

VILLAGE OF ALBION

Orleans County, New York

BASIC FINANCIAL STATEMENTS

For Year Ended May 31, 2023



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
ADVISORS
AND CPAS

Independent Auditors' Report

To the Board of Trustees
The Village of Albion
Orleans County, New York

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2023, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village 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 opinion.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 Village'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 Village'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, schedule of changes in Village's total OPEB liability and related ratio, schedule of the Village's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4-13 and 49-54 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 Village of Albion, Orleans County, New York's basic financial statements. The accompanying supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information as listed in the table of contents 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. This 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 accompanying supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

As described in Note II to the financial statements, the Village adopted GASB Statement No. 87, *Leases*. In addition, the Village changed their financial reporting of proprietary funds to governmental funds. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

Rochester, New York
September 3, 2024

Mengel, Metzger, Barw & Co. LLP

Village of Albion, Orleans County, New York
Management's Discussion and Analysis (MD&A)

May 31, 2023

Introduction

Our discussion and analysis of the Village of Albion, Orleans County, New York's financial performance provides an overview of the Village's financial activities for the year ended May 31, 2023. It should be read in conjunction with the basic financial statements to enhance understanding of the Village's financial performance, which immediately follows this section.

Financial Highlights

Key financial highlights for year 2023 are as follows:

- ◆ On the government-wide financial statements, the total assets of the Village exceeded liabilities by \$17,020,448 (net position) a decrease of \$831,515. Of the current year amount, the unrestricted portion is (\$1,393,608). The balance of net position is either restricted for specific purposes or the net book value of capital assets.
- ◆ General revenues which include Real Property Tax, Non-Property Taxes (Sales Tax), Mortgage Tax, Compensation for Loss, Investment Earnings, and Miscellaneous accounted for \$3,733,264 or 47% of all revenues. Program specific revenues in the form of Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions accounted for \$4,308,027 or 53% of total revenues.
- ◆ The Village's governmental fund financial statements report a combined ending fund balance of \$3,216,633, a decrease of \$266,431 in comparison with the prior year. Approximately \$460,674 of this total amount is available for spending at the Village's discretion (unassigned fund balance).
- ◆ At the end of the current year, the fund balance of the General Fund was \$1,114,150 a decrease of \$158,460 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are made up of three components: 1) government-wide financial statements, 2) notes to the financial statements, 3) and supplemental schedules which combine the special revenue funds.

Government-wide Financial Statements

The government-wide statements are designed to provide readers with an overview of the Village's finances, in a manner similar to a private-sector business.

- Statement of Net Position - This schedule presents information on the Village's assets and liabilities, with the difference between the two reported as total net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.
- Statement of Activities - This schedule presents information on the cash income and outflow of the Village. All reporting is done when the pertinent underlying event occurs regardless of the timing of cash receipt or outflow.

- Governmental activities of the Village include general administrative support, public safety, transportation, recreation, and sanitary sewer services.

The government-wide financial statements can be found on the 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 are used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Most of the funds of the Village are governmental funds, a small minority is fiduciary 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 year. Such information may be useful in evaluating the Village's near-term financing requirements.

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

The Village maintains four major individual governmental funds: General Fund, Capital Projects Fund, Water Fund and Sewer Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each of these major funds. There are also a number of non-major funds that are consolidated for presentation. These include the Cemetery Fund and the Permanent Fund.

A schedule reconciling the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities is presented. This illustrates how the changes in Fund Balances and Net Position relate to one another.

The Village adopts an annual budget for its major funds. A budgetary comparison statement has been provided for these funds within the basic statements to demonstrate compliance with the respective budgets.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements themselves. The notes to the financial statements can be found following the basic financial statements section of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of the Village's financial position. In the case of the Village of Albion, Orleans County, New York, assets exceeded liabilities by \$17,020,448 as of May 31, 2023.

Net Position

The Village's combined net position was smaller on May 31, 2023, than it was the year before, as shown in table below:

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>Variance</u>
<u>ASSETS:</u>			
Current and Other Assets	\$ 4,513,507	\$ 4,152,473	\$ 361,034
Capital Assets	19,916,259	20,464,610	(548,351)
Total Assets	\$ 24,429,766	\$ 24,617,083	\$ (187,317)
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 2,032,166	\$ 2,135,394	\$ (103,228)
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 7,780,605	\$ 5,335,526	\$ 2,445,079
Other Liabilities	811,841	628,009	183,832
Total Liabilities	\$ 8,592,446	\$ 5,963,535	\$ 2,628,911
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 849,038	\$ 3,091,639	\$ (2,242,601)
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 16,326,230	\$ 15,900,401	\$ 425,829
<u>Restricted For:</u>			
Capital Reserve	305,798	364,498	(58,700)
Reserve for Debt Service	53,620	42,464	11,156
Other Purposes	1,728,408	416,387	1,312,021
Unrestricted	(1,393,608)	973,553	(2,367,161)
Total Net Position	\$ 17,020,448	\$ 17,697,303	\$ (676,855)

Key Variances:

- Long-Term debt increased \$2,445,079 as a result of changes to the NYS Pension Systems net pension liability.
- Deferred Inflows of Resources decreased \$2,242,601 as a result of changes to the NYS Pension Systems deferred inflow of resources.
- Unrestricted Net Position decreased \$2,367,161 as a result of increases to the water and sewer fund balances which are restricted.

