

**CITY OF OLEAN, NEW YORK**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**  
**INCLUDING SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED MAY 31, 2024**



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## INDEPENDENT AUDITORS' 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 the aggregate remaining fund information of the City of Olean, New York (the "City"), as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, as of May 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements, NYS DOT supplemental information, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic 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 nonmajor fund financial statements 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

R.A. Mercer & Co., P.C.

*R.A. Mercer & Co., P.C.*

West Seneca, New York  
March 31, 2025

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**CITY OF OLEAN, NEW YORK**  
**Management's Discussion and Analysis**  
**For the Year Ended May 31, 2024**

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As management of the City of Olean, New York (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended May 31, 2024. This document should be read in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

**Financial Highlights**

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$63,266,269 (net position). This amount consists of \$63,440,976 in net investment in capital assets and \$3,067,410 restricted for specific purposes offset by negative unrestricted net position of \$3,242,117.
- The City's total net position increased by \$1,145,443 during 2024. This increase is attributable to a number of factors. The City's net position decreased by \$670 thousand as a result of its expenditures exceeding its revenue under governmental fund accounting netted with a positive prior period adjustment of \$486 thousand. The City's net position also decreased by \$1 million as a result of an increase to its New York State pension liability (and the associated changes in the deferred outflows and deferred inflows). Additionally, the City paid \$2.5 million of principal on its long-term liability which is recorded as an expense on the governmental funds but is shown as an increase in net position on the government-wide statements.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,716,853, a decrease of \$184 thousand in comparison with the prior year due primarily to overall expenditures exceeding revenues and the prior period adjustment mentioned above.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,776,563, or approximately 10.0% of total General Fund expenditures. This is relatively stable when compared with the prior year's percentage of 11.7%.
- The City's total bonded debt decreased by \$2,455,900 based on principal payments made.

**Overview of the Financial Statements**

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

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported

in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The City does not have any business-type activities.

The government-wide financial statements can be found on pages immediately following this section as the first two pages of the basic financial statements.

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

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

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

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General, Water, Sewer, Debt Service, and Capital Projects Funds, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual budget for all major governmental funds, except Capital Projects. A budgetary comparison statement has been provided for all major governmental funds to demonstrate compliance with their budgets.

The financial statements for governmental funds can be found in the fund financial statements, following the government-wide financial statements.

**Notes to the Financial Statements.** The financial statements also include notes that explain some of the information in the financial statements and provide detailed data. They are essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found following the fund financial statements section of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City’s funding its obligation to provide post-employment benefits to its employees, the City’s net pension liability, and the City’s budgetary comparison schedules for each major fund with a legally adopted budget. The required supplementary information can be found following the notes to the financial statements of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds as well as the combining Balance Sheet and Schedule of Expenditures for the capital projects fund are presented immediately following the Required Supplementary Information in the Supplementary Information section of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$63,266,269 at the close of the 2024 fiscal year.

**Table 1 – Condensed Statement of Net Position**

	Governmental Activities		
	At 5/31/24	At 5/31/23	Dollar Change
Current assets	\$ 21,166,941	19,991,807	1,175,134
Capital assets	93,327,778	93,911,889	(584,111)
Total assets	114,494,719	113,903,696	591,023
Deferred outflows of resources	6,766,963	6,884,208	(117,245)
Current liabilities	10,158,926	11,337,747	(1,178,821)
Long-term liabilities	36,592,708	40,981,757	(4,389,049)
Total liabilities	46,751,634	52,319,504	(5,567,870)
Deferred inflows of resources	11,243,779	6,347,574	4,896,205
Net position	63,266,269	62,120,826	1,145,443
Net investment in capital assets	63,440,976	59,133,081	4,307,895
Restricted net position	3,067,410	3,131,816	(64,406)
Unrestricted net position	(3,242,117)	(144,071)	(3,098,046)
Total net position	\$ 63,266,269	62,120,826	1,145,443

At the end of the current fiscal year, the City is able to report positive balances in two categories of net position. Both net investment in capital assets and restricted net position report positive balances. Unrestricted net position reports a deficit balance, which indicates its long-term outlook relies on future revenue streams.

The largest portion of the City’s net position (\$63,440,976) reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position, \$3,067,410, represents resources subject to external restrictions on how they may be used and are reported as restricted net position. The remaining category of total net position (negative \$3,242,117), is considered to be unrestricted. This deficit does not mean the City does not have the assets available to meet its obligations in the upcoming year, but rather, it is the result of having long-term commitments that are greater than its currently available resources. Payments for these liabilities will be budgeted in the year that the actual payments will be made.

**Governmental activities.** Governmental activities increased the City’s net position by \$620,360. Additionally, the City recorded a prior period adjustment to its net position for \$525,083 related to (1) the failure to record federal revenue properly in the prior year and (2) incorrectly recording debt service payments made in prior years. Table 2 shows the changes in net position for the years ended May 31, 2024 and 2023.

**Table 2 – Changes in Net Position**

	Governmental Activities		
	<i>Restated for Comparison Purposes Only</i>		
	FY 5/31/24	FY 5/31/23	Dollar Change
<b>Revenue:</b>			
Program Revenues:			
Charges for Services	\$ 12,106,436	9,997,455	2,108,981
Operating Grants, Capital Grants, and Contributions	7,341,457	9,393,818	(2,052,361)
General Revenues:			
Real Property Taxes and Tax Items	7,858,923	7,524,077	334,846
Non-Property Taxes	5,375,106	5,690,278	(315,172)
Use of Money and Property	150,529	155,037	(4,508)
Total Revenues	32,832,451	32,760,665	71,786
<b>Expenses:</b>			
General Government Support	4,852,980	3,553,034	1,299,946
Public Safety	13,270,245	12,140,000	1,130,245
Health	98,638	92,933	5,705
Transportation	4,691,095	5,158,465	(467,370)
Economic Assistance and Opportunity	2,041	2,000	41
Culture and Recreation	1,896,368	1,771,465	124,903
Home and Community Services	6,886,801	7,204,234	(317,433)
Debt Service	513,923	898,065	(384,142)
Total Expenses	32,212,091	30,820,196	1,391,895
Change in Net Position	620,360	1,940,469	(1,320,109)
Net Position - Beginning of Year	62,120,826	60,180,357	
Prior period adjustment	525,083	-	
Net Position - End of Year	\$ 63,266,269	62,120,826	

As previously noted, the change in the City's net position for 2024 was an increase of \$1,145,443 which compares with an increase in net position during the previous year of \$1,940,469. An analysis of revenues and expenses reveals the following:

- The most significant revenue sources are real property and other tax items, grants and contributions, and non-property taxes (which is largely an allocation of sales tax collected within the County of Cattaraugus) which accounted for 23.9%, 22.4%, and 16.4% of total revenue respectively during 2024. Comparatively, these revenue categories comprised 23.0%, 28.7%, and 17.4% of revenues, respectively during the prior year. Combined, these three revenue types make up 62.7% and 69.0% of all City revenue during 2024 and 2023 respectively.
- The most significant expense items include general government support, home and community services (services such as sanitary sewers, garbage and refuse), public safety (services such as police and safety inspection), and transportation (services such as road maintenance and repair and snow removal) which account for 15.1%, 21.4%, 41.2%, and 14.6% of all expenses respectively during 2024. Comparatively, these expense categories comprised 11.5%, 23.4%, 39.4%, and 16.7% of all expenses respectively during 2023. Combined, these three expense types made up 92.2% and 91.0% of all City expenses during 2024 and 2023 respectively.
- Significant expense increases were noted in the public safety and general government support categories.

Program revenues for 2024 and 2023 Governmental Activities were as follows:

**Table 3 – Sources of Revenues – Primary Government**

			<i>Restated for Comparison Purposes Only</i>		Dollar Change
	FY 5/31/24 Amount		FY 5/31/23 Amount		
Charges for services	\$ 12,106,436	36.9%	9,997,455	30.5%	2,108,981
Operating grants and contributions	2,974,350	9.1%	2,942,128	9.0%	32,222
Capital grants and contributions	4,367,107	13.3%	6,451,690	19.7%	(2,084,583)
Property taxes and tax items	7,858,923	23.9%	7,524,077	23.0%	334,846
Non-property tax items (sales tax)	5,375,106	16.4%	5,690,278	17.4%	(315,172)
Investment earnings & other	150,529	0.5%	155,037	0.5%	(4,508)
Total revenues	<u>\$ 32,832,451</u>		<u>32,760,665</u>		<u>71,786</u>

Program expenses for 2024 and 2023 Governmental Activities were as follows:

**Table 4 – Expense by Function**

	FY 5/31/24		<i>Restated for Comparison Purposes Only</i>		Dollar Change
	Amount		Amount		
General government support	\$ 4,852,980	15.1%	3,553,034	11.5%	1,299,946
Public safety	13,270,245	41.2%	12,140,000	39.4%	1,130,245
Health	98,638	0.3%	92,933	0.3%	5,705
Transportation	4,691,095	14.6%	5,158,465	16.7%	(467,370)
Economic development	2,041	0.0%	2,000	0.0%	41
Culture and recreation	1,896,368	5.9%	1,771,465	5.7%	124,903
Home and community services	6,886,801	21.4%	7,204,234	23.4%	(317,433)
Debt service	513,923	1.6%	898,065	2.9%	(384,142)
Total expenses	<u>\$ 32,212,091</u>		<u>30,820,196</u>		<u>1,391,895</u>

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

***Governmental Funds*** – The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City’s financing requirements. In particular, *unassigned and assigned fund balances* may serve as a useful measure of a government’s net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$5,716,853, a decrease of \$184,238, in comparison with the prior year. This decrease in fund balance is due to expenditures exceeding revenue during the year netted with a prior period adjustment. *Unassigned fund balance* is negative \$1,274,923. Additionally, the City’s *assigned fund balances* totaled \$3,924,366. *Restricted* amounts, totaling \$3,067,410 at May 31, 2024, represent net current financial resources that are constrained to specific purposes by their providers or by the nature of their purpose.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,776,563, while total fund balance amounted to \$1,810,402. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 10.0 percent of total General Fund expenditures, while total fund balance represents approximately 10.1 percent of total General Fund expenditures.

## General Fund Budgetary Highlights

A summary of the General Fund results of operations for the year ended May 31, 2024 is presented below in Table 5:

**Table 5 – Summary of General Fund Results of Operations**

	<u>Budgeted Amount</u>		Budgetary	<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Variance</u>		<u>Final Budget</u>
Revenues	\$ 19,567,546	19,567,546	-	18,268,237	(1,299,309)
Expenditures and other financing uses	<u>19,567,546</u>	<u>19,601,385</u>	<u>(33,839)</u>	<u>19,109,646</u>	<u>(491,739)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ -</u>	<u>(33,839)</u>	<u>33,839</u>	<u>(841,409)</u>	<u>(807,570)</u>

**Original budget compared to final budget.** During the year, the City increased the estimated original budgeted appropriations by \$33,839.

**Final budget compared to actual results.** A review of actual revenues and expenditures compared to the estimated revenues and appropriations in the final budget yields material favorable variances of \$48,243 within use of money and property revenues, \$293,604 within public safety, and \$375,387 within transportation, and material unfavorable variances of \$728,894 within non-property tax items, \$175,836 within intergovernmental charges, \$261,176 within state aid, \$540,590 within departmental income, \$117,997 within governmental support expenditures and \$276,004 within employee benefits. The variance within non-property tax revenues was created through sales tax distributions from Cattaraugus County exceeding the estimated amount. The variances within the other categories were caused by circumstances that occurred after the budget was adopted and for which no budgetary adjustments were made.

## Capital Assets and Debt Administration

**Capital Assets** - The City's investment in capital assets as of May 31, 2024 amounted to \$93,327,778 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, furniture and equipment, and vehicles.

All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the City's capital asset policy. Capital assets net of depreciation for the governmental activities are presented in the table below:

	<u>Governmental Activities</u>	
	<u>5/31/24</u>	<u>5/31/23</u>
Land	\$ 384,187	384,187
Construction in progress	8,862,921	7,289,988
Buildings and improvements	127,500,023	126,198,623
Furniture and equipment	17,836,448	17,637,386
Vehicles	11,701,119	10,603,704
Accumulated depreciation	<u>(72,956,920)</u>	<u>(68,201,999)</u>
	<u>\$ 93,327,778</u>	<u>93,911,889</u>

The City's assets are recorded at historical cost or estimated historical cost in the government-wide financial statements. Additional information on the City's capital assets can be found in the notes to the financial statements.

