\$ 9,823,828
Liabilities, Deferred Inflows of Resources and Fund Equity		
Liabilities		
Accounts payable	\$ 309,297	\$ 357,955
Accrued liabilities	1,228,607	1,036,980
Due to other funds	682,056	244,886
Due to employee retirement system	258,166	294,000
Other liabilities	32,557	19,143
Bond anticipation notes payable	176,500	-
Total liabilities	2,687,183	1,952,964
Deferred Inflows of Resources		
Taxes collected for subsequent year	5,179,475	4,527,299
Fund Equity		
Assigned	210,034	435,359
Unassigned	2,604,228	2,908,206
Total fund equity	2,814,262	3,343,565
	\$ 10,680,920	\$ 9,823,828

CITY OF OLEAN, NEW YORK
COMPARATIVE STATEMENTS OF REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY
GENERAL FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2022 AND 2021

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	May 31 2022	May 31 2021
Revenue		
Real property taxes	\$ 7,285,307	\$ 7,256,496
Special assessment tax - real property	-	13,627
Real property tax items	81,752	58,351
Non-property tax items	5,489,152	5,297,477
Departmental income	1,149,370	1,077,689
Intergovernmental charges	187,518	199,025
Use of money and property	10,233	8,297
Licenses and permits	71,263	103,405
Fines and forfeitures	11,031	22,768
Sales of property and compensation for loss	-	136,050
State aid	2,970,849	2,905,150
Federal aid	340,359	345,168
Total revenue	17,596,834	17,423,503
Expenditures		
General government support	2,776,421	2,238,367
Public safety	6,133,472	5,960,232
Health	67,397	50,749
Transportation	2,054,400	2,135,776
Economic development	2,000	-
Culture and recreation	903,720	829,981
Home and community services	173,630	156,410
Employee benefits	4,672,914	4,485,252
Total expenditures	16,783,954	15,856,767
Excess of revenue over expenditures	812,880	1,566,736
Other financing sources (uses)		
Operating transfers in	38,614	24,394
Operating transfers out	(1,380,797)	(1,343,487)
Total other financing sources (uses)	(1,342,183)	(1,319,093)
Excess of revenue and other financing sources over expenditures and other financing uses	(529,303)	247,643
Fund equity, beginning of year	3,343,565	3,095,922
Fund equity, end of year	\$ 2,814,262	\$ 3,343,565

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, 2022

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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	876,065	1,288,230	112,845	300,250	7,399	7,488	2,592,277
Receivables							
Accounts receivable	840,527	857,747	-	-	-	-	1,698,274
Due from State, Federal and other governments	287,387	255,756	-	-	-	-	543,143
Due from other funds	18,202	474,680	-	-	1,000	-	493,882
Revolving loans receivable	-	-	-	72,162	-	-	72,162
First Time Homebuyers loans receivable	-	-	-	-	-	22,947	22,947
Rehabilitation loans receivable	-	-	-	-	229	-	229
Other assets	-	-	-	-	-	61	61
Total assets	\$ 2,022,221	\$ 2,876,413	\$ 112,845	\$ 372,412	\$ 8,628	\$ 30,496	\$ 5,423,015
Liabilities							
Accounts payable	\$ 63,219	\$ 144,601	\$ -	\$ 3,400	\$ -	\$ -	\$ 211,220
Accrued liabilities	65,865	43,592	-	-	-	-	109,457
Due to other funds	474,680	315,237	43,305	-	-	1,000	834,222
Advances from other funds	857,163	259,716	-	-	-	-	1,116,879
Due to employee retirement system	21,667	21,667	-	-	-	-	43,334
Other liabilities	12,925	-	-	-	-	-	12,925
Unearned revenue	-	-	-	72,162	229	23,152	95,543
Total liabilities	1,495,519	784,813	43,305	75,562	229	24,152	2,423,580
Fund Equity							
Assigned	526,702	2,091,600	69,540	296,850	8,399	6,344	2,999,435
Total fund equity	526,702	2,091,600	69,540	296,850	8,399	6,344	2,999,435
Total liabilities and fund equity	\$ 2,022,221	\$ 2,876,413	\$ 112,845	\$ 372,412	\$ 8,628	\$ 30,496	\$ 5,423,015

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, 2022**

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	\$ 3,808,049	\$ 4,111,519	\$ 26,339	\$ 50,714	\$ -	\$ 6,307	\$ 8,002,928
Intergovernmental charges	-	377,008	-	-	-	-	377,008
Use of money and property	-	-	-	226	2	3	231
Sales of property & compensation for loss	-	-	-	-	-	-	-
Total revenue	3,808,049	4,488,527	26,339	50,940	2	6,310	8,380,167
Expenditures							
General government support	77,706	62,000	25,902	-	-	-	165,608
Home and community services	2,180,556	2,256,159	-	45,326	-	191	4,482,232
Employee benefits	575,577	574,244	-	-	-	-	1,149,821
Total expenditures	2,833,839	2,892,403	25,902	45,326	-	191	5,797,661
Excess (deficiency) of revenue over expenditures	974,210	1,596,124	437	5,614	2	6,119	2,582,506
Other financing uses							
Operating transfers out	(1,142,423)	(1,291,868)	-	-	-	(13,614)	(2,447,905)
Total financing uses	(1,142,423)	(1,291,868)	-	-	-	(13,614)	(2,447,905)
Excess (deficiency) of revenue over expenditures and other financing uses	(168,213)	304,256	437	5,614	2	(7,495)	134,601
Fund equity, beginning of year	694,915	1,787,344	69,103	291,236	8,397	13,839	2,864,834
Fund equity, end of year	\$ 526,702	\$ 2,091,600	\$ 69,540	\$ 296,850	\$ 8,399	\$ 6,344	\$ 2,999,435

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
SPECIAL REVENUE FUNDS
AS OF MAY 31, 2022 AND 2021

Page 45

	May 31 2022	May 31 2021
Assets		
Cash on hand	\$ 40	\$ 40
Cash on deposit		
Regular accounts	2,592,277	1,684,047
Accounts receivable	1,698,274	1,713,316
Due from State, Federal and other governments	543,143	513,313
Due from other funds	493,882	308,678
Revolving loans receivable	72,162	110,329
First time homebuyers loans receivable	22,947	27,551
Rehabilitation loans receivable	229	229
Other assets	61	61
Total assets	\$ 5,423,015	\$ 4,357,564
Liabilities		
Accounts payable	\$ 211,220	\$ 161,155
Accrued liabilities	109,457	198,304
Due to other funds	834,222	552,469
Advances from other funds	1,116,879	387,635
Due to employee retirement system	43,334	46,666
Other liabilities	12,925	8,392
Unearned revenue	95,543	138,109
Total liabilities	2,423,580	1,492,730
Fund Equity		
Assigned	2,999,435	2,864,834
Total fund equity	2,999,435	2,864,834
Total liabilities and fund equity	\$ 5,423,015	\$ 4,357,564

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, 2022 AND 2021****Page 46**

	May 31 2022	May 31 2021
Revenue		
Departmental income	\$ 8,002,928	\$ 7,771,005
Intergovernmental charges	377,008	109,201
Use of money and property	231	173
Federal aid	-	202,775
Total revenue	8,380,167	8,083,154
Expenditures		
General government support	165,608	203,038
Home and community services	4,482,232	4,160,859
Employee benefits	1,149,821	1,136,089
Total expenditures	5,797,661	5,499,986
Excess of revenue over expenditures	2,582,506	2,583,168
Other financing sources (uses)		
Operating transfers out	(2,447,905)	(2,955,883)
Total other financing uses	(2,447,905)	(2,955,883)
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	134,601	(372,715)
Fund equity, beginning of year	2,864,834	3,160,940
Prior period adjustment	-	76,609
Fund equity, end of year	\$ 2,999,435	\$ 2,864,834