The largest component of the Village's net position is net investment in capital assets. The Village uses these assets to provide and deliver services to our residents and consequently, these assets are not available for future spending. The "related debt" must be paid for using resources raised in future budgets because the assets cannot be liquidated to satisfy this debt. In fact, a significant portion of our resources and energy is devoted to maintaining our infrastructure and we must plan to replace it as it ages.

The remaining balance of net position is unrestricted, which is a deficit of \$1,393,608.

Change in Net Position

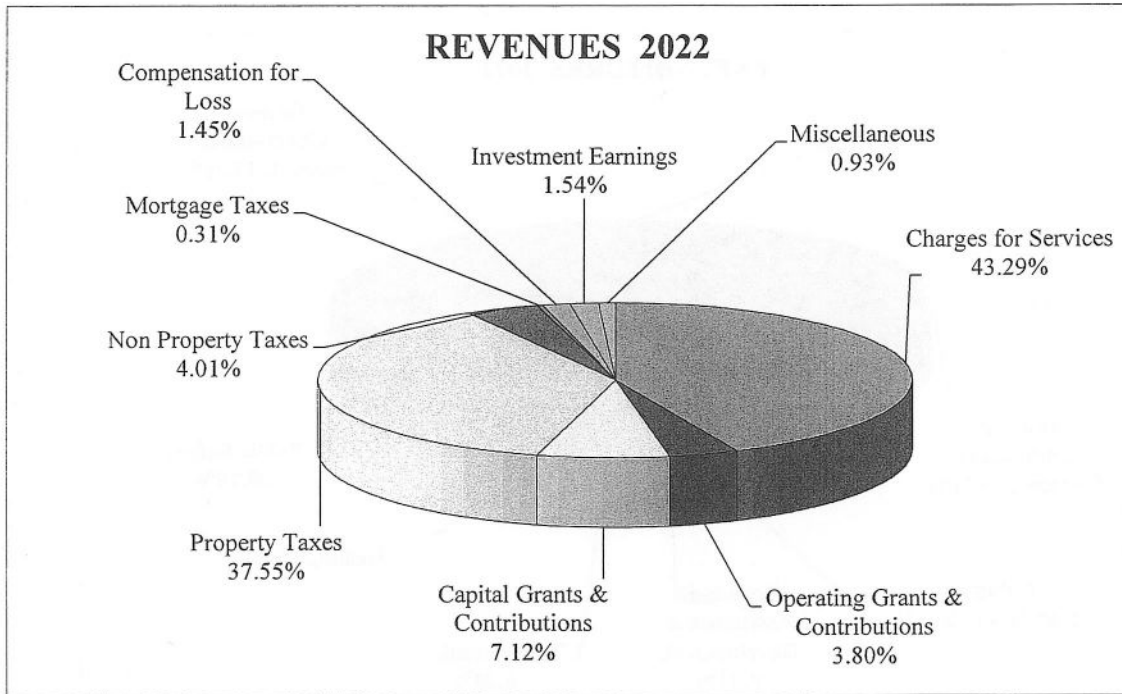
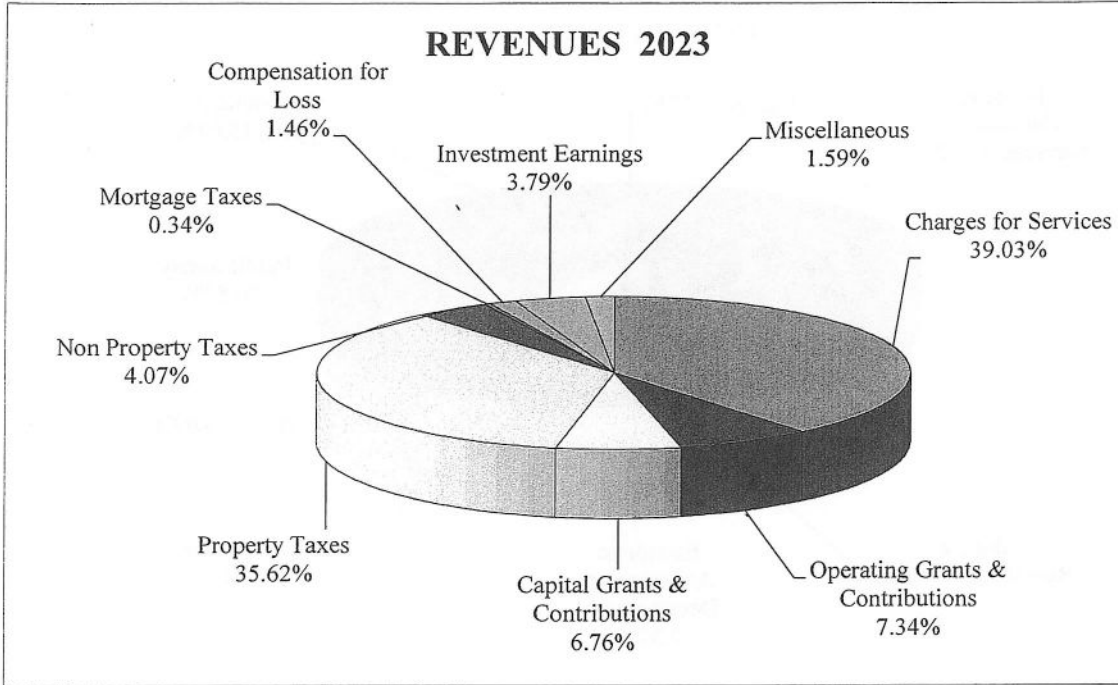
The Village's total revenues were more on May 31, 2023 than they were the year before, increasing approximately 8% to \$8,041,291.