**Debt** - At May 31, 2024, the City had total bonded debt outstanding of \$29,185,700 as compared to \$31,641,600 in the prior year. The City issued no new serial bonds during fiscal year 2024. Additional information on the City's long-term debt can be found in the notes to the financial statements.

### **Economic Factors**

Several significant economic factors are present that may impact the City's financial results in the future. The cost of health care, NYS retirement, and other insurance costs are expected to increase over the next several years. The City continues to monitor its costs and budget accordingly to ensure sound fiscal management in the future.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

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

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF OLEAN  
STATEMENT OF NET POSITION  
AT MAY 31, 2024**

		<u>Primary Government Governmental Activities</u>
<b>Assets</b>		
Cash on hand	\$	1,565
Restricted cash		4,482,295
Cash on deposit		8,746,154
Receivables		
Refuse and garbage		1,869
Special assessment		2,531,675
Accounts receivable		3,426,179
Advances to other funds		4,783
Due from other governments		1,898,792
Revolving loans receivable		40,632
First-time homebuyers loans receivable		7,175
Rehabilitation loans receivable		229
Other assets		25,593
Capital assets, net		<u>93,327,778</u>
Total assets		114,494,719
Deferred outflows of resources		
Deferred outflows on pensions		<u>6,766,963</u>
Total deferred outflows of resources		<u>6,766,963</u>
Total assets and deferred outflows or resources		<u>121,261,682</u>
<b>Liabilities</b>		
Accounts payable		689,158
Accrued liabilities		1,351,692
Advances from other funds		309,712
Due to employee retirement system		418,929
Other liabilities		331,072
Unearned revenue		243,932
Bond anticipation notes		4,393,612
Long-term liabilities		
Due and payable within one year		2,420,819
Due and payable after one year		<u>36,592,708</u>
Total liabilities		46,751,634
Deferred inflows of resources		
Deferred inflows on pensions		3,174,690
Taxes collected for subsequent year		<u>8,069,089</u>
Total deferred inflows of resources		<u>11,243,779</u>
Total liabilities and deferred inflows of resources		57,995,413
<b>Net position</b>		
Net investment in capital assets		63,440,976
Restricted for:		
Capital		3,067,410
Unrestricted		<u>(3,242,117)</u>
Total net position		<u>63,266,269</u>
Total liabilities, deferred inflows of resources, and net position	\$	<u>121,261,682</u>

The accompanying notes are an integral part of these financial statements.

CITY OF OLEAN  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEAR ENDED MAY 31, 2024

Functions/Programs Primary Government:	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Total
					Activities	
<b>Governmental Activities:</b>						
General government support	\$ 4,852,980	242,402	2,875,751	-	(1,734,827)	(1,734,827)
Public safety	13,270,245	644,388	98,599	-	(12,527,258)	(12,527,258)
Health	98,638	85,587	-	-	(13,051)	(13,051)
Transportation	4,691,095	205,163	-	4,244,697	(241,235)	(241,235)
Economic development	2,041	109,004	-	-	106,963	106,963
Culture and recreation	1,896,368	297,142	-	122,410	(1,476,816)	(1,476,816)
Home and community services	6,886,801	10,522,750	-	-	3,635,949	3,635,949
Debt service	513,923	-	-	-	(513,923)	(513,923)
Total Governmental Activities	32,212,091	12,106,436	2,974,350	4,367,107	(12,764,198)	(12,764,198)
Total Primary Government	32,212,091	12,106,436	2,974,350	4,367,107	(12,764,198)	(12,764,198)

General Revenues (Expenses):

Taxes:		
Property Taxes, Levied for General Purposes	7,858,923	7,858,923
Nonproperty Tax Items, for General Purposes	5,375,106	5,375,106
Restricted Investment Earnings	150,529	150,529
Total General Revenues	13,384,558	13,384,558
Change in Net Position	620,360	620,360
Net Position-Beginning of the Year	62,120,826	62,120,826
Prior Period Adjustment	525,083	525,083
Net Position-End of the Year	\$ 63,266,269	63,266,269

The accompanying notes are an integral part of these financial statements.

**CITY OF OLEAN  
COMBINED BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
AT MAY 31, 2024**

	Major Funds					Non-Major Funds	Total
	General	Water	Sewer	Debt Service	Capital Projects Fund	Special Revenue Funds	
<b>Assets</b>							
Cash on hand	\$ 1,525	40	-	-	-	-	1,565
Cash on deposit	5,534,620	455,832	2,123,350	168,405	4,482,295	463,947	13,228,449
Receivables							
Refuse and garbage	1,869	-	-	-	-	-	1,869
Special assessment	2,531,675	-	-	-	-	-	2,531,675
Accounts receivable	1,912,104	634,140	879,935	-	-	-	3,426,179
Due from other funds	1,080,873	199,827	141,168	582,957	126,333	-	2,131,158
Advances to other funds	4,783	-	-	-	-	-	4,783
Due from other governments	989,634	232,972	186,822	-	489,364	-	1,898,792
Revolving loans receivable	-	-	-	-	-	40,632	40,632
First-time homebuyers loans receivable	-	-	-	-	-	7,175	7,175
Rehabilitation loans receivable	-	-	-	-	-	229	229
Other assets	-	13,617	-	-	-	11,976	25,593
<b>Total assets</b>	<u>12,057,083</u>	<u>1,536,428</u>	<u>3,331,275</u>	<u>751,362</u>	<u>5,097,992</u>	<u>523,959</u>	<u>23,298,099</u>
<b>Liabilities</b>							
Accounts payable	245,151	3,512	558	-	434,808	5,129	689,158
Accrued liabilities	863,425	60,324	70,835	-	-	-	994,584
Due to other funds	72,204	980,252	56,019	964,307	-	58,376	2,131,158
Advances from other funds	159,302	71,460	78,950	-	-	-	309,712
Due to employee retirement system	355,643	31,643	31,643	-	-	-	418,929
Other liabilities	326,879	4,193	-	-	-	-	331,072
Unearned revenue	29,988	-	-	-	165,703	48,241	243,932
Bond anticipation notes	125,000	-	-	-	4,268,612	-	4,393,612
<b>Total liabilities</b>	<u>2,177,592</u>	<u>1,151,384</u>	<u>238,005</u>	<u>964,307</u>	<u>4,869,123</u>	<u>111,746</u>	<u>9,512,157</u>
<b>Deferred inflows of resources</b>							
Taxes collected for subsequent year	8,069,089	-	-	-	-	-	8,069,089
<b>Fund equity</b>							
Restricted	-	-	-	-	3,067,410	-	3,067,410
Assigned	33,839	385,044	3,093,270	-	-	412,213	3,924,366
Unassigned (deficit)	1,776,563	-	-	(212,945)	(2,838,541)	-	(1,274,923)
<b>Total fund equity</b>	<u>1,810,402</u>	<u>385,044</u>	<u>3,093,270</u>	<u>(212,945)</u>	<u>228,869</u>	<u>412,213</u>	<u>5,716,853</u>
<b>Total liabilities, deferred inflows of resources, and fund equity</b>	<u>\$ 12,057,083</u>	<u>1,536,428</u>	<u>3,331,275</u>	<u>751,362</u>	<u>5,097,992</u>	<u>523,959</u>	<u>23,298,099</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF OLEAN, NEW YORK**  
**COMBINED STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY**  
**ALL GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED MAY 31, 2024**

	Major Funds					Non-Major Funds	Total
	General	Water	Sewer	Debt Service	Capital Projects Fund	Special Revenue Funds	
<b>Revenue</b>							
Real property taxes	\$ 7,724,296	-	-	-	-	-	7,724,296
Real property tax items	134,627	-	-	-	-	-	134,627
Non-property tax items	5,375,106	-	-	-	-	-	5,375,106
Departmental income	1,033,358	3,922,075	3,780,370	-	-	109,004	8,844,807
Intergovernmental charges	283,805	-	1,833,808	-	-	-	2,117,613
Use of Money and Property	103,243	4,714	6,760	527	35,126	159	150,529
Licenses and Permits	153,381	-	-	-	-	-	153,381
Fines and forfeitures	16,137	-	-	-	-	-	16,137
Sale of property and compensation for loss	31,474	-	-	-	-	-	31,474
Miscellaneous local sources	36,000	-	-	-	907,024	-	943,024
State aid	2,927,674	-	-	-	2,939,467	-	5,867,141
Federal aid	424,136	-	-	-	1,050,180	-	1,474,316
<b>Total revenue</b>	<b>18,243,237</b>	<b>3,926,789</b>	<b>5,620,938</b>	<b>527</b>	<b>4,931,797</b>	<b>109,163</b>	<b>32,832,451</b>
<b>Expenditures</b>							
General government support	2,999,678	195,148	140,244	12,891	186,915	42,313	3,577,189
Public safety	6,748,953	-	-	-	1,468,348	-	8,217,301
Health	72,051	-	-	-	-	-	72,051
Transportation	1,879,056	-	-	-	3,515,939	-	5,394,995
Economic development	2,000	-	-	-	-	-	2,000
Culture and recreation	1,032,121	-	-	-	851,815	-	1,883,936
Home and community services	153,536	1,808,110	2,306,199	-	485,186	20,225	4,773,256
Employee benefits	4,861,734	635,023	732,174	-	-	-	6,228,931
Debt service:							
Principal	14,268	73,242	7,610	3,849,584	-	-	3,944,704
Interest	-	-	-	679,364	-	-	679,364
<b>Total expenditures</b>	<b>17,763,397</b>	<b>2,711,523</b>	<b>3,186,227</b>	<b>4,541,839</b>	<b>6,508,203</b>	<b>62,538</b>	<b>34,773,727</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>479,840</b>	<b>1,215,266</b>	<b>2,434,711</b>	<b>(4,541,312)</b>	<b>(1,576,406)</b>	<b>46,625</b>	<b>(1,941,276)</b>
<b>Other financing sources (uses)</b>							
BANs redeemed from appropriations	25,000	-	-	-	1,245,838	-	1,270,838
Operating transfers in	-	-	-	4,184,241	796,386	-	4,980,627
Operating transfers out	(1,346,249)	(1,257,623)	(1,333,752)	(35,888)	(983,525)	(23,590)	(4,980,627)
<b>Total other financing sources (uses)</b>	<b>(1,321,249)</b>	<b>(1,257,623)</b>	<b>(1,333,752)</b>	<b>4,148,353</b>	<b>1,058,699</b>	<b>(23,590)</b>	<b>1,270,838</b>
<b>Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses</b>	<b>(841,409)</b>	<b>(42,357)</b>	<b>1,100,959</b>	<b>(392,959)</b>	<b>(517,707)</b>	<b>23,035</b>	<b>(670,438)</b>
<b>Fund equity - beginning of year</b>	<b>2,165,611</b>	<b>427,401</b>	<b>1,992,311</b>	<b>180,014</b>	<b>746,576</b>	<b>389,178</b>	<b>5,901,091</b>
Prior year adjustment	486,200	-	-	-	-	-	486,200
<b>Fund equity - end of year</b>	<b>\$ 1,810,402</b>	<b>385,044</b>	<b>3,093,270</b>	<b>(212,945)</b>	<b>228,869</b>	<b>412,213</b>	<b>5,716,853</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF OLEAN  
RECONCILIATION OF GOVERNMENTAL BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED MAY 31, 2024**

Total fund balance - governmental funds		\$ 5,716,853
<p>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:</p>		
Cost of the assets:	166,284,698	
Accumulated depreciation:	<u>(72,956,920)</u>	93,327,778
<p>Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.</p>		
		(357,108)
<p>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.</p>		
		3,592,273
<p>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:</p>		
Serial Bonds payable	(29,886,802)	
Net pension liability	(8,445,779)	
Lease liability	(180,257)	
Other post-employment benefits	(332,097)	
Compensated absences	<u>(168,592)</u>	<u>(39,013,527)</u>
Total net position - governmental liabilities		<u>\$ 63,266,269</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF OLEAN**  
**RECONCILIATION OF GOVERNMENTAL BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED MAY 31, 2024**

Total change in fund balance - governmental funds \$ (670,438)

Amounts reported for governmental activities in state 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 the useful lives as depreciation expense. Activity for the current fiscal year ended was as follows:

Capital outlays	4,170,810	
Depreciation expense	<u>(4,754,921)</u>	(584,111)

Repayment of bond and other long-term principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 2,673,866

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 requires 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. 165,441

The City's proportionate share of actuarial calculated expense and net amortization of deferred amounts are recorded in the Statement of Activities whereas in the governmental funds, pension expense is based on the City's required contribution to pension plans. (1,026,899)

The City's proportionate share of actuarial calculated OPEB expense and net amortization of deferred amounts are reported in the Statement of Activities whereas in the governmental funds, OPEB expense is based on the City's required contribution to the OPEB plan. (41,915)

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. 104,416

Change in net position of governmental activities \$ 620,360

The accompanying notes are an integral part of these financial statements.