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
WATER FUND
AS OF MAY 31, 2022 AND 2021

Page 47

	May 31 2022	May 31 2021
Assets		
Cash on hand	\$ 40	\$ 40
Cash on deposit		
Regular accounts	876,065	390,113
Accounts receivable	840,527	762,239
Due from State, Federal and other governments	287,387	254,343
Due from other funds	18,202	48,302
Total assets	\$ 2,022,221	\$ 1,455,037
Liabilities		
Accounts payable	\$ 63,219	\$ 79,293
Accrued liabilities	65,865	112,302
Due to other funds	474,680	238,921
Advances from other funds	857,163	297,881
Due to employee retirement system	21,667	23,333
Other liabilities	12,925	8,392
Total liabilities	1,495,519	760,122
Fund Equity		
Assigned	526,702	694,915
Total fund equity	526,702	694,915
Total liabilities and fund equity	\$ 2,022,221	\$ 1,455,037

CITY OF OLEAN, NEW YORK**COMPARATIVE STATEMENTS OF REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY – WATER FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2022 AND 2021****Page 48**

	May 31 2022	May 31 2021
Revenue		
Departmental income	\$ 3,808,049	\$ 3,687,247
Total revenue	3,808,049	3,687,247
Expenditures		
General government support	77,706	88,658
Home and community services	2,180,556	1,864,923
Employee benefits	575,577	572,501
Total expenditures	2,833,839	2,526,082
Excess of revenue over expenditures	974,210	1,161,165
Other financing sources (uses)		
Operating transfers out	(1,142,423)	(1,222,080)
Total other financing sources (uses)	(1,142,423)	(1,222,080)
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	(168,213)	(60,915)
Fund equity, beginning of year	694,915	755,830
Fund equity, end of year	\$ 526,702	\$ 694,915

CITY OF OLEAN, NEW YORK
STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL – WATER FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2022

Page 49

	Original Budget	Amended Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
Revenue					
Departmental income	\$ 3,851,214	\$ 3,851,214	\$ 3,808,049	\$ -	\$ (43,165)
Total revenue	<u>3,851,214</u>	<u>3,851,214</u>	<u>3,808,049</u>	<u>-</u>	<u>(43,165)</u>
Expenditures					
General government support	151,000	93,500	77,706	-	15,794
Home and community services	1,959,600	2,024,466	2,180,556	-	(156,090)
Employee benefits	592,450	592,450	575,577	-	16,873
Total expenditures	<u>2,703,050</u>	<u>2,710,416</u>	<u>2,833,839</u>	<u>-</u>	<u>(123,423)</u>
Excess (deficiency) of revenue over expenditures	<u>1,148,164</u>	<u>1,140,798</u>	<u>974,210</u>	<u>-</u>	<u>(166,588)</u>
Other financing sources (uses)					
Operating transfers out	(1,148,164)	(1,160,664)	(1,142,423)	-	18,241
Total other financing sources (uses)	<u>(1,148,164)</u>	<u>(1,160,664)</u>	<u>(1,142,423)</u>	<u>-</u>	<u>18,241</u>
Excess (deficiency) of revenue over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (19,866)</u>	<u>\$ (168,213)</u>	<u>\$ -</u>	<u>\$ (148,347)</u>

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
SEWER FUND
AS OF MAY 31, 2022 AND 2021

Page 50

	May 31 2022	May 31 2021
Assets		
Cash	\$ 1,288,230	\$ 905,963
Accounts receivable	857,747	951,077
Due from State, Federal and other governments	255,756	258,970
Due from other funds	474,680	259,376
Total assets	\$ 2,876,413	\$ 2,375,386
Liabilities		
Accounts payable	\$ 144,601	\$ 79,072
Accrued liabilities	43,592	86,002
Advances from other funds	259,716	89,754
Due to other funds	315,237	309,881
Due to employee retirement system	21,667	23,333
Total liabilities	784,813	588,042
Fund Equity		
Assigned	2,091,600	1,787,344
Total fund equity	2,091,600	1,787,344
Total liabilities and fund equity	\$ 2,876,413	\$ 2,375,386

CITY OF OLEAN, NEW YORK**COMPARATIVE STATEMENTS OF REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY – SEWER FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2022 AND 2021****Page 51**

	May 31 2022	May 31 2021
Revenue		
Departmental income	\$ 4,111,519	\$ 3,954,861
Intergovernmental charges	377,008	109,201
Total revenue	4,488,527	4,064,062
Expenditures		
General government support	62,000	83,564
Home and community services	2,256,159	2,081,549
Employee benefits	574,244	563,588
Total expenditures	2,892,403	2,728,701
Excess of revenue over expenditures	1,596,124	1,335,361
Other financing sources (uses)		
Operating transfers out	(1,291,868)	(1,709,409)
Total other financing uses	(1,291,868)	(1,709,409)
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	304,256	(374,048)
Fund equity, beginning of year	1,787,344	2,161,392
Fund equity, end of year	\$ 2,091,600	\$ 1,787,344

CITY OF OLEAN, NEW YORK
STATEMENT OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL – SEWER FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2022

Page 52

	Original Budget	Amended Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
Revenue					
Departmental income	\$ 3,789,381	\$ 3,789,381	\$ 4,111,519	\$ -	\$ 322,138
Intergovernmental charges	425,000	425,000	377,008	-	(47,992)
Total revenue	4,214,381	4,214,381	4,488,527	-	274,146
Expenditures					
General government support	137,000	94,746	62,000	-	32,746
Home and community services	2,370,370	2,302,749	2,256,159	16,023	30,567
Employee benefits	590,150	590,150	574,244	-	15,906
Total expenditures	3,097,520	2,987,645	2,892,403	16,023	79,219
Excess (deficiency) of revenue over expenditures	1,116,861	1,226,736	1,596,124	(16,023)	353,365
Other financing sources (uses)					
Operating transfers out	(1,116,861)	(1,338,361)	(1,291,868)	-	46,493
Total other financing uses	(1,116,861)	(1,338,361)	(1,291,868)	-	46,493
Excess (deficiency) of revenue over expenditures and other financing uses	\$ -	\$ (111,625)	\$ 304,256	\$ (16,023)	\$ 399,858

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
REVOLVING LOAN FUND
AS OF MAY 31, 2022 AND 2021

Page 53

	May 31 2022	May 31 2021
Assets		
Cash on deposit - Regular accounts	\$ 300,250	\$ 294,026
Rehabilitation loans receivable	72,162	110,329
Total assets	\$ 372,412	\$ 404,355
Liabilities		
Unearned revenue	\$ 72,162	\$ 110,329
Accounts payable	3,400	2,790
Total liabilities	75,562	113,119
Fund Equity		
Assigned	296,850	291,236
Total fund equity	296,850	291,236
Total liabilities and fund equity	\$ 372,412	\$ 404,355

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, 2022 AND 2021****Page 54**

	May 31 2022	May 31 2021
Revenue		
Departmental income	\$ 50,714	\$ 92,297
Use of money and property	226	156
Federal aid	-	202,775
Total revenue	50,940	295,228
Expenditures		
Home and community services	45,326	214,387
Total expenditures	45,326	214,387
Excess of revenue over expenditures and other uses	5,614	80,841
Fund equity, beginning of year	291,236	210,395
Fund equity, end of year	\$ 296,850	\$ 291,236

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
HOUSING REHABILITATION FUND
AS OF MAY 31, 2022 AND 2021

Page 55

	May 31 2022	May 31 2021
Assets		
Cash on deposit - regular accounts	\$ 7,399	\$ 7,397
Due from other funds	1,000	1,000
Rehabilitation loans receivable	229	229
Total assets	\$ 8,628	\$ 8,626
Liabilities		
Unearned revenue	\$ 229	\$ 229
Total liabilities	229	229
Fund Equity		
Assigned	8,399	8,397
Total fund equity	8,399	8,397
Total liabilities and fund equity	\$ 8,628	\$ 8,626