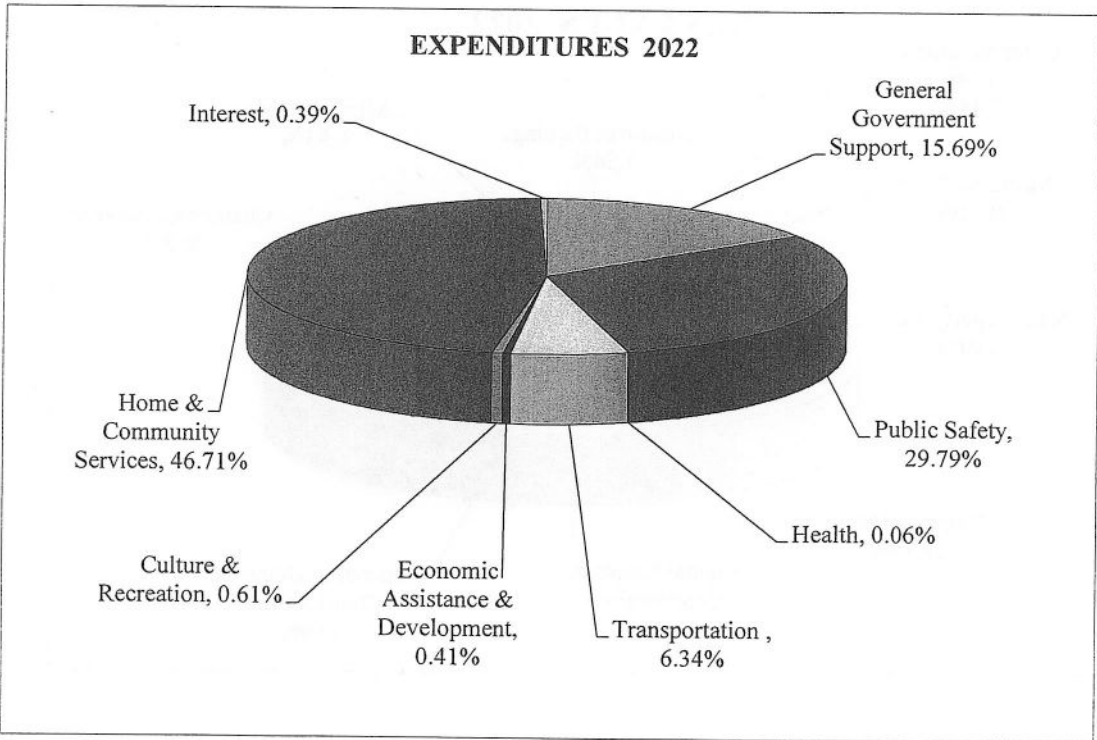
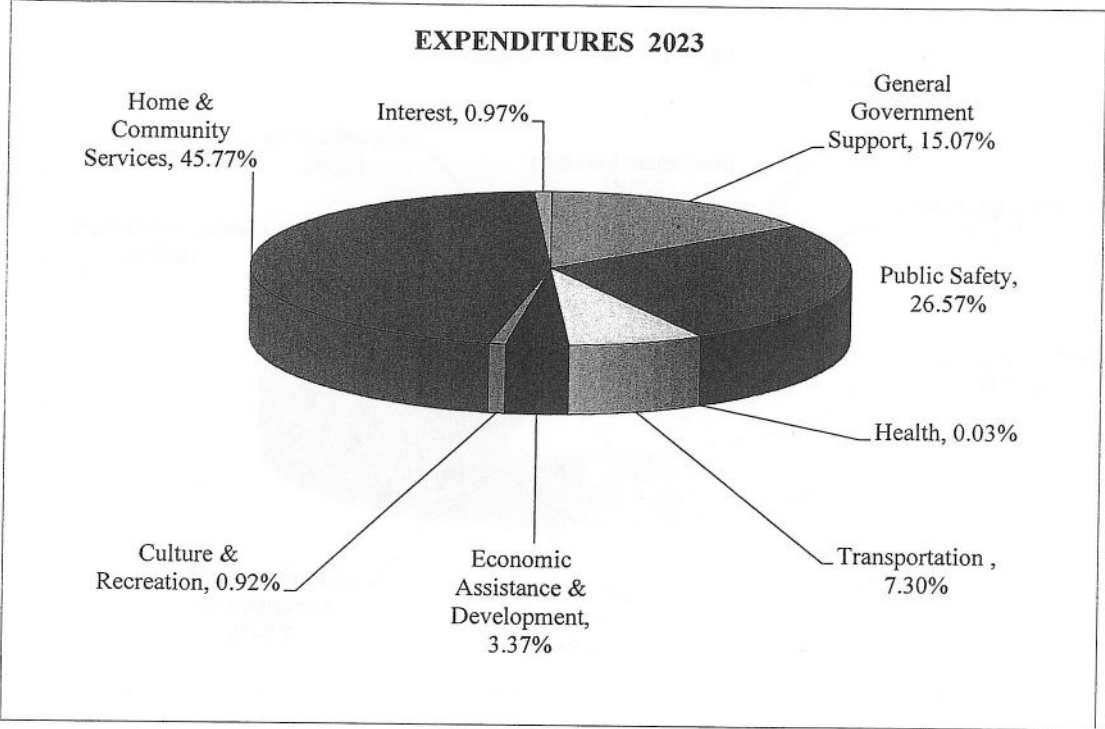
The Village's total expenditures were more on May 31, 2023 than they were the year before, increasing approximately 23% to \$8,872,806.