**CITY OF OLEAN, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MAY 31, 2024**

**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.

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.

## A. 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.

### 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.

B. 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.

C. 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.

D. Cash and Cash Equivalents

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

## E. 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, 2024.

#### 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.

#### 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, 2024.

**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, 2024, the general, water and sewer funds had \$33,839, \$7,756 and \$1,500, respectively, recorded as encumbrances.

**2. Special Revenue Fund Balance**

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

**3. Appropriated Fund Balance**

No amounts of fund equity have been designated as the amount estimated to be applied towards the budget for the fiscal year ending May 31, 2025.

**E. Unassigned**

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

**1. 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.

## 2. 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.

## F. 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.

### 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.

**G. 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 City's General Fund Balance Sheet, as of May 31, 2024, reflects a receivable balance from Federal and State governments of \$989,634, of which, \$406,314, 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.

**H. 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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 1,000.00	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

**I. 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.

**J. 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, 2024 amounting to \$168,592 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.

**K. Retirement Incentives**

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

**L. 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.

**M. Reclassification**

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

**N. 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.

**O. 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.

**P. New Accounting Pronouncements**

The City has adopted all currently applicable statements of the Governmental Accounting Standards Board (“GASB”). During the year ended May 31, 2024, the City implemented the following new standards issued by GASB:

1. GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The implementation of this standard did not have a material impact on the City’s financial statements.
2. GASB Statement No. 96 - Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases. as amended. GASB. The implementation of this standard did not have a material impact on the City’s financial statements.

**Q. Future Accounting Pronouncements**

GASB issued the following pronouncements which will be implemented in the years

required. The effects of these pronouncements are not known at this time.

- Statement No. 99 – Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.
- Statement No. 100 – Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62. Effective for fiscal years beginning after June 15, 2023.
- Statement No. 101 – Compensated Absences. Effective for fiscal years beginning after December 15, 2023.
- Statement No. 102 – Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.
- Statement No. 103 – Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2023.
- Statement No. 104 – Disclosures of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2015.

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

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

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

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

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

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

#### 1. Long-term Revenue Differences

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

#### 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.

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, 2024, 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, 2024 per the bank were approximately \$13,500,000. These deposits are categorized as follows:

<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Value</u>
\$ 250,000	13,250,000	-	13,500,000

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

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

The City participates in the Cooperative Liquid Assets Securities System - New York (NYCLASS) a multi- municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G Sections 119-n and o, and Chapter 623 of the Laws of 1998, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with general municipal law sections 10 and 11. These investments are classified as Level 1 investments. Additional information concerning NYCLASS, including the annual report, can be found on its website at [www.newyorkclass.org](http://www.newyorkclass.org). The balance of the City's investments within the NYCLASS funds were \$3,032,256 at May 31, 2024.

## 2. Capital Assets

The City had capital assets in the following categories at May 31, 2024.

<u>Governmental Activities</u>	<u>Balance at 6/1/2023</u>	<u>Additions, Transfers, and Prior Period Adjustments</u>	<u>Balance at 5/31/2024</u>
Capital assets that are not being depreciated:			
Land	\$ 384,187	-	384,187
Construction in progress	7,289,988	1,572,933	8,862,921
Capital assets that are being depreciated:			
Buildings and improvements	126,198,623	1,301,400	127,500,023
Furniture and equipment	17,637,386	199,062	17,836,448
Vehicles	<u>10,603,704</u>	<u>1,097,415</u>	<u>11,701,119</u>
Total cost	162,113,888	4,170,810	166,284,698
Less: accumulated depreciation	<u>68,201,999</u>	<u>4,754,921</u>	<u>72,956,920</u>
Total net book value	<u>\$ 93,911,889</u>	<u>(584,111)</u>	<u>93,327,778</u>

Depreciation expense for the year ended May 31, 2024 is allocated as follows:

Depreciation expense:	
General government support	\$ 618,722
Public safety	1,268,169
Health	13,311
Transportation	1,055,794
Economic development	41
Culture and recreation	294,854
Home and community services	<u>1,504,030</u>
	<u>\$ 4,754,921</u>

### 3. Receivables

Receivables at May 31, 2024 consisted of the following, which are stated at net realizable value.

Fund	Description	Amount
General fund	Accounts receivable:	
	Village of Alleghany - sewer	\$ 1,648,601
	Parking	110,484
	Miscellaneous	252,199
	Allowance for doubtful accounts	<u>(99,180)</u>
	Total accounts receivable	1,912,104
Water fund	Accounts receivable - water rents and meter	634,140
Sewer fund	Accounts receivable - sewer rents and meter	<u>879,935</u>
	Total accounts receivable	<u>\$ 3,426,179</u>
General fund	Due from other governments:	
	Sales tax	\$ 406,314
	Mortgage tax	56,756
	Public transportation	65,450
	Maint. arterial highway	36,978
	Federal 5311	211,071
	Federal 5311 - stimulus	<u>213,065</u>
	Total due from federal and state	\$ 989,634
Water fund	Due from other governments	232,972
Sewer fund	Due from other governments	186,822
Capital Projects fund	Due from other governments	<u>489,364</u>
	Total due from other governments	<u>\$ 1,898,792</u>
Community development:		
Revolving Loan	Loan receivable	\$ 40,632
1st Time Homebuyer	Loan receivable	7,175
Housing Rehab.	Loan receivable	<u>229</u>
	Total community development	<u>\$ 48,036</u>

The City recorded an allowance for uncollectible accounts for other receivables in the general fund balance sheet and accounts receivable in the statement of net position in the amount of \$99,180 as of May 31, 2024.

**B. Liabilities**

**1. Deferred Inflows of Resources and Unearned Revenue**

Deferred inflows of resources and unearned revenue at May 31, 2024 recorded in governmental funds were as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Deferred inflows				
Real property taxes	\$ 8,069,089	-	-	8,069,089
	<u>\$ 8,069,089</u>	<u>-</u>	<u>-</u>	<u>8,069,089</u>
Unearned revenue				
Cares Up grant	\$ 29,988	-	-	29,988
Revolving loans	-	40,632	-	40,632
Housing rehab	-	229	-	229
1st time homebuyer	-	7,380	-	7,380
Capital projects	-	-	165,703	165,703
	<u>\$ 29,988</u>	<u>48,241</u>	<u>165,703</u>	<u>243,932</u>

Deferred inflows of resources related to real property taxes reflect collections during May 2024 for real property taxes levied on May 1 for the 2024-2025 fiscal year. Deferred inflows from special assessment taxes consist of levies on property owners to be collected after May 31, 2024. 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.

**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.ocs.state.ny.us/retire/publications/index.php](http://www.ocs.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**b. Contributions**

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

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

	<u>ERS</u>	<u>PFRS</u>
May 31 2024	\$ 603,666	1,454,981
2023	516,257	1,297,417
2022	672,766	1,335,978

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

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

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

Over the years, State Legislature authorized local governments to make available retirement incentive programs to qualifying employees. The City had no expenditures incurred or liability accrued related to the retirement incentive liabilities as of and for the year ended May 31, 2024.

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

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$ 739,929	1,894,292	62,639	-
Change of assumptions	868,523	2,319,246	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	1,122,174	1,669,040
Changes in proportion and differences between the City's contributions and proportionate share of contributions	18,394	507,650	185,187	135,650
City's contributions subsequent to the measurement date	124,665	294,264	-	-
Total	<u>\$ 1,751,511</u>	<u>5,015,452</u>	<u>1,370,000</u>	<u>1,804,690</u>

At May 31, 2024, 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, 2024 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 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.

	ERS	PFRS
Measurement date	3/31/2024	3/31/2024
Net pension liability	\$ 2,297,209	6,148,570
City's portion of the Plan's total net pension liability	0.0156017%	0.1296394%

For the year ended May 31, 2024, the City's recognized pension expense (benefit) of \$911,324 for ERS and \$2,255,009 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, 2025. 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:

	<u>ERS</u>	<u>PFRS</u>
Year ending:		
2025	\$ (490,328)	(350,931)
2026	391,871	1,929,660
2027	628,517	1,129,216
2028	(273,214)	(94,589)
2029	-	303,142
Thereafter	-	-

#### d. Actuarial Assumptions

Significant actuarial assumptions used in the valuations were as follows:

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

	<u>ERS</u>	<u>PFRS</u>
Measurement date	3/31/2024	3/31/2024
Actuarial valuation date	4/1/2023	4/1/2023
Interest rate	5.9%	5.9%
Salary scale	1/15 - 3/31/20	1/15 - 3/31/20
Decrement tables	System's Experience	System's Experience
Inflation rate	2.9%	2.9%
Cost of living adjustment	1.5%	1.5%

For ERS and PFRS, the actuarial mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvement 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.

Measurement date	ERS <u>3/31/24</u>	Expected Rate of Return	PFRS <u>3/31/24</u>	Expected Rate of Return
Asset type:				
Domestic equity	32.00%	4.00%	32.00%	4.00%
International equity	15.00%	6.65%	15.00%	6.65%
Private equity	10.00%	7.25%	10.00%	7.25%
Real estate	9.00%	4.60%	9.00%	4.60%
Opportunistic/ARS	3.00%	5.25%	3.00%	5.25%
Credit	4.00%	5.40%	4.00%	5.40%
Real assets	3.00%	5.79%	3.00%	5.79%
Fixed income	23.00%	1.50%	23.00%	1.50%
Cash and short-term	<u>1.00%</u>	0.25%	<u>1.00%</u>	0.25%
Total:	<u>100.00%</u>		<u>100.00%</u>	

e. Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and PFRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and PFRS, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and PFRS) or 1-percentage point higher (6.9% for ERS and PFRS) than the current rate:

	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
ERS			
Employer's proportionate share of the net pension (asset) liability	\$ 7,222,659	2,297,209	(1,816,564)

	1%	Current	1%
	Decrease	Assumption	Increase
PFRS	<u>(4.9%)</u>	<u>(5.9%)</u>	<u>(6.9%)</u>
Employer's proportionate share of the net pension (asset) liability	\$ 14,370,651	6,148,570	(644,070)

g. Pension Plan Fiduciary Net Position

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

	<u>ERS</u>	<u>PFRS</u>
Measurement date	3/31/24	3/31/24
Employer's total pension liability	\$ 240,696,851	46,137,717
Plan net position	<u>225,972,801</u>	<u>41,394,895</u>
Employer's net pension (asset) liability	\$ (14,724,050)	(4,742,822)
Ratio of plan net position to the employers' total pension liability	93.88%	89.72%

h. 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, 2024 represent the projected employer contribution for the period of April 1, 2024 through May 31, 2024 based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2024 for ERS and PFRS amounted to \$124,665 and \$294,264, 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, 2024, the following employees were covered by the benefit terms:

Retirees, employees, or beneficiaries	
currently receiving benefit payments	4
Active employees	<u>-</u>
Total	<u>4</u>

## b. Total OPEB Liability

The City's total OPEB liability of \$332,097 was measured as of May 31, 2024.