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, 2022 AND 2021****Page 56**

	May 31 2022	May 31 2021
Revenue		
Use of money and property	\$ 2	\$ 8
Total revenue	<u>2</u>	<u>8</u>
Expenditures		
Home and community services	-	-
Total expenditures	<u>-</u>	<u>-</u>
Excess of revenue over expenditures	<u>2</u>	<u>8</u>
Fund equity, beginning of year	8,397	8,389
Fund equity, end of year	<u>\$ 8,399</u>	<u>\$ 8,397</u>

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
FIRST TIME HOMEBUYERS FUND
AS OF MAY 31, 2022 AND 2021

Page 57

	May 31 2022	May 31 2021
Assets		
Cash on deposit - regular accounts	\$ 7,488	\$ 14,778
First time homebuyers loans receivable	22,947	27,551
Other assets	61	61
Total assets	\$ 30,496	\$ 42,390
Liabilities		
Unearned revenue	\$ 23,152	\$ 27,551
Due to other funds	1,000	1,000
Total liabilities	24,152	28,551
Fund Equity		
Assigned	6,344	13,839
Total fund equity	6,344	13,839
Total liabilities and fund equity	\$ 30,496	\$ 42,390

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, 2022 AND 2021****Page 58**

	May 31 2022	May 31 2021
Revenue		
Departmental income	\$ 6,307	\$ 13,290
Use of money and property	3	9
Total revenue	6,310	13,299
Expenditures		
Home and community services	191	-
Total expenditures	191	-
Other financing uses		
Operating transfers out	(13,614)	(24,394)
Total other financing uses	(13,614)	(24,394)
Excess (deficiency) of revenue over expenditures	(7,495)	(11,095)
Fund equity, beginning of year	13,839	24,934
Fund equity, end of year	\$ 6,344	\$ 13,839

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
CAPITAL PROJECTS FUND
AS OF MAY 31, 2022 AND 2021

Page 59

	May 31 2022	May 31 2021
Assets		
Cash on deposit - regular accounts	\$ 4,797,844	\$ 2,289,817
Cash with fiscal agent	2,139	92,139
Due from Federal and State	153,239	29,085
Due from other funds	3,443,447	4,080,809
Total assets	\$ 8,396,669	\$ 6,491,850
Liabilities		
Accounts payable	\$ 304,692	\$ 876,831
Unearned revenue	520,395	-
Due to other funds	678,747	39,115
Bond anticipation notes payable	6,641,974	5,679,372
Total liabilities	8,145,808	6,595,318
Fund Equity		
Restricted	2,189,477	2,447,894
Unassigned (deficit)	(1,938,616)	(2,551,362)
Total fund equity (deficit)	250,861	(103,468)
Total liabilities and fund equity	\$ 8,396,669	\$ 6,491,850

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, 2022 AND 2021****Page 60**

	May 31 2022	May 31 2021
Revenue		
Use of money and property	\$ 2,645	\$ 1,177
Miscellaneous local sources	381,027	237,512
Federal aid	1,002,000	302,759
State aid	4,572,464	535,065
Total revenue	5,958,136	1,076,513
Expenditures		
General government support	224,218	356,536
Public safety	83,764	2,100
Transportation	3,638,141	1,181,417
Culture and recreation	552,109	1,055,924
Home and community services	1,718,879	1,841,252
Total expenditures	6,217,111	4,437,229
Excess (deficiency) of revenue over expenditures	(258,975)	(3,360,716)
Other financing sources (uses)		
Bond anticipation notes redeemed from appropriations	275,898	127,940
Proceeds from issuance of serial bonds - construction	-	250,000
Proceeds from leases	-	321,875
Operating transfers in	737,235	1,355,693
Operating transfers out	(399,829)	(417,996)
Total other financing sources	613,304	1,637,512
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	354,329	(1,723,204)
Fund equity (deficit), beginning of year	(103,468)	1,619,736
Fund equity (deficit), end of year	\$ 250,861	\$ (103,468)

CITY OF OLEAN, NEW YORK

BALANCE SHEET – CAPITAL PROJECTS FUND – BY PROJECT

AS OF MAY 31, 2022

Page 61

Project Number	Description	Cash	Due from Federal & State	Due from/(to) Other Funds	Total Assets	Accounts Payable & Deferred Revenue	BAN's/ Notes Payable	Fund Equity (Deficit)	Total Liabilities & Fund Equity
29	CHIPS	\$ 9,142	\$ -	\$ (9,142)	\$ -	\$ -	\$ -	\$ -	\$ -
101	Alarm	14,453	-	(12,818)	1,635	-	-	1,635	1,635
102	Vehicle replacement	615,672	-	(591,983)	23,689	-	-	23,689	23,689
103	Police Equipment Replacement	12,194	-	-	12,194	-	-	12,194	12,194
118	Ambulance reserve	26,650	-	2,102	28,752	-	-	28,752	28,752
119	OATS Bus Reserve	229,560	-	-	229,560	-	-	229,560	229,560
123	Catch basin disconnect project	2,065	-	-	2,065	-	-	2,065	2,065
132	Parking lot maintenance program	11,737	-	-	11,737	-	-	11,737	11,737
146	Airport Master Plan	(49,917)	-	91,482	41,565	-	-	41,565	41,565
150	Sidewalk Improvement Reserve	26,795	-	13,903	40,698	5,072	-	35,626	40,698
161	Other Miscellenous Reserves	575	-	-	575	-	-	575	575
163	Waste Water Treatment Plant Master Plan	(20,645)	-	-	(20,645)	-	-	(20,645)	(20,645)
165	Bradner Stadium Project	-	-	(19,931)	(19,931)	-	-	(19,931)	(19,931)
167	North Union Street Rehabilitation	(151,241)	29,085	-	(122,156)	-	-	(122,156)	(122,156)
168	Homer Street Playground	(1,146)	-	-	(1,146)	-	-	(1,146)	(1,146)
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	7,000	-	(698)	6,302	-	-	6,302	6,302
176	Allegany River Development	41,305	-	-	41,305	-	-	41,305	41,305
178	Third Street Project	-	-	(5,215)	(5,215)	-	-	(5,215)	(5,215)
179	Bradner Stadium Roof	-	-	(651)	(651)	-	-	(651)	(651)
180	IT Upgrade	63,954	-	62,951	126,905	63,954	-	62,951	126,905
181	Zombie Grant	13,846	-	117,907	131,753	-	-	131,753	131,753
185	Tree Pruning and Removal	36,834	-	28,757	65,591	-	-	65,591	65,591
186	OATS Bus Reserve 2	(18,465)	18,465	-	-	-	-	-	-
187	Playground Reserve	98	-	-	98	-	-	98	98
188	Walkable Olean Phase 2	1,286,156	-	(252,786)	1,033,370	5,979	1,285,000	(257,609)	1,033,370
189	Farmers Market	(7,809)	-	(23,815)	(31,624)	-	-	(31,624)	(31,624)
190	Stardust Pump Station	122,860	-	-	122,860	15,786	-	107,074	122,860
191	Tree Program	1,966	-	1,000	2,966	-	-	2,966	2,966
192	TNBR Cat Program	5,000	-	-	5,000	-	-	5,000	5,000
193	Washington Street	940,445	-	(159,011)	781,434	-	1,937,000	(1,155,566)	781,434