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2023</u>	<u>2022</u>	<u>Variance</u>
REVENUES:			
Program -			
Charges for Service	\$ 3,164,678	\$ 3,236,875	\$ (72,197)
Operating Grants & Contributions	595,432	284,158	311,274
Capital Grants & Contributions	547,917	532,575	15,342
Total Program	\$ 4,308,027	\$ 4,053,608	\$ 254,419
General -			
Property Taxes	\$ 2,888,800	\$ 2,808,065	\$ 80,735
Non-Property Taxes	262,097	300,004	(37,907)
Mortgage Taxes	27,448	22,988	4,460
Compensation for Loss	118,713	108,248	10,465
Investment Earnings	307,402	115,358	192,044
Miscellaneous	128,804	69,075	59,729
Total General	\$ 3,733,264	\$ 3,423,738	\$ 309,526
TOTAL REVENUES	\$ 8,041,291	\$ 7,477,346	\$ 563,945
EXPENSES:			
General Governmental Support	\$ 1,337,348	\$ 1,128,094	\$ 209,254
Public Safety	2,357,101	2,141,873	215,228
Health	2,260	4,603	(2,343)
Transportation	647,994	455,365	192,629
Economic Assistance & Development	299,199	29,429	269,770
Culture & Recreation	81,899	43,651	38,248
Home & Community Services	4,061,042	3,357,254	703,788
Interest	85,963	27,677	58,286
TOTAL EXPENSES	\$ 8,872,806	\$ 7,187,946	\$ 1,684,860
INCREASE IN NET POSITION	\$ (831,515)	\$ 289,400	
NET POSITION, BEGINNING OF YEAR	17,851,963	17,407,903	
NET POSITION, END OF YEAR	\$ 17,020,448	\$ 17,697,303	
Restatement		154,660	
2022 NET POSITION, RESTATED		\$ 17,851,963	

Key Variances:

- Operating Grants and Contributions increased \$311,274 as a result of utilization of ARP funds.
- Home and Community expenditure increased \$703,788 relating to depreciation expense allocated for completed projects and increases to sewer treatment and purification.





Financial Analysis of the Village's Funds

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

Governmental Funds

The focus of the Village's *governmental funds* is to provide information on near term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *assigned and unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year and amounts to be applied against next year's fund balance.

As of the end of the current year, the Village's combined governmental fund balances are \$3,216,633 which is less than last year's ending fund balance of \$3,483,064.

Of the total combined fund balances, \$445,731 has been reserved for nonspendable fund balance, \$2,087,826 has been designated for restrictions, \$222,402 has been assigned, and \$460,674 is unassigned and is primarily for providing cash and for future spending needs.

The General Fund is the chief operating fund of the Village. At the end of the current year, the total fund balance of the General Fund was \$1,114,150, of which \$689,139 was unassigned. The fund balance for the Village of Albion's General Fund decreased by \$158,460 compared with the prior year.

Budgetary Highlights

The key budget variances for the major funds are listed below.

Revenue Items	Budget Variance Original Vs Amended	Explanation for Budget Variance
General Fund-State and County Aid	\$413,271	Received money from State (CHIPS)
General Fund-Federal Aid	\$178,141	Started recording ARPA revenue
Sewer Fund-Sale of Property and Compensation for Loss	\$52,000	Insurance claim-roof at sewer plant

<u>Expenditure Items</u>	<u>Budget Variance Original Vs Amended</u>	<u>Explanation for Budget Variance</u>
General Fund-General Government Support	\$224,223	Payroll expense lines were incorrect
General Fund-Public Safety	\$216,934	Grant expenses, proceeds for fire department items sold at auction, and payout due to litigation
General Fund-Health	\$165,055	ARPA expenses not budgeted
General Fund-Transportation	\$107,209	CHIPS expense
General Fund-Economic Assistance and Development	\$290,489	Main St grant recipients
General Fund-Employee Benefits	(\$126,744)	Mayor reallocated money
Water Fund-Home and Community Services	\$107,902	Reserve money paid for sludge truck and fluoridation grant expenses
Sewer Fund-General Government Support	(\$103,963)	Contingency not used
Sewer Fund-Home and Community Services	\$128,684	Expenses not budgeted correctly