### Actuarial Assumptions and Other Inputs

The total OPEB liability was valued at May 31, 2024. The actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation – 3.00%

Salary Increase – N/A

Discount Rate – 4.40%

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

Interest	\$ 13,204
Differences between expected and actual experience	42,816
Changes in assumptions	(10,151)
Benefit payments	<u>(50,390)</u>
Net change	(4,521)
Net OPEB liability - beginning of year	<u>336,618</u>
Net OPEB liability - end of year	<u><u>\$ 332,097</u></u>

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.40%) or 1% point higher (5.40%) than the current discount rate:

	1% Decrease <u>(3.40%)</u>	Discount Rate <u>(4.40%)</u>	1% Increase <u>(5.40%)</u>
Total OPEB liability	\$ 349,077	332,097	316,581

#### 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 (3.5%) or 1% point higher (5.5%) than the current discount rate:

	1% Decrease <u>(3.50%)</u>	Healthcare Trend Rate <u>(4.50%)</u>	1% Increase <u>(5.50%)</u>
Total OPEB liability	\$ 317,977	332,097	347,234

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

For the year ended May 31, 2024, the City recognized OPEB expense of \$45,869. There were no deferred outflows of resources or deferred inflows of resources reported at May 31, 2024.

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

In March, 2024, the City issued bond anticipation notes in the amount of \$4,393,612. The notes mature on March 6, 2025 and carry a 4.00% interest rate. The proceeds from this short-term issuance were utilized to finance Washington Street Water System Improvements, Walkable Olean Phases 2 and 3, Firefighting Vehicle, Oak Hill Park Improvements, and Airport Runway and Taxiway Improvements.

The City recognized \$55,000 and \$1,245,838 of BANs redeemed from appropriations in the General and Capital funds, respectively.

The City’s bond anticipation note outstanding as of May 31, 2024 are as follows:

Description	Amount	Interest Rate
Walkable Olean Phase 2	\$ 215,000	4.00%
Washington Street Phase 1	1,225,000	4.00%
Fire Fighting Vehicle	520,000	4.00%
Equipment	125,000	4.00%
Oak Hill Park	369,885	4.00%
Airport Capital Project	201,066	4.00%
Walkable Olean Phase 3	<u>1,737,661</u>	4.00%
Total	<u>\$4,393,612</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 year ended May 31, 2024.

c. Short-Term Debt Interest

Interest expense on short term indebtedness totaled \$236,879 for the year ended May 31, 2024. That amount was transferred from the general fund to the debt service fund to pay interest expense on bond anticipation notes.

4. Long-Term Debt

a. Debt Limit

At May 31, 2024 the total outstanding indebtedness of the City aggregated \$33,579,312 (including bond anticipation notes and revenue anticipation notes). Of this amount, \$24,390,700 is subject to the constitutional debt limit.

b. Serial Bonds

The City borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the government-wide financial statements. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

c. Other Long-Term Debt

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

d. Installment Purchase Debt – Leases

During the 2009-10 fiscal year, the City of Olean, New York entered into a \$1,046,586 15-year lease with Manufacturers and Traders Trust Company in concurrence with the City of Olean, New York's Energy Performance Audit. Equipment included in the lease agreement consists of lighting and lighting controls, building energy upgrades, a low emissivity ceiling, energy efficient motor replacement, a pump, VFD, and control upgrades to be used throughout various buildings. During the current fiscal year, principal and interest paid on this lease totaled approximately \$95,120, 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, 2024 of \$14,268, \$73,242, and \$7,610, respectively. The remaining balance of this lease was \$47,560 as of May 31, 2024.

During the 2020-21 fiscal year, the City of Olean, New York entered into two 5-year leases with Key Government Finance which totaled \$321,875. Equipment included in the lease agreement consisted of an International dump truck and Altec bucket truck. During the current fiscal year, principal and interest paid on this lease totaled approximately \$68,941, which is included in the interfund transfers to the City's debt service fund. The General Fund, Water Fund and Sewer Fund each paid principal and interest for the year ended May 31, 2024 of \$48,315, \$10,313, and \$10,313, respectively. The remaining balance of this lease was \$132,697 as of May 31, 2024.

e. Summary Long-Term Debt

The following is a summary of bonds outstanding, excluding unamortized premiums, as of May 31, 2024:

<u>General fund</u>	<u>Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Outstanding at May 31, 2024</u>
Public improvement bond	06/17	\$ 4,984,000	Various	06/34	\$ 2,710,000
Public improvement bond	06/19	3,085,000	Various	06/32	2,195,000
Public improvement bond	06/20	250,000	4%	07/33	200,000
Special revenue funds					
Water filtration plant - ref.	10/12	2,060,000	Various	10/32	1,080,000
Water reservoir	07/03	4,665,163	Various	07/24	300,000
Water filtration plant	05/13	5,868,000	Various	08/38	3,415,000
Water public imp. bond refunded	11/21	1,873,200	Various	08/32	1,596,800
Sewer fund - public imp.	08/12	1,731,059	Various	08/33	805,000
Sewer fund - SRF	09/17	3,250,000	Various	08/47	2,605,000
Sewer fund - SRF	09/17	15,174,840	0%	08/47	11,635,700
Sewer public imp. bond refunded	11/21	3,096,800	Various	08/32	<u>2,643,200</u>
					<u>\$ 29,185,700</u>

f. Changes

The following is a summary of changes in long-term liabilities for the period ended May 31, 2024:

	Balance at 6/1/23	Additions	Reductions	Balance at 5/31/24
Bonds	26,281,600	-	1,890,900	24,390,700
Unamortized bond premium	760,104	-	59,002	701,102
EFC grid note/bond	1,180,000	-	100,000	1,080,000
EFC grid bond	590,000	-	290,000	300,000
RD bond	3,590,000	-	175,000	3,415,000
Subtotal	32,401,704	-	2,514,902	29,886,802
Environmental liability	125,000	-	-	125,000
Compensated absences	273,008	-	104,416	168,592
Net pension liabilities	10,235,382	-	1,789,603	8,445,779
Other post-employment benefits	336,618	56,020	60,541	332,097
Lease liability	378,104	-	197,847	180,257
	<u>11,348,112</u>	<u>56,020</u>	<u>2,152,407</u>	<u>9,251,725</u>
	<u>43,749,816</u>	<u>56,020</u>	<u>4,667,309</u>	<u>39,138,527</u>

g. Long-Term Debt Interest

Interest expense on long term indebtedness totaled \$447,103 for the year ended May 31, 2024, all of which was recorded in the debt service fund and consisted of \$442,006 of interest on bonds and notes and \$5,097 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, 2024:

Year ending			
May 31	Total	Principal	Interest
2025	\$ 2,747,779	2,290,900	456,879
2026	2,463,366	2,045,900	417,466
2027	2,461,945	2,085,900	376,045
2028	2,468,292	2,135,900	332,392
2029	2,482,467	2,195,900	286,567
2030-2034	9,634,750	8,859,500	775,250
2035-2039	4,747,092	4,484,500	262,592
2040-2044	3,237,714	3,159,500	78,214
2045-2048	<u>1,944,101</u>	<u>1,927,700</u>	<u>16,401</u>
Total	<u>\$ 32,187,506</u>	<u>29,185,700</u>	<u>3,001,806</u>

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

Year ending			
May 31	Total	Principal	Interest
2025	\$ 116,501	113,059	3,442
2026	<u>69,897</u>	<u>67,198</u>	<u>2,699</u>
	<u>\$ 186,398</u>	<u>180,257</u>	<u>6,141</u>

#### c. Interfund Receivables, Payables and Transactions

Interfund receivables and payables at May 31, 2024 and interfund transactions during the fiscal year ended May 31, 2024 were as follows:

	Interfund Receivable	Interfund Payable	Interfund Transfers In	Interfund Transfers Out
General fund	\$ 1,080,873	72,204	-	1,346,249
Water fund	199,827	980,252	-	1,257,623
Sewer fund	141,168	56,019	-	1,333,752
Debt service fund	582,957	964,307	4,184,241	35,888
Capital projects fund	126,333	-	796,386	983,525
Special misc. revenue fund	-	58,376	-	-
First time homebuyers fund	-	-	-	<u>23,590</u>
Total	<u>\$ 2,131,158</u>	<u>2,131,158</u>	<u>4,980,627</u>	<u>4,980,627</u>

#### 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.

**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 follow 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, 2024. As a result of the dispute, the municipality has withheld approximately \$4,050,000 from its payment through May 31, 2024.

On February 14, 2022, City of Olean served the municipality a notice of claim demanding payment, along with reimbursement of damages, related costs and expenses, and

appropriate interest. The City of Olean intends to vigorously pursue payment.

On December 7, 2023, the municipality, along with two other parties who receive sewer treatment through the municipality and in turn the City, filed an Article 78 Proceeding and Declaratory Judgment Action disputing sewer charges outstanding as of May 2024, along with those billed subsequent to June 1, 2024.

Because the amount outstanding as of May 31, 2024 is disputed, unpaid and unavailable, it has not been recognized as an asset (receivable) in the Statements of Financial Position and Balance Sheets and has not been recognized as revenue in the Statement of Activities or Statements of Revenue, Expenditures and Changes in Fund Equity for the year ended May 31, 2024.

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

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

**E. Employee Contracts**

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

**F. Environmental**

In 1994 the City of Olean, New York determined that leakage problems existed at the site of its former landfill in Ischua, New York. The City was issued an Order on Consent by the Department of Environmental Conservation (DEC) which required the City to prepare an engineering report for the wetland treatment system and to construct a leachate collection and treatment system. The City complied with preparing plans for the treatment system and submitted it to NYSDEC and has not received a response as of the audit report date. The City has accrued \$125,000 as of May 31, 2024, for the estimated costs associated with this Order. It is not known at this time whether other remediation costs will be necessary.

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

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

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

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

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

The City anticipates budgeting \$250,000 annually through 2044, for costs associated with Element 4 related to on-going investigation and maintenance. In the current year the City incurred costs in the amount of \$273,480.

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.

#### F. Olean Area Transit System (OATS)

The City of Olean operates public transportation for its residents and surrounding areas. Certain expenditures related to the program are reimbursed through Federal and State subsidy in the amount of \$424,136 related to the fiscal year ended May 31, 2024 was unpaid through the date of this report.

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:

<u>Corporation</u>	<u>Term</u>	Tax abated during the year ended <u>May 31, 2024</u>
Corporation A	2011-2026	\$ 5,976
Corporation B	2011-2026	2,945
Corporation C	2012-2027	4,904
Corporation D	2012-2027	62,699
Corporation E	2014-2029	2,916
Corporation F	2016-2031	1,611
Corporation G	2016-2031	2,819
Corporation H	2017-2032	15,112
Corporation I	2018-2033	2,868
Corporation J	2019-2034	574
Corporation K	2020-2035	3,722
Corporation L	2019-2034	59,934
Corporation M	2022-2023	8,458
Corporation N	2021-2031	1,208
Corporation O	2021-2031	6,445
		<u>\$ 182,191</u>

NOTE 6 – FUND BALANCE

1. Classification

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

<u>Category/Fund</u>	<u>Description</u>	<u>Balance at May 31, 2024</u>
Restricted:		
Capital	Reserve for capital	<u>\$ 3,067,410</u>
Total restricted fund balance		<u>\$ 3,067,410</u>
Assigned:		
General	Reserve for encumbrances	33,839
Water	Reserve for encumbrances	7,756
	Special revenue fund balance	<u>377,288</u>
		385,044
Sewer	Reserve for encumbrances	1,500
	Special revenue fund balance	<u>3,091,770</u>
		3,093,270
First Time Homebuyers	Special revenue fund balance	648
Housing Rehab	Special revenue fund balance	8,405
Revolving Loan	Special revenue fund balance	298,687
Misc. Special Revenue	Special revenue fund balance	<u>104,473</u>
Total Assigned Fund Balance		<u>\$ 3,924,366</u>

Accumulated Deficits

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

<u>Capital Project</u>	<u>May 31, 2024</u>
Washington Street	\$ 1,041,586
Walkable Olean Phase 3	206,396
South Union Street Getaway	195,770
Comprehensive Development Plan	3,000
Splash Park at War Vet	355,911
Lauren Street Project	125,754
Miscellaneous	<u>3,701</u>
Total	<u>\$ 1,932,118</u>

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

#### NOTE 7 – SUBSEQUENT EVENTS

Subsequent events were evaluated through March 31, 2025, which is the date the financial statements were available to be issued.