194	Pedestrian Safety Action Plan (PSAP)	(65,507)	-	-	(65,507)	-	-	(65,507)	(65,507)
195	Walkable Olean Phase 3	118,103	-	1,808,602	1,926,705	39,321	1,922,661	(35,277)	1,926,705
196	Repairs to Water Building Wall	(7,800)	-	-	(7,800)	-	-	(7,800)	(7,800)
197	HVAC Control System	(33,440)	-	-	(33,440)	-	-	(33,440)	(33,440)
198	Time Square Building Repair	19,778	-	-	19,778	-	-	19,778	19,778
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	16,685	-	850,829	867,514	175,121	855,813	(163,420)	867,514
202	Well House Fluoridation	(17,457)	105,689	-	88,232	2,000	-	86,232	88,232
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	31,611	-	-	31,611	25,463	-	6,148	31,611
206	Re-Striping City Streets	77,825	-	(71,542)	6,283	-	-	6,283	6,283
207	Brickwork for City Streets	11,994	-	-	11,994	11,994	-	-	11,994
208	South Union Street Gateway	130,552	-	-	130,552	11,312	-	119,240	130,552
209	Fire Station HVAC	33,920	-	-	33,920	-	-	33,920	33,920
210	Recreation Center Digital Sign	(1,238)	-	-	(1,238)	-	-	(1,238)	(1,238)
212	Hydraulic Mapping	25,000	-	-	25,000	-	-	25,000	25,000
213	Stimulus Fund	9,195	-	-	9,195	9,195	-	-	9,195
214	Fire Department Pumper/DPW	(4,747)	-	641,500	636,753	-	641,500	(4,747)	636,753
216	Splash Park at War Vet	250,000	-	-	250,000	250,000	-	-	250,000
217	BBG Marketing	97,329	-	-	97,329	97,323	-	6	97,329
218	BBG Real Estate Assistance	99,929	-	-	99,929	99,923	-	6	99,929
219	Oak Hill Park/Dog Park	296,703	-	-	296,703	-	-	296,703	296,703
220	Fire Station Repairs	60,000	-	-	60,000	-	-	60,000	60,000
221	Buffalo Street Underpass	209,000	-	-	209,000	-	-	209,000	209,000
223	West State Street	-	-	-	-	12,644	-	(12,644)	-
Totals		\$ 4,799,983	\$ 153,239	\$ 2,764,700	\$ 7,717,922	\$ 825,087	\$ 6,641,974	\$ 250,861	\$ 7,717,922

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, 2022 AND 2021

Page 62

Project	May 31 2022	May 31 2021
CHIPS	\$ 1,545,972	\$ 386,188
Vehicle Replacement	598,032	384,903
Police Equipment Replacement Reserve	38,761	3,330
Ambulance Reserve	39,656	166,956
Catch Basin Disconnect	70,000	70,000
Parking Lot Maintenance Reserve	-	2,625
Airport Master Plan	576,675	286,796
Sidewalk Improvement Reserve	100,151	26,676
Waste Water Treatment Plant Master Plan	90,000	93,578
Recreation Center	162,004	257,996
Demolition of Unsafe Buildings	-	9,557
IT Upgrade	22,346	-
Zombie Grant	3,513	55,079
Tree Pruning and Removal	9,000	-
OATS Bus Reserve 2	457,693	-
Walkable Olean Phase 2	378,653	917,577
Farmer's Market	-	7,809
Stardust Pump Station	230,011	372,291
Tree Program	33,085	2,100
Washington Street	921,223	1,146,673
Pedestrian Safety Action Plan (PSAP)	58,987	35,538
Walkable Olean Phase 3	136,002	130,538
Repairs to Water Building Wall	16,350	48,450
HVAC Control System	1,640	121,700
Time Square Building Repair	5,821	107,646
North 9th Drainage Project	-	591
Reserve for Cyber Attacks	12,330	8,208
North Union Streetscape	363,394	58,685
Well House Fluoridation	302,085	67,175
Fire Station Generator	29,852	-
Re-striping City Streets	105,000	-
Brickwork for City Streets	38,440	61,560
South Union Street Gateway	30,760	-
Fire Station HVAC	16,080	-
Recreation Center Digital Sign	26,238	-
Salt Shed	-	25,000
Hydraulic Mapping	25,000	-
Stimulus Funding	143,579	-
Fire Department Pumper/DPW	4,747	-
BBG Marketing	2,677	-
BBG Real Estate Assistance	77	-
Oak Hill Park/Dog Park	8,462	-
West State Street	12,644	-
	\$ 6,616,940	\$ 4,855,225

See accompanying independent auditor's report on supplementary information.

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
AS OF MAY 31, 2022 AND 2021

Page 63

	May 31 2022	May 31 2021
Assets		
Cash on deposit		
Restricted regular accounts	\$ 1,897,433	\$ 3,722,112
Due from other funds	787,995	622,903
Total assets	\$ 2,685,428	\$ 4,345,015
Liabilities		
Due to other funds	\$ 2,573,604	\$ 4,202,335
Total liabilities	2,573,604	4,202,335
Fund Equity		
Restricted	111,824	142,680
Total fund equity	111,824	142,680
Total liabilities and fund equity	\$ 2,685,428	\$ 4,345,015

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, 2022 AND 2021****Page 64**

	May 31 2022	May 31 2021
Revenue		
Use of money and property	\$ 3,268	\$ 2,136
Premiums on obligations	364	33,939
Total revenue	3,632	36,075
Expenditures		
General government support	9,722	-
Debt service:		
Principal	2,911,396	2,802,522
Interest	566,052	727,723
Total expenditures	3,487,170	3,530,245
Deficiency of revenue over expenditures	(3,483,538)	(3,494,170)
Other financing sources		
Proceeds from serial bonds - refunding	5,788,573	-
Payment for refunding of bonds	(5,788,573)	-
Operating transfers in	3,452,682	3,337,279
Total other financing sources	3,452,682	3,337,279
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	(30,856)	(156,891)
Fund equity, beginning of year	142,680	299,571
Fund equity, end of year	\$ 111,824	\$ 142,680

CITY OF OLEAN, NEW YORK
COMPARATIVE BALANCE SHEETS
MISCELLANEOUS SPECIAL REVENUE FUND
AS OF MAY 31, 2022 AND 2021

Page 65

	May 31 2022	May 31 2021
Assets		
Cash on deposit		
Regular accounts	\$ 112,845	\$ 71,770
Total assets	\$ 112,845	\$ 71,770
Liabilities		
Due to other funds	\$ 43,305	\$ 2,667
Total liabilities	43,305	2,667
Fund Equity		
Assigned	69,540	69,103
Total fund equity	69,540	69,103
Total liabilities and fund equity	\$ 112,845	\$ 71,770

CITY OF OLEAN, NEW YORK
COMPARATIVE INCOME STATEMENT
MISCELLANEOUS SPECIAL REVENUE FUND
AS OF MAY 31, 2022 AND 2021

Page 66

	May 31 2022	May 31 2021
Revenue		
Miscellaneous local sources	\$ 26,339	\$ 23,310
Total revenue	<u>26,339</u>	<u>23,310</u>
Expenditures		
General government support	25,902	30,816
Total expenditures	<u>25,902</u>	<u>30,816</u>
Excess (deficiency) of revenue over expenditures	437	(7,506)
Fund equity, beginning of year	69,103	-
Prior Period Adjustment	-	76,609
Fund equity, end of year	<u>\$ 69,540</u>	<u>\$ 69,103</u>

CITY OF OLEAN, NEW YORK**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND BALANCES – MISCELLANEOUS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2022****Page 67**