<u>Revenue Items</u>	<u>Budget Variance Amended Vs Actual</u>	<u>Explanation for Budget Variance</u>
General Fund-Miscellaneous	\$55,167	Conservative budgeting
General Fund-Federal Aid	\$106,707	Appropriated ARPA funds
Water Fund-Departmental Income	(\$212,771)	Conservative budgeting
Water Fund-Use of Money and Property	\$130,980	Increased rental of meters
Water Fund-Miscellaneous	\$40,304	Conservative budgeting
Water Fund-State and County Aid	\$146,192	Boiler project funding
Sewer Fund-Miscellaneous	\$21,687	Conservative budgeting

Expenditure Items	Budget Variance Amended Vs Actual	Explanation for Budget Variance
General Fund-General Government Support	\$50,359	Retired clerks pay out
General Fund-Health	\$166,905	Conservative budgeting
General Fund-Home and Community Services	(\$109,405)	ARPA money for Sludge truck
General Fund-Transfers-Out	(\$65,162)	Loaned money to Water Fund
Water Fund-General Government Support	\$28,466	Conservative budgeting
Water Fund-Employee Benefits	\$44,627	Mayor reallocated funds
Water Fund-Debt Service-Principal	\$23,480	Expected to close on bond for project
Water Fund-Debt Service-Interest	\$45,343	Expected to close on bond for project
Sewer Fund-General Government Support	\$25,915	Conservative budgeting

Capital Assets

The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2023</u>	<u>2022</u>
Capital Assets		
Land	\$ 1,786,909	\$ 1,786,909
Work in Progress	1,188,511	1,304,006
Buildings and Improvements	4,102,280	4,531,391
Machinery and Equipment	3,664,603	3,790,480
Infrastructure	9,145,245	8,851,489
Total Capital Assets	<u>\$ 19,887,548</u>	<u>\$ 20,264,275</u>

More detailed information about the Village's capital assets is presented in the notes to the financial statements.

Long-Term Debt

At May 31, 2023, the Village had \$7,780,605 in general obligation and other long-term debt outstanding, as follows:

Type	<u>2023</u>	<u>2022</u>
Serial Bonds	\$ 3,467,450	\$ 3,934,000
Installment Purchase Debt	85,230	131,952
Retainage Payable	8,260	-
Lease Liability	29,089	20,731
Net Pension Liability	2,983,262	177,851
Compensated Absences	562,058	747,222
OPEB	645,256	344,501
Total Long-Term Obligations	<u>\$ 7,780,605</u>	<u>\$ 5,356,257</u>

The amount of principal paid on outstanding debt was \$513,272. More detailed information about the Village's long-term liabilities is presented in the notes to the financial statements.

Factors Bearing on the Village's Future

The Village continues to make necessary upgrades needed to the Water Treatment Plant. There are two phases to the projects currently in progress with an estimated cost of \$11.1M. The Village has received confirmation for grants approximately \$6.1M for the necessary upgrades, the remaining funds the Village anticipates to finance through long-term debt.

Phase 1 include improvements at the Water Treatment Plant for replacement of the high service pumps and electrical systems. Improvements to the distribution system include booster pump station on Oak Orchard Road, along with implementation of Supervisory Control and Data Acquisitions (SCADA) system and replacement a transmission line crossing Oak Orchard Creek. Estimation of completion for Phase 1 is the summer of 2025.

Phase 2 include construction of a new sedimentation basins, filtrations system, fencing and security and solids handling systems. A new 750,000-gallon tank is set to be started in the spring of 2024 which will improve the distribution system. These various upgrades will allow for additional water quantities to be abundant for new development, improvements to fire protections and peak demand periods.

The improvement to the water system is crucial to continue to provide safe water to their water customers.

The Water Treatment Plant also had to replace 2 failing fuel oil boilers. We received 65% cost coverage of the project though the renewable heat NY program from NYSERDA. The cost for the project was approximately \$350k. As a result of the failing fuel oil boilers, the Water Treatment Plant now has a pellet boiler with silo storage, 2 thermal storage tanks, and a new oil boiler.

The Village made an adjustment to the water and sewer billing. There is no longer a \$5.00 meter rent, \$5.00 water admin fee and \$10.00 sewer admin fee, depending on the size of the meter the new cost now ranges from \$21.00 to \$1,760.00 per meter for water and sewer, along with a slight increase to the sewer usage cost. This increase in cost was to offset the anticipated debt service for the Water Treatment Plant upgrades, along with potential upgrades needed for the aging water and sewer infrastructure.