#### NOTE 8 – PRIOR PERIOD ADJUSTMENT

The City recorded a prior period adjustment on the fiscal year 2024 financial statements in the amount of \$486,200 for the federal 5311 stimulus and transportation grants expended in the prior year and not recorded as a receivable. Additionally, the City recorded a prior period adjustment on the government-wide financial statement in the amount of \$38,883 due to incorrect debt service payment amount being recorded in prior years.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**City of Olean  
Schedule of Changes in the City's  
Net OPEB Liability and Related Ratios  
For the Years Ended May 31, 2017 through 2024**

As of the measurement date of May 31,

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>							
Service Cost	\$ -	-	-	-	-	-	-
Interest	13,204	13,982	17,472	19,952	19,952	27,268	27,268
Differences between expected and actual experience	42,816	(20,797)	(215,192)	-	(24,747)	-	50,670
Changes in assumptions	(10,151)	(11,236)	(34,203)	-	3,194	-	-
Benefit payments	(50,390)	(46,436)	(62,642)	(70,995)	(70,878)	(80,438)	(78,942)
Net change in total OPEB liability	(4,521)	(64,487)	(294,565)	(51,043)	(72,479)	(53,170)	(1,004)
Total OPEB liability - beginning	336,618	401,105	695,670	746,713	819,192	872,362	21,855
Prior period adjustment	-	-	-	-	-	-	851,511
Total OPEB liability - ending	<u>332,097</u>	<u>336,618</u>	<u>401,105</u>	<u>695,670</u>	<u>746,713</u>	<u>819,192</u>	<u>872,362</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	50,390	46,436	62,642	70,995	70,878	80,438	78,942
Net investment income	-	-	-	-	-	-	-
Benefit payments	(50,390)	(46,436)	(62,642)	(70,995)	(70,878)	(80,438)	(78,942)
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-	-	-	-
District's net OPEB liability	\$ <u>332,097</u>	<u>336,618</u>	<u>401,105</u>	<u>695,670</u>	<u>746,713</u>	<u>819,192</u>	<u>872,362</u>
Plan fiduciary net position as a percentage of total OPEB liability	\$ -	-	-	-	-	-	-
Covered-employee payroll	\$ -	-	-	-	-	-	-
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Benefit Changes: None

Changes in assumptions: District Rate of 4.40% as of May 31, 2024, 4.24% as of May 31, 2023, and 3.70% as of May 31, 2022.

See accompanying independent auditor's report on supplementary information.

**City of Olean  
Schedule of City Contributions - OPEB  
For the Years Ended May 31, 2018 through 2024**

Schedule 2

For the year ended May 31,	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 50,390	46,436	62,642	70,995	70,878	80,438	78,942
Contribution in relation to the actuarially determined contribution	\$ (50,390)	(46,436)	(62,642)	(70,995)	(70,878)	(80,438)	(78,942)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
Covered-employee payroll	\$ -	-	-	-	-	-	-
Contributions as a percentage of District's covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date 6/1/2023

Methods and assumptions used to determine contributions rate:

Actuarial cost method  
Discount Rate Entry Age Normal Level % of Salary Method  
4.40% as of May 31, 2024 and 4.24% as of May 31, 2023  
Inflation 3.40% per year  
Healthcare cost trend rates 4.5% 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 members the City contributes most (85%-100%) or the medical premium amounts for individuals and family (dependent) coverage for all eligible retirees, with the exception of one individual, for whom the City contributes 50%.  
4 Retirees

Participants

Benefit Changes: None

Changes in assumptions: Discount Rate of 4.40% as of May 31, 2024, 4.24% as of May 31, 2023, and 3.70% as of May, 2022.

See accompanying independent auditor's report on supplementary information.

City of Olean  
 Schedule of City's Proportionate Share of the  
 Net Pension Liability - NYSLEERS & NYSLPFRS  
 For the Years Ended May 31, 2015 through May 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
As of the measurement date of March 31,										
City's proportion of the net pension liability	0.0156017%	0.0168639%	0.0169107%	0.0164279%	0.0166150%	0.0164658%	0.0170202%	0.0165225%	0.0173084%	0.0163295%
City's proportionate share of the net pension liability (asset)	\$ 2,297,209	3,616,305	(1,382,383)	16,358	4,399,748	1,166,651	549,318	1,552,496	2,778,045	551,651
City's covered-employee payroll	\$ 6,102,786	4,744,600	4,492,910	4,318,943	4,280,744	4,171,757	4,222,688	4,109,534	4,188,273	4,111,507
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.64%	76.22%	-30.77%	0.38%	102.78%	27.97%	13.01%	37.78%	66.33%	13.42%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
As of the measurement date of March 31,										
City's proportion of the net pension liability	0.1296394%	0.1201182%	0.1083926%	0.1017466%	0.1113430%	0.1197868%	0.1216349%	0.1259500%	0.1201234%	0.1198443%
City's proportionate share of the net pension liability (asset)	\$ 6,148,570	6,619,077	615,718	1,766,602	5,951,237	2,008,901	1,229,433	2,610,506	3,556,599	329,883
City's covered-employee payroll	\$ 5,966,645	5,003,168	4,834,770	4,750,905	4,647,289	4,683,575	4,602,358	4,758,588	4,394,298	4,684,185
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	103.05%	132.30%	12.74%	37.18%	128.06%	42.89%	26.71%	54.86%	80.94%	7.04%
Plan fiduciary net position as a percentage of the total pension liability	89.72%	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%

N/A - information is not available

See accompanying independent auditor's report on supplementary information.

City of Olean  
 Schedule of City's Contributions  
 - NYSLPFRS & NYSLEFRS  
 For the Years Ended May 31, 2015 through May 31, 2024

**New York State Employees' Retirement System**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
For the year ended March 31,										
Contractually required contributions	\$ 747,987	516,257	672,766	583,740	569,100	568,438	592,035	598,107	752,381	750,021
Contributions in relation to the contractually required contribution	\$ (747,987)	(516,257)	(672,766)	(583,740)	(569,100)	(568,438)	(592,035)	(598,107)	(752,381)	(750,021)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 6,102,786	4,744,600	4,492,910	4,318,943	4,280,744	4,171,757	4,222,688	4,109,534	4,188,273	4,111,507
Contributions as a percentage of City's covered-employee payroll	12.26%	10.88%	14.97%	13.52%	13.29%	13.63%	14.02%	14.55%	17.96%	18.24%

**New York State Police and Fire's Retirement System**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
For the year ended March 31,										
Contractually required contributions	\$ 1,765,581	1,297,417	1,335,978	1,110,370	1,042,419	1,046,909	1,069,888	1,100,545	969,106	1,285,072
Contributions in relation to the contractually required contribution	\$ (1,765,581)	(1,297,417)	(1,335,978)	(1,110,370)	(1,042,419)	(1,046,909)	(1,069,888)	(1,100,545)	(969,106)	(1,285,072)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	\$ 5,966,645	5,003,168	4,834,770	4,750,905	4,647,289	4,683,575	4,602,358	4,758,588	4,394,298	4,684,185
Contributions as a percentage of City's covered-employee payroll	29.59%	25.93%	27.63%	23.37%	22.43%	22.35%	23.25%	23.13%	22.05%	27.43%

See accompanying independent auditor's report on supplementary information.

**CITY OF OLEAN, NEW YORK**  
**STATEMENT OF REVENUE AND EXPENDITURES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED MAY 31, 2024**

	Adopted Budget	Amended Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>Revenue</b>					
Real property taxes	\$ 7,727,431	7,727,431	7,724,296	-	(3,135)
Real property tax items	123,176	123,176	134,627	-	11,451
Non-property tax items	6,104,000	6,104,000	5,375,106	-	(728,894)
Departmental income	1,573,948	1,573,948	1,033,358	-	(540,590)
Intergovernmental charges	459,641	459,641	283,805	-	(175,836)
Use of money and property	55,000	55,000	103,243	-	48,243
Licenses and permits	273,000	273,000	153,381	-	(119,619)
Fines and forfeitures	35,000	35,000	16,137	-	(18,863)
Sales of property and compensation for loss	-	-	31,474	-	31,474
Miscellaneous local sources	27,500	27,500	36,000	-	8,500
State aid	3,188,850	3,188,850	2,927,674	-	(261,176)
Federal Aid	-	-	424,136	-	424,136
<b>Total revenue</b>	<b>19,567,546</b>	<b>19,567,546</b>	<b>18,243,237</b>	<b>-</b>	<b>(1,324,309)</b>
<b>Expenditures</b>					
General governmental support	2,909,088	2,909,088	2,999,678	27,407	(117,997)
Public safety	7,045,789	7,045,789	6,748,953	3,232	293,604
Health	83,555	83,555	72,051	-	11,504
Transportation	2,254,443	2,254,443	1,879,056	-	375,387
Economic development	2,200	2,200	2,000	-	200
Culture and recreation	1,182,569	1,182,569	1,032,121	-	150,448
Home and community services	192,935	192,935	153,536	3,200	36,199
Employee benefits	4,585,730	4,585,730	4,861,734	-	(276,004)
Debt service	-	-	14,268	-	(14,268)
<b>Total expenditures</b>	<b>18,256,309</b>	<b>18,256,309</b>	<b>17,763,397</b>	<b>33,839</b>	<b>459,073</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>1,311,237</b>	<b>1,311,237</b>	<b>479,840</b>	<b>(33,839)</b>	<b>(1,783,382)</b>
<b>Other financing sources (uses)</b>					
BANs redeemed from appropriations	-	-	25,000	-	25,000
Operating transfers in	-	-	-	-	-
Operating transfers out	(1,311,237)	(1,311,237)	(1,346,249)	-	(35,012)
<b>Total other financing sources (uses)</b>	<b>(1,311,237)</b>	<b>(1,311,237)</b>	<b>(1,321,249)</b>	<b>-</b>	<b>(10,012)</b>
<b>Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses</b>	<b>\$ -</b>	<b>-</b>	<b>(841,409)</b>	<b>(33,839)</b>	<b>(1,793,394)</b>

The accompanying independent auditors' report should be read in conjunction with these statements.

**CITY OF OLEAN, NEW YORK**  
**STATEMENT OF REVENUE AND EXPENDITURES**  
**BUDGET AND ACTUAL - WATER FUND**  
**FOR THE FISCAL YEAR ENDED MAY 31, 2024**

	Adopted Budget	Amended Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>Revenue</b>					
Departmental income	\$ 4,017,708	4,017,708	3,922,075	-	(95,633)
Use of money and property	-	-	4,714	-	4,714
Total revenue	<u>4,017,708</u>	<u>4,017,708</u>	<u>3,926,789</u>	<u>-</u>	<u>(90,919)</u>
<b>Expenditures</b>					
General governmental support	150,000	150,000	195,148	-	(45,148)
Home and community services	2,056,022	2,056,022	1,808,110	7,756	240,156
Employee benefits	603,475	603,475	635,023	-	(31,548)
Debt service	-	-	73,242	-	(73,242)
Total expenditures	<u>2,809,497</u>	<u>2,809,497</u>	<u>2,711,523</u>	<u>7,756</u>	<u>90,218</u>
Excess (deficiency) of revenue over expenditures	1,208,211	1,208,211	1,215,266	(7,756)	(181,137)
<b>Other financing sources (uses)</b>					
BANs redeemed from appropriations	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	<u>(1,208,211)</u>	<u>(1,208,211)</u>	<u>(1,257,623)</u>	<u>-</u>	<u>(49,412)</u>
Total other financing sources (uses)	<u>(1,208,211)</u>	<u>(1,208,211)</u>	<u>(1,257,623)</u>	<u>-</u>	<u>(49,412)</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>(42,357)</u>	<u>(7,756)</u>	<u>(230,549)</u>

The accompanying independent auditors' report should be read in conjunction with these statements.