	Balance			Balance
	June 1, 2021	Receipts	Disbursements	May 31, 2022
Guarantee & Bid Bonds	\$ 500	\$ -	\$ -	\$ 500
Fries Tree Service	1,502	3	-	1,505
Daniel Long Deposits	-	2,004	-	2,004
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	1,678	700	210	2,168
Bike Auction	31	1,419	-	1,450
Neighborhood Preservation	400	-	-	400
Miscellaneous Recreation	4,374	4,589	1,241	7,722
Clerk Sales	1,048	-	-	1,048
Bartlett House Donations	19,186	5,000	19,065	5,121
Bartlett House Donations	11,601	-	-	11,601
Bartlett House Fund Raising	6,871	5,951	1,746	11,076
Bartlett House Johnsons	50	-	-	50
Senior Center Donations	1,637	700	699	1,638
Fire Donations	175	-	-	175
Police Drugs Donations	6,616	5,530	2,443	9,703
Youth Programs Donations	57	35	57	35
Youth Court Donations	4,802	-	155	4,647
Tree Program	682	120	254	548
Interest & Service Charges	363	36	-	399
Personnel	249	252	32	469
Fire Equipment Donations	6,693	-	-	6,693
Totals	\$ 69,103	\$ 26,339	\$ 25,902	\$ 69,540

CITY OF OLEAN, NEW YORK
SCHEDULE OF CHANGES IN THE CITY'S
NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED MAY 31, 2018 THROUGH 2021

Page 68

As of the measurement date of June 1,	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	17,472	19,952	19,952	27,268	27,268
Differences between expected and actual experience	(215,192)	-	(24,747)	-	50,670
Changes in assumptions	(34,203)	-	3,194	-	-
Benefit payments	(62,642)	(70,995)	(70,878)	(80,438)	(78,942)
Net change in total OPEB liability	(294,565)	(51,043)	(72,479)	(53,170)	(1,004)
Total OPEB liability - beginning	695,670	746,713	819,192	872,362	21,855
Prior period adjustment	-	-	-	-	851,511
Total OPEB liability - ending	<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	\$ 62,642	\$ 70,995	\$ 70,878	\$ 80,438	\$ 78,942
Net investment income	-	-	-	-	-
Benefit payments	(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>
District's net OPEB liability	<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>
Covered-employee payroll	<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>
Notes to Schedule:					
Benefit Changes: None					
Changes in assumptions: Discount Rate of 3.70% as of May 31, 2022 and 2.63% as of May 31, 2021					

CITY OF OLEAN, NEW YORK
SCHEDULE OF CITY CONTRIBUTIONS - OPEB
FOR THE YEARS ENDED MAY 31, 2018 THROUGH 2021

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For the year ended June 30,	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 62,642	\$ 70,995	\$ 70,878	\$ 80,438	\$ 78,942
Contributions in relation to the actuarially determined contribution	(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

Notes to Schedule

Valuation date: 6/1/2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	3.70% as of May 31, 2022 and 2.63% as of May 31, 2021
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:	None

CITY OF OLEAN, NEW YORK
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – NYSLERS & NYSLPFRS
FOR THE YEARS ENDED MAY 31, 2013 THROUGH MAY 31, 2022

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New York State Employees' Retirement System - Net Pension Liability

As of the measurement date of March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability	0.0169107%	0.0164279%	0.0166150%	0.0164658%	0.0170202%	0.0165225%	0.0173084%	0.0163295%	n/a	n/a
City's proportionate share of the net pension liability (asset)	\$ (1,382,383)	\$ 16,358	\$ 4,399,748	\$ 1,166,651	\$ 549,318	\$ 1,552,496	\$ 2,778,045	\$ 551,651	\$ 737,908	n/a
City's covered-employee payroll	\$ 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	n/a
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	-30.77%	0.38%	102.78%	27.97%	13.01%	37.78%	66.33%	13.42%	17.96%	n/a
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a

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

As of the measurement date of March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability	0.1083926%	0.1017466%	0.1113430%	0.1197868%	0.1216349%	0.1259500%	0.1201234%	0.1198443%	n/a	n/a
City's proportionate share of the net pension liability	\$ 615,718	\$ 1,766,602	\$ 5,951,237	\$ 2,008,901	\$ 1,229,433	\$ 2,610,506	\$ 3,556,599	\$ 329,883	\$ 498,923	n/a
City's covered-employee payroll	\$ 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	n/a
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	12.74%	37.18%	128.06%	42.89%	26.71%	54.86%	80.94%	7.04%	11.27%	n/a
Plan fiduciary net position as a percentage of the total pension liability	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%	n/a	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, 2013 THROUGH MAY 31, 2022

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New York State Employees' Retirement System

For the year ended March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 672,766	\$ 583,740	\$ 569,100	\$ 568,438	\$ 592,035	\$ 598,107	\$ 752,381	\$ 750,021	\$ 768,156	\$ 736,645
Contributions in relation to the contractually required contribution	(672,766)	(583,740)	(569,100)	(568,438)	(592,035)	(598,107)	(752,381)	(750,021)	(768,156)	(736,645)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 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	\$ 3,942,955
Contributions as a percentage of District's covered-employee payroll	14.97%	13.52%	13.29%	13.63%	14.02%	14.55%	17.96%	18.24%	18.69%	18.68%

New York State Police and Fire's Retirement System

For the year ended March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 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	\$ 1,104,795
Contributions in relation to the contractually required contribution	(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)	(1,104,795)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 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	\$ 4,460,319
Contributions as a percentage of District's covered-employee payroll	27.63%	23.37%	22.43%	22.35%	23.25%	23.13%	22.05%	27.43%	26.27%	24.77%

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, 2022

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Receivable (Deferral) 5/31/2021	Total Received	Revenue	Expenditures	Receivable (Deferral) 5/31/2022
<u>United States Department of Treasury</u>								
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 689,074	\$ -	\$ 689,074	\$ 168,679	\$ 168,679	\$ (520,395)
Subtotal U.S. Department of Treasury			689,074	-	689,074	168,679	168,679	(520,395)
<u>United States Department of Transportation</u>								
Airport Improvement Program - Runway 4-22 Rehabilitation	20.106	FAA AIP 3-36-0091-25-2019 NYS DOT PIN 5904.55	240,300	-	30,600	30,600	30,600	-
Airport Improvement Program - SRE Building Pavement Rehab (construction)	20.106	FAA AIP 3-36-0091-27-2020	295,161	-	265,312	265,312	265,312	-
Airport Improvement Program - Taxiway A & B Rehabilitation	20.106	FAA AIP 3-36-0091-28-2020	142,400	-	128,160	128,160	128,160	-
Airport Improvement Program - Runway 4-22 Rehabilitation	20.106	FAA AIP 3-36-0091-30-2021	2,260,997	-	8,341	8,341	8,341	-
COVID-19 Airport Improvement Program - Coronavirus Response and Relief Supplemental Appropriations Act	20.106	FAA AIP 3-36-0091-31-2021	13,000	-	13,000	13,000	13,000	-
COVID-19 Airport Improvement Program - American Recovery Plan	20.106	FAA AIP 3-36-0091-32-2022	32,000	-	32,000	32,000	32,000	-
COVID-19 - Section 5311 - CARES Act	20.509	NYSDOT PIN 17130	345,168	345,168	345,168	-	-	-
COVID-19 - Section 5311 - CARES Act	20.509	NYSDOT PIN 5824	340,359	-	340,359	340,359	340,359	-
COVID-19 - Section 5311 - Capital	20.509	NYSDOT PIN 5824.76, 5825.14	355,908	-	355,908	355,908	355,908	-
Subtotal U.S. Department of Transportation			4,025,293	345,168	1,518,848	1,173,680	1,173,680	-
Total			\$ 4,714,367	\$ 345,168	\$ 2,207,922	\$ 1,342,359	\$ 1,342,359	\$ (520,395)

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, 2022

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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 and each major fund of *City of Olean, New York* as of and for the year ended May 31, 2022, 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 14, 2023.

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* 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.2022-001, II.A.2022-002, II.A.2022-003 and II.A.2022-004 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

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 14, 2023



**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, 2022. 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, 2022.