Requests for Information

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

The Village of Albion
35-37 East Bank Street
Albion, New York 14411

VILLAGE OF ALBION, NEW YORK
Statement of Net Position
May 31, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,955,780
Accounts receivable, net	1,528,383
Prepaid items	29,344
Capital assets:	
Land and work in progress	2,975,420
Other capital assets, net of depreciation	16,940,839
TOTAL ASSETS	\$ 24,429,766
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	\$ 2,032,166
 LIABILITIES	
Accounts payable	\$ 422,415
Accrued liabilities	172,862
Due to retirement system	79,453
Other liabilities	137,111
Noncurrent liabilities:	
Due in one year	622,407
Due in more than one year	7,158,198
TOTAL LIABILITIES	\$ 8,592,446
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	\$ 849,038
 NET POSITION	
Net investment in capital assets	\$ 16,326,230
Restricted for:	
Capital reserves	310,798
Reserve for debt	53,620
Restricted other purposes	1,723,408
Unrestricted	(1,393,608)
TOTAL NET POSITION	\$ 17,020,448

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

VILLAGE OF ALBION, NEW YORK

Statement of Activities

For the Year Ended May 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Primary</u>
					<u>Government</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary Government:					
Governmental Activities:					
General government support	\$ 1,337,348	\$ 411,500	\$ 257,990	\$ -	\$ (667,858)
Public safety	2,357,101	-	25,295	-	(2,331,806)
Health	2,260	-	-	-	(2,260)
Transportation	647,994	-	-	237,782	(410,212)
Economic assistance and development	299,199	-	-	-	(299,199)
Culture and recreation	81,899	-	298,996	-	217,097
Home and community services	4,061,042	2,753,178	13,151	310,135	(984,578)
Interest on long-term debt	85,963	-	-	-	(85,963)
Total Governmental Activities	<u>\$ 8,872,806</u>	<u>\$ 3,164,678</u>	<u>\$ 595,432</u>	<u>\$ 547,917</u>	<u>\$ (4,564,779)</u>
Total Primary Government	<u>\$ 8,872,806</u>	<u>\$ 3,164,678</u>	<u>\$ 595,432</u>	<u>\$ 547,917</u>	<u>\$ (4,564,779)</u>
General Revenues:					
Taxes:					
Property taxes					\$ 2,888,800
Non-property taxes					262,097
Mortgage tax					27,448
Compensation for loss					118,713
Investment earnings					307,402
Miscellaneous					128,804
Total General Revenues					<u>\$ 3,733,264</u>
Change in Net Position					\$ (831,515)
Net Position - Beginning (restated)					<u>17,851,963</u>
Net Position - Ending					<u>\$ 17,020,448</u>

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

VILLAGE OF ALBION, NEW YORK

Balance Sheet
Governmental Funds
May 31, 2023

	Major				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	Water Fund	Sewer Fund		
Assets						
Cash and cash equivalents	\$ 1,413,580	\$ 36,858	\$ 428,694	\$ 327,000	\$ 749,648	\$ 2,955,780
Receivables, net	498,425	-	336,545	206,012	-	1,040,982
Due from other funds	72,628	83,000	454,485	15,900	-	626,013
Due from other governments, net	23,494	-	20	-	-	23,514
State and federal aid receivable	23,707	440,180	-	-	-	463,887
Prepaid items	15,506	-	9,032	4,806	-	29,344
Total Assets	<u>\$ 2,047,340</u>	<u>\$ 560,038</u>	<u>\$ 1,228,776</u>	<u>\$ 553,718</u>	<u>\$ 749,648</u>	<u>\$ 5,139,520</u>
Liabilities, Deferred Inflows, and Fund Balances						
Liabilities:						
Accounts payable	\$ 19,173	\$ 333,645	\$ 14,978	\$ 54,619	\$ -	\$ 422,415
Accrued liabilities	124,595	-	29,922	15,274	-	169,791
Due to other funds	106,155	454,858	-	65,000	-	626,013
Due to retirement system	58,052	-	13,117	8,284	-	79,453
Other liabilities	137,111	-	-	-	-	137,111
Total Liabilities	<u>\$ 445,086</u>	<u>\$ 788,503</u>	<u>\$ 58,017</u>	<u>\$ 143,177</u>	<u>\$ -</u>	<u>\$ 1,434,783</u>
Deferred Inflows:						
Deferred Inflows of Resources	\$ 488,104	\$ -	\$ -	\$ -	\$ -	\$ 488,104
Fund Balances:						
Nonspendable	\$ 15,506	\$ -	\$ 9,032	\$ 4,806	\$ 416,387	\$ 445,731
Restricted	187,103	-	1,161,727	405,735	333,261	2,087,826
Assigned	222,402	-	-	-	-	222,402
Unassigned	689,139	(228,465)	-	-	-	460,674
Total Fund Balances	<u>\$ 1,114,150</u>	<u>\$ (228,465)</u>	<u>\$ 1,170,759</u>	<u>\$ 410,541</u>	<u>\$ 749,648</u>	<u>\$ 3,216,633</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,047,340</u>	<u>\$ 560,038</u>	<u>\$ 1,228,776</u>	<u>\$ 553,718</u>	<u>\$ 749,648</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,916,259
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(3,071)
The following long-term obligations are not due and payable in the current period, therefore are not reported in the governmental funds:	
Serial Bonds Payable	(3,467,450)
Installment Purchase Debt	(85,230)
Retainage Payable	(8,260)
Lease Liability	(29,089)
Deferred Inflows - Pensions	(284,521)
Deferred Outflows - Pensions	2,011,185
Deferred Inflows - OPEB	(76,413)
Deferred Outflows - OPEB	20,981
Pension Liability	(2,983,262)
OPEB Liability	(645,256)
Compensated absences are not reported in the funds under fund accounting but are expensed as the liability is incurred in the statement of net position.	(562,058)
Net Position of Governmental Activities	<u>\$ 17,020,448</u>