**CITY OF OLEAN, NEW YORK**  
**STATEMENT OF REVENUE AND EXPENDITURES**  
**BUDGET AND ACTUAL - SEWER FUND**  
**FOR THE FISCAL YEAR ENDED MAY 31, 2024**

	Adopted Budget	Amended Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>Revenue</b>					
Departmental income	\$ 3,921,419	3,921,419	3,780,370	-	(141,049)
Intergovernmental charges	425,000	425,000	1,833,808	-	1,408,808
Use of money and property	-	-	6,760	-	6,760
State aid	4,000	4,000	-	-	(4,000)
<b>Total revenue</b>	<b>4,350,419</b>	<b>4,350,419</b>	<b>5,620,938</b>	<b>-</b>	<b>1,270,519</b>
<b>Expenditures</b>					
General governmental support	140,000	140,000	140,244	-	(244)
Home and community services	2,369,601	2,369,601	2,306,199	7,756	55,646
Employee benefits	598,925	598,925	732,174	-	(133,249)
Debt service	-	-	7,610	-	(7,610)
<b>Total expenditures</b>	<b>3,108,526</b>	<b>3,108,526</b>	<b>3,186,227</b>	<b>7,756</b>	<b>(85,457)</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>1,241,893</b>	<b>1,241,893</b>	<b>2,434,711</b>	<b>(7,756)</b>	<b>1,355,976</b>
<b>Other financing sources (uses)</b>					
BANs redeemed from appropriations	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	(1,241,893)	(1,241,893)	(1,333,752)	-	(91,859)
<b>Total other financing sources (uses)</b>	<b>(1,241,893)</b>	<b>(1,241,893)</b>	<b>(1,333,752)</b>	<b>-</b>	<b>(91,859)</b>
<b>Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses</b>	<b>\$ -</b>	<b>-</b>	<b>1,100,959</b>	<b>(7,756)</b>	<b>1,264,117</b>

The accompanying independent auditors' report should be read in conjunction with these statements.

**CITY OF OLEAN, NEW YORK**  
**STATEMENT OF REVENUE AND EXPENDITURES**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED MAY 31, 2024**

	Adopted Budget	Amended Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>Revenue</b>					
Departmental income	\$ -	-	-	-	-
Intergovernmental charges	-	-	-	-	-
Use of money and property	-	-	527	-	527
State aid	-	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>527</u>	<u>-</u>	<u>527</u>
<b>Expenditures</b>					
General governmental support	12,672	12,672	12,891	-	(219)
Debt service:					
Principal	3,730,580	3,730,580	3,849,584	-	(119,004)
Interest	-	-	679,364	-	(679,364)
Total expenditures	<u>3,743,252</u>	<u>3,743,252</u>	<u>4,541,839</u>	<u>-</u>	<u>(798,587)</u>
Excess (deficiency) of revenue over expenditures	(3,743,252)	(3,743,252)	(4,541,312)	-	799,114
<b>Other financing sources (uses)</b>					
BANs redeemed from appropriations	-	-	-	-	-
Operating transfers in	3,761,341	3,761,341	4,184,241	-	422,900
Operating transfers out	-	-	(35,888)	-	(35,888)
Total other financing sources (uses)	<u>3,761,341</u>	<u>3,761,341</u>	<u>4,148,353</u>	<u>-</u>	<u>387,012</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	<u>\$ 18,089</u>	<u>18,089</u>	<u>(392,959)</u>	<u>-</u>	<u>1,186,126</u>

The accompanying independent auditors' report should be read in conjunction with these statements.

**SUPPLEMENTARY INFORMATION**

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**City of Olean**  
**Combining Balance Sheets**  
**Special Revenue Funds**  
**As of May 31, 2024**

	Misc. Special Revenue Fund	Revolving Loan Fund	Housing Rehabilitation Fund	First-Time Homebuyers Fund	Total
<b>Assets</b>					
Cash on deposit	\$ 162,849	291,901	8,405	792	463,947
Receivables					
Revolving loans receivables	-	40,632	-	-	40,632
First-time homebuyers loans receivable	-	-	-	7,175	7,175
Rehabilitation loans receivables	-	-	229	-	229
Other assets	-	11,915	-	61	11,976
<b>Total assets</b>	<b>162,849</b>	<b>344,448</b>	<b>8,634</b>	<b>8,028</b>	<b>523,959</b>
<b>Liabilities</b>					
Accounts payable	-	5,129	-	-	5,129
Due to other funds	58,376	-	-	-	58,376
Unearned revenue	-	40,632	229	7,380	48,241
<b>Total liabilities</b>	<b>58,376</b>	<b>45,761</b>	<b>229</b>	<b>7,380</b>	<b>111,746</b>
<b>Fund equity</b>					
Assigned	104,473	298,687	8,405	648	412,213
<b>Total fund equity</b>	<b>104,473</b>	<b>298,687</b>	<b>8,405</b>	<b>648</b>	<b>412,213</b>
<b>Total liabilities and fund equity</b>	<b>\$ 162,849</b>	<b>344,448</b>	<b>8,634</b>	<b>8,028</b>	<b>523,959</b>

The accompanying independent auditors' report should be read in conjunction with these statements.

**City of Olean**  
**Combining Statements of Revenue, Expenditures, and**  
**Changes in Fund Balances**  
**Special Revenue Funds**  
**For the Year Ended of May 31, 2024**

	Misc. Special Revenue Fund	Revolving Loan Fund	Housing Rehabilitation Fund	First-Time Homebuyers Fund	Total
Revenue					
Departmental income	\$ 59,528	30,960	-	18,516	109,004
Intergovernmental charges	-	-	-	-	-
Use of money and property	-	155	2	2	159
Total revenue	<u>59,528</u>	<u>31,115</u>	<u>2</u>	<u>18,518</u>	<u>109,163</u>
Expenditures					
General government support	42,313	-	-	-	42,313
Home and community services	-	20,175	-	50	20,225
Total expenditures	<u>42,313</u>	<u>20,175</u>	<u>-</u>	<u>50</u>	<u>62,538</u>
Excess (deficiency) of revenue over expenditures	17,215	10,940	2	18,468	46,625
Other financing uses					
Operating transfers out	-	-	-	(23,590)	(23,590)
Total financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,590)</u>	<u>(23,590)</u>
Excess (deficiency) of revenue over expenditures and other financing users	17,215	10,940	2	(5,122)	23,035
Fund equity - beginning of year	<u>87,258</u>	<u>287,747</u>	<u>8,403</u>	<u>5,770</u>	<u>389,178</u>
Fund equity - end of year	<u>\$ 104,473</u>	<u>298,687</u>	<u>8,405</u>	<u>648</u>	<u>412,213</u>

The accompanying independent auditors' report should be read in conjunction with these statements.

**City of Olean**  
**Balance Sheet by Project - Capital Fund**  
**As of May 31, 2024**

Project Number	Description	Cash	Due from Federal & State	Due from/(to) Other Funds	Total Assets	Accounts Payable & Unearned Revenue	BAN's/ Notes Payable	Fund (Equity) Deficit	Total Liabilities & Fund Equity
29	CHIPS	\$ (179,546)	188,824	-	9,278	-	-	(9,278)	(9,278)
101	Alarm	-	-	-	-	-	-	-	-
102	Vehicle Replacement	22,343	-	(928,766)	(906,423)	-	-	906,423	906,423
103	Police Equipment Replacement	41,366	-	-	41,366	-	-	(41,366)	(41,366)
118	Ambulance Reserve	184,957	-	-	184,957	-	-	(184,957)	(184,957)
119	OATS Bus Reserve	365,646	-	-	365,646	-	-	(365,646)	(365,646)
123	Catch Basin Disconnect Project	-	-	-	-	-	-	-	-
132	Parking Lot maintenance Program	31,353	-	-	31,353	-	-	(31,353)	(31,353)
146	Airport Master plan	86,261	16,016	437,928	540,205	(65,165)	(201,066)	(273,974)	(540,205)
150	Sidewalk Improvement Reserve	26,341	43,117	-	69,458	-	-	(69,458)	(69,458)
161	Other Miscellaneous Reserves	-	-	-	-	-	-	-	-
163	Waste Water Treatment Plant Master Plan	-	-	-	-	-	-	-	-
165	Bradner Stadium Project	72,726	-	-	72,726	-	-	(72,726)	(72,726)
167	North Union Street Rehabilitation	-	29,085	-	29,085	-	-	(29,085)	(29,085)
170	Property Revaluation	-	-	-	-	-	-	-	-
171	York St./Prospect Ave.	-	-	-	-	-	-	-	-
173	Ice Resurfacers	-	-	-	-	-	-	-	-
175	Recreation Center	-	-	-	-	-	-	-	-
178	Third Street Project	-	-	-	-	-	-	-	-
179	Bradner Stadium Roof	-	-	-	-	-	-	-	-
180	IT Upgrade	61,039	-	-	61,039	(11,479)	-	(49,560)	(61,039)
181	Zombie Grant	154,102	-	-	154,102	-	-	(154,102)	(154,102)
185	Tree Pruning and Removal	33,943	9,879	-	43,822	(18,300)	-	(25,522)	(43,822)
186	OATS Bus Reserve 2	3	(3)	-	-	-	-	-	-
187	Playground Reserve	12,504	-	-	12,504	-	-	(12,504)	(12,504)
188	Walkable Olean Phase 2	300,410	-	-	300,410	-	(215,000)	(85,410)	(300,410)
189	Farmers Market	-	-	-	-	-	-	-	-
190	Stardust Pump Station	-	-	-	-	-	-	-	-
191	Tree Program	-	-	-	-	-	-	-	-
192	TNBR Cat Program	5,000	-	-	5,000	-	-	(5,000)	(5,000)
193	Washington Street	183,414	-	-	183,414	-	(1,225,000)	1,041,586	(183,414)
194	Pedestrian Safety Action Plan (PSAP)	-	-	-	-	-	-	-	-
195	Walkable Olean Phase 3	1,806,203	-	-	1,806,203	(274,938)	(1,737,661)	206,396	(1,806,203)
197	HVAC Control System	-	-	-	-	-	-	-	-
198	Time Square Building Repair	14,711	-	-	14,711	-	-	(14,711)	(14,711)
199	North 9th Drainage Project	-	-	-	-	-	-	-	-
200	Reserve for Cyber Attacks	-	-	-	-	-	-	-	-
201	North Union Streetscape	87,590	2	37,171	124,763	-	-	(124,763)	(124,763)
203	Franchot Park Entrance	50,000	-	-	50,000	-	-	(50,000)	(50,000)
204	Inclusive Playground Equipment	65,075	-	-	65,075	-	-	(65,075)	(65,075)
205	Fire Station Generator	-	-	-	-	-	-	-	-
206	Re-Striping City Streets	-	-	-	-	-	-	-	-
208	South Union Street Getaway	(195,770)	-	-	(195,770)	-	-	195,770	195,770
209	Fire Station HVAC	21,000	-	-	21,000	-	-	(21,000)	(21,000)
212	Hydraulic Mapping	-	-	-	-	-	-	-	-
213	Stimulus Fund	130,041	29,708	-	159,749	(159,749)	-	-	(159,749)
214	Fire Department Pumper/DPW	-	-	580,000	580,000	-	(520,000)	(60,000)	(580,000)
215	Comprehensive Development Plan	(11,500)	22,736	-	11,236	(14,236)	-	3,000	(11,236)
216	Splash Park at War Vet	(355,911)	-	-	(355,911)	-	-	355,911	355,911
217	BBG Marketing	76	-	-	76	(35)	-	(41)	(76)
218	BBG Real Estate Assistance	5,985	-	-	5,985	(5,919)	-	(66)	(5,985)
219	Oak Hill Park/Dog Park	513,603	150,000	-	663,603	-	(369,885)	(293,718)	(663,603)
220	Fire Station Repairs	-	-	-	-	-	-	-	-
221	Buffalo Street Underpass	377,409	-	-	377,409	-	-	(377,409)	(377,409)
224	Forness Park Project	-	-	-	-	-	-	-	-
225	Lauren Street Project	(125,754)	-	-	(125,754)	-	-	125,754	125,754
226	Homeowner Sidewalk Rebate Program	31,753	-	-	31,753	-	-	(31,753)	(31,753)
227	IWORQ Enforcement Software	7,500	-	-	7,500	-	-	(7,500)	(7,500)
228	Fire Station One Parapet	-	-	-	-	-	-	-	-
229	Well Refurbishment	45,250	-	-	45,250	-	-	(45,250)	(45,250)
230	Levee Reaccreditation	160,651	-	-	160,651	-	-	(160,651)	(160,651)
231	John J. Ash Center - HVAC	6	-	-	6	-	-	(6)	(6)
232	North Olean Sewer Reconstruction	12,700	-	-	12,700	(8,750)	-	(3,950)	(12,700)