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.2022-005, III.B.2022-006, III.B.2022-007 and III.B.2022-008 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 14, 2023**

CITY OF OLEAN, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MAY 31, 2022

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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>\$ 1,342,359</u>

Identification of Major Programs Tested:

COVID-19 - Section 5311 - Operating- Cares Act	20.509	\$ 340,359
COVID-19 - Section 5311 - Capital	20.509	<u>355,908</u>
Total major programs tested		<u>\$ 696,267</u>
% of Federal programs tested		<u>52%</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, 2022

2022-001 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.

2022-002 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.

2022-003 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, 2022

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II. FINANCIAL STATEMENTS AUDIT – FINDINGS (CONTINUED)

A. Internal Control over Financial Reporting (continued)

2022-003 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 2023. Once drafted, the Audit and Compliance Committee intends to review policy, prior to its acceptance by the Common Council.

2022-004 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 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.

B. Compliance and Other Matter

Year Ended May 31, 2022

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

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

A. Compliance

Year Ended May 31, 2022

No findings related to compliance are being 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 as that reported in II.A.2022-001 on page 79.

2022-006 Reconciliation of General Ledger and Capital Projects

Same finding as that reported in II.A.2022-002 on page 79.

2022-007 Capital Projects - Internal Controls

Same finding as that reported in II.A.2022-003 on page 79-80.

2022-008 Bank Reconciliations

Same finding as that reported in II.A.2022-004 on page 80.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. Internal Control over Financial Reporting

Year Ended May 31, 2021

2021-001 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, 2022, as identified as finding 2022-001.

2021-002 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, 2022, as identified as finding 2022-002.

2021-003 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, 2022, as identified as finding 2022-003. 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.

I. FINANCIAL STATEMENTS AUDIT – FINDINGS (CONTINUED)

B. Compliance and Other Matters

Year Ended May 31, 2021

No findings related to compliance and other matters were reported upon during the year ended May 31, 2021.

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

A. Compliance

Year Ended May 31, 2021

No findings related to compliance were reported upon during the year ended May 31, 2021.

B. Internal Control Over Compliance

Year Ended May 31, 2021

2021-004 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Same finding and current status as that reported in I.A.2021-001 on page 82.

2021-005 Reconciliation of General Ledger and Capital Projects

Same finding and current status as that reported in I.A.2021-002 on page 82.

2021-006 Capital Projects - Internal Controls

Same finding and current status as that reported in I.A.2021-003 on page 82.

CITY OF OLEAN, NEW YORK**SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED MAY 31, 2022****Page 84**

<u>PROGRAM TITLE</u>	<u>NYSDOT CONTRACT NUMBER</u>	<u>EXPENDITURES</u>
Airport Improvement Program	PIN 5904.53, 5904.54, 5904.55, 5904.56	\$ 4,200
OATS Bus	PIN 5790.02	378,945
OATS Bus-Capital	PIN 5824.76, 5824.76.001, 5825.14.001	44,489
Walkable Olean/North Union Streetscape	PIN 576.236	598,470
PAVE-NY	N/A	165,986
Extreme Winter Recovery (EWR)	N/A	110,972
State Touring Route (STR)	N/A	956,988
Consolidated Highway Improvement Program (CHIPS)	N/A	<u>730,499</u>
TOTAL STATE TRANSPORTATION ASSISTANCE EXPENDED		<u>\$ 2,990,549</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, 2022.



**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, 2022. 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, 2022.

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.2022-001, I.2022-002, I.2022-003 and I.2022-004 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, 2022, and have issued our report thereon dated March 14, 2023. 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.

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 14, 2023**

CITY OF OLEAN, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED MAY 31, 2022

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Summary of Audit Results:

Internal control over state transportation assistance expended:

- | | |
|---|--|
| • Material weaknesses identified | Findings I.2022-001, I.2022-002, I.2022-003, and I.2022-004. |
| • 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

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, 2022

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I. Internal Control Over State Transportation Assistance Expended

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

Year Ended May 31, 2022

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.

2022-002 Reconciliation of General Ledger and Capital Projects

Year Ended May 31, 2022

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, 2022

Page 90

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

2022-003 Capital Projects - Internal Controls

Year Ended May 31, 2022

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 2023. Once drafted, the Audit and Compliance Committee intends to review policy, prior to its acceptance by the Common Council.

2022-004 Bank Reconciliations

Year Ended May 31, 2022

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, 2022

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I. Internal Control Over State Transportation Assistance Expended

Year Ended May 31, 2021

2021-001 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, 2022, as identified as finding 2022-001.

2021-002 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, 2022, as identified as finding 2022-002.

2021-003 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, 2022, as identified as finding 2022-003. 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.



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

Ladies and Gentlemen:

We have completed our 2021-22 audit of the City's financial statements and have issued our reports thereon dated March 14, 2023. 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, 2022, 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 14, 2023**

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. Also noted in the current year the 2021-2022 budget planned a use of reserves that exceeded the balance in the debt service reserve. Due to the funds not being available in reserves the general, water and sewer budgets will be required to cover any shortfall in the budget. 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, 2022

Page 94

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, 2022. 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 June 30, 2023. 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 and 2021 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.

Appropriated Fund Balance

While reviewing the City's 2022-23 budget for the general, water and sewer funds we noticed that the use of fund balance exceeded fund balances levels as of May 31, 2022. Upon further review we discovered that there was an error in the 2022-23 budget for the general, water and sewer funds. Debt Service requirements for those funds were being included as both an expense and an interfund transfer out. In addition, we noticed that certain schedules within the budget which report similar budgetary information were not in agreement. We recommend the City scrutinize the budget including planned amount of fund balance to be used to balance the budget.

STATISTICAL INFORMATION

General Governmental Expenditures by Function

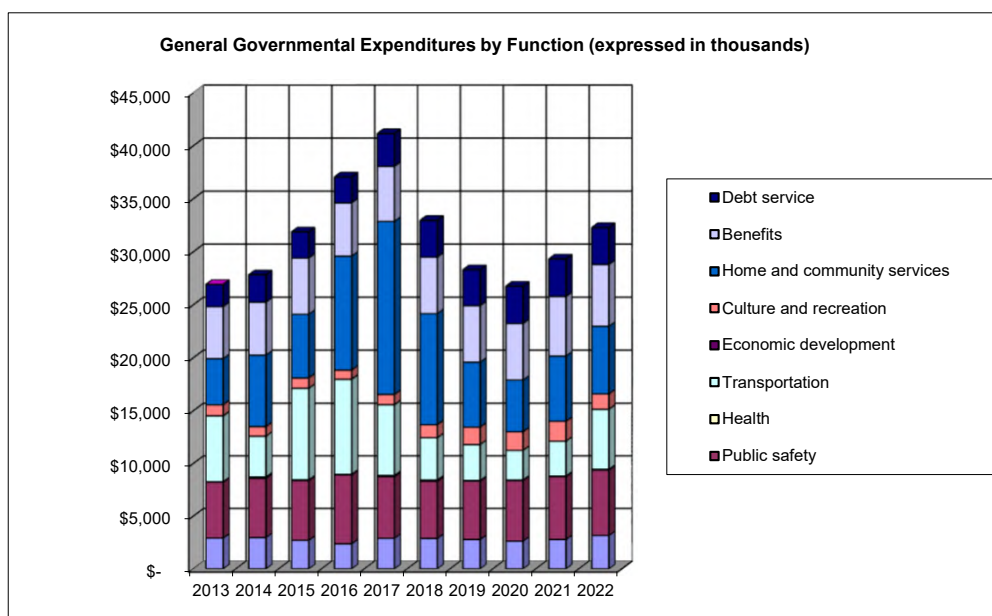
Governmental Funds(excludes bond refunding and interfund transfers)