VILLAGE OF ALBION, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended May 31, 2023

	Major				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	Water Fund	Sewer Fund		
Revenues:						
Real property and tax items	\$ 2,888,800	\$ -	\$ -	\$ -	\$ -	\$ 2,888,800
Non-property taxes	262,097	-	-	-	-	262,097
Departmental income	85,312	-	1,503,451	1,122,596	-	2,711,359
Intergovernmental charges	304,809	-	2,350	124,531	-	431,690
Use of money and property	125,705	139	180,130	341	1,087	307,402
Licenses and permits	20,074	-	250	-	-	20,324
Fines and forfeitures	1,305	-	-	-	-	1,305
Sale of property and compensation for loss	63,786	-	-	54,927	-	118,713
Miscellaneous	66,167	-	40,638	21,999	-	128,804
State and county aid	574,226	165,531	146,192	-	-	885,949
Federal aid	284,848	-	-	-	-	284,848
Total Revenues	\$ 4,677,129	\$ 165,670	\$ 1,873,011	\$ 1,324,394	\$ 1,087	\$ 8,041,291
Expenditures:						
Current:						
General government support	\$ 875,857	\$ 15,347	\$ 166,470	\$ 84,067	\$ -	\$ 1,141,741
Public safety	1,652,417	3,750	-	-	-	1,656,167
Health	1,650	-	-	-	-	1,650
Transportation	443,977	-	28,043	28,042	-	500,062
Economic assistance and development	299,199	-	-	-	-	299,199
Culture and recreation	69,971	-	-	-	-	69,971
Home and community services	393,728	461,737	1,197,098	846,506	-	2,899,069
Employee benefits	751,614	-	242,835	149,662	-	1,144,111
Debt Service:						
Debt service - principal	237,591	-	96,120	186,550	-	520,261
Debt service - interest and other charges	24,423	-	42,455	23,960	-	90,838
Total Expenditures	\$ 4,750,427	\$ 480,834	\$ 1,773,021	\$ 1,318,787	\$ -	\$ 8,323,069
Excess (deficiency) of revenue over expenditures	\$ (73,298)	\$ (315,164)	\$ 99,990	\$ 5,607	\$ 1,087	\$ (281,778)
Other Financing Sources and Uses:						
Transfers - in	\$ -	\$ 85,162	\$ -	\$ -	\$ -	\$ 85,162
Transfers - out	(85,162)	-	-	-	-	(85,162)
Leases	-	15,347	-	-	-	15,347
Total Other Financing Sources and Uses	\$ (85,162)	\$ 100,509	\$ -	\$ -	\$ -	\$ 15,347
Net change in fund balances	\$ (158,460)	\$ (214,655)	\$ 99,990	\$ 5,607	\$ 1,087	\$ (266,431)
Fund Balance - Beginning (restated)	1,272,610	(13,810)	1,070,769	404,934	748,561	3,483,064
Fund Balance - Ending	\$ 1,114,150	\$ (228,465)	\$ 1,170,759	\$ 410,541	\$ 749,648	\$ 3,216,633

VILLAGE OF ALBION, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended May 31, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (266,431)

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay	\$ 480,834	
Addition of assets, net	173,323	
Depreciation and Amortization	<u>(1,022,904)</u>	(368,747)

Bond and installment purchase debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the statement of net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position. The following details these items as they effect the governmental activities:

Debt repayment	\$ 520,261	
Proceeds from leases	<u>(15,347)</u>	504,914

The net OPEB liability does not require the use of current financial resources, and therefore, is not reported as an expenditure in the governmental funds. (380,249)

The retainage payable does not require the use of current financial resources and, therefore, is not recorded as an expenditure in the governmental funds. (8,260)

(Increase) decrease in proportionate share of net pension asset/liability reported in the statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues and expenditures in the governmental funds:

Employees' Retirement System		(213,577)
Police and Fire Retirement System		(289,204)

Compensated absences represents the value of the earned and unused portion of the liability for vacation and compensatory time. They are reported in the statement of activities but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change of compensated absences. 185,164

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 4,875

Change in Net Position of Governmental Activities \$ (831,515)

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

VILLAGE OF ALBION, ORLEANS COUNTY, NEW YORK

Notes To The Basic Financial Statements

May 31, 2023

I. Summary of Significant Accounting Policies:

The financial statements of the Village of Albion, Orleans County, New York (the Village) 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 Village's accounting policies are described below.

A. Financial Reporting Entity

The Village is governed by Village Law, other general laws of the State of New York and various local laws. The Village Board, which is the legislative body responsible for the overall operation of the Village, consists of the Mayor and four trustees. The Mayor services as Chief Executive Officer and Chief Fiscal Officer of the Village.

All governmental activities and functions performed by the Village are its direct responsibility, no other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the Village and (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the Village's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered to determining the Village's reporting entity.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

1. Government-Wide Statements

The Statement of Net Position and the Statement of Activities display information about the Village as a whole.