**City of Olean**  
**Balance Sheet by Project - Capital Fund**  
**As of May 31, 2024**

Project Number	Description	Cash	Due from Federal & State	Due from/(to) Other Funds	Total Assets	Accounts Payable & Unearned Revenue	BAN's/ Notes Payable	Fund (Equity) Deficit	Total Liabilities & Fund Equity
233	Charter Review Commission	28,401	-	-	28,401	-	-	(28,401)	(28,401)
234	Bartlett House Roof/Wall	44,360	-	-	44,360	-	-	(44,360)	(44,360)
235	Ash Tree Removal	68,571	-	-	68,571	(11,910)	-	(56,661)	(68,571)
236	Communication Upgrades	120,000	-	-	120,000	(30,030)	-	(89,970)	(120,000)
237	Gargoyle Fire Training Facility	80,000	-	-	80,000	-	-	(80,000)	(80,000)
238	Central Fire Repairs	75,000	-	-	75,000	-	-	(75,000)	(75,000)
239	Fire Station 1 Repairs	20,000	-	-	20,000	-	-	(20,000)	(20,000)
240	Code of Ordinances Updates	7,184	-	-	7,184	-	-	(7,184)	(7,184)
	Unreconciled difference	(3,701)	-	-	(3,701)	-	-	3,701	3,701
<b>Totals</b>		<u>\$ 4,482,295</u>	<u>489,364</u>	<u>126,333</u>	<u>5,097,992</u>	<u>(600,511)</u>	<u>(4,268,612)</u>	<u>(228,869)</u>	<u>(5,097,992)</u>

The accompanying independent auditors' report should be read in conjunction with these statements.

**City of Olean**  
**Schedule of Revenues, Expenditures, and Transfers By Project - Capital Fund**  
**For the Fiscal Years Ended May 31, 2024**

Project Number	Description	Revenue	Bans Redeemed	Transfers in	Transfers out	Expenditures
029	CHIPS	\$ (2,646,917)	-	-	-	2,637,639
101	Alarm	-	-	1,635	-	-
102	Vehicle Replacement	(109,580)	-	(142,337)	-	992,852
103	Police Equipment Replacement Reserve	(5,691)	-	-	-	2,397
118	Ambulance Reserve	(112,778)	-	-	-	32,491
119	OATS Bus Reserve 2	-	-	(92,801)	-	-
	Catch Basin Disconnect *	-	-	-	-	-
132	Parking Lots Maintenance Reserve	(6,076)	-	-	-	-
146	Airport Master Plan	(900,434)	(913,376)	(26,097)	913,376	900,434
150	Sidewalk Improvement Reserve	(12,530)	-	-	-	17,035
161	Miscellaneous Reserves	-	-	9,927	-	-
163	Waste Water Treatment Plant Master Pla	-	-	-	-	-
165	Bradner Stadium Project	(62,734)	-	19,577	-	4,891
167	North Union Street Rehabilitation	-	-	-	-	-
170	Property Revaluation	-	-	50,000	-	-
171	York St./Prospect Ave.	-	-	-	284,106	-
173	Ice Resurfacer	-	-	-	9,153	-
175	Recreation Center	-	-	(571)	-	-
178	Third Street Project	-	-	-	-	-
179	Bradner Stadium Roof	-	-	-	-	-
180	IT Upgrade	(4,558)	-	-	-	48,949
181	Zombie Grant	-	-	-	-	1,350
185	Tree Pruning and Removal	(17,779)	-	-	68,571	30,185
186	OATS Bus Replacement	-	-	-	-	-
187	Playground Reserve	-	-	(6,018)	-	-
188	Walkable Olean Phase 2 *	-	(69,676)	-	-	-
189	Farmers Market	-	-	-	-	-
190	Stardust Pump Station *	-	-	-	-	-
191	Tree Program *	-	-	-	-	-
192	TVBR Cat Program	-	-	-	-	-
193	Washington Street	-	(45,000)	-	-	-
194	Pedestrian Safety Action Plan (PSAP)	-	-	(66,417)	-	-
195	Walkable Olean Phase 3 *	-	(95,500)	-	-	284,681
197	HVAC Control System	-	-	(35,080)	-	-
198	Time Square Building Repair	-	-	-	-	1,797
199	North 9th Street Drainage Project	-	-	14,409	-	-
200	Reserve for Cyber Attacks	-	-	59,055	-	-
201	North Union Streetscape *	(12,684)	(37,171)	-	-	19,850
203	Franchott Park Entrance	-	-	-	-	-
204	Inclusive Playground Equipment	-	-	(37,148)	-	22,073
205	Fire Station Generator	-	-	(14,726)	-	-
206	Re-Striping City Streets	-	-	-	6,283	-
208	South Union Street Getaway	-	-	-	-	130,701
209	Fire Station HVAC	(30,000)	-	-	-	42,920
212	Hydraulic Mapping	-	-	25,000	-	-
213	Stimulus Funding	(188,229)	-	188,229	-	-
214	Fire Department Pumper/DPW	-	(60,000)	-	(325,939)	-
215	Comprehensive Development Plan	(59,236)	-	-	-	67,236
216	Splash Park at War Vet	-	-	-	-	31,526
217	BBG Marketing	(20,133)	-	(5,000)	7,438	17,693

**City of Olean**  
**Schedule of Revenues, Expenditures, and Transfers By Project - Capital Fund**  
**For the Fiscal Years Ended May 31, 2024**

Project Number	Description	Revenue	Bans Redeemed	Transfers in	Transfers out	Expenditures
218	BBG Real Estate Assistance	(31,849)	-	(7,438)	5,000	34,281
219	Oak Hill Park/Dog Park	(260,560)	(25,115)	-	-	208,428
220	Fire Station Repairs	-	-	-	1,318	6,729
221	Buffalo Street Underpass	-	-	(14,409)	-	-
224	Forness Park Project	(397,303)	-	(3,980)	-	401,283
225	Lauren Street Project	-	-	-	-	110,914
226	Homeowner Sidewalk Rebate Program	(17,601)	-	-	-	15,848
227	IWORQ Enforcement Software	-	-	-	-	33,000
228	Fire Station 1 Parapet	-	-	-	14,219	55,781
229	Well Refurbishment	-	-	-	-	9,750
230	Levee Reaccreditation	-	-	-	-	-
231	John J. Ash Center - HVAC	-	-	(188,229)	-	188,223
232	North Olean Sewer Reconstruction	-	-	(72,850)	-	68,900
233	Charter Review Commission	-	-	(28,500)	-	99
234	Bartlett House Roof/Wall	-	-	(44,360)	-	-
235	Ash Tree Removal	-	-	(68,571)	-	11,909
236	Communication Upgrades	-	-	(127,500)	-	37,530
237	Gargoyle Fire Training Facility	-	-	(80,000)	-	-
238	Central Fire Repairs	-	-	(75,000)	-	-
239	Fire Station 1 Repairs	-	-	(20,000)	-	-
240	Code of Ordinances Updates	-	-	(7,185)	-	-
	Unreconciled difference	(35,126)	-	-	-	38,827
		<u>\$ (4,931,797)</u>	<u>(1,245,838)</u>	<u>(796,385)</u>	<u>983,525</u>	<u>6,508,202</u>

The accompanying independent auditors' report should be read in conjunction with these statements.

City of Olean, New York  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended May 31, 2024

Federal program title	Federal Assistance Listing Number	Agency or Pass-Through Number	Program or Award Amount	Expenditures	Pass-Through to Subrecipients
<b>United States Department of Treasury</b>					
<i>Passed through New York State</i>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 1,378,149	274,762	-
<i>Passed through Cattaraugus County, New York</i>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	400,000	<u>400,000</u>	-
Subtotal U.S. Department of Treasury				674,762	
<b>United States Department of Transportation</b>					
<i>Passed through Federal Aviation Agency</i>					
Airport Improvement Program - Taxiway A&B Rehabilitation (Construction)	20.106	FAA A/P 3-36-0091-33-2022		807,906	-
Airport Improvement Program - Apron and Automobile Parking Rehab	20.106	FAA A/P 3-36-0091-34-2023		2,484	-
<i>Passed through New York State Department of Transportation</i>					
COVID-19 - Section 5311 Rural Area CARES Act Program	20.509	NY-200-026-00	213,065	213,065	-
Public Transportation (FTA Section 5311)	20.509	NY-200-026-00	211,071	<u>211,071</u>	-
Subtotal U.S. Department of Transportation				<u>1,234,526</u>	
Total				<u>\$ 1,909,288</u>	

**CITY OF OLEAN, NEW YORK  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MAY 31, 2024**

**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.



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**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  
City of Olean, New York  
Olean, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Olean, New York (the "City"), as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated March 31, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items II.A.2024-001, II.A.2024-002, II.A.2024-003, II.A.2024-004, II.A.2024-005, and II.A.2024-006 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.



## City of Olean's Response to Findings

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

## Purpose of This Report

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

R.A. MERCER & CO., P.C.

*R.A. Mercer & Co., P.C.*

West Seneca, New York  
March 31, 2025



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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Mayor and Member  
of the Common Council  
City of Olean, New York  
Olean, New York

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Olean’s (the “City”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended May 31, 2024. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Olean complied, in all material respects, with the types of 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, 2024.

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

***Responsibilities of Management for Compliance***

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

***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 the City’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit



conducted in accordance with 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 the City's compliance with the requirements of each major federal program as a whole.

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 the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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 certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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 items III.B.2024-007, III.B.2024-008, III.B.2024-009, III.B.2024-010, III.B.2024-011, and III.B.2024-012 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 Response to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on the City's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The

City's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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.

R.A. MERCER & CO., P.C.

*R.A. Mercer & Co., P.C.*

West Seneca, New York  
March 31, 2025

**CITY OF OLEAN, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MAY 31, 2024**

**Section I – Summary of Auditors Results**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal control over major programs;

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Type of auditors report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: **\$ 750,000**

Auditee qualified as low-risk auditee?  yes  no

## II. FINANCIAL STATEMENTS AUDIT – FINDINGS

### A. Internal Control over Financial Reporting Year Ended May 31, 2024

#### 2024-001 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 to 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.

#### 2024-002 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 another on a regular basis.

### **2024-003 Capital Projects – Incorrect ARPA Reporting**

*Condition and Criteria:* The information reported on the March, 2024 documents for the American Rescue Plan Act (“ARPA”) grant was incorrect. The reports submitted showed that the grant had been fully expended, however there were still funds available to be expended as of May 31, 2024.

*Cause and Effect:* Upon inquiry, it was brought to our attention that ARPA fund reporting indicated that the grant was fully expended, however, upon inspection, it was noted that funds were still available to be spend at year-end. While this oversight did not have a direct impact on the City’s budget, in the future, improper grant reporting may impact grants received or expenditures approved by various granting agencies.

*Auditor’s Recommendations:* We recommend that City Management obtain a full understanding of grant funds received and grant fund expended so that all grant reporting is submitted properly and accurately in the future. We also recommend that Management obtain adequate training in GASB accounting in general and grant accounting in particular to ensure that all reporting is prepared accurately in the future.

*City’s Response:* The City understands the importance of proper grant reporting and will work to ensure reports are accurate and correct in the future.

### **2024-004 Bank Reconciliations**

*Conditions and Criteria:* The City of Olean prepares its bank reconciliation electronically utilizing its accounting software. The cash balances per the bank reconciliations for the General, Water, Sewer and Capital did not agree the general ledger. The bank reconciliations also include 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. We noted a \$486,200 deposit that was not recorded due to improper posting and reconciliation.

*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.

## **2024-005 Recordkeeping, Policies and Procedures, and Personnel**

*Condition and Criteria:* Internal controls over financial reporting should be designed by management to prevent or detect and correct misstatements and to comply with Governmental Accounting Standards Board (“GASB”) requirements. The City should formalize accounting policies and procedures to reduce the risk of asset misappropriation and fraudulent financial reporting, and to ensure that proper procedures are consistently followed. Additionally, the City should ensure that members of management charged with accounting and financial reporting duties receive adequate training and education sufficient to manage the City’s financial records and to produce accurate and auditable workpapers and account reconciliations.