Last Ten Fiscal Years

(amounts expressed in thousands)

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government support	\$ 2,923	\$ 2,980	\$ 2,717	\$ 2,377	\$ 2,910	\$ 2,892	\$ 2,791	\$ 2,640	\$ 2,798	\$ 3,176
Public safety	5,310	5,618	5,678	6,551	5,843	5,432	5,544	5,751	5,962	6,217
Health	33	122	53	55	115	104	57	55	51	67
Transportation	6,252	3,879	8,682	8,994	6,709	4,028	3,416	2,804	3,318	5,693
Economic development	15	-	-	15	15	2	2	2	-	2
Culture and recreation	1,043	915	982	860	960	1,232	1,647	1,772	1,886	1,456
Home and community services	4,354	6,743	6,004	10,746	16,326	10,488	6,142	4,887	6,158	6,375
Benefits	4,906	5,006	5,309	5,025	5,192	5,329	5,325	5,335	5,621	5,823
Debt service	2,093	2,567	2,459	2,442	3,088	3,463	3,384	3,510	3,530	3,477
Total	\$ 26,929	\$ 27,830	\$ 31,884	\$ 37,065	\$ 41,158	\$ 32,970	\$ 28,308	\$ 26,756	\$ 29,324	\$ 32,286

Source: City of Olean Annual Report (2013-2022)



City of Olean

General Governmental Revenues by Source

Governmental Funds(excludes bond refunding and interfund transfer)

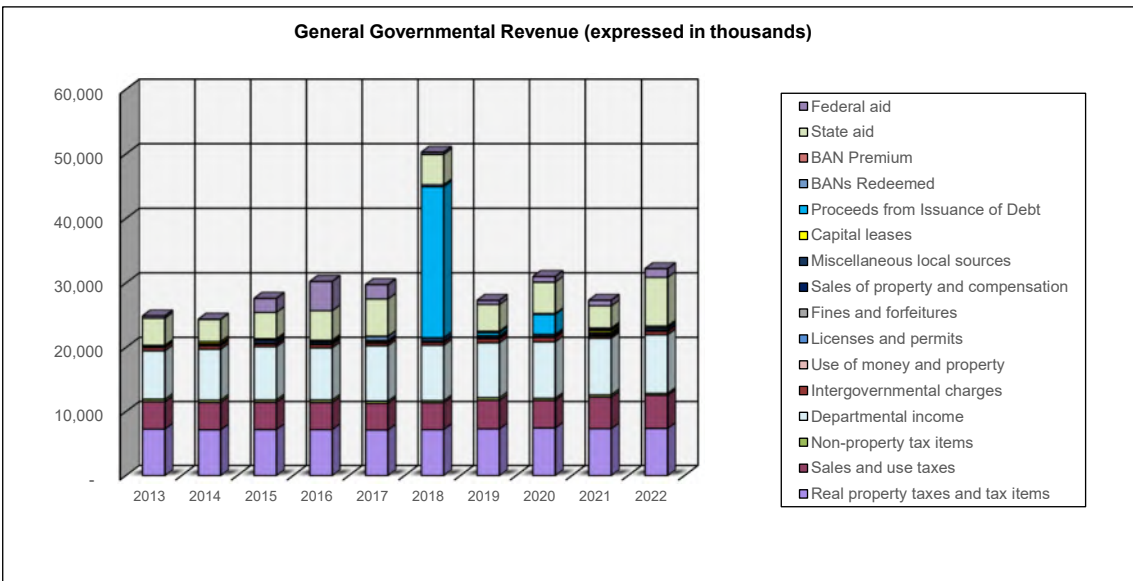
Last Ten Fiscal Years

(amounts expressed in thousands)

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<u>Source</u>	<u>2013</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>
Real property taxes and tax items	\$ 7,278	\$ 7,150	\$ 7,192	\$ 7,187	\$ 7,120	\$ 7,184	\$ 7,301	\$ 7,426	\$ 7,328	\$ 7,367
Sales and use taxes	4,249	4,255	4,264	4,226	4,155	4,178	4,467	4,321	4,930	5,190
Non-property tax items	401	398	380	396	357	333	411	340	367	299
Departmental income	7,558	7,933	8,276	8,148	8,647	8,652	8,567	8,800	8,825	9,126
Intergovernmental charges	523	538	413	498	441	460	591	668	308	565
Use of money and property	19	10	7	6	8	8	14	14	12	16
Licenses and permits	47	41	41	54	64	44	101	78	103	71
Fines and forfeitures	82	73	63	44	49	53	47	32	23	11
Sales of property and compensation	14	13	26	19	13	4	48	9	136	-
Miscellaneous local sources	182	200	476	346	250	599	279	362	295	408
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
BAN Premium	-	-	-	60	58	-	-	-	-	-
State aid	4,204	3,424	4,077	4,578	5,757	4,707	4,135	4,861	3,440	7,543
Federal aid	339	21	2,159	4,524	2,229	329	638	865	851	1,342
	<u>\$ 24,896</u>	<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>

Source: City of Olean Annual Report (2013-2022)



Fund Balance History

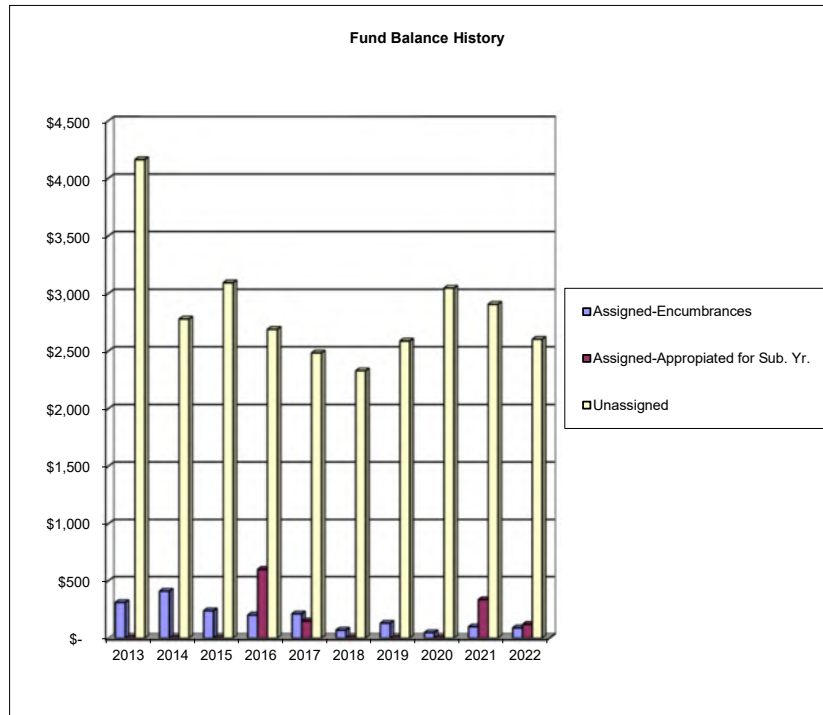
General Fund

Last Ten Fiscal Years

(amounts expressed in thousands)

Source

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assigned-Encumbrances	\$ 312	\$ 411	\$ 239	\$ 202	\$ 213	\$ 70	\$ 130	\$ 48	\$ 99	\$ 90
Assigned-Appropriated for Sub. Yr.	-	-	-	602	150	-	-	-	337	120
Unassigned	4,164	2,780	3,095	2,690	2,486	2,331	2,589	3,048	2,908	2,604
Total	\$ 4,476	\$ 3,191	\$ 3,334	\$ 3,494	\$ 2,849	\$ 2,401	\$ 2,719	\$ 3,096	\$ 3,344	\$ 2,814



Source: City of Olean Annual Report (2013-2022)