The Government-Wide statements are prepared using the economic resources measurement focus. This differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the Government-Wide statements and the statements for governmental funds.

(I.) (Continued)

The Government-Wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Village's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Village. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general operating fund.

2. **Fund Financial Statements**

Fund financial statements report detailed information about the Village. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column.

The Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The private purpose trust fund is reported using the economic resources measurement focus.

- a. **Governmental Funds** - Governmental funds are those major and non-major funds through which most governmental functions are financed. The acquisition, use and balances of 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 and changes in financial position. The following are the Village's governmental fund types.

1. **Major Governmental Funds**

General Fund - the principal operating fund and includes all operations not required to be recorded in other funds.

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

Water Fund - a special revenue fund used to account for user fees or other revenues which are raised to provide water services to Village residents.

Sewer Fund - a special revenue fund used to account for user fees or other revenues which are raised to provide sewer services to Village residents.

(I.) (Continued)

2. **Non-Major Governmental Funds**

The other funds which do not meet the major fund criteria are aggregated and reported as non-major other governmental funds. The following are reported as non-major other governmental funds.

Special Revenue Funds - used to account for taxes, user fees, or other revenues which are raised or received to provide special services to areas that may or may not encompass the whole Village. The following are non-major special revenue funds utilized by the Village:

Cemetery Fund

Permanent Fund

3. **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-Wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

a. **Modified Accrual**

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants, Village clerk fees and snow and ice reimbursements. The Village considers all revenues as available if collected within one year from the balance sheet date. Property taxes are recognized when taxes are received. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due and compensated absences which are recorded when due/paid.

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the Village will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as deferred revenue.

(I.) (Continued)

b. Accrual

Under this basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred regardless of the timing of cash inflows and outflows.

C. Assets, Liabilities, and Equity

1. Cash and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

2. Receivables

In the Government-Wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales tax and sewer fees.

In addition, the Village will report a receivable relating to a lease arrangement. The receivable is recorded at the present value of the future payments and recognized over the life of the lease.

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

3. Inventory

Inventory purchases in the General and Special Revenue Funds are recorded as expenditures at the time of purchase and year-end balances are not maintained.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements.

5. Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the Village. Purchased assets are recorded as expenditures in the fund financial statements and are capitalized at cost on the Government-Wide statement of net position. In the case of gifts or contributions, such assets are recorded at fair market value at the time received.

(I.) (Continued)

Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized. These assets (back to January 1, 1974) have been valued at estimated historical cost.

A capitalization threshold of \$5,000 is used to report capital assets. Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Class</u>	<u>Estimated Useful Life</u>
Buildings	30-40 Years
Vehicles & Equipment	10-25 Years
Infrastructure	50 Years

6. **Right To Use Assets**

The Government-Wide financial statements, right-to-use-assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is 5 years based on the contract terms and/or estimated replacement of the assets.

7. **Due To/From Other Funds**

The amounts reported on the Governmental Funds Balance Sheet for due to and due from other funds represents amounts due between different fund types. 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.

8. **Unearned Revenue**

The Village reports unearned revenues in its basic financial statements. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the Village 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 both recognition criteria are met, or when the Village has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

9. **Deferred Outflows and Inflows of Resources**

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 (expenses/expenditure) until then.

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.

(I.) (Continued)

10. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the Government-Wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the Village's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

a. Compensated Absences

The Village's labor agreements and rules and regulations permits employees to accumulate earned but unused sick and vacation leave. Upon retirement certain eligible employees qualify for paid medical and dental insurance premiums and/or payment for fraction values of unused sick leave. These payments are budgeted annually. The liability for such leave is reported as incurred in the Government-Wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

b. Other Benefits

Village employees participate in the New York State Employees' Retirement System and New York State Defined Contribution Plan.

In addition to providing pension benefits, the Village provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

11. Encumbrances

For financial reporting purposes encumbrances have been reclassified to assigned fund balance on the governmental funds for general fund and assigned or restricted fund balance in the capital fund. Encumbrance accounting, under which purchase orders, contracts or other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the general, Government-Wide capital improvement project and nonmajor funds.

12. Equity Classifications

a. Government-Wide Statements

Equity is classified as net position and displayed in three components:

(I.) (Continued)

1. **Net investment in capital assets** - consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Additionally, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
2. **Restricted net position** - consists of restricted assets (i.e. restrictions imposed by (1). external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enable legislation) reduced by liabilities and deferred inflows related to those assets.
3. **Unrestricted net position** - consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position. The reported deficit of \$1,393,608 at year end is the result of full implementation of GASB #75 regarding retiree health obligations and the New York State Pension system unfunded pension obligation.

b. **Financial Statements –Fund Balance**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

1. **Nonspendable fund balance** – Amounts that are not in a spendable form (i.e. inventory or prepaids) or are legally or contractually required to be maintained intact.
2. **Restricted fund balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
3. **Assigned fund balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
4. **Unassigned fund balance** – Amounts that are available for Village purposes pursuant to any Law restrictions. Any positive amounts are reported only in the general fund.