*Cause and Effect:* The City does not have formal policies and procedures documented for critical accounting cycles including journal entries, bank reconciliations, cash receipts and accounts receivable, and capital assets and information technology controls. As a result, journal entries posted to the accounting system and bank reconciliations were not consistently reviewed by an employee independent from the preparer. Additionally, bank reconciliations were not reconciled to general ledger cash balances in a timely fashion. Accounts payable is not reviewed or reconciled to amounts actually owed to vendors on a regular basis. The City does not have a comprehensive capital asset policy addressing inventory procedures, additions and deletions. Although there may be informal procedures in place, certain information technology policies and procedures are not formally documented.

**The City places undue reliance on its independent auditors for GASB compliance, governmental generally accepted accounting principles, and general account management and reconciliations as evidenced by several material proposed adjusting journal entries for the year ended May 31, 2024.**

This issue is largely due to the City not having formalized policies and procedures in place in addition to a lack of personnel training.

### *Auditor’s Recommendations:*

We recommend that the City formalize policies and procedures related to each accounting cycle. Included within these policies and procedures should be the assessment and evaluation of internal controls, to ensure that controls surrounding key accounting functions are regularly revisited to provide assurance that they are designed effectively and operating efficiently. Such policies should be approved by the Common Council, regularly reviewed and updated on a regular basis. Additionally, we recommend that the City’s personnel charged with accounting and financial reporting duties receive more training in general ledger management and GASB reporting.

### *City’s Response:*

The City understands the importance of having policies and procedures in place as well as having adequately trained personnel in charge of the City’s accounting and financial reporting functions. The City will continue its process of developing accounting policies and procedures to assist with ensuring the City’s books, records, and financial statements are GAAP and GASB compliant.

## **2024-006 Preparation of SEFA in the Prior Year**

*Condition and Criteria:* Management failed to report the Public Transportation - Section 5311 grant expenditures on the prior year (year ended May 31, 2023) Schedule of Expenditures of Federal Awards.

*Cause and Effect:* Upon inspection, we noted that expenditures that were incurred in fiscal year 2023 related to the Section 5311 grant were not included on the Schedule of Expenditures of Federal Awards on the prior year audit report. This omission necessitated a material prior period adjustment to be made on the fiscal year 2024 audit report in the amount of \$486,200.

*Auditor's Recommendations:*

We recommend Management carefully track and account for all federal expenditures made each year to ensure proper reporting the Schedule of Expenditures of Federal Awards. We also recommend that members of Management charged with the accounting and financial reporting duties receive proper training on how to properly account for grant fund expenditures and revenues.

*City's Response:*

The City concurs with the auditor's recommendations that federal grant revenues and expenditures should be closely monitored and tracked to ensure accurate reporting. We also agree that proper grant accounting training for accounting personnel should be a focus of City management.

**B. Compliance and Other Matter**  
**Year Ended May 31, 2024**

No findings related to compliance and other matters are being reported upon during the year ended May 31, 2024.

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

**A. Compliance**  
Year Ended May 31, 2024

No findings related to compliance are being reported upon during the year ended May 31, 2024.

**B. Internal Control Over Compliance**  
Year Ended May 31, 2024

2024-007 Adjusting Journal Entries and Required Disclosures to the Financial Statements  
Same finding as that reported in II.A.2024-001.

2024-008 Reconciliation of General Ledger and Capital Projects  
Same finding as that reported in II.A.2024-002.

2024-009 Capital Projects - Internal Controls  
Same finding as that reported in II.A.2024-003.

2024-0010 Bank Reconciliations  
Same finding as that reported in II.A.2024-004.

2024-011 Recordkeeping, Policies and Procedures, and Personnel  
Same finding as that reported in II.A.2024-005.

2024-012 Preparation of SEFA in the Prior Year  
Same finding as that reported in II.A.2024-006.

**CITY OF OLEAN  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED MAY 31, 2024**

**I. FINANCIAL STATEMENTS AUDIT – FINDINGS**

**A. Internal Control over Financial Reporting  
Year Ended May 31, 2023**

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

*Summary of Prior Year Finding:* During the current year, 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. 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.

*Current Status:* Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2024 as finding 2024-001.

**2023-002 Reconciliation of General Ledger and Capital Projects**

*Summary of Prior Year Finding:* 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.

*Current Status:* Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2024 as finding 2024-002.

**2023-003 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 the previous auditor's 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, 2024 as finding 2024-003.

## **2023-004 Bank Reconciliations**

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

*Current Status:* Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2024 as finding 2024-004.

### **B. Compliance and Other Matters Year Ended May 31, 2023**

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

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

### **A. Compliance Year Ended May 31, 2023**

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

### **B. Internal Control Over Compliance Year Ended May 31, 2023**

**2023-005 Adjusting Journal Entries and Required Disclosures to the Financial Statements**  
Same finding and current status as that reported in I.A.2023-001.

**2023-006 Reconciliation of General Ledger and Capital Projects**  
Same finding and current status as that reported in I.A.2023-002.

**2023-007 Capital Projects - Internal Controls**  
Same finding and current status as that reported in I.A.2023-003.

**2023-008 Bank Reconciliations**  
Same finding and current status as that reported in I.A.2023-004.



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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, 2024. 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, 2024.

**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.2024-001, I.2024-002, I.2024-003, I.2024-004, and I.2024-005 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, 2024, and have issued our report thereon dated March 31, 2025. Our audit was performed for the purpose of forming an opinion on the *City of Olean, New York's* financial statements taken as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 of NYCRR, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

### ***City of Olean New York's Responses to Findings***

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

### **Purpose of the Report**

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

R.A. Mercer & Co., P.C.

*R.A. Mercer & Co., P.C.*

West Seneca, New York  
March 31, 2025

**CITY OF OLEAN**  
**SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED**  
**FOR THE YEAR ENDED MAY 31, 2024**

Program Title	NYSDOT Contract Number	Expenditures
STOA - 18b	1000004319	\$ 19,848
STOA	1000004319	374,928
PAVE-NY	N/A	145,962
Extreme Weather Recover (EWR)	N/A	98,205
Pave our Potholes (POP)	N/A	97,308
State Touring Route (STR)	N/A	1,435,522
Consolidated Highway Improvement Plan (CHIPS)	N/A	<u>860,642</u>
Total state transportation assistance expended		<u>\$ 3,032,415</u>

**CITY OF OLEAN, NEW YORK  
NOTES TO SCHEDULE OF STATE TRANSPORTATION  
ASSISTANCE EXPENDED  
FOR THE YEAR ENDED MAY 31, 2024**

**Note 1 Basis of Presentation**

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

**Note 2 Basis of Accounting**

The accompanying Schedule of Transportation Assistance Expended included 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.

**Note 3 Indirect Cost Rate**

There are no indirect costs associated with these programs.

**Note 4 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 May 31, 2024.

**CITY OF OLEAN, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
STATE TRANSPORTATION ASSISTANCE EXPENDED  
FOR THE YEAR ENDED MAY 31, 2024**

Summary of audit results:

Internal control over state transportation assistance expended:

- Material weaknesses identified Findings I.2024-001, I.2024-002, I.2024-003, I.2024-004, and I.2024-005.
- Deficiencies identified that are not Considered material weaknesses 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)

PAVE NY

Pave our Potholes (POP)

Extreme Weather Recovery (EWR)

State Touring Route (SWR)

**Compliance Findings and Questioned Costs:**

No matters reported.

**CITY OF OLEAN, NEW YORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
STATE TRANSPORTATION ASSISTANCE EXPENDED  
FOR THE YEAR ENDED MAY 31, 2024**

I. Internal Control Over State Transportation Assistance Expended

**2024-001 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 to 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.

**2024-002 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 another on a regular basis.

### **2024-003 Capital Projects - Internal Controls**

*Condition and Criteria:* As disclosed in the prior year audit report, on December 6, 2017, it was brought to the previous auditor's 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.

*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 2025. Once drafted, the Audit and Compliance Committee intends to review policy, prior to its acceptance by the Common Council.

### **2024-004 Bank Reconciliations**

*Conditions and Criteria:* The City of Olean prepares its bank reconciliation electronically utilizing its accounting software. The cash balances per the bank reconciliations for the General, Water, Sewer and Capital did not agree the general ledger. The bank reconciliations also include 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.

## **2024-005 Recordkeeping, Policies and Procedures, and Personnel**

*Condition and Criteria:* Internal controls over financial reporting should be designed by management to prevent or detect and correct misstatements and to comply with Governmental Accounting Standards Board ("GASB") requirements. The City should formalize accounting policies and procedures to reduce the risk of asset misappropriation and fraudulent financial reporting, and to ensure that proper procedures are consistently followed.

*Cause and Effect:* The City does not have formal policies and procedures documented for critical accounting cycles including journal entries, bank reconciliations, cash receipts and accounts receivable, and capital assets and information technology controls. As a result, journal entries posted to the accounting system and bank reconciliations were not consistently reviewed by an employee independent from the preparer. Additionally, bank reconciliations were not reconciled to general ledger cash balances in a timely fashion. Accounts payable is not reviewed or reconciled to amounts actually owed to vendors on a regular basis. The City does not have a comprehensive capital asset policy addressing inventory procedures, additions and deletions. Although there may be informal procedures in place, certain information technology policies and procedures are not formally documented.

**The City places undue reliance on its independent auditors for GASB compliance, governmental generally accepted accounting principles, and general account management and reconciliations as evidenced by several material proposed adjusting journal entries for the year ended May 31, 2024.**

This issue is largely due to the City not having formalized policies and procedures in place in addition to a lack of personnel training.

### *Auditor's Recommendations:*

We recommend that the City formalize policies and procedures related to each accounting cycle. Included within these policies and procedures should be the assessment and evaluation of internal controls, to ensure that controls surrounding key accounting functions are regularly revisited to provide assurance that they are designed effectively and operating efficiently. Such policies should be approved by the Common Council, regularly reviewed and updated on a regular basis. Additionally, we recommend that the City's personnel charged with accounting and financial reporting duties receive more training in general ledger management and GASB reporting.

### *City's Response:*

The City understands the importance of having policies and procedures in place as well as having adequately trained personnel in charge of the City's accounting and financial reporting functions.

The City will continue its process of developing accounting policies and procedures to assist with ensuring the City's books, records, and financial statements are GAAP and GASB compliant.

Year Ended May 31, 2023

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

*Summary of Prior Year Finding:* During the current year, 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. 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.

*Current Status:* Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2024 as finding 2024-001.

### **2023-002 Reconciliation of General Ledger and Capital Projects**

*Summary of Prior Year Finding:* 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.

*Current Status:* Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2024 as finding 2024-002.

### **2023-003 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 the previous auditor's 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, 2024 as finding 2024-003.

### **2023-004 Bank Reconciliations**

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

*Current Status:* Similar finding related to internal control over financial reporting is being reported upon during the year ended May 31, 2024 as finding 2024-004.

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## **MANAGEMENT LETTER**

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Kenneth S. Frank, CPA  
Roger J. Lis, Jr. CPA  
Christopher M. Zera, CPA

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Raymond A. Mercer, CPA 1931-1983

Kathryn A. Larracuente, CPA

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

Mayor and Member of the Common Council,

We have completed our audit of the City's financial statements as of and for the year ended May 31, 2024 and have issued our reports thereon dated March 31, 2025. 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, 2024, 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.

R.A. MERCER & CO., P.C.

*R.A. Mercer & Co., P.C.*

West Seneca, New York  
March 31, 2025



**CITY OF OLEAN, NEW YORK  
SUMMARY OF ADDITIONAL COMMENTARY  
AS OF AND FOR THE YEAR ENDED MAY 31, 2024**

**Sewer Fund Fund Balance**

We noted that the City is reporting a large receivable balance in the General Fund with a corresponding "due from" amount in the Sewer Fund related to the Town of Allegheny. We also understand that there has been some legal proceeding regarding the validity of this receivable. We recommend that Management continue to pursue collection of this balance and stay abreast of the status of the legal proceedings in the future. Absent this amount, the Sewer Fund's fund balance would be negatively affected.