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

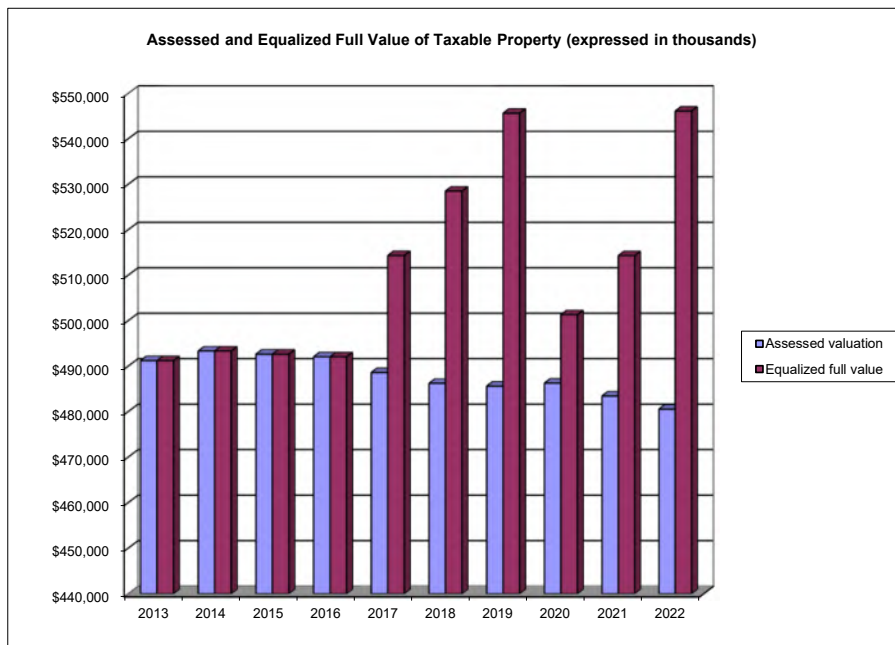
(amounts expressed in thousands)

<u>Source</u>	<u>2013</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>
Assessed valuation	\$491,211	\$493,323	\$492,635	\$492,053	\$488,611	\$486,214	\$485,604	\$486,264	\$483,436	\$480,555
Equalized full value	491,211	493,323	492,635	492,053	514,327	528,494	545,622	501,304	514,294	546,086
Ratio: Assessed value to equalized full value	<u>100.00%</u>	<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>

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 (2013-2022)



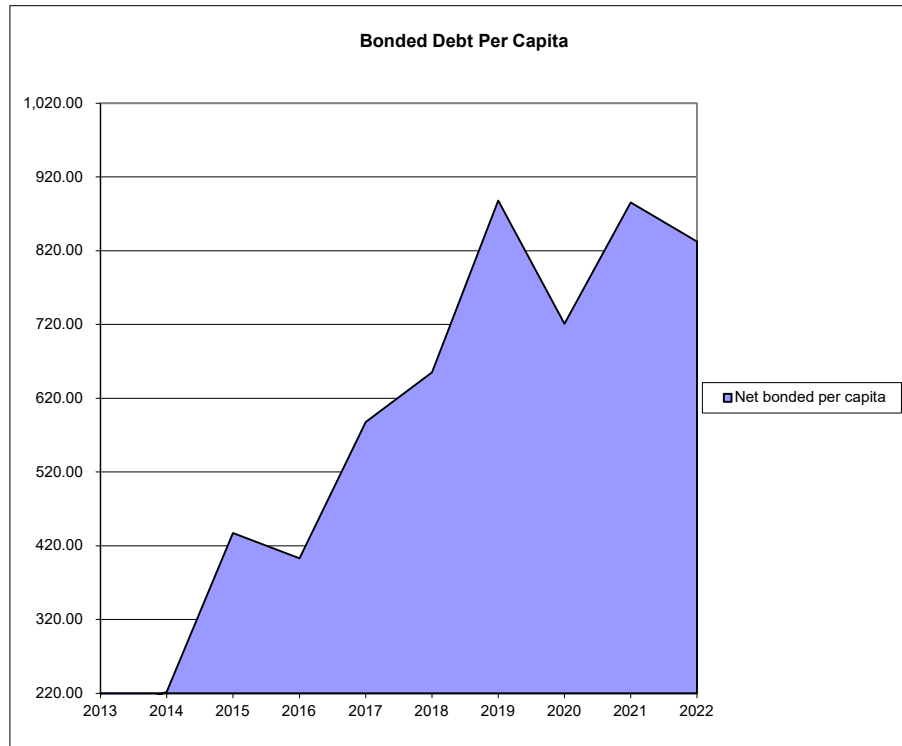
**Ratio of General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Fiscal Years**

<u>Source</u>	<u>2013</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>
Net bonded per capita	186.62	222.25	437.31	403.13	587.67	655.07	887.97	720.94	885.56	832.46
Population	14,452	14,452	14,452	14,452	14,452	14,452	14,452	14,452	13,937	13,937
Assessed value (000)	49,121	49,332	49,264	49,205	51,433	52,849	54,562	50,130	51,429	54,609
Gross bonded debt (000)	26,106	24,405	28,532	32,244	44,436	44,768	46,072	44,161	42,833	42,348
Less: self-supporting debt (000)	23,409	21,193	22,212	26,418	35,943	35,301	33,239	33,742	30,491	30,746
Net bonded debt (000)	2,697	3,212	6,320	5,826	8,493	9,467	12,833	10,419	12,342	11,602
Ratio of net bonded debt to assessed value	<u>5.49%</u>	<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>

Notes:

Self-supporting debt includes sewer and water related debt

Sources: Population (2013-2020) were obtained from the 2010 census
Population (2021-2022) 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 2013-2022

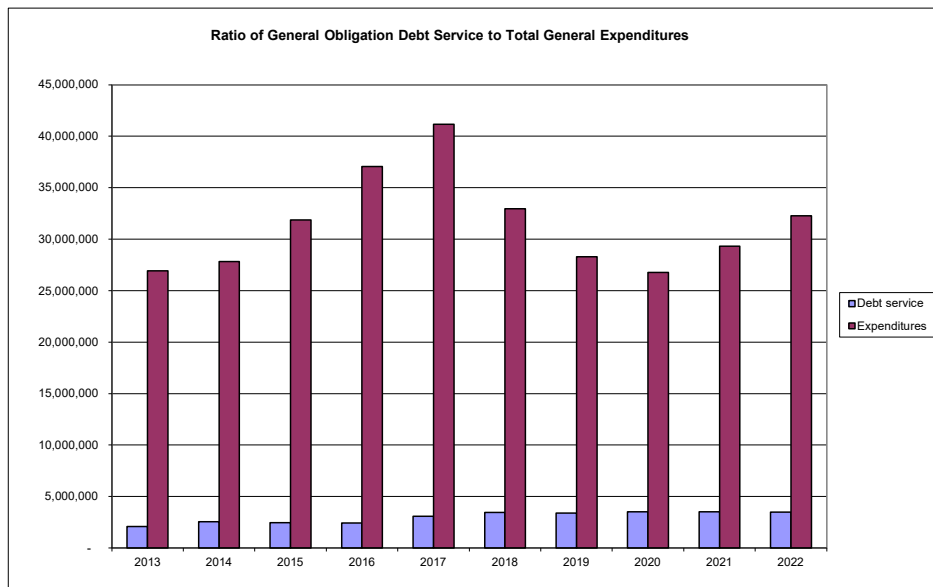


**Ratio of General Obligation Debt Service to
Total General Expenditures
Last Ten Fiscal Years**

<u>Source</u>	<u>2013</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>
Debt service	2,093,000	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
Expenditures	26,929,000	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
Ratio of general debt service to total general expenditures	7.77%	9.22%	7.71%	6.59%	7.50%	10.50%	11.95%	13.12%	12.04%	10.77%

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.

